INTERNATIONAL MONETARY FUND

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ECUADOR

December 2025

FOURTH REVIEW UNDER THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY, REQUEST FOR MODIFICATION OF PERFORMANCE CRITERIA, AND FINANCING ASSURANCES REVIEW—PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR ECUADOR

In the context of the Fourth Review Under the Extended Arrangement Under the Extended Fund Facility, Request for Modification of Performance Criteria, and Financing Assurances Review, the following documents have been released and are included in this package:

- A **Press Release** including a statement by the Chair of the Executive Board.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on December 18, 2025, following discussions that ended on December 1, 2025, with the officials of Ecuador on economic developments and policies underpinning the IMF arrangement under the Extended Fund Facility. Based on information available at the time of these discussions, the staff report was completed on December 5, 2025.
- A **Statement by the Executive Director** for Ecuador.

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

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PRESS RELEASE

PR 25/433

The IMF Executive Board Concludes Fourth Review of the Extended Fund Facility Arrangement for Ecuador

FOR IMMEDIATE RELEASE

- The IMF Executive Board completed the fourth review of the 48-month arrangement under the Extended Fund Facility (EFF) for Ecuador, allowing for an immediate disbursement of about US$630 million (SDR 438.4 million).
- Program performance continues to be strong. The authorities met all end-October 2025 quantitative performance criteria. They have also made substantial progress in implementing their ambitious structural reform agenda supported by the program.
- The authorities are taking decisive actions to strengthen fiscal sustainability and liquidity buffers while protecting the most vulnerable. They have affirmed their commitment to implement reforms to boost private investment and job-rich growth.

Washington, DC – **December 18, 2025:** The Executive Board of the International Monetary Fund (IMF) completed today the fourth review of the EFF arrangement for Ecuador. The Board's approval of the review enables the authorities to immediately draw an amount of SDR 438.4 million (about US$630 million), bringing total disbursements to date under this arrangement to about SDR2.4 billion (about US$3.3 billion).

Ecuador's 48-month EFF arrangement was approved by the Executive Board in May 2024, and augmented in July 2025, providing access equivalent to SDR 3.75 billion (about US$5 billion) to support policies aimed at strengthening fiscal and debt sustainability, protecting vulnerable groups, rebuilding liquidity buffers, safeguarding macroeconomic and financial stability, and advancing the structural reform agenda for sustainable, inclusive, and stronger growth benefiting all Ecuadorians. The authorities' program has also catalyzed additional financial support from multilateral partners.

Program performance continues to be strong. The authorities met all quantitative performance criteria (QPCs) for end-October 2025 for the fourth review and all indicative targets (ITs) are on track. They have also made substantial progress on the implementation of structural benchmarks and remain committed to further advancing their reform agenda.

The authorities have taken firm actions to strengthen fiscal sustainability and liquidity buffers, while protecting the most vulnerable. Government deposits and liquidity conditions have improved, and sovereign spreads have substantially narrowed. In addition, the authorities continued advancing their ambitious structural reform agenda to safeguard financial stability, enhance governance, and boost private investment and job-rich growth. Continued progress in the reform agenda is expected to achieve significant growth dividends over the medium term.

The ongoing economic recovery continues to surpass expectations amid low inflation, driven by domestic demand and record nonoil exports. The current account (CA) balance keeps on recording sizable surpluses, supporting a sustained rise in international reserves. Liquidity in the financial system continues to support credit growth.

The economy has shown remarkable resilience but is still subject to significant risks, including volatility in oil prices and international financial markets. The authorities' decisive policy steps and continued strong commitment to reforms and program performance help mitigate these risks. Effective implementation of the authorities' plan of fiscal consolidation and economic reforms, supported by the EFF arrangement, is projected to maintain public debt on a firm downward trend, supporting the authorities' objective of further lowering sovereign spreads and regaining access to capital markets.

Following the Executive Board's discussion today, Mr. Nigel Clarke, Deputy Managing Director and Acting Chair, issued the following statement:

"The Ecuadorian authorities continue to make significant progress in implementing their economic program supported by the Extended Fund Facility (EFF) arrangement. All quantitative performance criteria for the fourth review were met, and all indicative targets are on track. The implementation of structural reforms is also progressing well, with all structural benchmarks for this review achieved. Real GDP has rebounded strongly amid low inflation, driven by a recovery in domestic demand and buoyant nonoil exports. The current account balance continues recording sizable surpluses, supporting a steady improvement in international reserves. Sovereign spreads have substantially narrowed and liquidity in the financial system continues to facilitate higher credit growth. The poverty rate is also declining. Maintaining these accomplishments will require sustained prudent policies and implementation of the authorities' reform program. Continued support from international partners and bilateral creditors and robust contingency planning are also critical.

"The authorities are taking firm policy actions to strengthen fiscal sustainability and liquidity buffers, while protecting the most vulnerable. They have implemented high-quality revenue and expenditure reforms and remain committed to continue strengthening the fiscal position and placing public debt on a firm downward path, which would eventually facilitate reentry into capital markets.

"The authorities also remain committed to further enhancing the social safety net. They have implemented measures to mitigate the impact of reforms on vulnerable groups, and they continue expanding the coverage of the social safety net for lower-income households, surpassing program targets.

"Efforts to advance the financial sector policy agenda and develop domestic capital markets continue. These include enhancing regulation, oversight, and resolution tools; gradually improving the interest rate system; and launching auctions for domestic bonds and treasury notes. Enhancing the integrity of the financial system is also paramount.

"Structural reforms to boost competitiveness and create jobs are advancing. The authorities are working to attract private investment in high-potential sectors such as mining, hydrocarbons, and energy. They are also working to enhance governance, and to strengthen energy resilience by expanding electricity supply and improving preparedness for natural disasters. Decisive progress on these reforms will deliver substantial medium-term growth for the benefit of all Ecuadorians."

Table 1. Ecuador: Selected Economic Indicators

		Projections	
	2024	2025	2026
Output			
Real GDP growth (%)	-2.0	3.4	2.2
Prices			
Inflation, average (%)	1.5	0.9	2.8
Inflation, end of period (%)	0.5	3.5	1.7
Public sector			
Revenue (% GDP)	36.8	36.4	36.2
Expenditure (% GDP)	38.1	37.6	36.2
Overall fiscal balance (% GDP)	-1.3	-1.2	0.0
Primary balance (% GDP)	-0.2	-0.1	1.1
Non-oil primary balance (incl. fuel subsidies) (% GDP)	-5.4	-4.1	-2.4
Public sector debt (% GDP)	53.8	53.2	51.4
Money and credit			
Broad money (% change) 1/	4.8	4.7	3.4
Credit to the private sector (% change)	6.2	8.2	4.9
Balance of payments			
Current account (% GDP)	5.7	5.1	4.1
Foreign direct investment, net (% GDP)	0.4	0.6	0.9
Gross international reserves (US$ billion)	6.9	10.3	13.2
External debt (% GDP)	48.0	50.7	50.0

Sources: Central Bank of Ecuador, Ministry of Economy and Finance, National Statistical Institute (INEC), and IMF staff calculations.

1/ M2.

INTERNATIONAL MONETARY FUND

ECUADOR

December 5, 2025

FOURTH REVIEW UNDER THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY, REQUEST FOR MODIFICATION OF PERFORMANCE CRITERIA, AND FINANCING ASSURANCES REVIEW

EXECUTIVE SUMMARY

Context. The Ecuadorian authorities have made significant progress in the implementation of their economic program, supported by the Extended Fund Facility (EFF) arrangement of SDR 3.75 billion (537.5 percent of quota, about US$5 billion), approved by the Executive Board in May 2024 and augmented in July 2025. The authorities continue strengthening fiscal sustainability and liquidity buffers, including by implementing high-quality revenue and expenditure reforms alongside targeted measures to protect vulnerable groups. In addition, the authorities continue advancing their far-reaching structural reform agenda.

Outlook. Real GDP continues recovering amid low inflation, driven by domestic demand and record nonoil exports. Real GDP is projected to rise by 3.4 percent in 2025 and 2.2 percent in 2026 (up from 3.2 and 2 percent at the time of the third review). Inflation is projected to remain low and well below that of trading partners, helping to strengthen competitiveness. The current account balance keeps on recording sizable surpluses, supporting a sustained rise in international reserves. Overall risks to the outlook remain elevated but are mitigated by the authorities' decisive policy steps and continued strong program performance and commitment to reforms.

Program Issues. The authorities have met all end-October 2025 quantitative performance criteria for the fourth review and indicative targets for which final data are available. Preliminary data suggest that indicative targets for the nonfinancial public sector have also been met. The authorities continue making progress in the implementation of structural benchmarks and remain committed to further advancing their reform agenda. Staff assess that the exceptional access criteria continue to be met.

Approved By
Ana Corbacho (WHD) and Bergljot Barkbu (SPR)

Discussions were held in Washington DC and remotely during November 17-December 1, 2025. The team comprised Patrizia Tumbarello (Head), Pablo Morra (Deputy Head), Mauricio Amaya, Vu Chau, Roberto Perrelli, Brandon Tan, Yiqun Wu (all WHD), Juan Carlos Benitez (FAD), Joao Marques (MCM), and Giulio Lisi (SPR). Carlos Caceres (Resident Representative), Cristina Carrera, and Paola Hidalgo (all Resident Representative Office) participated remotely. The team met with Minister of Economy and Finance Sariha Moya, Vice Minister of Economy Patricia Idrobo Oleas, Chair of the Financial and Monetary Policy and Regulation Board Gustavo Camacho (Central Bank of Ecuador), other government officials, and development partners. Bernardo Acosta (Alternate Executive Director) participated in the meetings. Nicolas Landeta, Kristine Laluces, and Nomuun Tuvaan (all WHD) and Dulce Maria Garcia (Resident Representative Office) supported the team.

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CONTEXT

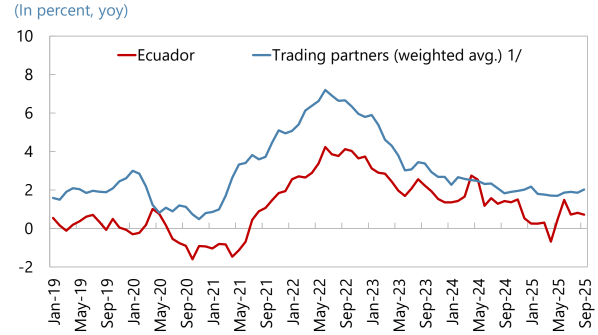
1. **The Ecuadorian authorities continue to demonstrate full commitment to their economic program supported by the Extended Fund Facility (EFF) arrangement**. President Noboa's working legislative majority continues to support the implementation of the authorities' policy agenda. The authorities remain committed to boosting job-rich growth, strengthening fiscal sustainability, and enhancing liquidity buffers to increase resilience to shocks, while protecting priority social and investment spending. They are actively implementing key measures to achieve the objectives of their economic program, including advancing structural reforms.

2. **The economy continues recovering and program performance remains strong**. Real GDP rebounded strongly in the first half of the year, supported by a recovery in domestic demand and buoyant nonoil exports. The current account (CA) balance continues recording sizable surpluses, supporting a steady improvement in international reserves. The authorities met all quantitative performance criteria (QPCs) for end-October 2025 for the fourth review and are expected to meet all indicative targets (ITs). The fiscal path remains broadly unchanged relative to the third review, consistent with overall programmed consolidation of 6.6 percent of GDP in the nonfinancial public sector (NFPS) nonoil primary balance including fuel subsidies (NOPBS) during the program period and a firmly declining public debt-to-GDP ratio to 40 percent of GDP (the target set by the Organic Budget Law (COPLAFIP)) by 2031, one year ahead of schedule.

RECENT MACROECONOMIC DEVELOPMENTS AND PROGRAM PERFORMANCE

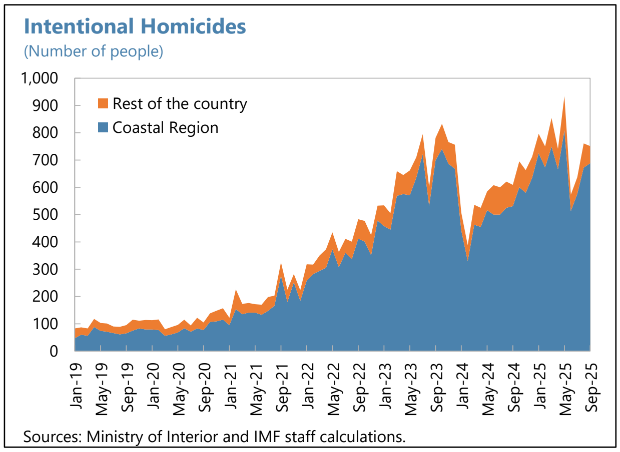
3. **Real GDP has rebounded strongly amid low inflation**. Real GDP grew by 3.8 percent in the first half of 2025 relative to the same period in 2024, following the normalization of the electricity supply, driven by a recovery in domestic demand and record nonoil exports. High-frequency indicators, including credit and local sales growth, point to continued strength in economic activity in 2025Q3 (Figure 1). From the supply side, nonoil sectors such as agriculture and trade had the largest growth contributions, reflecting a sustained trend of economic diversification. Inflation remains low, with headline (core) inflation at only 1.2 (0.7) percent year-on-year (y/y) as of October 2025, reflecting low underlying inflationary pressures.

Inflation vis-a-vis Trading Partners
(In percent, yoy)



Sources: IMF and IMF staff calculations.
1/ Fixed weights based on Ecuador's total trade with selected partners (Brazil, Chile, China, Colombia, Germany, Italy, Panama, Peru, Spain, United States), 2018–2025.

4. The security situation continues to be challenging, although it remains geographically concentrated. Homicides rose by 37 percent from January to September 2025 relative to the same period in 2024, despite a temporary dip in June. Homicides are highly concentrated, with 90 percent of them occurring in the coastal provinces (which make up about half of the population).



5. Fiscal performance remains in line with the EFF fiscal program, and end-October 2025 QPCs have been met. Preliminary data suggest that ITs for the NFPS have also been met.

Fiscal Performance in January - October 2025
(In percent of GDP; unless otherwise indicated)

	Target	Outturn	Difference
Central government (PGE & CFDD)			
NOPB	-1.0	-0.8	0.2
Primary balance	-0.1	0.1	0.2
Overall balance	-2.8	-2.5	0.2
Domestic arrears (US$ million)	480	330	-150
NFPS			
NOPBS 1/	-2.9	-2.2	
Primary balance 1/	0.2	0.5	
Overall balance 1/	-0.8	-0.5	
Deposits at BCE (US$ million)	4884	5762	878

Sources: MEF and IMF staff estimates.

1/ Preliminary outturn data for NFPS as of September 2025.

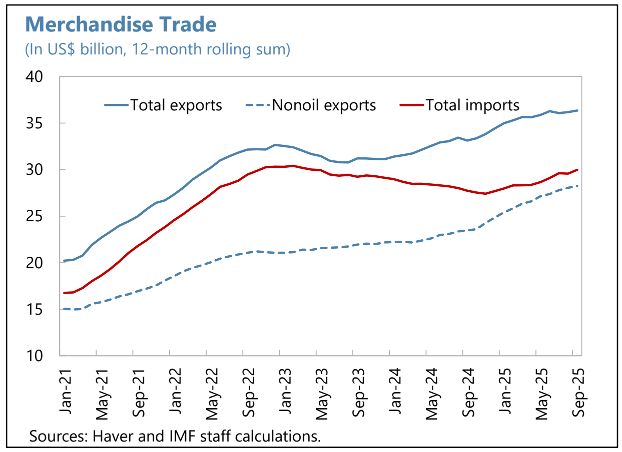
- *Central government*. In the year through October, the budgetary central government (PGE) and the oil derivatives clearing account (CFDD) recorded a nonoil primary balance (NOPB) of -0.8 percent of GDP, a primary surplus (including oil) of 0.1 percent of GDP and an overall balance of -2.5 percent of GDP, exceeding the end-October 2025 targets by about 0.2 percent of GDP.

- *Domestic arrears*. The stock of PGE arrears to the domestic private sector fell to US$330 million as of end-October 2025 from US$480 million at end-August 2025 (third review), meeting the end-October 2025 target with a margin. Relative to the third review, the authorities frontloaded part of the arrears clearance planned for 2026.

- *NFPS*. Preliminary data through end-September 2025 suggest that the end-October 2025 ITs are within reach, with a NOPBS of -2.2 percent of GDP, a primary balance (including oil) of 0.5 percent of GDP, and an overall balance of -0.5 percent of GDP.

- *NFPS deposits*. NFPS deposits at the Central Bank of Ecuador (BCE) stood at about US$5.8 billion as of October 31, 2025, above the US$4.9 billion end-October target. This result was achieved due to stronger than projected fiscal performance and frontloaded domestic financing initially planned for 2026.

6. The CA balance continues recording a sizable surplus, supporting a sustained increase in international reserves. In 2025H1, the CA surplus reached US$5.2 billion (4 percent of projected GDP), up from US$3.9 billion (3.1 percent) in 2024H1, due to higher trade surpluses and strong remittances. High-frequency trade data shows continued buoyancy. Exports grew 7.6 percent (y/y)



(19 percent for nonoil exports) in January–September 2025, driven by strong growth in shrimp, cocoa, banana, and plantain exports, while imports rose by 11.3 percent (y/y) over the same period. Gross international reserves reached US$9.3 billion as of end-October 2025, rising by US$2.4 billion from the beginning of the year. They account for about 34 (52) percent of the IMF's reserve adequacy metric excluding (including) the Liquidity Fund, up from 26 (43) percent at end-2024, though still below the 100-150 percent adequacy range. Net international reserves (NIR), though negative at minus US$6.4 billion as of end-October 2025, improved by US$1.3 billion since the beginning of the year, meeting the end-October 2025 IT with a wide margin. The continued surpluses in the CA balance support the necessary rebuilding of international reserve buffers.

7. **Favorable liquidity in the financial system continues supporting credit growth, amid lower borrowing costs, and financial soundness indicators (FSIs) remaining stable**. Deposits grew by 15.5 percent (y/y) in October 2025, while credit to the private sector rose 10.4 percent (y/y). After a contraction in 2024 and most of 2025, credit by cooperatives has returned to growth, but at incipient levels. As of July, FSIs remained largely stable with banks improving asset quality, provisioning, and profitability. Liquidity and nonperforming loan ratios are also recovering. Cooperatives' provisioning and capital ratios remained adequate on average, though there is wide variety across institutions.

OUTLOOK AND RISKS

8. **The economic recovery is projected to continue, with low inflation and a steady CA surplus**. Real GDP is now projected to rise by 3.4 percent in 2025 and 2.2 percent in 2026, up from 3.2 and 2 percent, respectively, at the time of the third review, despite lower oil prices compared to the third review.[1] The upward revisions reflect stronger growth performance in the first three quarters of 2025 relative to expectations at the time of the third review and a stronger outlook for nonoil exports from greater access to key markets (¶21). Over the medium term, growth is projected to reach 3 percent, supported by the continued implementation of structural reforms. Inflation is projected to rise temporarily to 3.5 percent (y/y) by December 2025 due to one-off price level effects and then drop to 1.7 percent by end-2026 and at 1.5 percent over the medium term, below trading partners' inflation, aiding competitiveness (Figure 7). The CA surplus is expected to stay high

[1] The price of the Ecuadorian crude mix now hovers below US$55 per barrel, 7 percent below its September level, amid significant volatility.

in 2025-26 due to strong nonoil trade and gradually converge to about 3 percent of GDP in the medium term as cyclical factors dissipate.

9. Overall risks have decreased relative to the third review but remain elevated and tilted to the downside (Annex I). Since the third review, government deposits and liquidity conditions have improved, structural reforms have advanced, and sovereign spreads have narrowed, improving market access prospects. Upside risks include higher-than-expected growth and more buoyant nonoil exports supporting faster reserve accumulation than projected in the baseline scenario. However, downside risks to the program remain elevated, including lower oil prices, shortfalls in external financing, security challenges, and political fragmentation slowing reforms. These are mitigated by the authorities' decisive policy steps and continued strong commitment to reforms and program performance.

POLICY DISCUSSIONS

A. Strengthening Fiscal Sustainability

10. The NFPS overall balance is projected to improve in 2025 relative to 2024, broadly as projected at the third review. The NFPS deficit is projected to reach 1.2 percent of GDP in 2025, down from 1.3 percent of GDP in 2024, driven by a stronger nonoil balance on account of higher revenues. Total nonoil revenues are projected to reach 24.3 percent of GDP in 2025, up from 23.7 percent in 2024, driven by reforms on dividends' taxation enacted earlier in the year, broadband concessions, and the recovery in economic activity. The improvement in the nonoil balance is expected to broadly offset the deterioration in the oil balance resulting from lower oil prices. The NOPBS deficit is projected to shrink by 1.3 percent of GDP to 4.1 percent of GDP in 2025, largely driven by the stronger nonoil balance and the realignment of domestic fuel prices.

NFPS Balance
(In percent of GDP)

	2023	2024	2025		2026	
			3rd review	4th review	3rd review	4th review
Overall Balance	**-3.5**	**-1.3**	**-1.2**	**-1.2**	**0.0**	**0.0**
Nonoil primary balance (NOPB)	-4.8	-2.9	-2.6	-2.5	-1.8	-1.7
Revenues	22.7	23.7	24.2	24.3	24.5	24.6
Expenditures	27.5	26.6	26.7	26.8	26.4	26.3
Oil Balance	2.2	2.7	2.5	2.4	3.0	2.9
Interest Balance	-0.9	-1.1	-1.1	-1.1	-1.2	-1.2
Memo item: **NOPBS**	**-7.5**	**-5.4**	**-4.1**	**-4.1**	**-2.5**	**-2.4**

Sources: MEF and IMF staff estimates.

11. The authorities remain firmly committed to continuing strengthening the fiscal position and placing public finances on a sustainable path. They submitted a draft PGE budget for 2026 to the National Assembly in line with the EFF fiscal program (***end-November 2025 SB, met***). The 2026 fiscal plan envisages an improvement in the PGE overall balance of 1.2 percent of GDP relative to 2025 driven by a stronger nonoil primary balance, broadly in line with the third review. The NFPS overall balance is projected to improve by 1.2 percent of GDP to a balanced position, broadly in line with the third review, with a lower oil balance relative to the third review being broadly offset by higher nonoil revenues from stronger economic activity. Increased nonoil revenues, lower fuel subsidies, and prudent expenditure policies are projected to deliver a fiscal consolidation of 1.7 percent of GDP in the NFPS NOPBS, narrowing it to -2.4 percent of GDP. Over the medium term, the authorities' fiscal plan continues to envisage a total fiscal consolidation of 6.6 percent of GDP in the NFPS NOPBS and 5 percent of GDP in the primary balance over the program period. This fiscal consolidation effort will keep public debt on a firm downward trend, with the aim of achieving the 40 percent of GDP public debt target set by COPLAFIP by 2031, one year ahead of schedule, providing an additional buffer in case downside risks materialize (Annex II).

NFPS Fiscal Consolidation Plan

(Change in the nonoil primary balance including fuel subsidies, in percent of GDP)

	2024	2025	2026	2027	2028	2024-28
Revenue	**1.2**	**1.4**	**1.2**	**0.5**	**0.4**	**4.8**
Tax revenue	1.2	0.7	0.1	0.4	0.2	2.7
Other	0.0	0.7	1.1	0.1	0.2	2.1
Expenditure	**0.9**	**-0.2**	**0.5**	**0.5**	**0.1**	**1.8**
Wages and salaries	0.2	0.3	0.3	0.3	0.3	1.3
Goods and services	0.6	-0.1	0.3	0.1	0.1	1.0
Social and capital	0.3	-0.1	-0.3	-0.3	-0.3	-0.6
Other	-0.1	-0.3	0.1	0.4	0.0	0.1
Total	**2.2**	**1.3**	**1.7**	**1.0**	**0.6**	**6.6**

Sources: Ministry of Economy and Finance and IMF staff calculations.

12. **The fiscal consolidation effort will continue to be supported by reforms to strengthen public financial management (PFM) and enhance fiscal governance**. The latest Fiscal Safeguards Review (FSR) found that Ecuador's PFM system offers broadly adequate safeguards for Fund resources used for budget support. This notwithstanding, the authorities are committed to continuing working on improving their budgeting, accounting, and auditing procedures to promote transparency and efficiency in the use of public funds. Key target areas include improving treasury and budget management to prevent domestic arrears accumulation (including through the operationalization of the strategy developed in November 2024) and enhancing public investment management. The Ministry of Economy and Finance (MEF) and the Ecuadorian Social Security Institute (IESS) signed an agreement to establish a clear procedure to settle longstanding past healthcare obligations and process future claims (***end-November 2025 SB, met***). The agreement will enhance the transparency and the predictability of public finances, while also improving the financial position of IESS. In addition, the authorities plan to publish an audited actuarial report for the social security system with data up to 2024 (***end-December 2026 SB***) that would help shed light over the secular trends in the pension system and safeguard its financial footing. With technical assistance (TA) from the Inter-American Development Bank (IDB), the authorities are working on the operationalization of the National Control Subsystem (NCS) to increase procurement transparency as per the plan established in 2024. They are also developing a conceptual and operational framework for an upgraded Official System of Public Procurement (***end-December 2025 SB***).

13. **The authorities' financing plan envisages the continued support of International Financial Institutions (IFIs), bilateral partners broadly maintaining or increasing their credit exposure in the remainder of the program, as well as external and domestic financing**. The financing plan remains broadly unchanged relative to the third review. The program is fully financed, with firm financing commitments for the next 12 months and good prospects thereafter. The authorities have frontloaded domestic financing initially planned for 2026, which will enable them to

cover the projected 2025 NFPS deficit and attain a higher NFPS deposit balance at end-2025 than projected at the third review. The NFPS deposit balance is projected to reach US$5.9 billion at end-2026, in line with the third review projection. Multilateral financing in 2025 and the remainder of the program is expected to remain broadly unchanged. Most official financing partners broadly maintained or increased their credit exposures from the start of the program, with exception of EXIM China, despite extensive efforts from both sides.[2] However, EXIM China has allowed more time for the authorities to identify and prepare viable projects and complete selection decisions and disbursements (see ¶29). EXIM China remains committed to supporting Ecuador through project financing to at least cover the remaining official exposure until the end of the program. Projects under preparation are expected to disburse about US$420 million in 2026, covering amortizations in the next 12 months.[3] Gross financing commitments for project financing from other official bilateral creditors are expected to broadly cover debt amortizations due in the next 12 months (about US$100 million).

14. The authorities are firmly focused on regaining access to international capital markets. Sovereign spreads stood at 537 basis points as of December 2, 2025, having narrowed by about 1,300 basis points since the April 2025 elections and 200 basis points since the third review in late October 2025. In November 2025, the credit rating agency Fitch upgraded Ecuador's long-term debt ratings to B- from CCC+. Continued effective implementation of the authorities' fiscal consolidation and economic reforms plan supported by the EFF arrangement is expected to bolster market confidence and support a further reduction in sovereign spreads, helping Ecuador regain market access, consistent with the Fund's Exceptional Access policies. The authorities are working to hire a financial advisor to prepare for market reentry in 2026. The financing plan envisages returning to international capital markets for the first time since 2019, issuing US$1 billion, implying a modest increase of external bonded debt of US$200 million in 2026. Bond issuance is expected to increase further in 2027 and 2028, once market access is regained.

B. Enhancing the Social Safety Net

15. The authorities continue implementing measures to mitigate the impact of reforms on vulnerable groups. In September 2025, they implemented a package of temporary measures to offset the impact of higher diesel prices on the most affected population groups, including transport, freight, agriculture, and fishing. Additionally, the authorities continue expanding the coverage of the social safety net for lower-income households. The poverty rate is declining, and the coverage of cash transfer programs continues to expand, surpassing program targets. The poverty rate fell by 1.5 points to 24 percent as of June 2025 compared to June 2024 and is now approaching pre-pandemic levels (Figure 6). Enrollment in cash transfer programs reached 1,313,186 families as of October 2025, exceeding the end-October IT by a significant margin. This was achieved as the authorities extended the coverage by adding 55,000 families, with a focus on prioritizing older

[2] Net payments of official bilateral debt have been financed through fiscal overperformance vis-à-vis program targets.

[3] In addition to the official bilateral financing, the financing plan contemplates commercial financing flows from Chinese lenders.

adults and individuals with special needs, frontloading part of the increase in coverage originally planned for 2026. In parallel, the social registry continues being updated with local government support to reduce coverage gaps and better target social protection programs. These efforts, coupled with the targeted compensation measures implemented in September 2025, enhance the social safety net, protecting vulnerable populations.

Estimated NFPS Gross Financing Needs and Sources

(In US$ million)

	2024	2025	2026	2027	2028
Gross Financing Needs	**10,574**	**8,433**	**7,524**	**7,189**	**5,549**
NFPS Deficit	1,590	1,589	55	-1,129	-1,845
Amortization	8,983	6,844	7,469	8,318	7,394
Domestic	5,757	3,572	3,396	3,752	3,123
External	3,226	3,272	4,074	4,566	4,272
Gross Financing Sources	**10,574**	**8,433**	**7,524**	**7,189**	**5,549**
Domestic	4,497	3,128	2,712	2,342	1,455
Of which: change in NFPS deposits at BCE (- = accumulation)	-850	-901	-372	-1,503	-1,862
External	5,482	5,305	4,812	4,847	4,094
IMF	1,487	1,750	750	750	250
Other IFIs	2,781	2,875	2,117	1,600	1,100
Official bilateral	196	180	601	540	540
Commercial	1,004	500	344	457	204
Bonds	15	0	1,000	1,500	2,000
Other assets/liabilities, incl. statistical discrepancy	595	0	0	0	0
Memo: NFPS deposits at BCE (US$ million)	4,641	5,542	5,914	7,417	9,280

Sources: MEF and IMF staff calculations.

C. Safeguarding Financial Stability

16. **Following the reform of the Organic Monetary and Financial Code (COMYF), a unified Financial and Monetary Policy and Regulation Board (JPRFM) was established in October 2025**. The new institutional architecture is expected to improve policy coordination and lead to faster decision making. It will also facilitate a more integrated macro-prudential approach and more efficient use of resources. The JPRFM has begun to work on necessary regulations and administrative arrangements for its operation and Audit Committee appointments.

17. **Notwithstanding some institutions facing vulnerabilities, the financial sector remains stable, and supervision is being strengthened**. While the banking system remains stable, certain credit cooperatives remain vulnerable due to weak asset quality, thin capital buffers, and low or negative profits. The authorities have issued regulations to strengthen credit cooperative governance and intensified supervision of weaker entities. With regulatory forbearance measures expired, supervisors must enforce rules on loan classification and provisioning. The two supervisory agencies (*Superintendencia de Bancos (SB)* for banks and *Superintendencia de Economía Popular y Solidaria (SEPS)* for cooperatives) and the BCE continue developing stress testing models with IMF

support, and data sharing has notably improved. The Fund will also provide TA to SEPS to operationalize risk-based supervision of cooperatives and enhance its prudential supervisory effectiveness.

18. Strengthening the resolution framework remains a priority. The inter-institutional group formed in January 2025 to coordinate the resolution policy agenda within the Financial Stability Committee is expected to resume activities following the recent institutional changes. The authorities are committed to strengthening the resolution framework and enhancing crisis preparedness, with Fund and WB support. In line with the recommendations of the 2023 FSAP, a new and improved resolution framework should provide the relevant authorities with comprehensive resolution powers (flexible purchase and assumption tool, bridge bank and bail-in powers) aligned with international standards, early triggers, adequate and proportional safeguards, and financing sources. The authorities will continue working on the amendment of the "exclusion and transfer of assets and liabilities" (ETAP) regulations to facilitate the orderly resolution of unviable entities under a least cost option in line with Fund advice.

19. Continued progress to gradually reform the interest rate system would support financial deepening and enhance resource allocation. The study on the system of interest rates conducted by the BCE concluded that, while allowing some interest rate flexibility, the lending interest rate caps created inefficiencies and distortions in the credit market, leading to credit rationing and adverse selection problems, particularly in high-risk segments.[4] Commercial and corporate loans to small and medium-sized enterprises (SMEs) were less affected, largely due to a 2023 regulatory change allowing rates to be set based on a formula linked to market conditions. The authorities plan to work on a new methodology for interest rates that is more reflective of market conditions, building on the findings of the BCE study. Interest rate reform needs to be gradual and supported by complementary policies to mitigate financial stability risks. These include stepping up supervision, fostering improvements in risk management practices, enforcing liquidity coverage regulations, and developing domestic bond and money markets to facilitate price discovery for interest rates.

20. Steps are being taken to foster domestic capital market development. The authorities issued regulations for domestic market auctions for bonds and treasury notes (***end-November 2025 SB, met***), with technical support from the World Bank and the US Treasury Office of Technical Assistance. They plan to launch auctions for domestic bonds and treasury notes in 2026 (***end-September 2026 SB***). A revamped central securities depository (DCV) at the BCE, with modernized compensation, liquidation, and custody functions in line with international standards, will be ready in 2026 and will support the bond and treasury note transactions.

[4] Interest rate caps bind less in commercial and corporate loans, while they are more binding in other segments, such as microcredit, limiting borrowers' access to financing. The BCE study found that in corporate loans to SMEs, the share of loans requiring interest rates above the cap was the lowest among all credit segments, at 38.3 percent. By contrast, in other segments such as corporate loans to large companies or consumer loans, this share was significantly higher, above 90 percent.

D. Advancing Structural Reforms, Enhancing Governance, and Boosting Competitiveness and Job-Rich Growth

21. The authorities continue efforts to boost competitiveness, diversification, and job-rich growth. To boost investment and growth in the mining sector, the authorities have committed to issue regulations for the reopening of the mining cadaster (***end-June 2026 SB***), which had been closed since 2018. As a first step, the authorities reopened the cadaster in mid-June 2025 for non-metallic small-scale mining, supported by a new digital system. A new fiscal regime for the mining sector (***end-December 2025 SB***) is being developed, with support from IMF TA. Key measures involve simplifying the royalty base calculation for gold and silver, establishing a robust framework to implement the sovereign adjustment mechanism, and improving institutional oversight. These initiatives seek to leverage mining as a key growth-driver and diversify fiscal revenues. On the trade front, after reaching trade agreements with China and Costa Rica in 2024, they have concluded trade negotiations with Canada and South Korea. In November 2025, the authorities reached a trade agreement framework with the United States. They have also initiated discussions with Japan and the United Arab Emirates. These agreements are expected to further support the ongoing economic diversification and growth of nonoil exports, boosting resilience and economic potential, provided they do not introduce additional restrictions on non-participating economies. The authorities also continue to focus on promoting job opportunities, including for youth and women.

22. Strengthening resilience to natural disasters and diversifying the energy supply are essential for reducing macroeconomic and financial risks. Ecuador is highly vulnerable to extreme weather events and natural disasters, including droughts, wildfires, floods, and landslides. The consecutive historical droughts in 2023 and 2024 that triggered electricity supply disruptions and the heavy rainfall forced the closure of oil pipelines in 2025 underscore these vulnerabilities. The authorities are working to diversify the energy matrix and enhance preparedness for natural disasters. They are encouraging private investment in non-conventional renewable energy, with a focus on solar, wind, and geothermal projects. Key recent steps included the simplification of approval requirements for private non-conventional renewable energy projects of up to 100 MW, the adoption of a transparent and cost-reflective pricing mechanism for medium- and high-voltage electricity tariffs, and the enactment of regulations to allow private entities to sell surplus electricity from self-generation to the national grid.

23. Steps are being taken to enhance governance and transparency. Following the completion of the audits of the financial statements for 2019-2021 over the past year, the authorities launched a public tender to audit the financial statements of Petroecuador for 2022-2024 (***end-February 2026 SB, met ahead of time***). Meanwhile, work is ongoing to enhance internal management regulations, internal control systems, and corporate governance. The authorities have announced an ambitious multi-year initiative to mobilize investments in the hydrocarbon sector, including by increasing private sector participation. The initiative envisages actions to boost oil production, enhance the oil refinery system, and promote the gas sector. The authorities will also publish an externally audited actuarial report for the social security system with data up to 2024 (**end-December 2026 SB**), as the most recent audit relied on 2020 data. The objective is to improve transparency and provide an updated assessment of the system's long-term sustainability.

24. Ecuador should continue its efforts to use financial integrity tools to curtail the financing and profitability of organized crime and mitigate its economic impact. The entry into force of the 2024 AML/CFT law and its pending implementing regulations should support the authorities' efforts against financial crimes and illicit financial flows. With IMF TA support, the authorities are preparing and will publish an AML/CFT Strategic Action Plan to delineate short term actions to mitigate some pressing risks, including those identified in the 2024 National Risk Assessment *(**end-January 2026 SB**),* such as those stemming from organized crime activities' proceeds, notably drug trafficking, smuggling, and illegal mining, as well as tax evasion and the abuse of financial and nonfinancial channels to launder money and corruption. This Action Plan would be an important first step while continuing to work on a government-wide strategic approach against organized crime proceeds. Efforts should also include conducting an in-depth diagnosis of organized crime activities and economic channels being abused for financing and laundering proceeds, as well as prioritizing measures that can disrupt the associated illicit financial flows. The authorities' efforts should also prioritize strengthening the Financial Analysis Unit's (UAFE) independence and its capacity to generate and share financial intelligence, and emphasizing coordination, information sharing and joint action among relevant authorities.

25. It is essential to continue increasing transparency and accountability to mitigate vulnerabilities to corruption. The authorities are working to strengthen procurement transparency, civil service integrity, and internal controls across public entities. It is important to ensure the accuracy of beneficial ownership information of participants in procurement processes. In line with the new AML/CFT law, the Comptroller General's Office has required high-ranking public officials (politically exposed persons) to submit updated sworn asset declarations in August 2025, and the process has been completed. While the asset declarations are publicly accessible, the interoperability of the verification system and the enforcement of sanctions for noncompliance should be enhanced to ensure accountability and effectiveness. To further strengthen the anti-corruption framework, priorities include sustaining enforcement, continuing to enhance the asset and interest declaration system introduced by the AML/CFT law, and passing legislation to prevent conflicts of interest in public administration.

PROGRAM MODALITIES

26. All QPCs for the fourth review have been met and all ITs are expected to be met. The authorities met the end-October 2025 QPCs on the PGE fiscal balances, NFPS deposits (with a significant margin, reflecting strong fiscal performance and frontloaded domestic financing), and continuous performance criteria. In addition, the ITs on arrears clearance, NIR, and the number of families covered by the social safety net were also met with a margin. Preliminary data suggest that the ITs on the NFPS fiscal balances were met too. Proposed fiscal QPCs and ITs through end-December 2026 are unchanged relative to the third review. The QPCs on the change of NFPS deposits and the ITs on the change of NIR are proposed to be recalibrated to account for the higher levels of NFPS deposits and NIR achieved as of end-October 2025. This adjustment accounts for the frontloading of domestic financing originally planned for 2026 into 2025, while the levels of both variables are expected to align broadly with the projections set out in the third review by the end of 2026. In addition, the ITs on the number of families covered by cash transfer programs are updated to account for the faster increase in coverage achieved as of October 2026 and a higher coverage target set for end-2026.

Quantitative Performance Criteria and Indicative Targets, 2025-26

(US$ million, unless otherwise indicated)

	End-Oct. 2025				End-Jan. 2026 2/		End-Jun. 2026		End-Dec. 2026
	Program 3/	Adj. 4/	Actual	Status	Program 3/	Proposed	IT 3/	Proposed	IT
Quantitative performance criteria									
1. Nonoil primary balance of the budgetary central government (PGE) (floor) 1/	-1,255	-1,255	-1,018	Met	-875	-875	-302	-302	-1,310
2. Overall balance of the PGE and CFDD (floor) 1/	-3,565	-3,579	-3,327	Met	-1,229	-1,229	-1,341	-1,341	-2,624
3. Accumulation of NFPS deposits at the central bank (floor) 1/	243	236	1,121	Met	100	-398	200	0	364
4. Non-accumulation of external payments arrears by the NFPS (continuous performance criterion)	0		0	Met	0	0	0	0	0
5. (No new) Central bank direct and indirect financing to the NFPS (continuous performance criterion)	0		0	Met	0	0	0	0	0
Indicative targets									
6. Overall balance of the NFPS (floor) 1/	-1,023	-1,037			-667	-667	217	217	-46
7. Nonoil primary balance including fuel subsidies (NOPBS) of the NFPS (floor) 1/	-3,798	-3,784			-1,513	-1,513	-1,317	-1,317	-3,434
8. Change in the stock of NIR (floor) 1/	-125	-132	1,267	Met	-260	-758	315	115	672
9. Stock of PGE arrears to the domestic private sector (ceiling)	480		330	Met	330	330	210	210	105
10. Number of families in the first three income deciles nationwide covered by cash transfer programs (floor)	1,260,012		1,313,186	Met	1,283,012	1,313,800	1,289,012	1,319,000	1,325,000
Memorandum item									
NFPS deposits at the central bank	4,884		5,762		4,984	5,364	5,413	5,513	5,877

Sources: Ministry of Economy and Finance and IMF staff estimates.
Note: Aggregates and adjustors as defined in the Technical Memorandum of Understanding (TMU).
1/ Cumulative from January 1 unless otherwise indicated.
2/ Cumulative from November 1, 2025 to January 31, 2026 for targets 1 through 8; end-January 2026 targets for targets 9 and 10.
3/ Staff report for the Third EFF Review (Country Report No. 25/289).
4/ Adjusted for oil prices and disbursements from multilateral institutions.

27. The authorities continue advancing the implementation of structural reforms under the EFF-supported program. The authorities submitted a 2026 draft budget to the National Assembly in line with the EFF fiscal program and issued regulations for domestic market auctions for bonds and treasury notes (***end-November 2025 SBs, met)***. In addition, the Ministry of Finance and the Social Security Agency (IESS) signed an agreement to settle healthcare obligations (***end-November 2025 SB, met***) and the authorities launched a public tender to audit the financial statements of Petroecuador for 2022-2024 (***end-February 2026 SB, met ahead of time***). Work is advancing on the preparation of a conceptual and operational framework for an upgraded Official System of Public Procurement (SOCE) and the development of a new fiscal regime for the mining sector (***end-December 2025 SBs***), as well as on the preparation of an AML/CFT Strategic Action Plan (***end-January 2026 SB***).

28. Capacity to Repay. Ecuador's capacity to repay is subject to significant risks and depends on continued implementation of envisaged policies and availability of external financing. Total Fund credit outstanding is expected to peak in 2025, reaching 1032.8 percent of quota and 24.4 percent of exports (Table 9). Total obligations to the Fund are expected to reach 15.1 percent of gross reserves in 2025 and decline in subsequent years. Fund obligations as a percentage of GDP and exports will peak at 1.3 and 4.3 percent in 2027. Factors mitigating risks to Ecuador's capacity to repay include the authorities' decisive policy actions, continued strong commitment to the program objectives, and strong track record under the EFF-supported arrangement.

29. Financing Assurances. The program is fully financed, with firm financing commitments for the next 12 months and good prospects of adequate financing for the remaining program period. IFIs (WB, IDB, Development Bank of Latin America and the Caribbean (CAF), and Latin American Reserve Fund (FLAR) have committed to maintain or increase their support for Ecuador. EXIM China and other official bilateral creditors are providing project financing. EXIM China has allowed more time for project preparation and selection. Financing is also partly predicated on project financing from commercial creditors as well as on market access assumptions (of US$1 billion in 2026, US$1.5 billion in 2027, and US$2 billion in 2028), in line with the third review, which are more conservative than Ecuador's average external bond issuances before the pandemic. In the event of financing plan shortfalls, alternative financing sources and/or a contingent policy response would be required in line with the contingency plans discussed with Fund staff.

30. Safeguards. The BCE has implemented several recommendations from the 2024 assessment, including the development of (i) a capacity-building plan for its accounting function, and (ii) a revised operational framework for the Audit Committee. Further, the COMYF has been amended to enhance the BCE's functional autonomy by addressing overlaps in the authority to set interest rates on monetary policy and by expanding special regulatory frameworks. Budgetary autonomy has also been strengthened. However, aligning transparency practices with international standards remains a work in progress, as fully adopting the International Financial Reporting Standards (IFRS) would require a legal reform. Staff will continue to engage with the authorities on this issue.

31. Lending into Arrears. Ecuador maintains a residual amount of arrears to international private bond holders arising from outstanding claims on those international bonds that the authorities repudiated in 2008-09. At that time, most government obligations were repurchased by the government. However, US$52 million remains outstanding in the hands of individual creditors, and the authorities have been unable to identify these creditors to settle the claims. The authorities established a public procedure to follow in the event these bondholders request liquidation of the securities, which continues to operate to solve outstanding claims. Staff judges that the authorities continue to make good faith efforts to reach a collaborative agreement with the remaining creditors.

32. Article VIII/Capital Flow Management Measures (CFMs). Ecuador maintains a 5 percent tax on transfers abroad ("impuesto a la salida de divisas", ISD) for financial and current international transactions, to address balance of payment needs stemming from fiscal vulnerabilities and large external debt service obligations reflected in pressures on reserves (see Box 1, Criterion 1). The measure constitutes both an outflow CFM under the Fund's Institutional view on the Liberalization and Management of capital Flows, and an exchange restriction subject to Fund approval under Article VIII, Section 2(a).[5] The authorities remain committed to gradually phasing out the tax as macroeconomic and balance of payments stability is restored and the reserve position is

[5] The Executive Board approved temporary use for 12 months of this measure under Article VIII requirements in December 2024.

strengthened, in line with their commitments at the time of the first EFF review and supported by the implementation of the policies under the EFF-supported program (IMF Country Report No. 24/357). The ISD rate for the imports of certain items has been reduced in 2025.[6] Staff supports the authorities' request for Board approval of the retention of the exchange restriction arising from the ISD, given that it is maintained for balance of payments reasons and is temporary and non-discriminatory.

33. Enterprise Risks. The business, operational, financial, and reputational risks related to the EFF arrangement remain significant for the Fund, though somewhat dampened since the third review amid ongoing mitigation efforts and commitment to program reforms.

- Financial risks persist due to the large adjustment needs, with the capacity to repay and debt sustainability contingent on the successful implementation of planned policies supported by the program and the availability of external financing. These risks could worsen if global economic and financial conditions deteriorate and/or difficulties in program implementation delay international financial support (including financing commitments) and/or affect market re-access. Business risks of analytical accuracy arise from an uncertain economic outlook and global policy uncertainty. Operational risks involve risks to mission and field presence from the challenging security situation. Business risks of the quality of policy and technical advice stem from weaknesses in Ecuador's institutional capacity, notably lags and variability in data sources, which also pose an operational process risk. These risks could slow program implementation and result in larger-than-envisaged financing needs.

- Ongoing mitigation measures have reduced overall risks. These include the bold policy actions already taken by the authorities; the authorities' strong program implementation since program approval (including meeting all QPCs, many with significant margins), and their steadfast commitment to continue implementing the policies under the program; the stronger mandate and larger support in the National Assembly attained by President Noboa in the April 2025 elections; strong multilateral financial support; the authorities' commitment to honoring external debt obligations; the program's increase in the coverage of social safety nets to protect the most vulnerable; and contingency planning, with clearly-defined triggers to enable timely and effective responses. Operational risks to field presence are mitigated by support from Fund headquarters inter alia through close monitoring, dynamic assessment of the security situation, and agile decision-making, including on fielding missions, as well as conducting program discussions offsite and remotely as needed.

- On balance, staff continues to judge enterprise risks associated with the program review to be lower than the reputational, financial, and business risks of the Fund not continuing to support a member facing severe challenges that continues to take substantive actions to address them,

[6] The ISD rate for a list of imports in the pharmaceutical sector was reduced to 0 percent from 5 percent as of January 2025 for the year 2025. The ISD for a list of imports for other productive sectors was temporarily reduced from 5 percent to 0 percent between January and April 2025, and was reduced to 2.5 percent as of May 2025 for the remainder of 2025.

demonstrated strong ownership of program objectives, and met all QPCs, many with wide margins, even in the face of shocks.

Box 1. Assessment of Exceptional Access Criteria

Criterion 1 – *The member is experiencing or has the potential to experience exceptional balance of payments pressures on the current account or the capital account resulting in a need for Fund financing that cannot be met within the normal limits.*

Staff assesses that this criterion is met. Ecuador continues to experience an exceptional balance of payment (BoP) need stemming from large external debt repayments and loss of market access. The implementation of the authorities' plan and multilateral support have contributed alleviating financing pressures and rebuilding reserve buffers; however, the country still faces exceptional BoP pressures on the financial account stemming from large external debt service obligations. Ecuador's credit outstanding with the Fund stands at SDR6.9 billion (US$9.8 billion, or 993 percent of quota) as of end-October 2025, so IMF support requires exceptional access.

Criterion 2 – *A rigorous and systematic analysis indicates that there is a high probability that the member's debt is sustainable in the medium-term; where the member's debt is considered sustainable but not with a high probability, exceptional access would be justified if financing provided from sources other than the Fund, although it may not restore sustainability with high probability, improves debt sustainability and sufficiently enhances the safeguards for Fund resources*.

Staff assesses that this criterion is met. Under the staff's baseline scenario, the debt sustainability assessment (Annex III) continues to assess public debt as sustainable but not with high probability. In addition to the sustainability conclusions, staff assesses that adequate safeguards remain in place to meet EA Criterion 2 (EA2), should adverse shocks materialize. The assessment is finely balanced and hinges on the steadfast implementation of the fiscal plan and reforms supported by the program, with limited margins for maneuver.

To establish whether Ecuador meets EA2, staff carried out two tests that utilize the tools of the Fund's new Debt Sustainability Framework for Market Access Countries (see Review of the Debt Sustainability Framework for Market Access Countries):

- *Debt Sustainability Test*. The analysis examined whether Ecuador's public debt would remain sustainable in the face of a large shock at the end of the program period (defined as a shock that would propel Ecuador's debt to the 80th percentile of the debt fanchart by 2034). Staff assesses that this condition is met.
- *FX Availability Test*. A shock of the simulated magnitude would imply that Ecuador would face additional financing needs. Given that debt would remain sustainable under the shock, the analysis examined whether, after such a shock, Ecuador would have sufficient FX liquidity to manage its international obligations under a set of plausible assumptions with regard to fiscal adjustment and net financing (including from liability management operations to extend maturities) from domestic and external creditors. Staff assesses that this condition is met.

Criterion 3 – *Staff judges that the member has prospects of gaining or regaining access to private capital markets within a timeframe and on a scale that would enable the member to meet its obligations falling due to the Fund*.

Staff assesses that this criterion is met. Sovereign spreads have declined by over 1,300 basis points since the April 2025 elections. Ecuador had regularly issued international bonds until 2019, providing reasonable prospects for external debt issuance in a context of gradual macroeconomic improvement and robust policy reforms under the EFF arrangement. Since then, the authorities have implemented a nimble debt management strategy, including a guaranteed bond in 2020 and two successful debt-for-nature swaps in 2023 and 2024, respectively.

Box 1. Assessment of Exceptional Access Criteria (concluded)

Staff judges that robust implementation of the EFF-supported plan (with ambitious fiscal consolidation, structural reforms, and buffers), the continued strong commitment to remain current on external debt obligations, and adherence to a sustainable and firmly declining debt path consistent with achieving COPLAFIP's debt ceilings ahead of schedule will help Ecuador bolster market confidence, further lower sovereign spreads, and re-access international markets as envisaged under the program's baseline. This assessment is subject to significant risks and depends on the steadfast implementation of the authorities' fiscal and reform plans as well as global economic and financial conditions.

Criterion 4 – *The policy program provides a reasonably strong prospect of success, including not only the member's adjustment plans but also its institutional and political capacity to deliver that adjustment.*

Staff assesses that this criterion is met. In April 2025, President Noboa won reelection and forged a working majority in the National Assembly. The authorities remain fully committed to the objectives of the program and are implementing policies to ensure its success. All QPCs for end-October 2025 have been met, and the authorities have completed several and are advancing other SBs envisaged under the program. The government has demonstrated capacity to implement needed reforms to address longstanding fiscal and macroeconomic challenges under very difficult circumstances and strong ownership of the broader objectives of the program. While these considerations support prospects for program success, the assessment remains subject to risks related to the challenging domestic and global economic environment and Ecuador's longstanding socio-political complexities.

STAFF APPRAISAL

34. The Ecuadorian authorities continue to demonstrate full commitment and made impressive progress in implementing their economic program supported by the EFF arrangement. They strengthened fiscal and external buffers, with continued efforts to protect vulnerable populations. Program performance remains strong. The authorities met all QPCs for the fourth EFF review and all ITs for which final data is available. In addition, the authorities continued advancing their far-reaching structural reform agenda.

35. The economy continues to recover amid low inflation. Real GDP rebounded strongly in the first half of 2025, supported by a recovery in domestic demand and buoyant nonoil exports. Real GDP is now projected to rise by 3.4 percent in 2025 and 2.2 percent in 2026, up from 3.2 and 2 percent, respectively, at the time of the third review. The upward revisions reflect stronger growth in the first three quarters of 2025 and a more robust outlook for nonoil exports supported by greater access to key markets, despite continued weakness in the oil sector. The CA balance is expected to continue posting steady surpluses over the medium term, contributing to the build-up of international reserve buffers. Inflation is expected to remain low and below levels in trading partner economies, strengthening competitiveness.

36. Overall risks have decreased relative to the third review but remain elevated, though mitigated by effective program implementation and ongoing structural reforms. Since the third review, government deposits and liquidity conditions have improved, structural reforms have advanced, and sovereign spreads have narrowed. Upside risks include higher-than-expected growth and more buoyant nonoil exports, supporting faster reserve accumulation than projected in the baseline scenario. However, risks to the program remain tilted to the downside, including from lower oil prices, shortfalls in external financing, security challenges, and political fragmentation slowing reforms.

37. Substantial measures are being implemented to boost fiscal revenues and improve the targeting and efficiency of public expenditure, while protecting vulnerable groups. The authorities have implemented substantial high-quality measures to permanently increase fiscal revenues, support expenditure rationalization, and enhance procurement efficiency. They also continue enhancing the social safety net by implementing measures to mitigate the impact of reforms on vulnerable groups and expanding the coverage of cash transfer programs to low-income families surpassing program targets.

38. The authorities remain committed to continue strengthening the fiscal position and placing public finances on a sustainable path. The NFPS overall balance is projected to improve to -1.2 percent of GDP in 2025, from -1.3 percent in 2024, and reach balance in 2026. The authorities remain firmly committed to strengthening the fiscal position and placing public finances on a sustainable path. The medium-term fiscal plan continues to envisage a fiscal consolidation of 6.6 percent of GDP in the NOPBS over the program period, in line with the second review, placing public debt on a firm downward path and on track to achieve the COPLAFIP target of 40 percent of GDP by 2031, one year ahead of schedule. Reforms to enhance PFM and governance support these efforts. Sovereign debt spreads have declined by over 1,300 basis points since the April 2025 presidential elections. Continued progress on economic reforms and the buildup of liquidity buffers are expected to further narrow spreads and restore Ecuador's market access. Timely support from IFIs and bilateral creditors maintaining or increasing their exposure continues to be important to ensure that the program remains fully financed.

39. Efforts to bolster financial stability and develop domestic capital markets should continue. The financial sector remains stable, and supervision is being strengthened, but some credit cooperatives are facing challenges related to asset quality, capital reserves, and profitability. Strengthening regulation, oversight, and resolution tools, and taking steps to reform the interest rate system will further support stability and improve credit allocation and growth. Developing domestic capital markets is paramount to lifting potential growth.

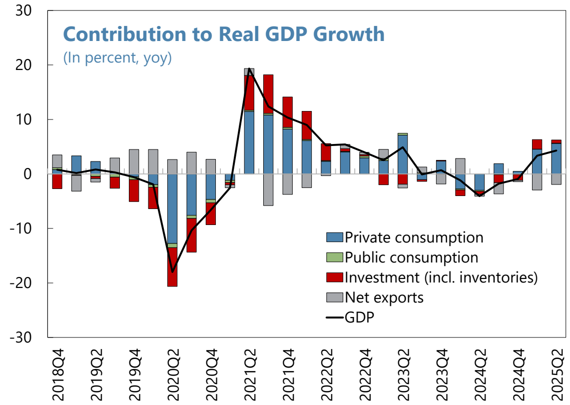
40. Advancing structural reforms is important to boost competitiveness and job-rich growth. The authorities are working to attract private investment into high potential sectors such as mining, hydrocarbons, and energy. Efforts are also underway to strengthen energy resilience by increasing electricity supply and building resilience to natural disasters. Decisively advancing the economic reform agenda could realize significant growth dividends over the medium term.

41. Combating illicit activities and enhancing governance will also support growth. Effective AML/CFT measures and the upcoming Strategic Action Plan aim to curb organized crime financing. In addition, the authorities are implementing initiatives to strengthen procurement governance, focusing on increasing transparency and efficiency, and continue working to increase transparency and accountability to mitigate vulnerabilities to corruption. Continued efforts are needed to conduct an in-depth diagnosis of organized crime activities and economic channels being abused for financing and laundering proceeds, as well as prioritizing measures that can disrupt the associated illicit financial flows.

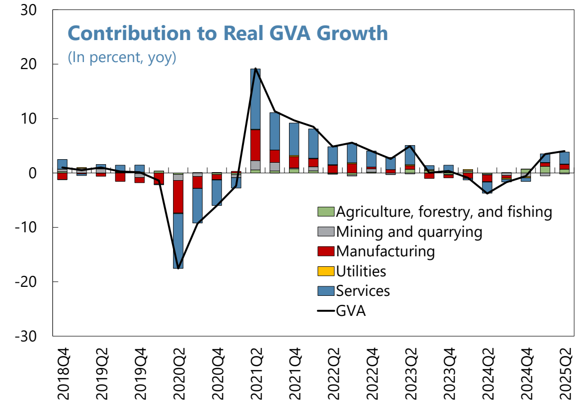
42. Staff support the completion of the fourth review and the modification of performance criteria. Staff also recommend the completion of the financing assurances review and supports the authorities' request for Board approval for the retention of the exchange restriction arising from the ISD. The exchange restriction is maintained for balance of payment reasons and is temporary and non-discriminatory.

Figure 1. Ecuador: Recent Economic Developments

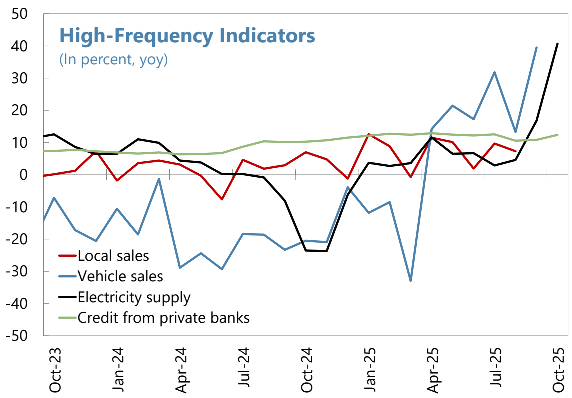
The economy bounced back in the first half of 2025, driven by stronger domestic demand and record nonoil exports…



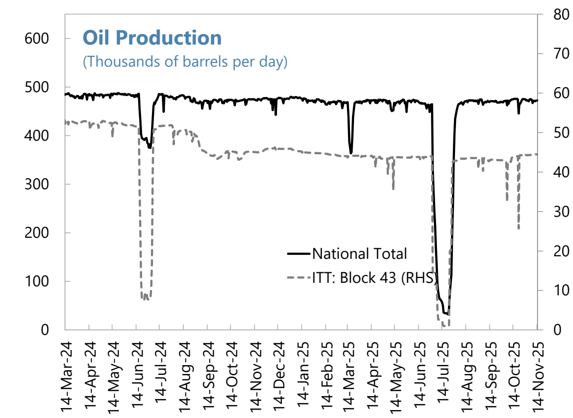
… with a broad-based growth across sectors.



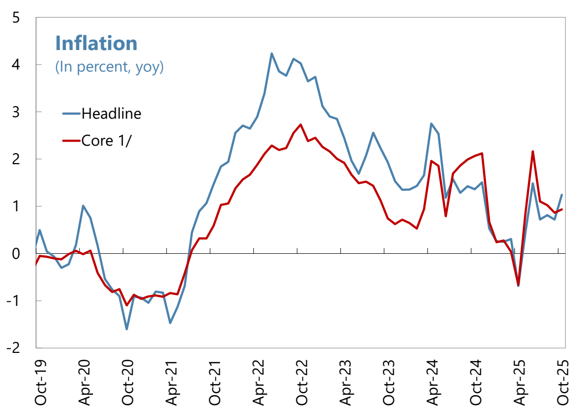
High-frequency data points to continued strong nonoil activity in 2025Q3.



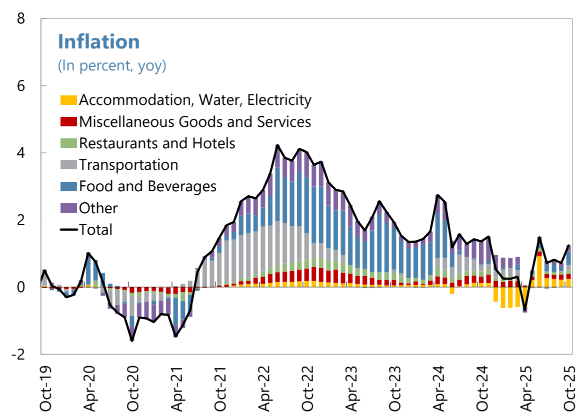
Oil production recovered after the July disruptions in the main pipelines and refinery.



Inflation remains subdued….



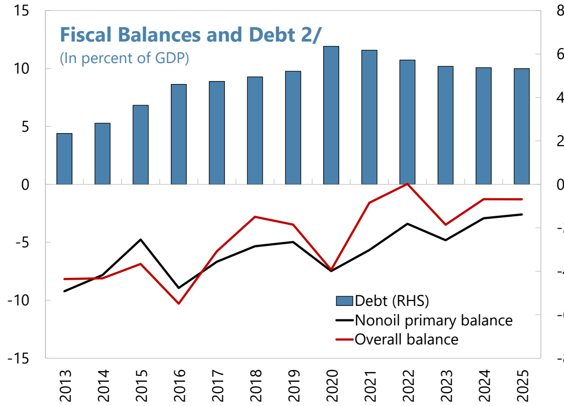
…even after the normalization of electricity prices.



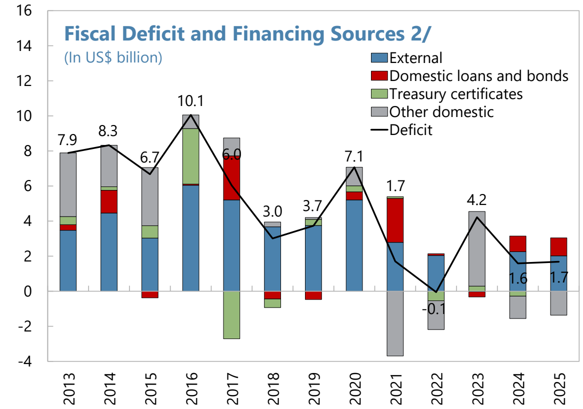
Sources: Ecuador's Internal Revenue Service, Central Bank of Ecuador, INEC, and IMF staff calculations.
1/ Core CPI excludes food (except for coffee, tea, and cocoa; and mineral water, soft drinks, and fruit/vegetable juices), gas, and fuel and lubricants.

Figure 2. Ecuador: Fiscal Developments 1/

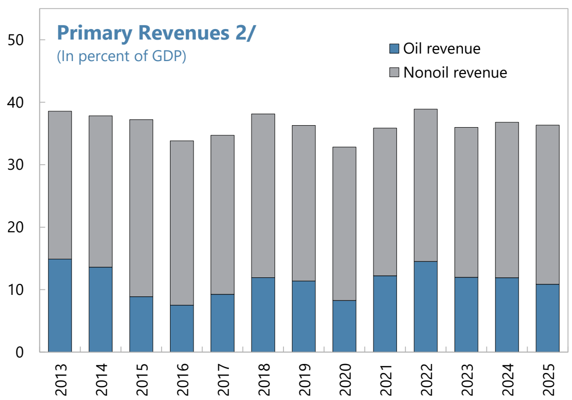
The fiscal position strengthened in 2024, with the fiscal deficit declining significantly …



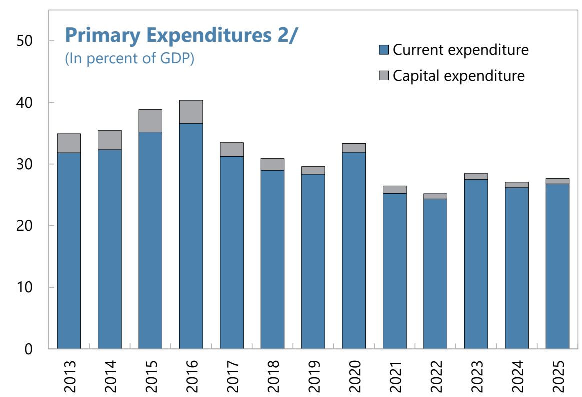
…supporting the rebuilding of fiscal buffers. The financing mix relied on support from multilateral partners.



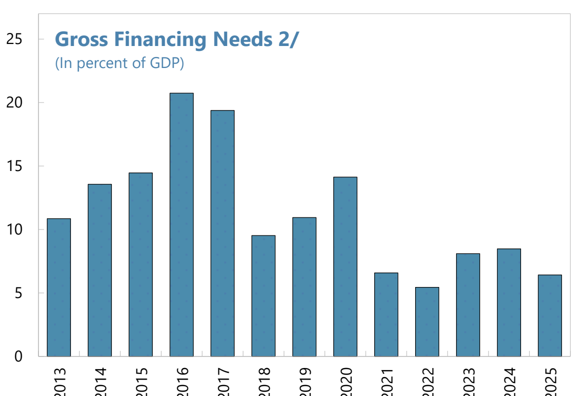
Successful revenue mobilization was achieved with the authorities' fiscal package …



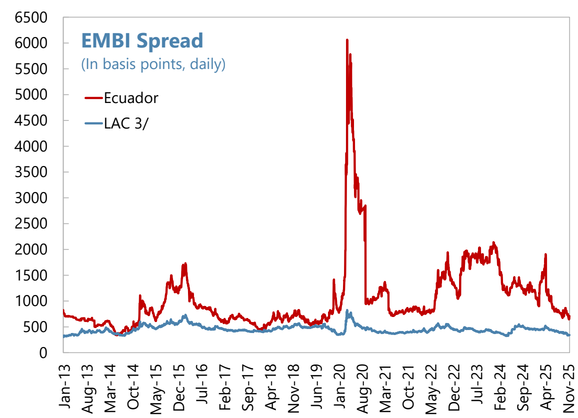
…while primary expenditures remained contained.



Despite the fiscal improvement, gross financing needs remained large.



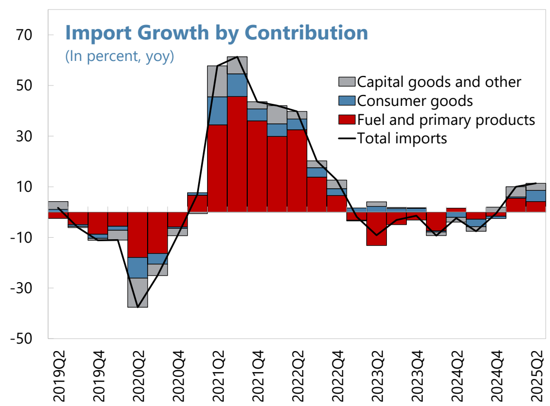
Sovereign spreads have continued to narrow in recent months, after the pre- April 2025's election spike.



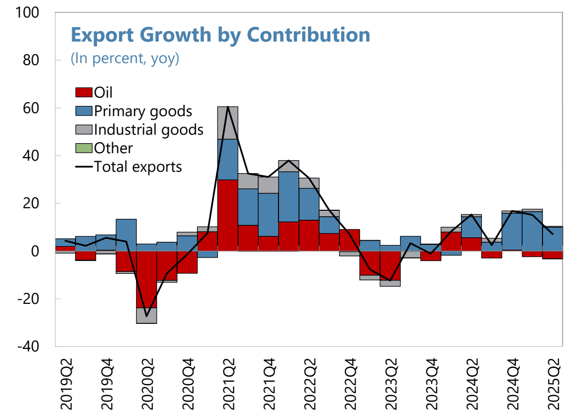
Sources: Central Bank of Ecuador, Ministry of Economy and Finance, Haver, Bloomberg, and IMF staff calculations.
1/ The data for Ecuador reflect net lending/borrowing for the Non-Financial Public Sector (NFPS).
2/ The data for 2025 are staff estimates.
3/ LAC: average over Argentina, Belize, Brazil, Chile, Colombia, Dominican Republic, Ecuador, El Salvador, Jamaica, Mexico, Panama, Peru, Uruguay and Venezuela.

Figure 3. Ecuador: External Sector Developments

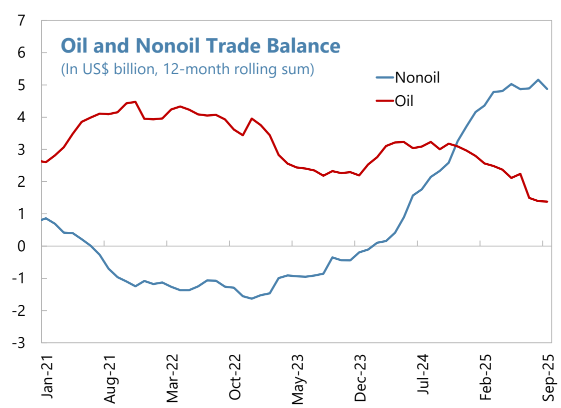
Imports increased in line with the recovery ...



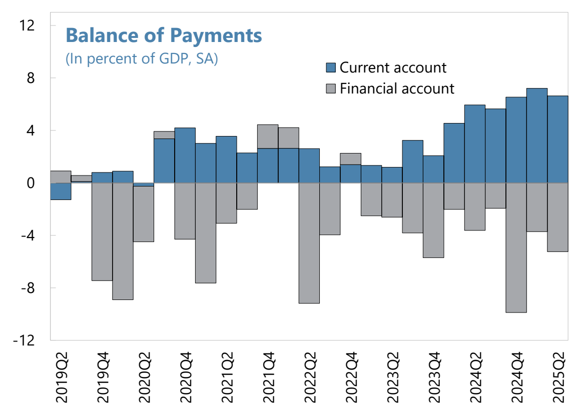
...which were more than compensated by strong export growth...



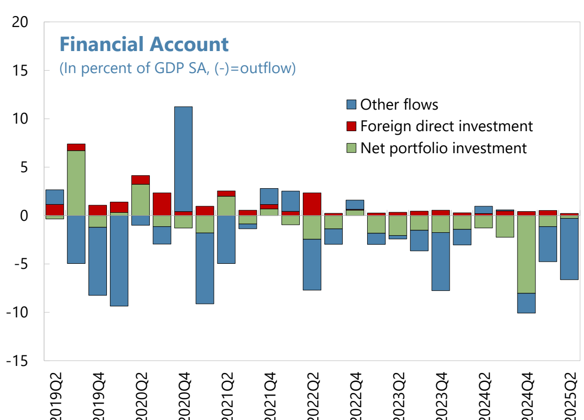
...especially for nonoil products...



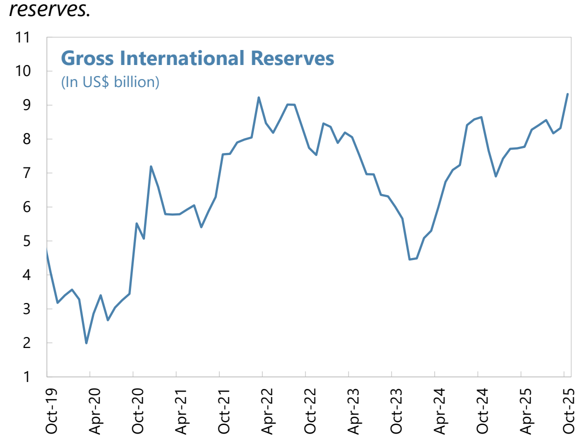
... supporting a record current account surplus...



... which, despite pressures on the financial account....



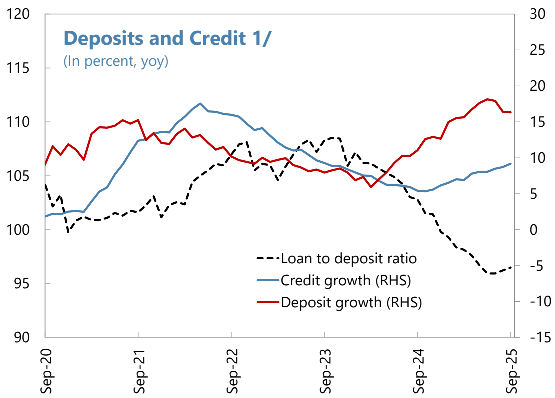
... contributed to an increase in gross international reserves.



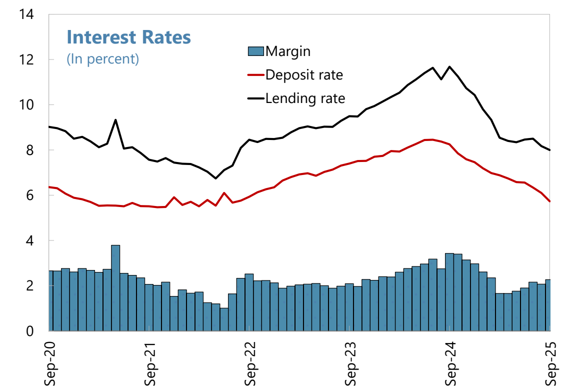
Sources: Central Bank of Ecuador, STA BOP database, Haver, and IMF staff calculations.

Figure 4. Ecuador: Financial System Developments

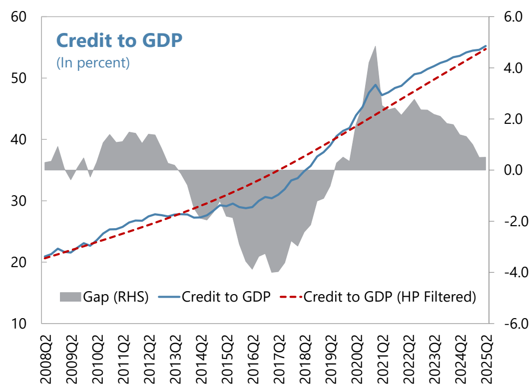
Robust deposit growth facilitated an incipient rise in credit growth…



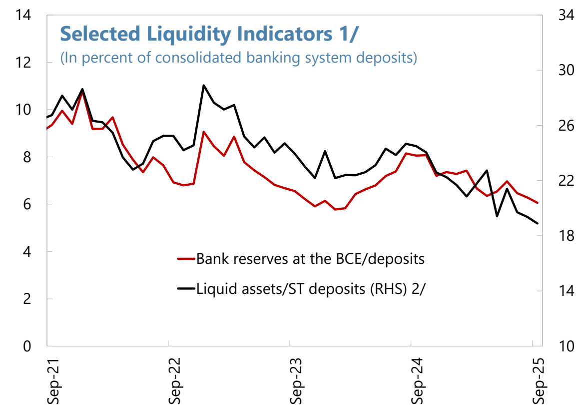
…and a decline in borrowing costs.



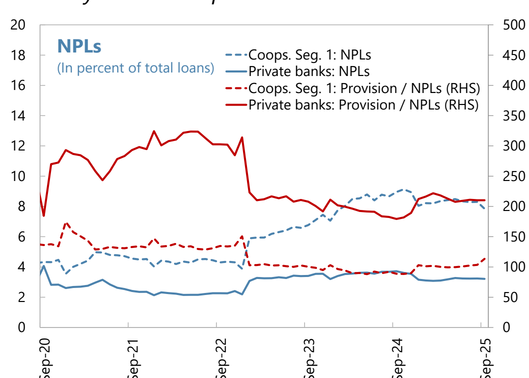
The credit-to-GDP gap seems to have closed, suggesting credit growth is in line with macroeconomic developments.



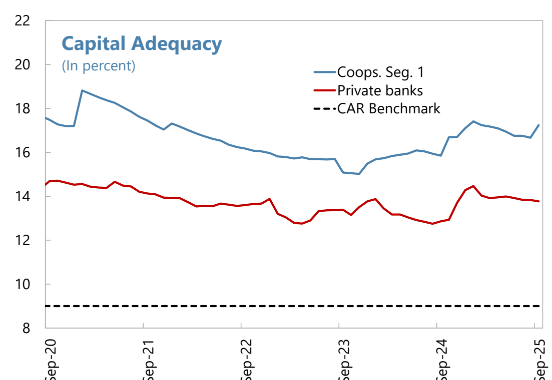
Bank reserves remain adequate despite a decline since end-2024.



Provisioning and loan quality of Segment 1 Cooperatives is substantially lower than private banks.



Capital ratios have stabilized above the regulatory norm.



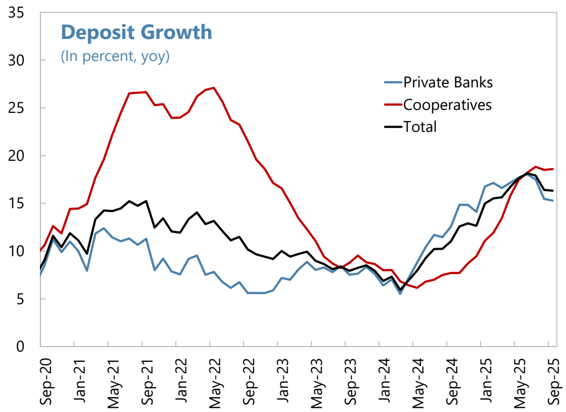
Sources: Central Bank of Ecuador, Superintendency of Banks, IMF Monetary and Financial Statistics, and IMF staff calculations.

1/ Loan to deposit data corresponds to Other Depository Institutions, which include private banks, Banecuador, Banco del Pacifico, private financial companies, mutualists, cooperatives, and credit card companies. Credit and deposit data correspond to the whole financial system.

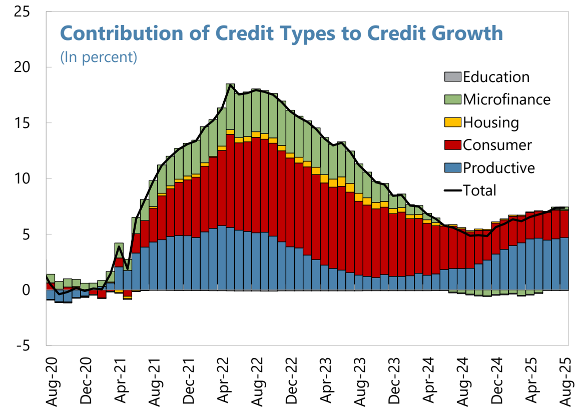
2/ Data corresponds to the private banks aggregate, which includes Banco del Pacifico.

Figure 5. Ecuador: Deposit and Credit Market Dynamics

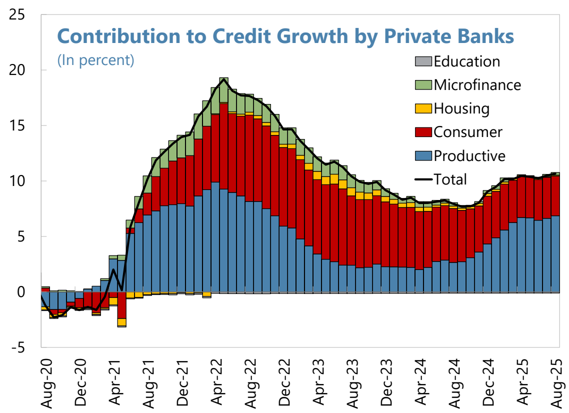
Deposit growth has been strong for both private banks and credit cooperatives.



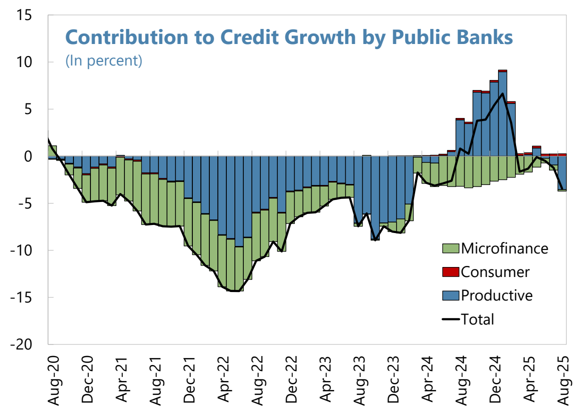
Credit growth is leveling up, led by productive credit.



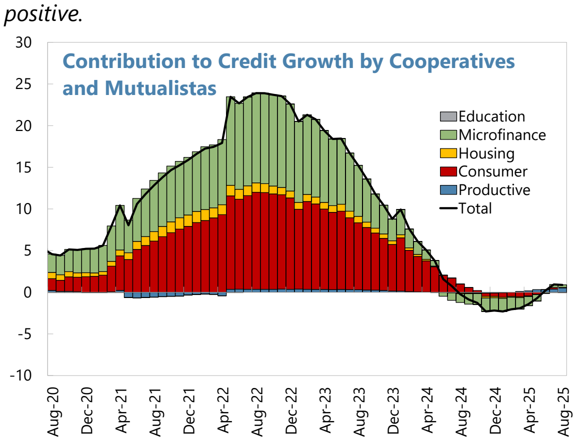
Across institutions, credit by private banks is accelerating…



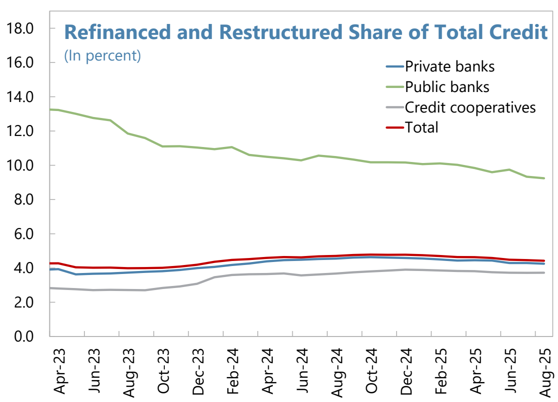
…while credit by public banks has declined.



Cooperatives' credit growth has turned marginally positive.



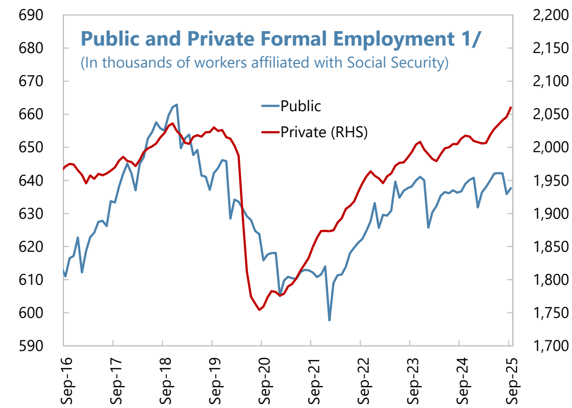
The restructured and refinanced share of credit remains stable, with notable improvement in public banks.



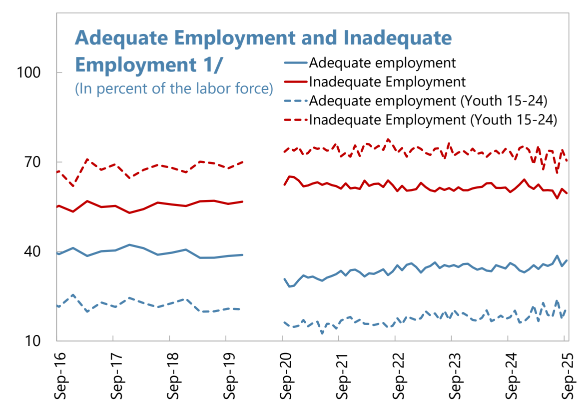
Sources: Central Bank of Ecuador, Superintendency of Banks, IMF Monetary and Financial Statistics, and IMF staff calculations.

Figure 6. Ecuador: Labor Market and Socio-Economic Developments

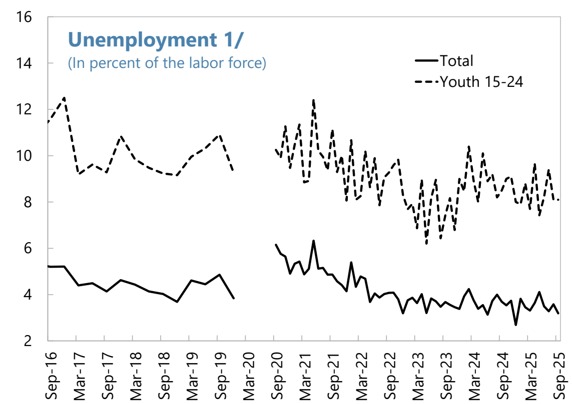
Formal private employment has surpassed pre-pandemic levels…



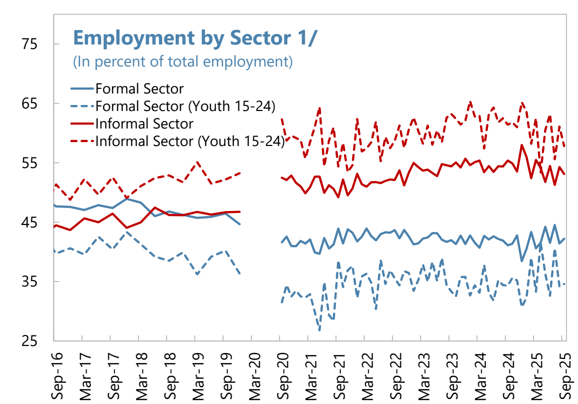
…with rising adequate employment, especially among the youth.



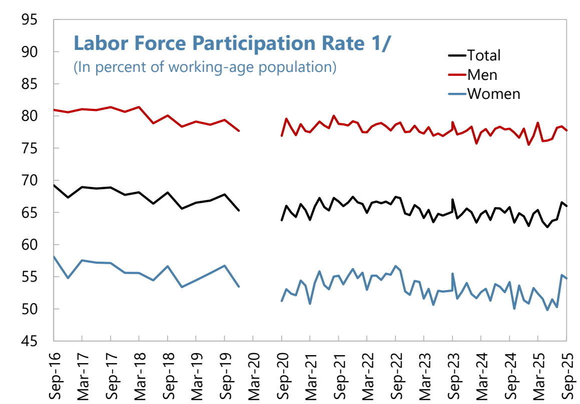
The unemployment rate is in single digits, with declining youth unemployment.



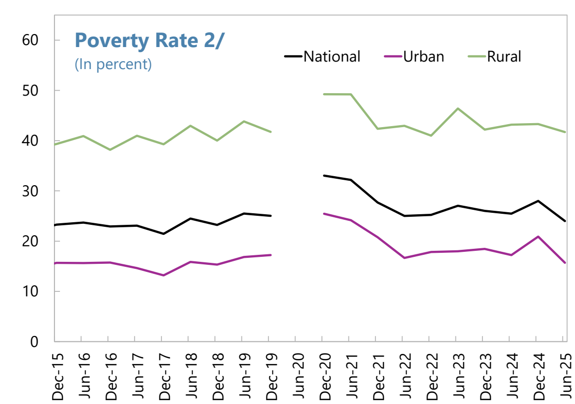
Informality is declining, particularly among the youth.



Labor force participation saw an uptick in recent months, notably among women.



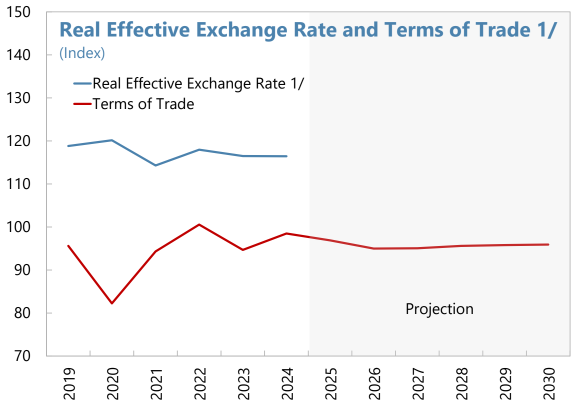
Poverty has decreased recently, especially in urban areas.



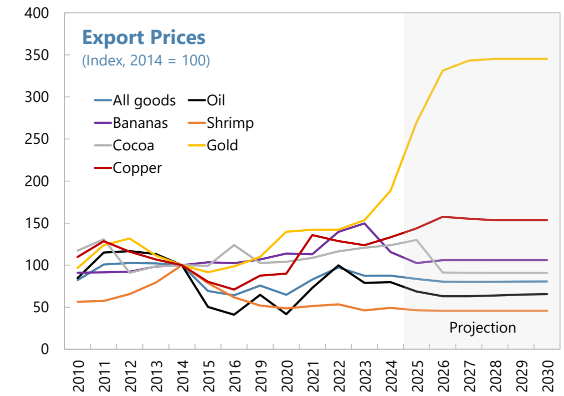
Sources: IESS, INEC, and IMF staff calculations.
1/ There is no data for March and June 2020 due to the Covid-19 pandemic.
2/ Calculated as the ratio between the total number of people below the poverty line and the total population. There is no data for June 2020 due to the Covid-19 pandemic.

Figure 7. Ecuador: External Position

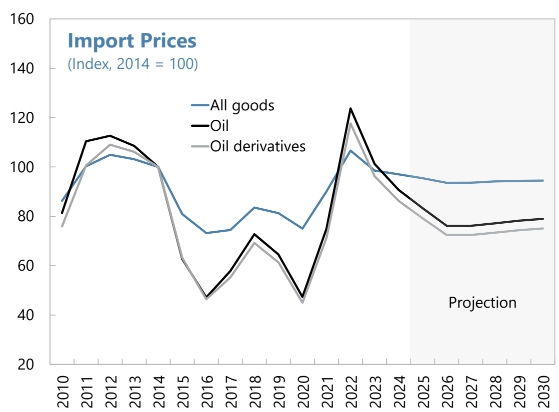
The terms of trade are projected to decline moderately starting in 2025, consistent with lower oil prices…



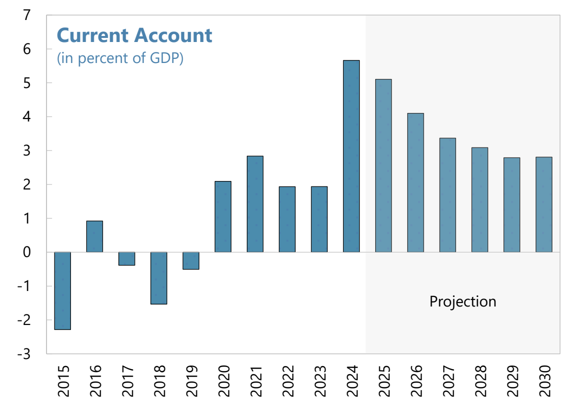
… as well as moderating non-oil commodity prices…



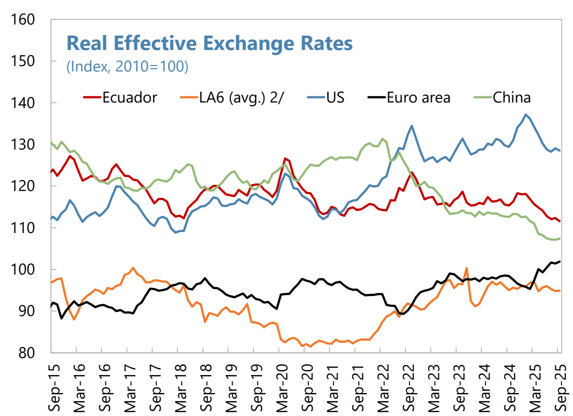
… and supported by lower cost of imported oil derivatives.



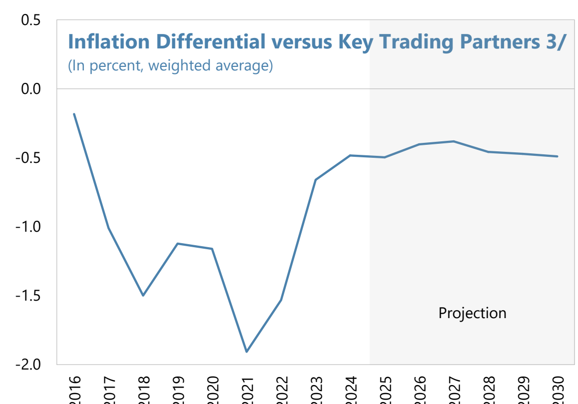
The CA has been in surplus since 2020 and reached record levels in 2024…



… while the real effective exchange rate has been relative stable, depreciating in 2025…



… in line with favorable inflation differentials relative to trading partners.



Sources: BCE. Haver, INS, WEO April 2025 and IMF Staff calculations.
1/ An increase in the index means appreciation.
2/ Argentina, Brazil, Chile, Colombia, Mexico and Peru.
3/ Negative values indicate lower inflation in Ecuador.

Table 1. Ecuador: Selected Economic and Financial Indicators, 2023-30

	2023	2024 CR/25/289 1/	2024	2025 CR/25/289 1/	2025	2026 CR/25/289 1/	2026	2027	2028	2029	2030
				Projections							
				(Percent change, unless otherwise indicated)							
National income and prices											
Nominal GDP (US$ million)	121,147	124,676	124,676	130,529	130,548	134,711	136,083	141,655	147,553	153,966	160,999
GDP per capita (US$)	6,793	6,939	6,939	7,210	7,211	7,384	7,459	7,705	7,963	8,246	8,557
Real GDP	2.0	-2.0	-2.0	3.2	3.4	2.0	2.2	2.4	2.6	2.8	3.0
Domestic demand (contribution to growth)	1.8	-1.7	-1.7	3.8	3.7	2.3	2.3	3.0	2.7	3.2	3.1
Consumption (contribution to growth)	2.9	-1.0	-1.0	2.5	3.7	0.4	0.3	1.5	1.7	2.0	2.2
Investment (contribution to growth)	-1.2	-0.7	-0.7	1.3	0.0	1.9	2.0	1.5	1.0	1.2	1.0
External demand (contribution to growth)	0.1	0.1	0.1	-1.0	-0.7	-0.3	0.0	-0.6	-0.1	-0.4	-0.1
Exports (contribution to growth)	0.2	0.5	0.5	1.0	1.3	1.3	1.5	1.4	1.7	1.6	2.1
Imports (contribution to growth)	-0.2	-0.4	-0.4	-2.0	-2.0	-1.6	-1.6	-2.0	-1.8	-2.0	-2.3
Consumer price index (period average)	2.2	1.5	1.5	1.1	0.9	2.8	2.8	1.5	1.5	1.5	1.5
Consumer price index (end-of-period)	1.3	0.5	0.5	3.6	3.5	1.7	1.7	1.5	1.5	1.5	1.5
				(Percent of GDP)							
Saving-investment balance											
Consumption	79.2	78.2	78.2	77.8	78.8	77.9	78.0	77.5	77.1	76.9	76.7
Private	65.6	64.9	64.9	64.7	65.7	65.3	65.5	65.4	65.3	65.2	65.1
Public	13.6	13.3	13.3	13.1	13.1	12.6	12.5	12.2	11.8	11.7	11.6
National saving	22.6	24.2	24.1	25.6	24.4	25.1	24.9	25.2	25.5	25.6	25.9
Private	24.3	23.9	23.9	25.3	24.2	23.3	23.2	22.4	22.0	22.1	22.3
Public	-1.8	0.2	0.2	0.3	0.3	1.8	1.7	2.8	3.5	3.5	3.5
Gross investment	20.7	18.5	18.5	20.5	19.3	21.1	20.8	21.9	22.4	22.8	23.1
Private 2/	15.6	14.0	14.0	16.1	14.9	15.8	15.6	15.9	15.8	16.3	16.5
Public	5.1	4.5	4.5	4.4	4.4	5.3	5.2	5.9	6.6	6.6	6.6
				(Millions of barrels, unless otherwise indicated)							
Oil production, demand, and prices											
Oil production	173.5	174.0	174.0	161.0	161.1	172.1	172.5	173.4	175.1	175.6	175.8
Domestic consumption of oil derivatives	104.1	106.5	106.5	108.0	106.5	110.2	109.3	111.9	114.8	118.0	121.6
Oil price West Texas Intermediate (US$ per barrel)	77.6	76.6	76.6	66.5	65.6	62.6	59.3	59.5	60.3	61.2	61.7
Oil price Ecuador mix (US$ per barrel)	68.0	68.5	68.5	60.1	58.9	56.6	54.1	54.1	54.9	55.7	56.3
				(Percent of GDP, unless otherwise indicated)							
External sector											
Current account balance	1.9	5.7	5.7	5.1	5.1	4.0	4.1	3.4	3.1	2.8	2.8
Trade balance	1.8	5.5	5.5	4.3	4.5	3.6	3.9	3.4	3.2	3.1	3.0
Financial account balance	3.8	4.2	3.6	2.5	2.6	2.1	2.0	1.2	1.0	0.5	1.0
Exports of oil (US$ million)	8,952	9,572	9,572	7,491	7,411	7,346	7,049	6,857	7,012	7,078	7,130
Gross international reserves (US$ million) 3/	4,455	6,908	6,908	10,378	10,290	13,085	13,220	16,448	19,552	23,125	26,094
As a percent of the ARA metric 4/	17.0	26	26.1	38	37.4	46.5	46.9	56.8	65.7	75.1	81.9
Real effective exchange rate (2010=100)	116.5	116.4	116.4	…	…	…	…	…	…	…	…
Real effective exchange rate, end-of-period (depreciation,-) 5/	-3.3	…	2.4	…	-3.3	…	…	…	…	…	…
				(Percent of GDP)							
Public finances											
Non-financial public sector (NFPS)											
Overall balance	-3.5	-1.3	-1.3	-1.2	-1.2	0.0	0.0	0.8	1.3	1.3	1.3
Primary balance	-2.6	-0.2	-0.2	-0.1	-0.1	1.2	1.1	1.9	2.4	2.4	2.4
NOPBS	-7.5	-5.4	-5.4	-4.1	-4.1	-2.5	-2.4	-1.5	-0.9	-0.6	-0.4
Budgetary Central Government (PGE+CFDD)											
Overall balance	-5.3	-2.5	-2.5	-3.1	-3.1	-1.9	-1.9	-0.8	0.1	0.1	0.1
Public debt 6/	54.3	53.8	53.8	53.0	53.2	51.9	51.4	49.6	47.7	45.2	42.2
Domestic	14.6	14.0	14.0	13.4	13.7	13.0	12.9	12.5	12.1	11.2	10.4
External	39.8	39.8	39.8	39.5	39.5	38.9	38.5	37.2	35.6	34.0	31.8
				(Percent change)							
Monetary sector											
Broad money (M2) (percent change, yoy) 7/	6.7	4.8	4.8	4.7	4.7	3.2	3.4	4.1	4.2	4.3	4.6
Credit to the private sector (percent change, yoy) 8/	8.4	6.2	6.2	8.4	8.2	3.0	4.9	4.1	4.3	5.5	5.8
Net international reserves (US$ million) 9/	-7,639	-7,638	-7,638	-7,290	-6,961	-5,998	-5,964	-3,645	-389	2,612	5,062

Sources: Ministry of Economy and Finance; Central Bank of Ecuador; Haver; and Fund staff calculations and projections.

1/ Staff Report for the Third EFF Review (Country Report No. 2025/289).

2/ Includes inventories.

3/ Gross international reserves excludes non-liquid and encumbered assets.

4/ Does not include the Liquidity Fund.

5/ Data for 2025 is actual data as of September.

6/ Gross debt consolidated at the level of the NFPS.

7/ Broad money comprises monetary species in circulation, demand deposits, and quasi-money.

8/ Consolidated banking system.

9/ Program net international reserves are equal to gross international reserves less outstanding credit to the IMF, short-term foreign liabilities of the BCE, deposits of other depository institutions and other financial institutions (excl. BEDE and BIESS) at the central bank, and short-term liabilities of the central government.

Table 2. Ecuador: Real and Oil Sector, 2023-30

				Projections							
	2023	2024		2025		2026		2027	2028	2029	2030
		CR/25/289 1/		CR/25/289 1/		CR/25/289 1/					
	(Percent change, unless otherwise indicated)										
National income and prices											
Nominal GDP (US$ million)	121,147	124,676	124,676	130,529	130,548	134,711	136,083	141,655	147,553	153,966	160,999
Nominal GDP	4.3	2.9	2.9	4.7	4.7	3.2	4.2	4.1	4.2	4.3	4.6
Population (millions)	17.8	18.0	18.0	18.1	18.1	18.2	18.2	18.4	18.5	18.7	18.8
GDP per capita (US$)	6,793	6,939	6,939	7,210	7,211	7,384	7,459	7,705	7,963	8,246	8,557
Real GDP per capita	1.3	-2.7	-2.7	2.5	2.6	1.2	1.4	1.6	1.8	2.0	2.2
Real GDP	2.0	-2.0	-2.0	3.2	3.4	2.0	2.2	2.4	2.6	2.8	3.0
Domestic demand	1.8	-1.8	-1.8	3.8	3.7	2.3	2.3	3.0	2.7	3.1	3.1
Consumption	3.7	-1.3	-1.3	3.1	4.5	0.5	0.4	1.9	2.1	2.5	2.7
Investment	-6.0	-3.7	-3.7	6.5	-0.2	8.9	9.8	7.2	4.8	5.3	4.4
External demand											
Exports	0.8	1.7	1.7	3.7	4.8	4.7	5.4	4.6	5.7	5.2	6.7
Imports	0.6	1.6	1.6	7.5	7.5	5.7	5.7	6.7	5.9	6.3	6.9
Real GDP	2.0	-2.0	-2.0	3.2	3.4	2.0	2.2	2.4	2.6	2.8	3.0
Domestic demand (contribution to growth)	1.8	-1.7	-1.7	3.8	3.7	2.3	2.3	3.0	2.7	3.2	3.1
Consumption (contribution to growth)	2.9	-1.0	-1.0	2.5	3.7	0.4	0.3	1.5	1.7	2.0	2.2
Investment (contribution to growth)	-1.2	-0.7	-0.7	1.3	0.0	1.9	2.0	1.5	1.0	1.2	1.0
External demand (contribution to growth)	0.1	0.1	0.1	-1.0	-0.7	-0.3	0.0	-0.6	-0.1	-0.4	-0.1
Exports (contribution to growth)	0.2	0.5	0.5	1.0	1.3	1.3	1.5	1.4	1.7	1.6	2.1
Imports (contribution to growth)	-0.2	-0.4	-0.4	-2.0	-2.0	-1.6	-1.6	-2.0	-1.8	-2.0	-2.3
Consumer price index (period average)	2.2	1.5	1.5	1.1	0.9	2.8	2.8	1.5	1.5	1.5	1.5
Consumer price index (end-of-period)	1.3	0.5	0.5	3.6	3.5	1.7	1.7	1.5	1.5	1.5	1.5
GDP deflator (period average)	2.3	5.0	5.0	1.4	1.3	1.2	2.0	1.7	1.5	1.5	1.5
	(Millions of barrels, unless otherwise indicated)										
Oil production, demand, and prices											
Oil production	173.5	174.0	174.0	161.0	161.1	172.1	172.5	173.4	175.1	175.6	175.8
Exports of crude oil	115.0	126.3	126.3	118.7	119.4	116.4	116.8	113.0	114.0	113.3	113.3
Exports of derivative 2/	10.6	6.6	6.6	2.9	3.1	6.5	6.5	6.7	6.7	6.7	6.5
Domestic consumption of oil derivatives	104.1	106.5	106.5	108.0	106.5	110.2	109.3	111.9	114.8	118.0	121.6
Import of oil derivatives	66.1	70.9	70.9	73.2	73.5	65.9	64.6	62.9	65.0	67.0	70.0
Oil price West Texas Intermediate (US$ per barrel)	77.6	76.6	76.6	66.5	65.6	62.6	59.3	59.5	60.3	61.2	61.7
Oil price Ecuador mix (US$ per barrel)	68.0	68.5	68.5	60.1	58.9	56.6	54.1	54.1	54.9	55.7	56.3

Sources: Ministry of Economy and Finance; Central Bank of Ecuador; Haver; and Fund staff calculations and projections.
1/ Staff Report for the Third EFF Review (Country Report No. 2025/289).
2/ For derivatives, only exports of public companies are included.

Table 3a. Ecuador: Statement of Nonfinancial Public Sector Operations, 2023-30
(In millions of US$)

	2023	2024		2025		2026		2027	2028	2029	2030
				Projections							
		CR/25/289 1/		CR/25/289 1/		CR/25/289 1/					
						(US$ million)					
Revenue (1)	**43,580**	**45,876**	**45,876**	**47,541**	**47,473**	**49,390**	**49,271**	**51,306**	**53,840**	**55,946**	**58,248**
Oil revenue	**14,510**	**14,847**	**14,847**	**14,367**	**14,175**	**14,668**	**14,148**	**14,107**	**14,515**	**14,824**	**15,156**
Nonoil revenue	**29,070**	**31,029**	**31,029**	**33,174**	**33,298**	**34,722**	**35,123**	**37,199**	**39,325**	**41,122**	**43,092**
Taxes	15,049	16,995	16,995	18,760	18,770	19,680	19,727	21,085	22,301	23,449	24,766
Income tax	4,635	5,382	5,382	5,835	5,884	6,049	6,029	6,621	6,967	7,344	7,758
Property tax	872	1,081	1,081	1,108	1,081	869	847	970	1,141	1,375	1,686
Goods and services	7,391	8,335	8,335	9,340	9,310	9,823	9,887	10,312	10,770	11,175	11,626
o/w Value added tax	6,269	7,549	7,549	8,261	8,236	8,691	8,605	9,194	9,672	10,093	10,554
o/w Excise tax	813	751	751	757	753	781	789	749	712	743	777
International trade and transactions	1,885	1,893	1,893	2,072	2,119	2,355	2,377	2,468	2,564	2,536	2,490
Other tax	266	303	303	405	376	584	587	715	860	1,020	1,205
Social security contributions	6,051	6,062	6,062	6,279	6,294	6,418	6,492	6,678	6,889	7,190	7,520
Other revenue	7,969	7,972	7,972	8,135	8,234	8,623	8,903	9,436	10,135	10,483	10,807
Interest	1,559	1,510	1,510	1,630	1,630	1,670	1,673	1,758	1,800	1,841	1,888
Other	6,410	6,462	6,462	6,504	6,603	6,954	7,230	7,678	8,335	8,642	8,919
Expenditure (2)	**47,797**	**47,467**	**47,467**	**49,107**	**49,062**	**49,430**	**49,326**	**50,177**	**51,995**	**53,939**	**56,120**
Expense	**45,712**	**45,586**	**45,586**	**47,172**	**47,114**	**47,001**	**46,937**	**47,325**	**48,718**	**50,519**	**52,545**
Compensation of employees	12,925	13,094	13,094	13,326	13,302	13,451	13,490	13,644	13,789	14,279	14,813
Use of goods and services	16,865	15,913	15,913	15,905	15,813	15,243	14,857	14,877	15,271	15,817	16,465
Oil 2/	11,806	11,392	11,392	11,059	10,964	10,608	10,195	10,223	10,577	10,918	11,343
Nonoil	5,060	4,521	4,521	4,846	4,849	4,635	4,662	4,655	4,694	4,898	5,122
Interest	2,609	2,882	2,882	3,122	3,100	3,268	3,269	3,295	3,447	3,531	3,609
Nonresidents	2,126	2,456	2,456	2,586	2,569	2,739	2,702	2,790	2,928	3,021	3,121
Residents	483	427	427	536	532	529	567	505	519	511	489
Social benefits	10,219	10,424	10,424	11,099	11,262	11,155	11,312	11,525	11,937	12,423	12,954
Social security benefits	7,164	7,285	7,285	7,716	7,716	7,832	7,933	8,050	8,365	8,728	9,127
Social assistance benefits	1,295	1,275	1,275	1,521	1,553	1,409	1,410	1,437	1,465	1,496	1,528
Employment-related social benefits	1,760	1,864	1,864	1,862	1,993	1,914	1,969	2,037	2,107	2,199	2,300
Other expense	3,094	3,273	3,273	3,719	3,636	3,885	4,008	3,984	4,273	4,469	4,703
Transfers not elsewhere classified	2,181	2,208	2,208	2,275	2,186	2,526	2,593	2,671	2,886	3,021	3,189
Current	1,017	1,095	1,095	1,136	1,101	1,277	1,270	1,195	1,218	1,271	1,329
Capital	1,165	1,113	1,113	1,139	1,086	1,249	1,323	1,476	1,668	1,750	1,860
Other	912	1,065	1,065	1,444	1,449	1,359	1,415	1,313	1,387	1,448	1,514
Net/gross investment in nonfinancial assets	**2,085**	**1,881**	**1,881**	**1,935**	**1,948**	**2,429**	**2,389**	**2,852**	**3,277**	**3,419**	**3,576**
Net lending (+) / Net borrowing (-) (NLB = 1-2)	**-4,217**	**-1,590**	**-1,590**	**-1,566**	**-1,589**	**-40**	**-55**	**1,129**	**1,845**	**2,007**	**2,128**
Net acquisition of financial assets (3)	**-538**	**-232**	**-232**	**572**	**901**	**665**	**372**	**1,503**	**1,862**	**1,267**	**539**
Net incurrence of liabilities (4)	**4,348**	**1,918**	**1,918**	**2,138**	**2,490**	**705**	**427**	**375**	**17**	**-741**	**-1,588**
Domestic	4,377	-338	-338	116	457	-30	-311	94	195	-559	-563
External	-30	2,256	2,256	2,021	2,033	735	738	281	-177	-181	-1,025
Overall statistical discrepancy (-NLB+3-4)	-668	-560	-560	0	0	0	0	0	0	0	0
Memorandum items:											
Primary balance	-3,167	-218	-218	-74	-119	1,558	1,541	2,666	3,492	3,698	3,850
Nonoil primary revenue	27,511	29,519	29,519	31,544	31,668	33,052	33,450	35,441	37,525	39,281	41,205
Nonoil primary expenditure	33,343	33,161	33,161	34,894	34,967	35,523	35,831	36,629	37,939	39,458	41,137
Nonoil primary balance (NOPB)	-5,833	-3,643	-3,643	-3,351	-3,299	-2,471	-2,381	-1,187	-414	-176	68
NOPB including fuel subsidies (NOPBS)	-9,098	-6,674	-6,674	-5,354	-5,356	-3,434	-3,293	-2,071	-1,289	-973	-629
Oil balance	2,665	3,424	3,424	3,276	3,179	4,029	3,922	3,853	3,907	3,874	3,781
Central government (PGE+CFDD) NLB	-6,449	-3,058	-3,058	-4,070	-4,072	-2,624	-2,597	-1,164	123	184	185
NFPS gross debt	65,821	67,019	67,019	69,157	69,509	69,862	69,936	70,311	70,328	69,587	67,999
Domestic	17,633	17,429	17,429	17,545	17,886	17,515	17,575	17,669	17,863	17,304	16,740
External	48,188	49,590	49,590	51,612	51,623	52,347	52,361	52,642	52,465	52,283	51,258
Nominal GDP	121,147	124,676	124,676	130,529	130,548	134,711	136,083	141,655	147,553	153,966	160,999

Sources: Ministry of Economy and Finance; and IMF staff estimates and projections.

1/ Staff Report for the Third EFF Review (Country Report No. 2025/289).

2/ Includes cost of importing oil derivatives (CFDD), of oil contracts (SHE), of goods and services used in oil production, and of oil services (PEC and PAM).

Table 3b. Ecuador: Statement of Nonfinancial Public Sector Operations, 2023-30
(In percent of GDP)

				Projections							
	2023	2024		2025		2026		2027	2028	2029	2030
		CR/25/289 1/		CR/25/289 1/		CR/25/289 1/					
	(In percent of GDP)										
Revenue (1)	**36.0**	**36.8**	**36.8**	**36.4**	**36.4**	**36.7**	**36.2**	**36.2**	**36.5**	**36.3**	**36.2**
Oil revenue	**12.0**	**11.9**	**11.9**	**11.0**	**10.9**	**10.9**	**10.4**	**10.0**	**9.8**	**9.6**	**9.4**
Nonoil revenue	**24.0**	**24.9**	**24.9**	**25.4**	**25.5**	**25.8**	**25.8**	**26.3**	**26.7**	**26.7**	**26.8**
Taxes	12.4	13.6	13.6	14.4	14.4	14.6	14.5	14.9	15.1	15.2	15.4
Income tax	3.8	4.3	4.3	4.5	4.5	4.5	4.4	4.7	4.7	4.8	4.8
Property tax	0.7	0.9	0.9	0.8	0.8	0.6	0.6	0.7	0.8	0.9	1.0
Goods and services	6.1	6.7	6.7	7.2	7.1	7.3	7.3	7.3	7.3	7.3	7.2
o/w Value added tax	5.2	6.1	6.1	6.3	6.3	6.5	6.3	6.5	6.6	6.6	6.6
o/w Excise tax	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.5
International trade and transactions	1.6	1.5	1.5	1.6	1.6	1.7	1.7	1.7	1.7	1.6	1.5
Other tax	0.2	0.2	0.2	0.3	0.3	0.4	0.4	0.5	0.6	0.7	0.7
Social contributions	5.0	4.9	4.9	4.8	4.8	4.8	4.8	4.7	4.7	4.7	4.7
Other revenue	6.6	6.4	6.4	6.2	6.3	6.4	6.5	6.7	6.9	6.8	6.7
Interest	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Other	5.3	5.2	5.2	5.0	5.1	5.2	5.3	5.4	5.6	5.6	5.5
Expenditure (2)	**39.5**	**38.1**	**38.1**	**37.6**	**37.6**	**36.7**	**36.2**	**35.4**	**35.2**	**35.0**	**34.9**
Expense	**37.7**	**36.6**	**36.6**	**36.1**	**36.1**	**34.9**	**34.5**	**33.4**	**33.0**	**32.8**	**32.6**
Compensation of employees	10.7	10.5	10.5	10.2	10.2	10.0	9.9	9.6	9.3	9.3	9.2
Use of goods and services	13.9	12.8	12.8	12.2	12.1	11.3	10.9	10.5	10.3	10.3	10.2
Oil 2/	9.7	9.1	9.1	8.5	8.4	7.9	7.5	7.2	7.2	7.1	7.0
Nonoil	4.2	3.6	3.6	3.7	3.7	3.4	3.4	3.3	3.2	3.2	3.2
Interest	2.2	2.3	2.3	2.4	2.4	2.4	2.4	2.3	2.3	2.3	2.2
Nonresidents	1.8	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.9
Residents	0.4	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.3	0.3
Social benefits	8.4	8.4	8.4	8.5	8.6	8.3	8.3	8.1	8.1	8.1	8.0
Social security benefits	5.9	5.8	5.8	5.9	5.9	5.8	5.8	5.7	5.7	5.7	5.7
Social assistance benefits	1.1	1.0	1.0	1.2	1.2	1.0	1.0	1.0	1.0	1.0	0.9
Employer social benefits	1.5	1.5	1.5	1.4	1.5	1.4	1.4	1.4	1.4	1.4	1.4
Other expense	2.6	2.6	2.6	2.8	2.8	2.9	2.9	2.8	2.9	2.9	2.9
Transfers not elsewhere classified	1.8	1.8	1.8	1.7	1.7	1.9	1.9	1.9	2.0	2.0	2.0
Current	0.8	0.9	0.9	0.9	0.8	0.9	0.9	0.8	0.8	0.8	0.8
Capital	1.0	0.9	0.9	0.9	0.8	0.9	1.0	1.0	1.1	1.1	1.2
Other	0.8	0.9	0.9	1.1	1.1	1.0	1.0	0.9	0.9	0.9	0.9
Net/gross investment in nonfinancial assets	**1.7**	**1.5**	**1.5**	**1.5**	**1.5**	**1.8**	**1.8**	**2.0**	**2.2**	**2.2**	**2.2**
Net lending (+) / Net borrowing (-) (NLB = 1-2)	**-3.5**	**-1.3**	**-1.3**	**-1.2**	**-1.2**	**0.0**	**0.0**	**0.8**	**1.3**	**1.3**	**1.3**
Net acquisition of financial assets (3)	**-0.4**	**-0.2**	**-0.2**	**0.4**	**0.7**	**0.5**	**0.3**	**1.1**	**1.3**	**0.8**	**0.3**
Net incurrence of liabilities (4)	**3.6**	**1.5**	**1.5**	**1.6**	**1.9**	**0.5**	**0.3**	**0.3**	**0.0**	**-0.5**	**-1.0**
Domestic	3.6	-0.3	-0.3	0.1	0.4	0.0	-0.2	0.1	0.1	-0.4	-0.3
External	0.0	1.8	1.8	1.5	1.6	0.5	0.5	0.2	-0.1	-0.1	-0.6
Overall statistical discrepancy (-NLB+3-4)	-0.6	-0.4	-0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:											
Primary balance	-2.6	-0.2	-0.2	-0.1	-0.1	1.2	1.1	1.9	2.4	2.4	2.4
Nonoil primary revenue	22.7	23.7	23.7	24.2	24.3	24.5	24.6	25.0	25.4	25.5	25.6
Nonoil primary expenditure	27.5	26.6	26.6	26.7	26.8	26.4	26.3	25.9	25.7	25.6	25.6
Nonoil primary balance (NOPB)	-4.8	-2.9	-2.9	-2.6	-2.5	-1.8	-1.7	-0.8	-0.3	-0.1	0.0
NOPB including fuel subsidies (NOPBS)	-7.5	-5.4	-5.4	-4.1	-4.1	-2.5	-2.4	-1.5	-0.9	-0.6	-0.4
Oil balance	2.2	2.7	2.7	2.5	2.4	3.0	2.9	2.7	2.6	2.5	2.3
Central government (PGE+CFDD) NLB	-5.3	-2.5	-2.5	-3.1	-3.1	-1.9	-1.9	-0.8	0.1	0.1	0.1
NFPS gross debt	54.3	53.8	53.8	53.0	53.2	51.9	51.4	49.6	47.7	45.2	42.2
Domestic	14.6	14.0	14.0	13.4	13.7	13.0	12.9	12.5	12.1	11.2	10.4
External	39.8	39.8	39.8	39.5	39.5	38.9	38.5	37.2	35.6	34.0	31.8

Sources: Ministry of Economy and Finance; and IMF staff estimates and projections.
1/ Staff Report for the Third EFF Review (Country Report No. 2025/289).
2/ Includes cost of importing oil derivatives (CFDD), of oil contracts (SHE), of goods and services used in oil production, and of oil services (PEC and PAM).

Table 4. Ecuador: Nonfinancial Public Sector Financing, 2023-30

				Projections							
	2023	2024		2025		2026		2027	2028	2029	2030
		CR/25/289 1/		CR/25/289 1/		CR/25/289 1/					
						(US$ million)					
Gross financing needs	**9,810**	**10,574**	**10,574**	**8,395**	**8,433**	**7,231**	**7,524**	**7,189**	**5,549**	**5,935**	**6,353**
NFPS deficit (=-NLB)	**4,217**	**1,590**	**1,590**	**1,566**	**1,589**	**40**	**55**	**-1,129**	**-1,845**	**-2,007**	**-2,128**
Amortization	**5,592**	**8,983**	**8,983**	**6,829**	**6,844**	**7,191**	**7,469**	**8,318**	**7,394**	**7,943**	**8,481**
Domestic	2,936	5,757	5,757	3,413	3,572	3,115	3,396	3,752	3,123	3,851	3,546
Loans	0	0	0	309	358	305	696	301	305	309	313
Securities	2,936	4,734	4,734	2,929	2,929	2,585	2,585	3,346	2,817	3,542	3,233
Treasury certificates	1,873	2,166	2,166	1,887	1,887	1,887	1,887	1,887	1,887	1,887	1,637
Bonds	1,063	2,568	2,568	1,042	1,042	697	697	1,459	930	1,655	1,595
Other accounts payable clearance 2/	0	1,023	1,023	175	285	225	115	105	0	0	0
External	2,656	3,226	3,226	3,416	3,272	4,076	4,074	4,566	4,272	4,091	4,935
Loans	1,867	2,148	2,148	3,269	3,140	3,189	3,201	3,698	3,457	3,273	3,861
Multilateral	1,003	1,325	1,325	2,463	2,463	2,315	2,315	3,039	3,042	2,952	3,145
Bilateral	709	406	406	387	258	521	532	400	409	319	585
Commercial	154	417	417	419	419	353	353	259	6	2	381
Securities (Eurobonds)	708	1,004	1,004	74	74	813	813	813	815	818	824
Other accounts payable clearance 3/	81	74	74	74	58	74	60	55	0	0	0
Gross financing sources	**9,810**	**10,574**	**10,574**	**8,395**	**8,433**	**7,231**	**7,524**	**7,189**	**5,549**	**5,935**	**6,353**
Domestic	6,775	4,351	4,351	2,958	3,128	2,420	2,712	2,342	1,455	2,025	2,443
Use of deposits	3,156	-996	-996	-572	-901	-665	-372	-1,503	-1,862	-1,267	-539
o/w Deposits at the BCE	2,864	-850	-850	-572	-901	-665	-372	-1,503	-1,862	-1,267	-539
Loans	11	2,522	2,522	0	500	0	0	0	0	0	0
Securities	2,918	2,825	2,825	3,529	3,529	3,085	3,085	3,846	3,317	3,292	2,983
Treasury certificates	2,166	1,887	1,887	1,887	1,887	1,887	1,887	1,887	1,887	1,637	1,387
Bonds	752	938	938	1,642	1,642	1,197	1,197	1,959	1,430	1,655	1,595
Other accounts payable accumulation 2/	689	0	0	0	0	0	0	0	0	0	0
External	2,626	5,482	5,482	5,438	5,305	4,811	4,812	4,847	4,094	3,910	3,910
Loans	2,611	5,467	5,467	5,438	4,805	3,811	3,812	3,147	1,894	1,610	1,610
Multilateral	1,581	4,268	4,268	4,625	4,625	2,867	2,867	2,350	1,350	1,310	1,310
World Bank (WB)	700	908	908	550	550	400	400	400	400	400	400
Inter-American Development Bank (IDB)	594	1,179	1,179	800	800	550	550	550	250	310	310
Development Bank of Latin America (CAF)	285	385	385	450	450	450	450	450	450	450	450
International Monetary Fund (IMF GRA)	0	1,487	1,487	1,750	1,750	750	750	750	250	0	0
European Investment Bank (EIB)	0	0	0	92	92	100	100	0	0	0	0
Latin America Reserve Fund (FLAR)	0	308	308	500	500	0	0	0	0	0	0
Other	2	0	0	483	483	617	617	200	0	150	150
Bilateral	256	196	196	313	180	600	601	540	540	300	300
Commercial	775	1,004	1,004	500	500	344	344	457	204	0	0
Securities (Eurobonds)	15	15	15	0	0	1,000	1,000	1,500	2,000	2,300	2,300
Special Drawing Rights (2021 SDR allocation)	0	0	0	0	0	0	0	0	0	0	0
Other accounts payable accumulation 3/	0	0	0	0	0	0	0	0	0	0	0
Other assets (-)/liabilities 4/	1,077	1,300	1,300	0	0	0	0	0	0	0	0
Statistical discrepancy	-668	-560	-560	0	0	0	0	0	0	0	0
Net financing	**4,885**	**2,150**	**2,150**	**1,566**	**1,589**	**40**	**55**	**-1,129**	**-1,845**	**-2,007**	**-2,128**
Net acquisition of financial assets	**-538**	**-232**	**-232**	**572**	**901**	**665**	**372**	**1,503**	**1,862**	**1,267**	**539**
Net incurrence of liabilities	**4,348**	**1,918**	**1,918**	**2,138**	**2,490**	**705**	**427**	**375**	**17**	**-741**	**-1,588**
Domestic	4,377	-338	-338	116	457	-30	-311	94	195	-559	-563
External	-30	2,256	2,256	2,021	2,033	735	738	281	-177	-181	-1,025
						(In percent of GDP)					
Gross financing needs	**8.1**	**8.5**	**8.5**	**6.3**	**6.5**	**5.4**	**5.5**	**5.1**	**3.8**	**3.9**	**3.9**
NFPS deficit (=-NLB)	3.5	1.3	1.3	1.2	1.2	0.0	0.0	-0.8	-1.3	-1.3	-1.3
Amortization	4.6	7.2	7.2	5.1	5.2	5.3	5.5	5.9	5.0	5.2	5.3
Gross financing sources	**8.1**	**8.5**	**8.5**	**6.3**	**6.5**	**5.4**	**5.5**	**5.1**	**3.8**	**3.9**	**3.9**
Domestic	5.6	3.5	3.5	2.3	2.4	1.8	2.0	1.7	1.0	1.3	1.5
External	2.2	4.4	4.4	4.1	4.1	3.6	3.5	3.4	2.8	2.5	2.4
Other assets (-)/liabilities 4/	0.9	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Statistical discrepancy (-)	-0.6	-0.4	-0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NFPS gross debt	**54.3**	**53.8**	**53.8**	**53.0**	**53.2**	**51.9**	**51.4**	**49.6**	**47.7**	**45.2**	**42.2**
Domestic	14.6	14.0	14.0	13.4	13.7	13.0	12.9	12.5	12.1	11.2	10.4
External	39.8	39.8	39.8	39.5	39.5	38.9	38.5	37.2	35.6	34.0	31.8

Sources: Ministry of Economy and Finance; and IMF staff estimates and projections.

1/ Staff Report for the Third EFF Review (Country Report No. 2025/289).

2/ Includes domestic arrears accumulation/clearance and convenio de liquidez.

3/ Includes accumulation/clearance of oil related financing.

4/ Includes accumulation of assets other than deposits and incurrence of non-debt liabilities.

Table 5a. Ecuador: Balance of Payments, 2023-30
(In millions of US$)

	2023	2024 CR/25/289 1/	2024	2025 CR/25/289 1/	2025	2026 CR/25/289 1/	2026	2027	2028	2029	2030
				Projections							
					(US$ million)						
Current account	**2,346**	**7,068**	**7,059**	**6,652**	**6,663**	**5,386**	**5,579**	**4,771**	**4,554**	**4,293**	**4,520**
Trade balance	2,207	6,812	6,812	5,655	5,892	4,844	5,290	4,759	4,768	4,709	4,910
Exports, f.o.b.	31,484	34,699	34,699	35,794	35,832	36,650	36,639	38,605	41,116	43,740	47,092
Oil	8,952	9,572	9,572	7,491	7,411	7,346	7,049	6,857	7,012	7,078	7,130
Nonoil	22,532	25,127	25,127	28,302	28,421	29,304	29,590	31,748	34,104	36,662	39,961
Imports, f.o.b.	29,277	27,887	27,887	30,139	29,940	31,806	31,349	33,847	36,348	39,031	42,182
Oil	7,045	6,949	6,949	6,669	6,549	5,579	5,208	5,014	5,202	5,384	5,623
Nonoil	22,232	20,938	20,938	23,470	23,392	26,228	26,142	28,833	31,146	33,647	36,559
Services	-1,806	-2,313	-2,310	-2,499	-2,525	-2,594	-2,649	-2,837	-2,908	-3,150	-3,260
Credits	4,337	3,863	3,865	4,038	3,997	4,206	4,160	4,343	4,654	4,825	5,184
Debits	6,144	6,176	6,175	6,537	6,522	6,800	6,809	7,181	7,563	7,975	8,444
Primary income	-2,821	-3,352	-3,364	-2,601	-2,810	-2,693	-2,902	-2,929	-2,968	-2,997	-3,025
Credits	292	293	293	184	207	230	264	314	368	421	481
Debits	3,113	3,645	3,657	2,784	3,017	2,923	3,167	3,243	3,336	3,418	3,506
Secondary income	4,767	5,921	5,921	6,097	6,106	5,829	5,841	5,778	5,662	5,731	5,896
Of which: workers' remittances, net	4,747	5,912	5,912	6,087	6,097	5,819	5,831	5,768	5,652	5,720	5,884
Capital account	**78**	**79**	**79**	**82**	**82**	**85**	**85**	**89**	**93**	**97**	**101**
Financial account 2/ 3/	**4,644**	**5,261**	**4,527**	**3,263**	**3,362**	**2,765**	**2,735**	**1,632**	**1,542**	**817**	**1,651**
Direct investment, net 3/	-483	-318	-438	-790	-781	-1,159	-1,199	-1,647	-1,970	-2,389	-2,613
Public sector, net 3/	30	-2,256	-2,256	-2,021	-2,033	-735	-738	-281	177	181	1,025
Disbursements	-2,626	-5,482	-5,482	-5,438	-5,305	-4,811	-4,812	-4,847	-4,094	-3,910	-3,910
Multilaterals	-1,581	-4,268	-4,268	-4,625	-4,625	-2,867	-2,867	-2,350	-1,350	-1,310	-1,310
Bilaterals	-256	-196	-196	-313	-180	-600	-601	-540	-540	-300	-300
Commercial	-775	-1,004	-1,004	-500	-500	-344	-344	-457	-204	0	0
External securities	-15	-15	-15	0	0	-1,000	-1,000	-1,500	-2,000	-2,300	-2,300
Others	0	0	0	0	0	0	0	0	0	0	0
Amortizations	2,656	3,226	3,226	3,416	3,272	4,076	4,074	4,566	4,272	4,091	4,935
Multilaterals	1,003	1,325	1,325	2,463	2,463	2,315	2,315	3,039	3,042	2,952	3,145
Bilaterals	709	406	406	387	258	521	532	400	409	319	585
Commercial	154	417	417	419	419	353	353	259	6	2	381
External securities	708	1,004	1,004	74	74	813	813	813	815	818	824
Others	81	74	74	74	58	74	60	55	0	0	0
Private sector, net 3/	5,097	7,835	7,221	6,074	6,176	4,659	4,672	3,561	3,335	3,025	3,239
Portfolio investment, net 3/	1,462	3,085	3,085	2,654	2,767	1,890	2,026	1,134	771	398	424
Other investment, net 3/	3,635	4,750	4,136	3,420	3,409	2,769	2,646	2,427	2,564	2,627	2,815
Errors and omissions	**-2,064**	**120**	**-605**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Overall balance	**-4,284**	**2,007**	**2,007**	**3,471**	**3,383**	**2,706**	**2,930**	**3,228**	**3,105**	**3,572**	**2,969**
Change in reserve assets (increase, -) 2/	**4,284**	**-2,007**	**-2,007**	**-3,471**	**-3,383**	**-2,706**	**-2,930**	**-3,228**	**-3,105**	**-3,572**	**-2,969**
IMF net credit	-228	951	951	724	726	-343	-335	-531	-1,120	-1,467	-1,642
Of which: purchases under the EFF	0	1,487	1,487	1,750	1,750	750	750	750	250	0	0
Other external financing 4/	19	18	18	0	0	0	0	0	0	0	0
Memorandum items:						(Units as indicated)					
Gross international reserves (US$ million)	4,455	6,908	6,908	10,378	10,290	13,085	13,220	16,448	19,552	23,125	26,094
In months of the following year's imports of G&S	1.6	2.3	2.3	3.2	3.2	3.8	3.9	4.5	5.0	5.5	5.9
As a percent of ARA metric, excluding the Liquidity Fund	17.0	26.1	26.1	37.8	37.4	46.5	46.9	56.8	65.7	75.1	81.9
As a percent of ARA metric, including the Liquidity Fund	30.1	42.6	42.6	56.0	55.6	65.3	65.9	76.4	85.8	95.7	103.2
Oil balance (US$ million)	1,907	2,623	2,623	823	862	1,768	1,842	1,843	1,809	1,694	1,507
Exports (US$ million)	8,952	9,572	9,572	7,491	7,411	7,346	7,049	6,857	7,012	7,078	7,130
Imports (US$ million)	7,045	6,949	6,949	6,669	6,549	5,579	5,208	5,014	5,202	5,384	5,623
Nonoil balance (US$ million)	440	4,445	4,436	5,829	5,800	3,618	3,738	2,928	2,745	2,599	3,012
Export volume growth (percent)	-2.4	6.8	6.8	-3.0	-1.9	5.0	5.2	1.8	3.9	3.3	4.4
Nonoil	0.4	0.9	0.9	10.4	11.9	5.6	7.0	7.6	7.5	7.5	9.0
Import volume growth (percent)	2.6	2.2	2.2	9.5	10.8	5.6	5.2	7.8	7.5	8.0	9.2
Nonoil	1.5	0.3	0.3	16.4	18.9	16.8	17.0	14.1	10.2	10.5	11.6
Goods terms of trade growth (percent)	-5.8	4.2	4.0	-1.0	-1.6	-1.2	-2.0	0.1	0.6	0.2	0.1
Foreign direct investment, net (US$ million)	483	318	438	790	781	1,159	1,199	1,647	1,970	2,389	2,613
External debt (US$ million)	59,937	59,276	59,857	66,188	66,221	67,958	68,013	68,909	69,891	70,738	71,868
Private	11,748	9,686	10,267	14,577	14,598	15,611	15,652	16,267	17,426	18,455	20,610
Public	48,188	49,590	49,590	51,612	51,623	52,347	52,361	52,642	52,465	52,283	51,258

Sources: Central Bank of Ecuador; and Fund staff calculations and estimates.

1/ Staff Report for the Third EFF Review (Country Report No. 2025/289).

2/ Includes net IMF credit.

3/ Positive numbers indicate outflows.

4/ Includes foreign arrears and net flows from oil funds held abroad and flows associated with debt default and restructuring.

Table 5b. Ecuador: Balance of Payments, 2023-30

(In percent of GDP)

	2023	2024		2025		2026		2027	2028	2029	2030
				Projections							
		CR/25/289 1/		CR/25/289 1/		CR/25/289 1/					
					(In percent of GDP)						
Current account	**1.9**	**5.7**	**5.7**	**5.1**	**5.1**	**4.0**	**4.1**	**3.4**	**3.1**	**2.8**	**2.8**
Trade balance	1.8	5.5	5.5	4.3	4.5	3.6	3.9	3.4	3.2	3.1	3.0
Exports, f.o.b.	26.0	27.8	27.8	27.4	27.4	27.2	26.9	27.3	27.9	28.4	29.2
Oil	7.4	7.7	7.7	5.7	5.7	5.5	5.2	4.8	4.8	4.6	4.4
Nonoil	18.6	20.2	20.2	21.7	21.8	21.8	21.7	22.4	23.1	23.8	24.8
Imports, f.o.b.	24.2	22.4	22.4	23.1	22.9	23.6	23.0	23.9	24.6	25.4	26.2
Oil	5.8	5.6	5.6	5.1	5.0	4.1	3.8	3.5	3.5	3.5	3.5
Nonoil	18.4	16.8	16.8	18.0	17.9	19.5	19.2	20.4	21.1	21.9	22.7
Services	-1.5	-1.9	-1.9	-1.9	-1.9	-1.9	-1.9	-2.0	-2.0	-2.0	-2.0
Credits	3.6	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.2	3.1	3.2
Debits	5.1	5.0	5.0	5.0	5.0	5.0	5.0	5.1	5.1	5.2	5.2
Primary income	-2.3	-2.7	-2.7	-2.0	-2.2	-2.0	-2.1	-2.1	-2.0	-1.9	-1.9
Credits	0.2	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.3	0.3
Debits	2.6	2.9	2.9	2.1	2.3	2.2	2.3	2.3	2.3	2.2	2.2
Secondary income	3.9	4.7	4.7	4.7	4.7	4.3	4.3	4.1	3.8	3.7	3.7
Of which: workers' remittances, net	3.9	4.7	4.7	4.7	4.7	4.3	4.3	4.1	3.8	3.7	3.7
Capital account	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**
Financial account 2/ 3/	**3.8**	**4.2**	**3.6**	**2.5**	**2.6**	**2.1**	**2.0**	**1.2**	**1.0**	**0.5**	**1.0**
Direct investment, net 3/	-0.4	-0.3	-0.4	-0.6	-0.6	-0.9	-0.9	-1.2	-1.3	-1.6	-1.6
Public sector, net 3/	0.0	-1.8	-1.8	-1.5	-1.6	-0.5	-0.5	-0.2	-0.1	0.1	0.6
Disbursements	-2.2	-4.4	-4.4	-4.2	-4.1	-3.6	-3.5	-3.4	-2.8	-2.5	-2.4
Multilaterals	-1.3	-3.4	-3.4	-3.5	-3.5	-2.1	-2.1	-1.7	-0.9	-0.9	-0.8
Bilaterals	-0.2	-0.2	-0.2	-0.2	-0.1	-0.4	-0.4	-0.4	-0.4	-0.2	-0.2
Commercial	-0.6	-0.8	-0.8	-0.4	-0.4	-0.3	-0.3	-0.3	-0.1	0.0	0.0
External securities	0.0	0.0	0.0	0.0	0.0	-0.7	-0.7	-1.1	-1.4	-1.5	-1.4
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortizations	2.2	2.6	2.6	2.6	2.5	3.0	3.0	3.2	2.9	2.7	3.1
Multilaterals	0.8	1.1	1.1	1.9	1.9	1.7	1.7	2.1	2.1	1.9	2.0
Bilaterals	0.6	0.3	0.3	0.3	0.2	0.4	0.4	0.3	0.3	0.2	0.4
Commercial	0.1	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.0	0.0	0.2
External securities	0.6	0.8	0.8	0.1	0.1	0.6	0.6	0.6	0.6	0.5	0.5
Others	0.1	0.1	0.1	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Private sector, net 3/	4.2	6.3	5.8	4.7	4.7	3.5	3.4	2.5	2.3	2.0	2.0
Portfolio investment, net 3/	1.2	2.5	2.5	2.0	2.1	1.4	1.5	0.8	0.5	0.3	0.3
Other investment, net 3/	3.0	3.8	3.3	2.6	2.6	2.1	1.9	1.7	1.7	1.7	1.7
Errors and omissions	**-1.7**	**0.1**	**-0.5**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Overall balance	**-3.5**	**1.6**	**1.6**	**2.7**	**2.6**	**2.0**	**2.2**	**2.3**	**2.1**	**2.3**	**1.8**
Change in reserve assets (increase, -) 2/	**3.5**	**-1.6**	**-1.6**	**-2.7**	**-2.6**	**-2.0**	**-2.2**	**-2.3**	**-2.1**	**-2.3**	**-1.8**
Of which: IMF net credit	-0.2	0.8	0.8	0.6	0.6	-0.3	-0.2	-0.4	-0.8	-1.0	-1.0
Purchases under the EFF	0.0	1.2	1.2	1.3	1.3	0.6	0.6	0.5	0.2	0.0	0.0
Of which: Other external financing 4/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:											
Gross international reserves	3.7	5.5	5.5	8.0	7.9	9.7	9.7	11.6	13.3	15.0	16.2
Oil balance	1.6	2.1	2.1	0.6	0.7	1.3	1.4	1.3	1.2	1.1	0.9
Exports	7.4	7.7	7.7	5.7	5.7	5.5	5.2	4.8	4.8	4.6	4.4
Imports	5.8	5.6	5.6	5.1	5.0	4.1	3.8	3.5	3.5	3.5	3.5
Nonoil balance	0.4	3.6	3.6	4.5	4.4	2.7	2.7	2.1	1.9	1.7	1.9
Foreign direct investment, net	0.4	0.3	0.4	0.6	0.6	0.9	0.9	1.2	1.3	1.6	1.6
External debt	49.5	47.5	48.0	50.7	50.7	50.4	50.0	48.6	47.4	45.9	44.6
Private	9.7	7.8	8.2	11.2	11.2	11.6	11.5	11.5	11.8	12.0	12.8
Public	39.8	39.8	39.8	39.5	39.5	38.9	38.5	37.2	35.6	34.0	31.8

Sources: Central Bank of Ecuador; and Fund staff calculations and estimates.

1/ Staff Report for the Third EFF Review (Country Report No. 2025/289).

2/ Includes net IMF credit.

3/ Positive numbers indicate outflows.

4/ Includes foreign arrears and net flows from oil funds held abroad and flows associated with debt default and restructuring.

Table 6. Ecuador: External Financing, 2023-30

	2023	2024		2025		2026		2027	2028	2029	2030
				Projections							
		CR/25/289 1/		CR/25/289 1/		CR/25/289 1/					
	(US$ million)										
Gross external financing requirements	**7,301**	**4,424**	**5,105**	**3,040**	**3,043**	**5,350**	**5,350**	**7,099**	**7,100**	**6,793**	**7,550**
Current account deficit	-2,346	-7,068	-7,059	-6,652	-6,663	-5,386	-5,579	-4,771	-4,554	-4,293	-4,520
Public sector amortizations	2,656	3,226	3,226	3,416	3,272	4,076	4,074	4,566	4,272	4,091	4,935
Multilaterals	1,003	1,325	1,325	2,463	2,463	2,315	2,315	3,039	3,042	2,952	3,145
Of which: IMF	228	536	536	1,026	1024	1093	1085	1281	1370	1467	1642
Bilaterals	709	406	406	387	258	521	532	400	409	319	585
Commercial	154	417	417	419	419	353	353	259	6	2	381
External securities	708	1,004	1,004	74	74	813	813	813	815	818	824
Others	81	74	74	74	58	74	60	55	0	0	0
Private sector amortizations	6,991	8,267	8,938	6,276	6,433	6,659	6,856	7,304	7,383	6,994	7,134
External financing sources	**3,017**	**6,431**	**7,111**	**6,511**	**6,425**	**8,056**	**8,280**	**10,327**	**10,205**	**10,365**	**10,519**
Public sector	2,626	5,482	5,482	5,438	5,305	4,811	4,812	4,847	4,094	3,910	3,910
Multilateral	1,581	4,268	4,268	4,625	4,625	2,867	2,867	2,350	1,350	1,310	1,310
Of which: IMF (EFF)	0	1,487	1,487	1,750	1,750	750	750	750	250	0	0
Bilaterals	256	196	196	313	180	600	601	540	540	300	300
Commercial	775	1,004	1,004	500	500	344	344	457	204	0	0
External securities	15	15	15	0	0	1,000	1,000	1,500	2,000	2,300	2,300
Others	0	0	0	0	0	0	0	0	0	0	0
Private sector	2,377	750	2,155	992	1,039	3,159	3,383	5,391	6,018	6,359	6,508
Direct investment	483	318	438	790	781	1,159	1,199	1,647	1,970	2,389	2,613
Portfolio investment	-1,462	-3,085	-3,085	-2,654	-2,767	-1,890	-2,026	-1,134	-771	-398	-424
Other investment 2/	3,356	3,517	4,802	2,856	3,024	3,890	4,210	4,877	4,819	4,367	4,319
Net transfers 3/	-1,986	200	-526	82	82	85	85	89	93	97	101
Change in reserve assets (-, increase)	**4,284**	**-2,007**	**-2,007**	**-3,471**	**-3,383**	**-2,706**	**-2,930**	**-3,228**	**-3,105**	**-3,572**	**-2,969**
Of which: Net IMF credit	-228	951	951	724	726	-343	-335	-531	-1,120	-1,467	-1,642

Sources: Central Bank of Ecuador and Fund staff calculations and estimates.
1/ Staff Report for the Third EFF Review (Country Report No. 2025/289).
2/ Excludes private sector amortizations.
3/ Net transfers is defined as capital account flows plus unidentified flows (errors and omissions).

Table 7. Ecuador: Monetary and Financial Statistics, 2023-30

	2023	2024	2024	2025	2025	2026	2026	2027	2028	2029	2030
		CR/25/289 1/		CR/25/289 1/		CR/25/289 1/					
				Projections							
					(US$ million)						
I. Central Bank											
Net foreign assets	**5,976**	**8,104**	**8,104**	**11,450**	**11,362**	**14,191**	**14,338**	**17,611**	**20,764**	**24,389**	**27,417**
Of which: gross international reserves 2a/	4,455	6,908	6,908	10,378	10,290	13,085	13,220	16,448	19,552	23,125	26,094
Of which: net international reserves 2b/	-7,639	-7638	-7,638	-7290	-6,961	-5,998	-5,964	-3,645	-389	2,612	5,062
Gross international reserves at TMU prices	4,633	6,626	6,626	10,105	10,017	12,811	12,947	16,174	19,279	22,851	25,821
Fund credit	7,761	8,712	8,712	9,440	9,440	9,132	9,132	8,638	7,569	6,166	4,594
Bank reserves of ODIs and OFIs (exc. BDE, BIESS/IESS)	4,484	5,552	5,552	7,955	7,538	9,677	9,778	11,181	12,098	14,074	16,165
Net domestic assets	**-389**	**-1,740**	**-1,740**	**-2,690**	**-3,020**	**-3,685**	**-3,722**	**-5,559**	**-7,759**	**-9,370**	**-10,264**
Credit to the nonfinancial public sector, net	1,386	371	371	-548	-878	-1,511	-1,547	-3,352	-5,520	-7,096	-7,949
Of which: central government deposits	569	1,080	1,080	...	...	...	...	...	...	...	...
Credit to financial institutions	686	683	683	652	652	620	620	588	555	520	479
Other depository institutions	112	118	118	118	118	118	118	118	118	116	109
Other financial institutions	573	566	566	534	534	502	502	470	437	404	371
Credit to the private sector	8	7	7	7	7	7	7	7	7	7	7
Other, net	-2,469	-2,801	-2,801	-2,801	-2,801	-2,801	-2,801	-2,801	-2,801	-2,801	-2,801
Liabilities	**5,587**	**6,364**	**6,364**	**8,760**	**8,342**	**10,507**	**10,616**	**12,052**	**13,005**	**15,020**	**17,153**
Banks' reserves	5,484	6,255	6,255	8,646	8,228	10,390	10,498	11,930	12,879	14,889	17,017
Other depository institutions 3/	3,890	5,242	5,242	7,662	7,245	9,374	9,472	10,863	11,767	13,728	15,804
Other financial institutions 4/	1,595	1,013	1,013	984	984	1,015	1,026	1,068	1,112	1,160	1,213
Other 5/	15	18	18	18	18	18	18	18	18	18	18
II. Other Depository Institutions (ODI) and Other Financial Institutions (OFI) 3/ 6/											
Net foreign assets	**5,950**	**7,493**	**7,493**	**9,078**	**9,078**	**9,369**	**9,463**	**9,850**	**10,260**	**10,706**	**11,195**
Net domestic assets	**54,457**	**60,559**	**60,559**	**68,941**	**68,916**	**72,861**	**74,066**	**78,489**	**82,661**	**88,215**	**94,320**
Assets held at the BCE, net	3,438	4,757	4,757	7,192	6,774	8,945	9,046	10,481	11,431	13,440	15,565
Credit to the nonfinancial public sector, net	2,952	3,460	3,460	4,067	4,567	4,572	4,573	5,079	5,585	5,342	5,100
Of which: central government, net	1,772	2,493	2,493	2,912	3,412	3,261	3,261	3,611	3,960	3,785	3,611
Credit to the private sector	63,984	67,922	67,922	73,610	73,503	75,800	77,073	80,258	83,718	88,315	93,426
Other items, net	-15,916	-15,581	-15,581	-15,927	-15,928	-16,455	-16,627	-17,330	-18,074	-18,883	-19,771
Liabilities	**60,407**	**68,051**	**68,051**	**78,019**	**77,994**	**82,230**	**83,529**	**88,339**	**92,921**	**98,921**	**105,515**
Of which: Private sector deposits	60,407	68,051	68,051	78,019	77,994	82,230	83,529	88,339	92,921	98,921	105,515
III. Depository Corporations Survey											
Net foreign assets	**11,926**	**15,597**	**15,597**	**20,528**	**20,440**	**23,560**	**23,800**	**27,461**	**31,024**	**35,095**	**38,612**
Net domestic assets	**48,583**	**52,564**	**52,564**	**57,605**	**57,668**	**58,787**	**59,846**	**61,000**	**62,023**	**63,956**	**67,039**
Credit to the nonfinancial public sector, net	4,338	3,831	3,831	3,519	3,689	3,061	3,026	1,727	65	-1,754	-2,849
Credit to the private sector	63,991	67,929	67,929	73,617	73,510	75,807	77,080	80,265	83,725	88,322	93,433
Other items, net	-19,745	-19,197	-19,197	-19,531	-19,532	-20,081	-20,260	-20,992	-21,768	-22,612	-23,544
Liabilities	**60,509**	**68,161**	**68,161**	**78,133**	**78,108**	**82,347**	**83,647**	**88,461**	**93,047**	**99,052**	**105,651**
Memorandum items:					(Units as indicated)						
Change in Gross International Reserves (US$ million, increase, +) 7/	-4,004	2,445	2,445	3,479	3,391	2,706	2,930	3,228	3,105	3,572	2,969
Change in Net International Reserves (US$ million, increase, +)	-1,446	1	1	348	677	1,292	997	2,319	3,256	3,000	2,450
1st COMYF balance (percent) 8/	115	129	129	135	142	139	139	151	166	168	165
2nd COMYF balance (percent) 9/	36	155	155	275	309	364	364	521	698	807	845
3rd COMYF balance (percent) 10/	-18	15	15	30	34	44	44	60	72	79	84
Broad money (M2) (percent change, yoy) 11/	6.7	4.8	4.8	4.7	4.7	3.2	3.4	4.1	4.2	4.3	4.6
Credit to the private sector (percent of GDP) 12/	52.8	54.5	54.5	56.4	56.3	56.3	56.6	56.7	56.7	57.4	58.0
Credit to the private sector (percent change, yoy) 12/	8.4	6.2	6.2	8.4	8.2	3.0	4.9	4.1	4.3	5.5	5.8
Liabilities (percent of GDP)	49.9	54.7	54.7	59.9	59.8	61.1	61.5	62.4	63.1	64.3	65.6
Deposits of the private sector (percent change, yoy) 12/	7.9	12.7	12.7	14.6	14.6	5.4	7.1	5.8	5.2	6.5	6.7
ODI and OFI reserves at the central bank as a share of liabilities (percent) 3/ 4/	9.1	9.2	9.2	11.1	10.6	12.6	12.6	13.5	13.9	15.1	16.1
Liquidity Fund (US$ million)	3,451	3,589	3,589	3,712	3,712	3,837	3,837	3,988	4,151	4,320	4,494

Sources: Central Bank of Ecuador; and Fund staff calculations and estimates.
1/ Staff Report for the Third EFF Review (Country Report No. 2025/289).
2a/ Excludes non-liquid and encumbered reserves included in the authorities' definition of GIR.
2b/ Program net international reserves are equal to gross international reserves less outstanding IMF credit, short-term foreign liabilities of the BCE, deposits of other depository institutions and other financial institutions (excl. BEDE and BIESS) at the BCE, and short-term liabilities of the central government.
3/ ODI include private banks, Banecuador (formerly Banco Nacional de Fomento), Banco del Pacifico, private financial companies, mutualists, cooperatives, and credit card companies.
4/ Reserves of OFIs includes deposits of Corporación Financiera Nacional, COSEDE, BIESS, BDE, and a transitory account for the payments system.
5/ Includes monetary deposits, Titulos del Banco Central de Ecuador, stabilization bonds, and accounts payable.
6/ OFI comprises Corporación Financiera Nacional and BDE.
7/ Changes in Gross International Reserves include valuation effects and could differ from change in reserves arising from BOP flows reported in Table 5a.
8/ Liabilities of this balance include the national monetary species minted by the Central Bank of Ecuador that are in circulation, Central Bank Securities (TBC), any other direct obligation with the public and the deposits of other depository institutions, which include private banks, mutual banks, savings and credit cooperatives, and public banks with demand deposits. These liabilities must be covered one hundred percent with the assets of the International Reserves.
9/ Liabilities of this balance include the deposits of other financial entities, including CFN, BIESS (Banco del Instituto Ecuatoriano de Seguridad Social), other public sector financial entities and financial intermediaries that do not take demand deposits from the public. These liabilities will be covered with the remaining reserve assets once the First Balance is covered and must be equivalent to one hundred percent of the liabilities in this balance.
10/ Liabilities of this balance include deposits of the Non-Financial Public Sector (NFPS), deposits of authorized private legal entities in the Central Bank of Ecuador and transfers through the payments system pending settlement, as well as the BCE's own external indebtedness. These liabilities must be one hundred percent covered with the assets of the International Reserves, once the Second Balance has been fully covered.
11/ Broad money comprises monetary species in circulation, demand deposits, and quasi-money.
12/ Consolidated banking system.

Table 8. Ecuador: Financial Soundness Indicators, 2019-25

	2019	2020	2021	2022	2023	2024	Jul-25
	(In percent, end of period)						
Banking system							
Capital adequacy							
Regulatory capital to risk-weighted assets	16.7	17.3	15.8	15.7	15.1	16.8	16.3
Asset quality and distribution							
Nonperforming loans to total gross loans	3.2	3.6	3.7	3.7	4.6	4.4	4.1
Provisions to nonperforming loans	203.0	230.7	232.9	225.9	185.9	181.7	192.7
Earnings and profitability							
Return on assets	2.0	0.7	0.7	1.8	2.2	1.6	2.0
Return on equity	8.8	3.1	2.3	9.5	11.8	8.5	12.4
Interest margin to gross income	63.7	66.1	66.3	64.3	60.4	59.4	60.6
Noninterest expenses to gross income	54.8	54.7	55.7	49.6	46.2	47.5	44.2
Liquidity							
Liquid assets to total assets	16.4	23.6	20.7	18.3	15.2	16.3	15.3
Liquid assets to short-term liabilities	35.5	48.1	36.9	34.4	29.5	30.6	29.2
Customer deposits to total (noninterbank) loans	107.2	119.8	117.2	109.0	105.1	111.1	113.5
Cooperatives (Segment 1-3)							
Capital adequacy (Segment 1)							
Regulatory capital to risk-weighted assets	17.0	17.2	17.3	16.0	15.5	17.1	16.8
Asset quality and distribution							
Nonperforming loans to total gross loans	3.9	3.8	4.2	4.0	7.0	8.0	8.2
Provisions to nonperforming loans	127.5	162.4	142.9	145.9	102.8	101.9	100.5
Earnings and profitability							
Return on assets	1.0	0.5	0.5	0.4	0.5	0.3	0.5
Return on equity	7.5	3.4	4.1	3.5	4.0	2.2	3.6
Liquidity							
Liquid assets to short-term liabilities	24.4	30.0	28.5	24.5	26.4	35.7	40.5

Sources: Superintendency of Banks and Superintendency of Popular and Solidarity Economy.

Table 9. Ecuador: Indicators of Fund Credit, 2023-34

	2023	2024		2025		2026		2027	2028	2029	2030	2031	2032	2033	2034
		CR/25/289 1/		CR/25/289 1/		CR/25/289 1/									
Existing and prospective Fund credit (SDR million)															
Disbursements	0	1,129	1,129	1,315	1,315	561	561	561	185	0	0	0	0	0	0
Stock of existing and prospective Fund credit	5,925	6,650	6,650	7,206	7,206	6,971	6,971	6,594	5,778	4,707	3,507	2,687	1,935	1,310	748
Obligations	577	860	860	1,153	1,152	1,211	1,208	1,337	1,370	1,381	1,441	993	874	711	627
Principal (repayments/repurchases)	172	403	403	759	759	796	796	938	1,001	1,072	1,200	820	752	625	562
Charges and interest	406	457	457	393	393	416	412	399	369	309	242	173	122	86	65
Basic charges	276	304	304	237	237	246	243	236	220	187	150	113	84	60	38
Surcharges	96	110	110	121	121	140	140	134	122	95	65	34	11	0	0
Level-based	94	96	96	88	88	102	102	98	88	69	47	25	8	0	0
Time-based	2		14		33		38	37	33	26	18	9	3	0	0
Fund obligations (repurchases and charges) in percent of:															
Quota	82.8	123.3	123.3	165.2	165.1	173.6	173.1	191.7	196.3	197.9	206.6	142.4	125.2	101.9	89.9
GDP	0.6	0.9	0.9	1.2	1.2	1.2	1.2	1.3	1.3	1.2	1.2	0.8	0.7	0.5	0.4
Exports of goods and services	2.2	3.0	3.0	3.9	3.9	4.1	4.0	4.3	4.1	3.9	3.8	2.5	2.1	1.6	1.4
Gross international reserves	17.3	16.5	16.5	15.0	15.1	12.7	12.5	11.1	9.6	8.2	7.6	4.8	3.8	2.9	2.4
Government revenue	1.8	2.5	2.5	3.3	3.3	3.4	3.3	3.6	3.5	3.4	3.4	2.2	1.9	1.5	1.2
External debt service, public	29.0	35.4	35.4	47.4	47.5	40.8	40.4	40.0	43.9	46.2	40.0	22.0	17.1	13.2	11.8
Fund credit outstanding in percent of:															
Quota	849.2	953.1	953.1	1,032.8	1,032.8	999.2	999.2	945.1	828.2	674.6	502.6	385.1	277.3	187.7	107.1
GDP	6.5	7.1	7.1	7.5	7.4	7.1	7.0	6.4	5.4	4.2	3.0	2.2	1.5	1.0	0.5
Exports of goods and services	22.1	22.9	22.9	24.4	24.4	23.4	23.3	21.0	17.3	13.3	9.2	6.8	4.7	3.0	1.7
Gross international reserves	177.4	127.8	127.8	93.8	94.5	73.2	71.9	54.8	40.5	27.9	18.4	12.9	8.5	5.4	2.9
Government revenue	13.6	14.5	14.5	15.2	15.2	14.1	14.1	12.9	10.7	8.4	6.0	4.4	3.0	2.0	1.1
External debt, public	16.4	17.8	17.8	18.9	18.8	18.3	18.1	17.1	15.1	12.3	9.4	7.4	5.5	3.9	2.4
Memorandum items:															
Quota (SDR million)	698	698	698	698	698	698	698	698	698	698	698	698	698	698	698
Gross domestic product (US$ million)	121,147	124,676	124,676	130,529	130,548	134,711	136,083	141,655	147,553	153,966	160,999	168,355	176,046	184,088	192,498
Exports of goods and services (US$ million)	35,821	38,562	38,564	39,832	39,829	40,856	40,799	42,949	45,770	48,565	52,275	54,451	56,742	59,155	61,698
Gross international reserves (US$ million)	4,455	6,908	6,908	10,378	10,290	13,085	13,220	16,448	19,552	23,125	26,094	28,547	31,308	33,480	35,741
Government revenue (US$ million)	43,580	45,876	45,876	47,541	47,473	49,390	49,271	51,306	53,840	55,946	58,248	60,909	63,692	66,601	69,644
External debt service, public (US$ million)	2,656	3,226	3,226	3,286	3,272	4,076	4,074	4,566	4,272	4,091	4,935	6,171	6,992	7,361	7,268
Total external debt, public (US$ million)	48,188	49,590	49,590	51,612	51,623	52,347	52,361	52,642	52,465	52,283	51,258	49,697	47,815	45,564	43,406
SDR per US$	0.75	0.75	0.75	0.74	0.74	0.73	0.73	0.73	0.73	0.73	0.73	0.73	0.73	0.73	0.73

Source: IMF staff calculations.

1/ Staff Report for the Third EFF Review (Country Report No. 2025/289).

Table 10. Ecuador: Schedule of Reviews and Purchases 1/

Availability Date	Amount of purchase		Conditions
	Millions of SDRs	Percent of Quota	
May 31, 2024	752.9	107.9	Approval of arrangement
November 15, 2024	375.9	53.9	First review and end-August 2024 performance/continuous criteria
March 15, 2025	438.4	62.8	Second review and end-December 2024 performance/continuous criteria 2/
August 15, 2025	438.4	62.8	Third review and end-April 2025 performance/continuous criteria 3/
December 15, 2025	438.4	62.8	Fourth review and end-October 2025 performance/continuous criteria
March 15, 2026	280.5	40.2	Fifth review and end-January 2026 performance/continuous criteria
September 15, 2026	280.5	40.2	Sixth review and end-June 2026 performance/continuous criteria
March 15, 2027	280.3	40.2	Seventh review and end-December 2026 performance/continuous criteria
September 15, 2027	280.3	40.2	Eighth review and end-June 2027 performance/continuous criteria
March 15, 2028	184.8	26.5	Ninth review and end-December 2027 performance/continuous criteria
Total	3,750.4	537.5	

Source: IMF staff estimates.

1/ Ecuador's quota is SDR 697.7 million.

2/ End-April 2025 performance/continuous criteria applicable to the second review.

3/ End-August 2025 performance/continuous criteria applicable to the third review.

Table 11. Ecuador: Quantitative Performance Criteria and Indicative Targets, 2025-26

	End-Oct. 2025				End-Jan. 2026 2/		End-Jun. 2026		End-Dec. 2026
	Program 3/	Adj. 4/	Actual	Status	Program 3/	Proposed	IT 3/	Proposed	IT
Quantitative performance criteria									
1. Nonoil primary balance of the budgetary central government (PGE) (floor) 1/	-1,255	-1,255	-1,018	Met	-875	-875	-302	-302	-1,310
2. Overall balance of the PGE and CFDD (floor) 1/	-3,565	-3,579	-3,327	Met	-1,229	-1,229	-1,341	-1,341	-2,624
3. Accumulation of NFPS deposits at the central bank (floor) 1/	243	236	1,121	Met	100	-398	200	0	364
4. Non-accumulation of external payments arrears by the NFPS (continuous performance criterion)	0		0	Met	0	0	0	0	0
5. (No new) Central bank direct and indirect financing to the NFPS (continuous performance criterion)	0		0	Met	0	0	0	0	0
Indicative targets									
6. Overall balance of the NFPS (floor) 1/	-1,023	-1,037			-667	-667	217	217	-46
7. Nonoil primary balance including fuel subsidies (NOPBS) of the NFPS (floor) 1/	-3,798	-3,784			-1,513	-1,513	-1,317	-1,317	-3,434
8. Change in the stock of NIR (floor) 1/	-125	-132	1,267	Met	-260	-758	315	115	672
9. Stock of PGE arrears to the domestic private sector (ceiling)	480		330	Met	330	330	210	210	105
10. Number of families in the first three income deciles nationwide covered by cash transfer programs (floor)	1,260,012		1,313,186	Met	1,283,012	1,313,800	1,289,012	1,319,000	1,325,000
Memorandum item									
NFPS deposits at the central bank	4,884		5,762		4,984	5,364	5,413	5,513	5,877

Sources: Ministry of Economy and Finance and IMF staff estimates.

Note: Aggregates and adjustors as defined in the Technical Memorandum of Understanding (TMU).

1/ Cumulative from January 1 unless otherwise indicated.

2/ Cumulative from November 1, 2025 to January 31, 2026 for targets 1 through 8; end-January 2026 targets for targets 9 and 10.

3/ Staff report for the Third EFF Review (Country Report No. 25/289).

4/ Adjusted for oil prices and disbursements from multilateral institutions.

Table 12. Ecuador: Structural Benchmarks				
Reform Area	**Structural Conditionality**	**Objectives**	**Due Date**	**Status**
Public Financial Management	1. Publish an updated Medium-Term Fiscal Framework (MTFF) in line with program targets.	Strengthen fiscal planning and management.	End-October 2024	Met
Public Financial Management	2. Publish a Medium-Term Debt Management Strategy in line with program targets.	Strengthen fiscal planning and management.	End-October 2024	Met
Public Financial Management	3. Implement an automatized process for budgetary central government (PGE) payments, including arrears' payments.	Strengthen financial management, increase transparency, and reduce accumulation of payment arrears.	End-July 2025	Not Met. Implemented with delay.
Domestic Arrears	4. Share with Fund staff an updated plan to clear and prevent the resurgence of domestic arrears of the budgetary central government (PGE), including obligations to the private sector and intra-public sector claims.	Strengthen the monitoring and reduce accumulation of payment arrears.	End-November 2024	Met
Tax Reform	5. Prepare and share with the Fund a plan to mobilize nonoil fiscal revenues, including by streamlining inefficient tax expenditures and replacing transitory revenue measures with permanent high-quality ones.	Inform future efforts to broaden the tax base and streamline tax expenditures.	Mid-November 2024	Met
Fiscal Strategy	6. Enact regulation on revenue and/or expenditure measures to ensure that the 2025 fiscal plan is in line with program and MTFF commitments.	Ensure fiscal consolidation.	December 6, 2024	Met
Social Safety Net	7. Share with the Fund a plan to complete the social registry to cover families in the lowest three deciles of the income distribution throughout the country.	Enhance the social safety net.	End-October 2024	Met

Table 12. Ecuador: Structural Benchmarks (continued)

Reform Area	Structural Conditionality	Objectives	Due Date	Status
Governance	8. Establish an updated agreement between the MEF and IESS on the transfer of healthcare obligations (including both internal and external providers), building on the December 2022 agreement. The updated agreement should include a decision about the 2022 healthcare audits.	Improve expenditure control.	End-November 2025	Met
Governance	9. Establish a timeline to operationalize the National Control Subsystem (SNC) to increase transparency in procurement.	Strengthen anticorruption framework and improve expenditure control.	End-December 2024	Met
Governance	10. Prepare and share with the Fund the conceptual and operational framework for an upgraded Official System of Public Procurement (Sistema Oficial de Contratación Pública del Ecuador, SOCE).	Increase transparency and efficiency in procurement and improve expenditure control.	End-December 2025	
Transparency and Governance	11. Initiate the tender process to select an auditor to undertake the 2023 and 2024 healthcare audits (based on the updated MEF/IESS agreement).	Improve the quality and reliability of fiscal data.	End-December 2024	Met
Transparency and Governance	12. Complete the audits of the 2019 and 2020 financial statements of Petroecuador and Petroamazonas and share the results with Fund staff.	Enhance transparency and governance in the oil sector.	End-March 2025	Met
Anti-Money Laundering Framework	13. Enact new AML/CFT legislation to strengthen the AML/CFT framework in line with FATF standards.	Mitigate the risk of illicit flows including those related to organized crimes.	End-February 2025	Met

Table 12. Ecuador: Structural Benchmarks (continued)				
Reform Area	**Structural Conditionality**	**Objectives**	**Due Date**	**Status**
Anti-Money Laundering Framework	14. The National AML/CFT Coordination Committee to approve and publish an AML/CFT Strategic Action Plan, establishing actionable policy priorities to mitigate money laundering, including by organized crime, and terrorist financing risks identified in the National Risk Assessment approved in 2024.	Mitigate the risk of illicit flows, including those related to organized crimes.	End-January 2026	
Financial Sector	15. Establish a Financial Stability Committee in line with best international practices, comprising the BCE, MEF, JPRF, JPRM, SB, SEPS, SCVS, and COSEDE.	Enhance coordination among agencies involved in financial sector oversight.	End-September 2024	Met
Financial Sector	16. Establish an inter-institutional group within the Financial Stability Committee, comprising BCE, MEF, JPRF, JPRM, SB, SEPS, and COSEDE to coordinate resolution reforms and strategies.	Strengthen financial sector resolution framework.	End-January 2025	Met
Financial Sector	17. Issue macroprudential regulations on bank capital buffers, including surcharges on systemically important institutions and a countercyclical capital buffer.	Strengthen financial sector buffers.	End-November 2024	Met
Financial Sector	18. Prepare and share with Fund staff a study of the system of interest rates, including recommendations to improve credit allocation, financial inclusion, and economic growth, while preserving financial stability.	Foster financial sector deepening and improve economy's growth potential.	End-March 2025	Not met. Implemented with delay.
Domestic Capital Market Development	19. Sign a contract to implement a new platform for the BCE's central securities depository (DCV) to modernize the compensation, liquidation, and custody functions in line with international standards.	Foster domestic capital market development.	End-January 2025	Not met. Implemented with delay.

Table 12. Ecuador: Structural Benchmarks (continued)

Reform Area	Structural Conditionality	Objectives	Due Date	Status
Domestic Capital Market Development	20. Issue regulation for domestic market auctions for bonds and treasury notes, including procedures, auction format, and rules for participation, bidding, and allocation.	Foster domestic capital market development.	End-November 2025	Met
Mining Sector	21. Implement the regulation for the opening of the mining cadaster.	Enhance transparency and attract private investment.	End-June 2026	
Mining Sector	22. Develop a new fiscal regime for the mining sector to enhance its efficiency and revenue potential (informed by IMF technical assistance).	Enhance transparency and attract private investment.	End-December 2025	
Oil Sector Transparency and Governance	23. Complete the audit of the 2021 financial statements of Petroecuador and share the results with IMF staff.	Enhance transparency and governance in the oil sector.	End-September 2025	Met
Electricity Sector	24. Enact secondary regulations under existing electricity laws to allow private entities to sell surplus electricity from self-generation to the national grid.	Attract private investment. Foster energy security and economic growth.	End-August 2025	Met
Electricity Sector	25. Adopt a transparent and cost-reflective pricing mechanism, with regular reviews, for medium- and high-voltage electricity tariffs, in line with gradually reducing energy subsidies and enhancing fiscal sustainability.	Attract private investment. Foster energy security, fiscal sustainability, and economic growth.	End-August 2025	Met
Domestic Capital Market Development	26. Launch auctions for domestic market bonds and treasury notes.	Foster domestic capital market development.	End-September 2026	
Fiscal Strategy	27. Submit a draft 2026 budget to the National Assembly in line with the EFF fiscal program.	Strengthen fiscal planning and management.	End-November 2025	Met

Table 12. Ecuador: Structural Benchmarks (concluded)

Oil Sector Transparency and Governance	28. Launch a public tender to audit the financial statements of Petroecuador for 2022-2024.	Enhance transparency and governance in the oil sector.	End-February 2026	Met
Transparency and Governance	29. Publish an audited actuarial report for the social security system with data up to 2024.	Enhance transparency and governance of the social security system.	End-December 2026	

Annex I. Risk Assessment Matrix [1]

Source of Risks	Relative Likelihood	Possible Impact	Policy Response
Global Conjunctural Risks			
Escalating Trade Measures and Prolonged Uncertainty. Rising trade barriers and prolonged policy uncertainty could reduce trade, investment, and growth. Inflationary pressures may re-emerge—especially in countries imposing tariffs. These effects can be amplified by strategic complementarities or bottlenecks in global value chains or inventory overhang	**High**	**Medium** Higher trade barriers or policy uncertainty that impact commodity prices (in particular, oil) could have significant ramifications on growth and fiscal and external balances. Higher trade barriers could also affect Ecuador via reductions in the trade volumes of nonoil products (such as bananas or shrimps).	Adopt policies that improve the resilience of trading relationships, including by removing trade barriers; fostering free trade agreements; and limiting policy uncertainty through clearly articulated medium-term policy frameworks. In the event tensions reduce oil prices, implement fiscal contingency measures.
Fiscal Vulnerabilities and Higher Long-Term Interest Rates. Rising public debt and deficit levels may put upward pressure on long-term interest rates and increase the risk of sovereign bond market disruptions. These developments could amplify capital flow volatility, tighten financial conditions, threaten sovereign debt sustainability, and trigger global spillovers. To the extent that major economies are affected, market imbalances (such as reduced investor capacity to absorb sovereign debt) could emerge, exacerbating risks from a close sovereign-financial nexus.	**High**	**High** Higher risk aversion and tighter financial conditions could delay market access and cause capital outflows, adversely affecting the economy and financial system.	Strengthen (financial) crisis preparedness and management. Continue to address financing needs by closely working with international financial institutions and seek opportune times to re-access international markets. Pursue fiscal consolidation to rebuild credibility with markets.

[1] The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline. Likelihood reflects staff's subjective assessment: "low" (below 10 percent), "medium" (10-30 percent), and "high" (30-50 percent). The RAM captures staff views on the source of risks and overall concern as of the time of discussions with the authorities. Risks may interact and materialize jointly. The conjunctural shocks reflect shorter-term risks (12-18 months) while structural risks are more persistent.

Source of Risks	Relative Likelihood	Possible Impact	Policy Response
Financial Market Volatility and Correction. Stretched asset valuations, easy financial conditions, and subdued volatility in key markets could be significantly affected by a sudden and disruptive shift in investor sentiment or policy stance, triggering market corrections, exchange rate turbulence, spikes in sovereign bond yields, and capital flow volatility. Elevated leverage among Non-Bank Financial Intermediaries further amplifies these risks, as forced deleveraging during periods of stress could exacerbate asset price swings and propagate shocks. Rapid growth of unregulated crypto markets could add to these vulnerabilities by increasing the risk of redemption runs and market dislocations.	**High**	**Medium** Abrupt market movements could hit Ecuador through higher funding costs, and negative spillovers via lower growth in trading partners and lower commodity prices.	Continue stepping up financial supervision, including by imposing capital restoration plans on troubled institutions. Strengthen financial crisis preparedness and management.
Geopolitical Tensions. Intensification of conflicts, coupled with the weakening of multilateralism, may trigger commodity price volatility, increase migration pressures, reignite inflation, and weigh on growth by undermining confidence, investment, tourism, trade, and supply chains.	**High**	**Medium** Difficulties in finding new markets for exports hit by the disruptions can reduce trade flows and slow economic growth. Higher oil and metal prices are expected to have a net positive impact on Ecuador's external and fiscal balances.	Gradually reduce dependency on oil through economic diversification and promote private sector-led growth. Continue to diversify export markets through new high standard regional free trade agreements.
Commodity Price Volatility. Shifts in supply and demand—driven by geopolitical tensions and conflicts, OPEC+ actions, or the green transition—may fuel commodity price	**High**	**High** Uncertainty on commodity prices will affect investment and economic activity. Financial conditions will	Pursue fiscal consolidation to restore confidence and ensure debt and fiscal sustainability. Gradually reduce dependency on oil through economic

Source of Risks	Relative Likelihood	Possible Impact	Policy Response
swings, intensifying external and fiscal pressures, social unrest, and macroeconomic instability.		tighten, leading to higher funding costs for banks and non-financial corporations. Fluctuations in commodity prices would impact the fiscal sector and Ecuador's balance of payments.	diversification and promote private sector-led growth. Continue to closely monitor financial sector stability. Continue to address financing needs by closely working with IFIs and wait for an opportune time to re-access international markets.
New Trade Agreements. A breakthrough in trade talks could reduce uncertainty and protectionism, boost investment and productivity, and support broader reforms to lift medium-term growth.	**Low**	**Medium** New trade agreements could increase economic activity and impact the balance of payments in Ecuador via direct trade effects—China, the U.S. and Europe are Ecuador's largest trading partners—and indirect effects stemming from the wider growth pickup.	Diversify the economy to reduce dependency on commodity exports and take advantage of a growth pick-up more broadly. Continue to diversify export markets through new high standard regional free trade agreements.
Structural Risks			
Cyberthreats. Cyberattacks on physical or digital infrastructure (including digital currency and crypto assets), technical failures, or misuse of AI technologies trigger financial and economic instability.	**High**	**High** Cyberattacks on critical infrastructures (including through state-owned enterprises) could jeopardize operational, energy, financial, and economic stability. Cyberattacks could also imply serious costs.	Ensuring critical systems are properly protected and backup systems are available. Insurance could help mitigate some of the fiscal risk.
Labor Supply Gaps. Tighter restrictions to migration could worsen labor shortages in aging economies, reducing potential output, fueling inflation, and straining fiscal balances through lower revenues.	**Medium**	**Low** Labor mobility curbs could hit Ecuador through lower remittances.	Enhance the coverage of the social safety net to protect the most vulnerable segments of the population.
Domestic Risks			

Source of Risks	Relative Likelihood	Possible Impact	Policy Response
Prolonged or Deeper Security Crisis. A renewed flare-up in domestic violence causing renewed curfews and other disruptions.	Medium	**High** High insecurity would lower domestic activity, tourism, and fiscal revenue, and deter long-term investment.	Ensure adequate fiscal spending on security, through adequate prioritization. Implement contingency fiscal measures to ensure fiscal sustainability is not undermined. Implement targeted measures to support the most vulnerable. Advance governance, AML/CFT, and inclusive growth agenda.
Renewed Political Impasse. The government is unable to complete its reform agenda due to faltering political and public support.	Medium	**High** Lack of access to international financing and lower investment. Further build-up of arrears, which will hit the economy and lower growth.	Design reforms such that the fiscal adjustment does not hurt vulnerable groups. Continue engaging the broader public, explaining the benefits of the reform program. Prioritize social spending to achieve more inclusive and job-rich growth.
Unexpected and Large Disruptions in Oil Production. Repeated and long disruptions to oil production owing to natural disasters and lacking maintenance of infrastructure.	Medium	**High** Reduced oil production and export. Lower fiscal revenue, leading to further liquidity constraints for the government along with additional build-up in arrears.	Invest in maintenance and resilience of oil infrastructure. Advance the diversification and SOE governance agendas.
Rising Social Discontent. High living costs, weak growth, and inequality may fuel social unrest, hinder necessary reforms, and weaken countries' capacity to address domestic and external shocks.	Medium	**High** Social unrest and uncertainty regarding future macroeconomic policies could lead to increase in interest spreads and hurt confidence and economic activity.	Design reforms such that the fiscal adjustment does not hurt the vulnerable groups. Continue engaging the broader public, explaining the benefits of the reform program. Prioritize social spending to achieve more inclusive growth. Continue to liberalize trade and improve the business climate to

Source of Risks	Relative Likelihood	Possible Impact	Policy Response
			promote faster job creation, including for youth, and foster inclusive growth.
Climate Change. Extreme climate events driven by rising temperatures cause loss of life, damage to infrastructure, food insecurity, supply disruptions, lower growth, and financial instability.	**Medium**	**High** Ecuador is vulnerable to a wide range of natural hazards related to climate change, such as landslides, floods, extreme heat, and droughts. Such disasters could cause infrastructure damage and hit production (including in the oil and mining sectors) with knock-on effects to the fiscal, external, and financial sectors.	Invest to protect critical financial, transport, communication, or energy infrastructure to minimize disruptions. Build precautionary savings buffers.
Natural Disasters. Events such as volcanic eruptions, and seismic activity threaten human lives, damage infrastructure, and reduce economic output.	**Medium**	**High** Ecuador is exposed to volcanic and seismic activity, which can disrupt infrastructure and production impacting the fiscal, external, and financial sectors.	Implement policies to build resilience in infrastructure to natural disasters.

Annex II. Sovereign Risk and Debt Sustainability Framework

Ecuador's public debt continues to be assessed as sustainable but not with high probability, with the fiscal plan supported by the EFF program essential to continue rebuilding buffers and restore market confidence. The fiscal adjustment effort remains ambitious as highlighted by the realism assessment and the debt fan-chart module continues to flag significant uncertainty around the debt path.

1. **Background**. The public debt-to-GDP ratio decreased in 2024 to 53.8 percent of GDP from 54.3 percent in 2023 (Text table). The decrease was mostly driven by a new debt-for-nature swap that lowered the amount of external debt outstanding by US$527 million and the repayment of domestic accounts payable—including in arrears, while new debt was mostly related to Ecuador's large borrowing from multilateral institutions, which was catalyzed by the Fund-supported EFF program. The significant access to multilateral financing and the strengthening of the fiscal position facilitated a large accumulation of deposit buffers. Spreads have declined to about 537 basis points as of December 2, 2025.

Public Sector Gross Debt by Creditor
(US$ million and percent of GDP)

	2024	%GDP	% of total
	Domestic Debt		
Treasury bills	1,887	1.5	2.8
Medium- and long-term debt	15,542	12.5	23.2
Total domestic	**17,429**	**14.0**	**26.0**
	External Debt		
External loans (financial institutions)	**2,697**	**2.2**	**4.0**
Amazon DAC	*1,000*	*0.8*	*1.5*
China Development Bank	*772*	*0.6*	*1.2*
GPS Blue	*656*	*0.5*	*1.0*
Bank of China	*212*	*0.2*	*0.3*
Deutsche Bank	*22*	*0.0*	*0.0*
Credit Suisse	*22*	*0.0*	*0.0*
Unicredit	*13*	*0.0*	*0.0*
Eurobonds	**14,452**	**11.6**	**21.6**
Official creditors	**30,991**	**24.9**	**46.2**
Bilateral	**3,183**	**2.6**	**4.8**
China	*1,669*	*1.3*	*2.5*
France	*904*	*0.7*	*1.3*
Japan	*236*	*0.2*	*0.4*
Spain	*216*	*0.2*	*0.3*
Korea	*73*	*0.1*	*0.1*
Canada	*56*	*0.0*	*0.1*
Germany	*16*	*0.0*	*0.0*
Italy	*11*	*0.0*	*0.0*
Belgium	*2*	*0.0*	*0.0*
United States	*1*	*0.0*	*0.0*
Multilateral	**27,807**	**22.3**	**41.5**
IMF	*8,673*	*7.0*	*12.9*
IDB	*8,690*	*7.0*	*13.0*
WBG	*5,750*	*4.6*	*8.6*
CAF	*3,833*	*3.1*	*5.7*
EIB	*529*	*0.4*	*0.8*
FLAR	*308*	*0.2*	*0.5*
IFAD	*25*	*0.0*	*0.0*
Other (SDRs and OAP 1/)	**1,451**	**1.2**	**2.2**
Total external	**49,590**	**39.8**	**74.0**
Total gross debt	**67,019**	**53.8**	

Source: MEF.
1/ OAP = other accounts payable.

2. **Baseline Assumptions**. The fiscal and debt projections continue to be based on the successful implementation of the fiscal reform plan supported by the EFF-program. The NFPS primary balance, defined as the overall fiscal balance excluding interest revenue and interest expense, is projected at nil in 2025, and to converge to a primary surplus of 2.4 percent of GDP in the medium term. The fiscal adjustment would keep debt on a sustained downward path with the public debt-to-GDP ratio expected to decline from 53.8 percent in 2024 to below 40 percent by 2031, reaching the COPLAFIP debt target one year ahead of schedule. Gross financing needs (GFNs) are forecasted to decline from 8.5 percent of GDP in 2024 to 6.5 percent in 2025 and then to decline further to around 4 percent of GDP over the medium term.

3. **Public Debt Definition**. Public debt in the SRDSF is defined as the consolidated liabilities of the NFPS, comprising the PGE, the CFDD, social security funds, public nonfinancial corporations, and BEDE. Instruments in the debt measure include loans, securities (bonds and Treasury bills), liabilities under oil related financing, central bank lending to the government, deposits at BEDE, and other accounts payable including arrears.

4. Fiscal Multiplier. The baseline scenario continues to assume a fiscal multiplier of 0.5 and a growth path that is somewhat more conservative than the benchmark metrics provided in the SRDSF to assess the realism of the fiscal adjustment (Figure 5). The impact of the negative fiscal impulse is assessed to have been highest in 2024, including with a more front-loaded consolidation effort than originally envisaged, and is expected to gradually dissipate during the program starting in 2025.

5. Risks to the Debt Outlook and Realism. The realism assessment continues to illustrate that sustaining the primary consolidation envisaged under the program will be ambitious compared to cross-country historical experience. The width of the debt fan-chart tool, determined by past outcomes for debt in Ecuador, shows that debt could increase significantly under an adverse yet plausible scenario, underscoring the need to continue reducing outstanding debt in the program. Downside risks to the fiscal plan mainly stem from the uncertainty of external financing sources and the implementation capacity of the fiscal program, while risks to revenues relate to the possibility of growth underperforming, including given uncertainty on the evolution of the security situation, thereby reducing tax revenue, lower oil prices under high global uncertainty, as well as possible disruptions in oil production or renewed energy shortages. Mitigating factors include the large share of multilateral and bilateral official debt, with comparatively low rollover risk and long maturities, and the relatively low GFNs in the projection, as well as the successful performance of the fiscal measures implemented so far under the program.

Figure 1. Ecuador: Risk of Sovereign Stress

Horizon	Mechanical signal	Final assessment	Comments
Overall	...	**Moderate**	The overall risk of sovereign stress is moderate, reflecting the moderate level of vulnerability assessed for the medium-term and the large adjustment needs to ensure fiscal sustainability.
Near term 1/	n.a.	n.a.	Not applicable.
Medium term	**Moderate**	**Moderate**	Medium-term risks are assessed as moderate in line with the mechanical signal. The largest risk driver in the moderate assessment is the width of the debt fanchart, representing the uncertainty surrounding the baseline forecast.
Fanchart	**Moderate**	...	
GFN	**Low**	...	
Stress test	Comm. Prices Nat. Disast.	...	
Long term	...	**Moderate**	Long-term risks are assessed as moderate. The large amortization module projects a low risk scenario under the EFF baseline, with risks increasing proportionally if adjustment falls short. The natural resources module points to the continued need to diversify fiscal revenue out of oil revenue, though pressures from reasource exhaustion are only projected to increase in the long-term.
Sustainability assessment 2/		Sustainable but not with high probability	Debt is assessed as sustainable but not with high probability, given the high downside risks faced by the baseline scenario.
Debt stabilization in the baseline			Yes

DSA Summary Assessment

Commentary: Ecuador is at a moderate overall risk of sovereign stress and debt is sustainable but not with high probability in the baseline program forecast. Debt decreased in 2024 to 53.8 percent of GDP and is expected to remain on a downward trajectory over the medium-term provided the program fiscal plan is implemented successfully. Medium-term liquidity risks are assessed as low by the GFN module, but financing risks remain subject to high sovereign spreads. Steadfast implementation of fiscal reforms would strenghten Ecuador's public debt sustainability.

Source: Fund staff.

Note: The risk of sovereign stress is a broader concept than debt sustainability. Unsustainable debt can only be resolved through exceptional measures (such as debt restructuring). In contrast, a sovereign can face stress without its debt necessarily being unsustainable, and there can be various measures—that do not involve a debt restructuring—to remedy such a situation, such as fiscal adjustment and new financing.

1/ The near-term assessment is not applicable in cases where there is a disbursing IMF arrangement. In surveillance-only cases or in cases with precautionary IMF arrangements, the near-term assessment is performed but not published.

2/ A debt sustainability assessment is optional for surveillance-only cases and mandatory in cases where there is a Fund arrangement. The mechanical signal of the debt sustainability assessment is deleted before publication. In surveillance-only cases or cases with IMF arrangements with normal access, the qualifier indicating probability of sustainable debt ("with high probability" or "but not with high probability") is deleted before publication.

Figure 2. Ecuador: Debt Coverage and Disclosures

1. Debt coverage in the DSA: 1/

CG	GG	NFPS	CPS	Other

1a. If central government, are non-central government entities insignificant? n.a.

2. Subsectors included in the chosen coverage in (1) above:

					Subsectors captured in the baseline	Inclusion	Comments
CPS	NFPS	GG: expected	CG	1	Budgetary central government	Yes	
				2	Extra budgetary funds (EBFs)	No	Not applicable
				3	Social security funds (SSFs)	Yes	
				4	State governments	Yes	
				5	Local governments	Yes	
				6	Public nonfinancial corporations	Yes	
				7	Central bank	No	
				8	Other public financial corporations	No	

3. Instrument coverage:

Currency & deposits	Loans	Debt securities	Oth acct. payable 2/	IPSGSs 3/

4. Accounting principles:

Basis of recording		Valuation of debt stock		
Non-cash basis 4/	Cash basis	Nominal value 5/	Face value 6/	Market value 7/

5. Debt consolidation across sectors:

Consolidated	Non-consolidated

Color code: chosen coverage; Missing from recommended coverage; Not applicable

Reporting on Intra-Government Debt Holdings

					Issuer \ Holder	Budget. central govt	Extra-budget. funds (EBFs)	Social security funds (SSFs)	State govt.	Local govt.	Nonfin. pub. corp.	Central bank	Oth. pub. fin corp	Total
CPS	NFPS	GG: expected	CG	1	Budget. central govt									0
				2	Extra-budget. funds									0
				3	Social security funds									0
				4	State govt.									0
				5	Local govt.									0
				6	Nonfin pub. corp.									0
				7	Central bank									0
				8	Oth. pub. fin. corp									0
					Total	0	0	0	0	0	0	0	0	0

Source: Fund staff.

1/ CG=Central government; GG=General government; NFPS=Nonfinancial public sector; PS=Public sector.

2/ Stock of arrears could be used as a proxy in the absence of accrual data on other accounts payable.

3/ Insurance, Pension, and Standardized Guarantee Schemes, typically including government employee pension liabilities.

4/ Includes accrual recording, commitment basis, due for payment, etc.

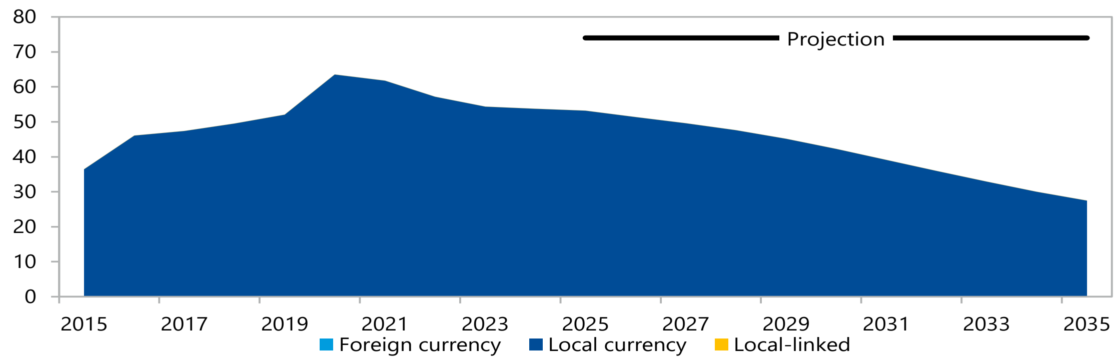
5/ Nominal value at any moment in time is the amount the debtor owes to the creditor. It reflects the value of the instrument at creation and subsequent economic flows (such as transactions, exchange rate, and other valuation changes other than market price changes, and other volume changes).

6/ The face value of a debt instrument is the undiscounted amount of principal to be paid at (or before) maturity.

7/ Market value of debt instruments is the value as if they were acquired in market transactions on the balance sheet reporting date (reference date). Only traded debt securities have observed market values.

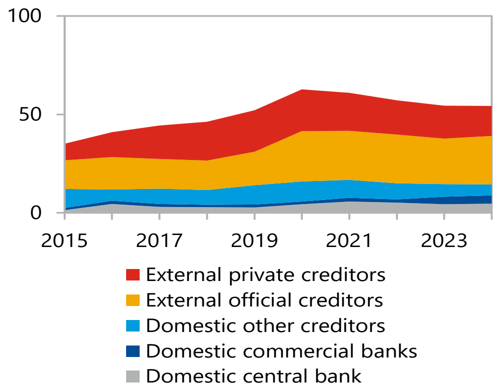
Figure 3. Ecuador: Public Debt Structure Indicators

Debt by Currency (Percent of GDP)



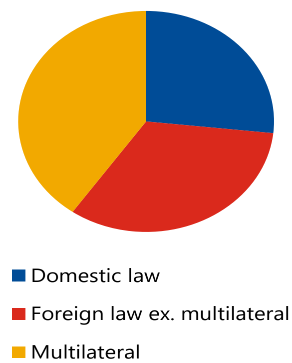
Note: The perimeter shown is nonfinancial public sector.

Public Debt by Holder (Percent of GDP)



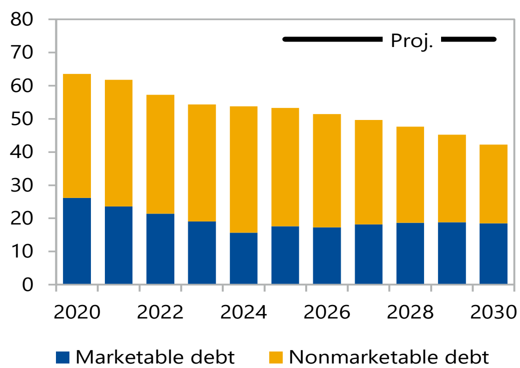
Note: The perimeter shown is nonfinancial public sector.

Public Debt by Governing Law, 2024 (Percent)



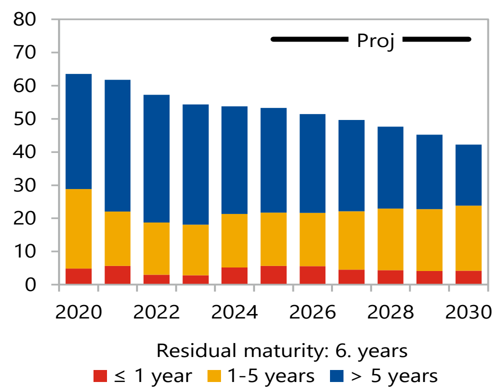
Note: The perimeter shown is nonfinancial public sector.

Debt by Instruments (Percent of GDP)



Note: The perimeter shown is nonfinancial public sector.

Public Debt by Maturity (Percent of GDP)



Note: The perimeter shown is nonfinancial public sector.

Source: Fund staff.

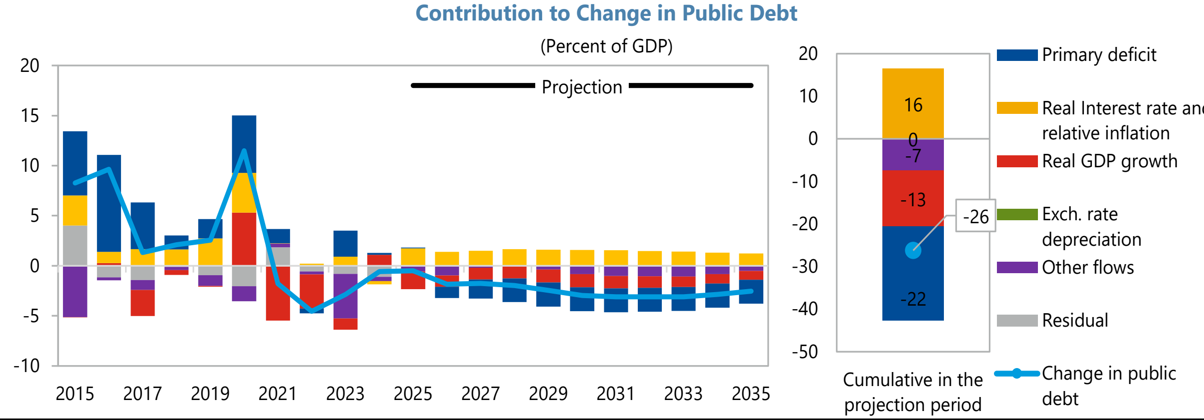
Figure 4. Ecuador: Baseline Scenario

(Percent of GDP unless indicated otherwise)

	Actual	Medium-term projection						Extended projection				
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Public debt	53.8	53.2	51.4	49.6	47.7	45.2	42.2	39.1	36.0	32.9	30.1	27.5
Change in public debt	-0.6	-0.5	-1.9	-1.8	-2.0	-2.5	-3.0	-3.1	-3.1	-3.1	-2.9	-2.5
Contribution of identified flows	0.5	-0.5	-1.9	-1.8	-2.0	-2.5	-3.0	-3.1	-3.1	-3.1	-2.9	-2.5
Primary deficit	0.2	0.1	-1.1	-1.9	-2.4	-2.4	-2.4	-2.4	-2.4	-2.4	-2.4	-2.4
Noninterest revenues	35.6	35.1	35.0	35.0	35.3	35.1	35.0	35.0	35.0	35.0	35.0	35.0
Noninterest expenditures	35.8	35.2	33.8	33.1	32.9	32.7	32.6	32.6	32.6	32.6	32.6	32.6
Automatic debt dynamics	0.8	0.0	0.2	0.3	0.4	0.3	0.3	0.3	0.3	0.4	0.4	0.4
Real interest rate and relative inflation	-0.3	1.7	1.4	1.5	1.6	1.6	1.6	1.5	1.5	1.4	1.3	1.2
Real interest rate	-0.3	1.7	1.4	1.5	1.6	1.6	1.6	1.5	1.5	1.4	1.3	1.2
Relative inflation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Real growth rate	1.1	-1.8	-1.1	-1.2	-1.3	-1.3	-1.3	-1.2	-1.1	-1.0	-1.0	-0.9
Real exchange rate	0.0	...	...	...	...	...	...	...	...	...	...	...
Other identified flows	-0.4	-0.6	-1.0	-0.2	0.0	-0.4	-0.8	-1.0	-1.1	-1.1	-0.8	-0.5
Contingent liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(minus) Interest Revenues	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2
Other transactions	0.8	0.7	0.3	1.1	1.3	0.8	0.3	0.1	0.1	0.1	0.3	0.7
Contribution of residual	-1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross financing needs	8.5	6.5	5.5	5.1	3.8	3.9	3.9	4.2	4.2	3.9	3.4	2.7
of which: debt service	9.5	7.6	7.9	8.2	7.3	7.5	7.5	7.8	7.8	7.4	6.9	6.3
Local currency	9.5	7.6	7.9	8.2	7.3	7.5	7.5	7.8	7.8	7.4	6.9	6.3
Foreign currency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memo:												
Real GDP growth (percent)	-2.0	3.4	2.2	2.4	2.6	2.8	3.0	3.0	3.0	3.0	3.0	3.0
Inflation (GDP deflator; percent)	5.0	1.3	2.0	1.7	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Nominal GDP growth (percent)	2.9	4.7	4.2	4.1	4.2	4.3	4.6	4.6	4.6	4.6	4.6	4.6
Effective interest rate (percent)	4.4	4.6	4.7	4.7	4.9	5.0	5.2	5.3	5.5	5.6	5.7	5.8

Contribution to Change in Public Debt

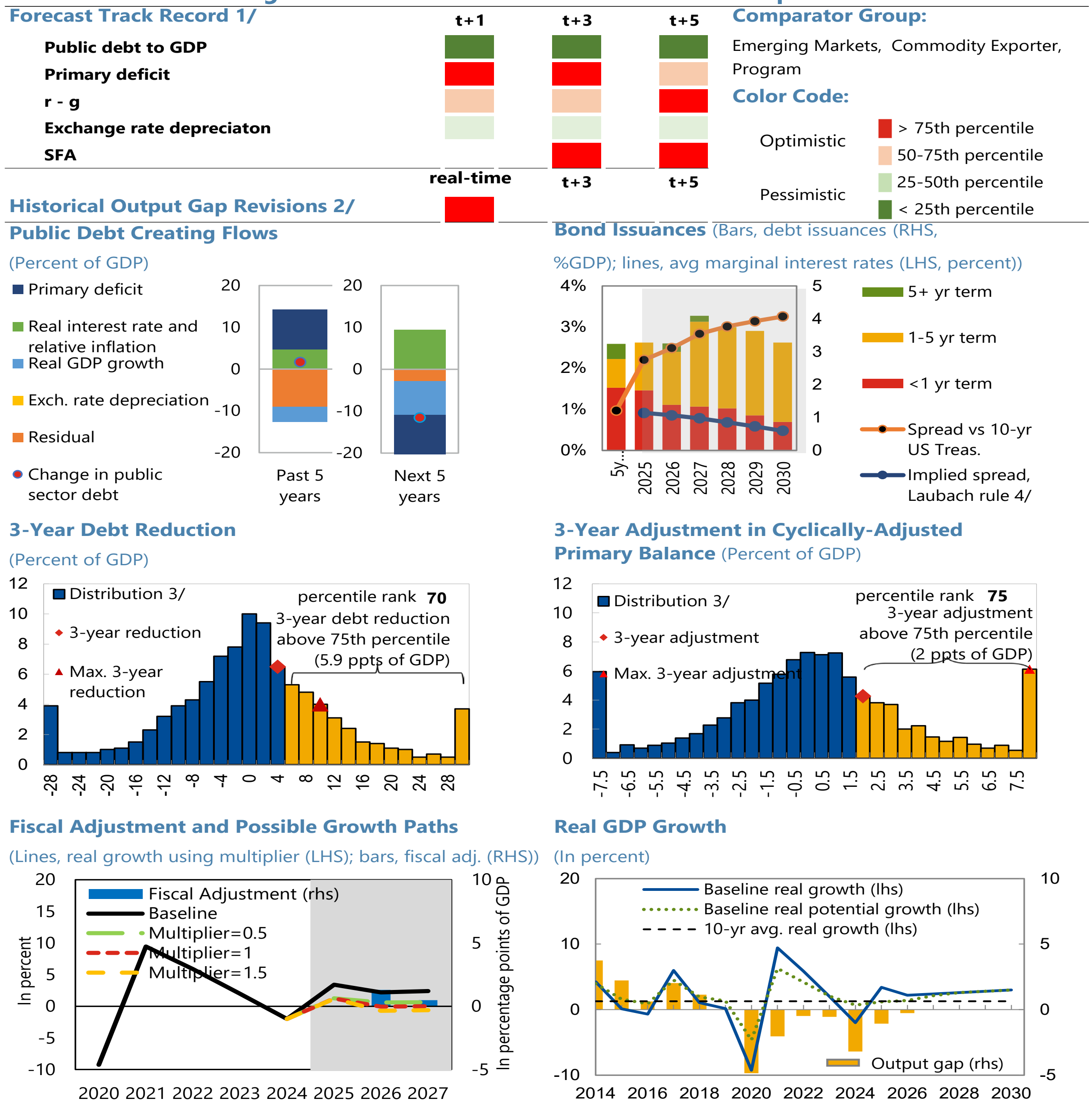
(Percent of GDP)



Commentary: Public debt would be on a downward path under the program.

Source: Fund staff.

Figure 5. Ecuador: Realism of Baseline Assumptions



Commentary: The program fiscal plan features a fiscal adjustment that is large relative to historical and cross-country comparisons. To achieve the debt reduction goals specified in the plan it will be important to avoid policy slippages.

Source : IMF Staff.

1/ Projections made in the October and April WEO vintage.

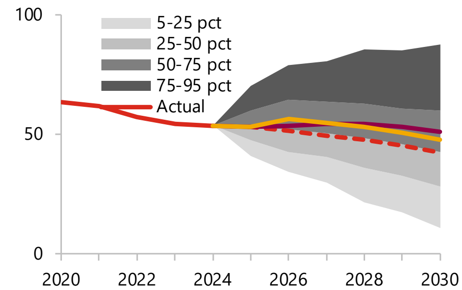
2/ Calculated as the percentile rank of the country's output gap revisions (defined as the difference between real time/period ahead estimates

3/ Data cover annual obervations from 1990 to 2019 for MAC advanced and emerging economies. Percent of sample on vertical axis.

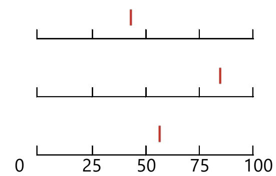
4/ The Laubach (2009) rule is a linear rule assuming bond spreads increase by about 4 bps in response to a 1 ppt increase in the projected debt-to-GDP ratio.

Figure 6. Ecuador: Medium-Term Risk Assessment

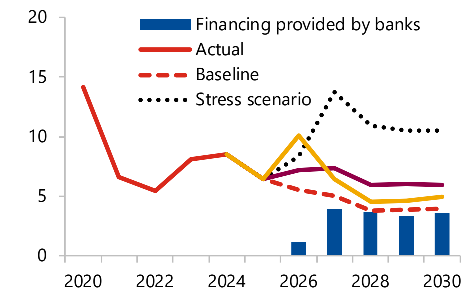
Final Fanchart (Percent of GDP)



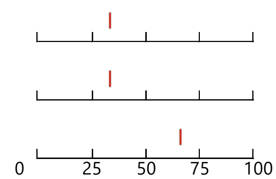
	Value	Contrib 1/	Percentile in peer group 2/
Debt fanchart module			
Fanchart width *(percent of GDP)*	76.9	1.1	
Probability of debt non-stabilizaiton *(percent)*	17.1	0.1	
Terminal debt-to-GDP x institutions index	30.5	0.7	
Debt fanchart index (DFI)		1.9	
Risk signal: 3/		Moderate	



Gross Financing Needs (Percent of GDP)



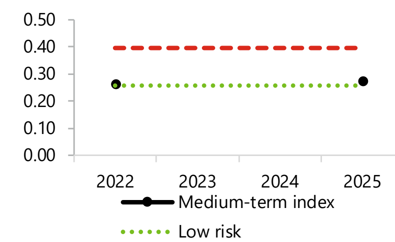
	Value	Contrib 1/	Percentile in peer group 2/
Gross financing needs (GFN) module			
Average baseline GFN *(percent of GDP)*	4.8	1.6	
Initial Banks' claims on the gen. govt *(pct bank assets)*	4.3	1.4	
Chg. In banks' claims in stress *(pct banks' assets)*	10.0	3.3	
GFN financeability index (GFI)		6.4	
Risk signal: 4/		Low	



Triggered stress tests (stress tests not activated in gray)

Banking crisis | Commodity prices | Exchange rate | Contingent liab. | Natural disaster

Medium-Term Index (Index Number)



Medium-term risk analysis

	Value	Value (normalized)	Weight	Contribution
Debt fanchart index	1.9	0.4	0.5	0.2
GFN finaceability index	6.4	0.1	0.5	0.1
Medium-term index		0.3		
Risk signal: 5/		Moderate		
Final assessment:		Moderate		

Prob. of missed crisis, 2025-2030, if stress not predicted: 18.2 pct.
Prob. of false alarms, 2025-2030, if stress predicted: 37.5 pct.

Commentary: The two medium-term tools assess sovereign risk as moderate, mostly driven by the width of the confidence interval in the debt fanchart tool. The stress test analysis shows that gross financing needs could increase substantially in case of an unexpected natural disaster, while the impact would be smaller following a commodity price decline.

Source: IMF staff estimates and projections.

1/ See Annex IV of IMF, 2022, Staff Guidance Note on the Sovereign Risk and Debt Sustainability Framework for details on index calculation.
2/ The comparison group is emerging markets, commodity exporter, program.
3/ The signal is low risk if the DFI is below 1.13; high risk if the DFI is above 2.08; and otherwise, it is moderate risk.
4/ The signal is low risk if the GFI is below 7.6; high risk if the DFI is above 17.9; and otherwise, it is moderate risk.
5/ The signal is low risk if the GFI is below 0.26; high risk if the DFI is above 0.40; and otherwise, it is moderate risk.

Figure 7. Ecuador: Long-Term Modules

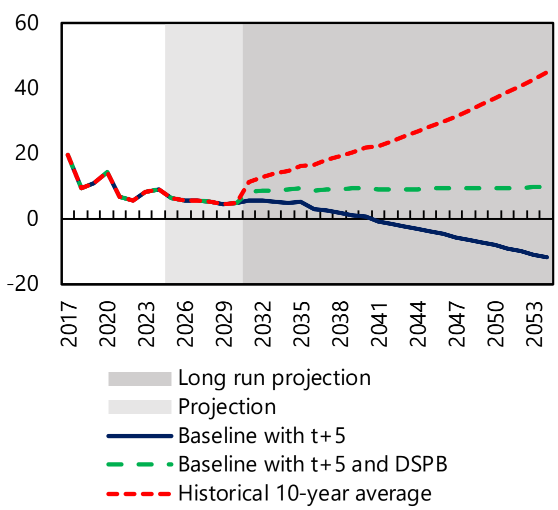
Ecuador: Triggered Modules

Large amortizations	Pensions	Climate change: Adaptation	**Natural Resources**
	Health	Climate change: Mitigation	

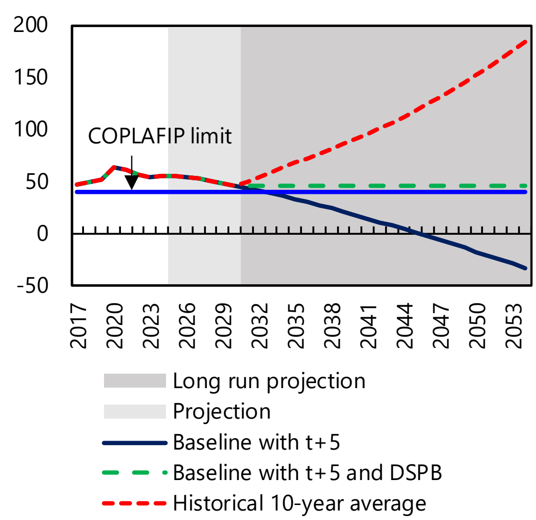
Ecuador: Long-Term Risk Assessment: Large Amortization

Projection	Variable	Risk Indication
Medium-term extrapolation	GFN-to-GDP ratio	
	Amortization-to-GDP ratio	
	Amortization	
Medium-term extrapolation with debt stabilizing primary balance	GFN-to-GDP ratio	
	Amortization-to-GDP ratio	
	Amortization	
Historical average assumptions	GFN-to-GDP ratio	
	Amortization-to-GDP ratio	
	Amortization	
Overall Risk Indication		

GFN-to-GDP Ratio



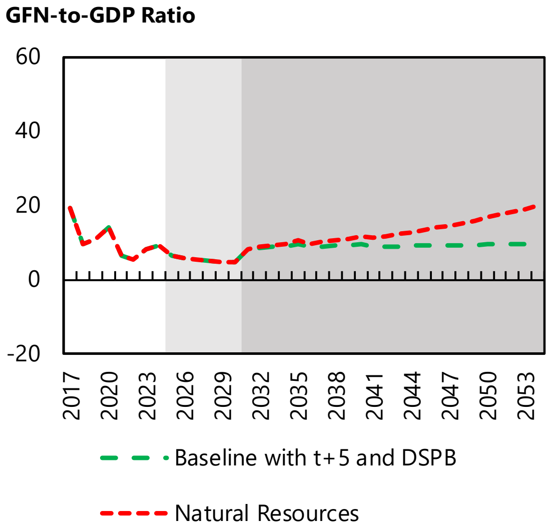
Total Public Debt-to-GDP Ratio

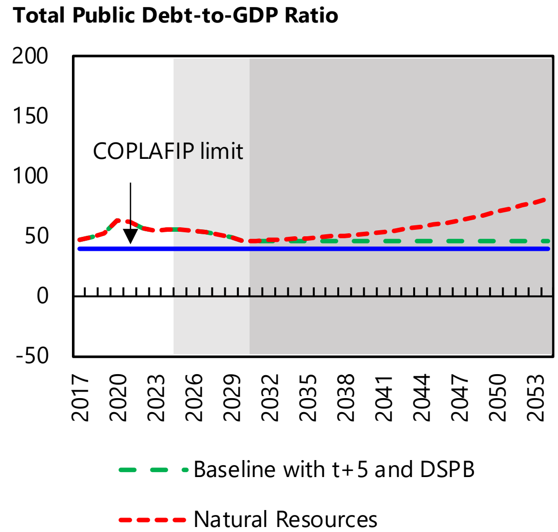


Commentary: Ecuador faces sizeable amortizations in the medium-term. Following the program completion, maintaining a fiscal stance consistent with a debt stabilizing primary balance would ensure that debt remains below the COPLAFIP limit. At the same time, the module highlights that large fiscal imbalances as experienced in the past decade could lead to a rapidly increasing debt ratio.

Source: Fund staff.

Figure 8. Ecuador: Natural Resources Long-Term Module





Commentary: Ecuador does not face immediate pressures from depleting oil resources.

Source: Fund staff.

Appendix I. Letter of Intent

Quito, December 5, 2025

Ms. Kristalina Georgieva
The Managing Director
International Monetary Fund
Washington, D.C.

Dear Ms. Georgieva:

1. We have continued to make important progress in the implementation of our economic reform program, supported by the 48-month Extended Fund Facility (EFF) arrangement. We have strengthened our public finances, inflation has remained low, and our international reserves have further increased on the back of a record high current account surplus. Liquidity in the financial system continues to support credit growth. We have implemented key measures to enhance fiscal sustainability while safeguarding vulnerable groups. We introduced important changes to the Organic Monetary and Financial Code (COMYF), in line with international best practice in central banking, and the newly-created joint Financial and Monetary Policy and Regulation Board was established in October 2025. We continue to address the security and energy challenges. The economy continues to recover, driven by stronger private consumption and record high nonoil exports.

2. We remain committed to a path of fiscal sustainability that protects the most vulnerable. Disbursements from the IMF and other development partners critically support our economic program. We are rebuilding our fiscal and reserve buffers, which help increase economic resilience and safeguard the dollarization regime. To enhance economic growth and create favorable conditions for investment and employment, we are also implementing an ambitious structural reform agenda.

3. We have accomplished the goals set for the Fourth Review under the EFF arrangement. We met all quantitative performance criteria (QPC) for end-October 2025 and indicative targets (ITs) for which data are available, and we expect all remaining end-October 2025 ITs to be met. We continue to enhance social protection, with over 1.3 million lower-income families covered by the social safety net as of end-October 2025, exceeding our target. To further advance our reform agenda and unlock Ecuador's growth potential, we continue to make progress in implementing structural benchmarks, having met all the structural benchmarks for the Fourth Review, while work is advancing on all other structural benchmarks.

4. We request the completion of the Fourth Review under the EFF arrangement, allowing for the associated disbursement of SDR 438.4 million to be made available for budget support. These funds would provide resources to continue supporting our planned reforms and policies to promote inclusive and sustainable economic growth. We would like to request the modification of the QPCs on the change of NFPS deposits and the ITs on the change of NIR to account for their higher levels as of end-October 2025 owing to the frontloading of domestic financing originally planned for 2026 into 2025. We also request completion of the financing assurances review.

5. The attached Memorandum of Economic and Financial Policies (MEFP) reports on progress in implementing Ecuador's economic program and lays out the macroeconomic and structural policies that we plan to implement. We believe that the policies described in the attached MEFP are adequate to achieve the objectives underpinning the program. However, if necessary, we stand ready to take additional measures that may become necessary to achieve our program objectives. We will consult with the Fund on the adoption of these measures and any substantive revisions to the policies contained in the MEFP, in accordance with the Fund's policies on such consultations. We will also continue to provide the Fund's staff with all the relevant information required to complete the program reviews and to monitor performance on a timely basis.

6. The Government will observe the standard performance criteria against imposing or intensifying foreign exchange restrictions or introducing or modifying multiple currency practices. Equally, we will not conclude bilateral payment agreements that are inconsistent with Article VIII of the Fund's Articles of Agreement, nor will we impose or intensify import restrictions for balance of payments reasons. We request the IMF Executive Board's approval for retaining the existing exchange restriction arising from the tax on transfers abroad (ISD) for the making of payments and transfers on current international transactions on the grounds that the measure is maintained for balance of payments purposes, temporary, and non-discriminatory. We are committed to gradually phasing out this measure as macroeconomic and balance of payments stability are restored and the foreign exchange reserve position is strengthened, supported by implementation of the policies under the EFF arrangement.

7. In line with our commitment to foster transparency, we consent to the publication of this letter, its attachment, and the Staff Report to keep domestic and international agents informed about our policy actions and intentions.

8. We thank you for your support and sustained partnership with Ecuador as we carry forward our efforts to reform our economy and continue addressing our security and energy challenges, with a view to achieving a sustainable, equitable, and resilient growth for all Ecuadorians.

Sincerely yours,

/s/	/s/
Sariha Moya Minister of Economy and Finance	Gustavo Camacho Chair of the Financial and Monetary Policy and Regulation Board

Attachment I. Memorandum of Economic and Financial Policies

This memorandum describes the key policies of our IMF-supported program under a 48-month Extended Fund Facility (EFF) arrangement, approved by the IMF Executive Board on May 31, 2024.

1. **Ecuador made significant progress in implementing important structural and fiscal reforms since the start of the program**. During the first period of our administration (November 2023-May 2024), we took bold actions to address the fiscal and security challenges. On the fiscal and economic fronts, we implemented a three-percentage point value added tax (VAT) rate hike alongside additional revenue measures, totaling about 2 percent of GDP, to reduce the fiscal gap. We also introduced a limited set of tax incentives to stimulate growth and promote youth employment and took steps to encourage private participation in the electricity generation sector. In January 2024, we announced the intention to target the fuel subsidies to the most vulnerable, with subsequent actions implemented in June 2024, as described below.

2. **A severe security crisis exacerbated Ecuador's fiscal and economic challenges**. In recent years, Ecuador has grappled with a surge in criminal activities connected to international organized crime and drug trafficking. In early January 2024, in response to security breaches, the government declared a 60-day state of emergency (later extended for another 30 days) and an internal armed conflict, including curfews and mobility restrictions, further weighing on the fragile macroeconomic situation back then. Addressing the security situation is a key priority for the well-being of our population and helps reactivate our economy. Our efforts are being supported by several development partners. On the security front, we bolstered the government's capability to fight crime, including by reorienting current expenditure to boost the security envelope and enhancing the role of the military. A referendum held in April 2024 approved measures to tackle the security situation.

3. **After President Noboa's re-election in April 2025, we continued to implement key measures to strengthen fiscal and external buffers**. We passed legislation to strengthen our public finances, enhance public procurement, and foster financial sector development. In addition, in September 2025, we aligned domestic diesel prices with international prices, which will help us redirect resources to invest in important areas, such as security, social development, and the productive sector, while protecting the most vulnerable groups. The steadfast implementation of our policy agenda has contributed to a substantial decline in sovereign debt spreads, narrowing to about 537 basis points as of December 2, 2025. Economic activity rebounded strongly after contracting in 2024 due to a severe electricity crisis, alongside low inflation. The exceptional growth of nonoil exports has led to a record surplus in our current account balance, with strong momentum continuing in 2025, helping to significantly improve liquidity conditions in the domestic financial system and build stronger international reserve buffers.

4. **We are committed to continuing implementing policies to protect macroeconomic stability, strengthen fiscal sustainability, enhance the social safety net, and foster inclusive**

growth. Building on the important structural reforms supported by previous IMF arrangements and the significant measures that we have already implemented, the current IMF-supported EFF arrangement intends to: (i) strengthen fiscal sustainability, while protecting vulnerable groups; (ii) rebuild fiscal and external buffers; (iii) safeguard dollarization and macroeconomic stability; (iv) enhance financial stability and integrity; and (v) continue the structural reform agenda to unlock the economy's potential, fostering strong and inclusive economic growth.

5. We are also taking important steps to improve energy resilience, which remains critical for economic growth. We are undertaking substantial efforts to enhance our electricity supply capacity both in the short term and over the medium and long term and foster the diversification of the energy matrix. To this end, we enacted new regulations in 2024 and 2025 granting the Ministry of Energy and Mines the authority to directly delegate projects of up to 100 MW in non-conventional and transitional renewable energy, streamlining their approval requirements, offering clean energy preferential pricing, and allowing private entities to sell surplus energy from self-generation to the national grid. We also reformed the medium- and high-voltage electricity tariffs to be consistent with cost recovery and reducing energy subsidies.

6. The following sections of this memorandum outline our policy plans under the EFF arrangement.

A. Strengthening Fiscal Sustainability

7. In recent years, we have undertaken reforms to ensure the sustainability of Ecuador's public finances and build a more robust PFM framework underpinned by stronger institutions. Key elements introduced by the updated COPLAFIP included the establishment of a medium-term fiscal framework (MTFF), the introduction of clear anchors to reduce public debt, the setup of the National Fiscal Coordination Committee, and the introduction of a fiscal risk management exercise. Fiscal governance was further enhanced by a comprehensive revamp of fiscal statistics and cash management, supported by Fund technical assistance (TA). An updated IMF Fiscal Safeguards Review, conducted in 2024, confirmed that Ecuador's PFM system has made progress since the previous 2021 review.

8. Our fiscal policy will continue to be guided by the principles of strengthening the sustainability of public finances and reducing public debt, while protecting the most vulnerable. We will aim at placing our public debt ratio on a firmly downward trajectory, maintaining manageable gross financing needs, and respecting the expenditure growth rules and the debt limit of 40 percent of GDP by 2032 that are enshrined in COPLAFIP. We will continue to allocate fiscal space in our budgets to protect the most vulnerable segments of our population and for priority investment projects. As a sign of our commitment, we have published an MTFF that is in line with these objectives and the EFF-supported program (***end-October 2024 structural benchmark (SB), met***). We stand ready to take additional revenue or expenditure measures should fiscal shortfalls emerge that would jeopardize the achievement of program targets. To that effect, as prior action for program approval in May 2024, we have elaborated a contingency plan.

9. The 2024 fiscal position strengthened, with a reduction of the non-financial public sector (NFPS) overall fiscal deficit of over 2 percentage points of GDP to 1.3 percent of GDP. The 2024 plan accommodated urgent spending needs to deal with the security situation and the electricity crisis, while protecting the most vulnerable segments of the population. We also started clearing domestic payment arrears, thereby improving the difficult liquidity situation facing the economy. The fiscal efforts were supported by the revenue measures enacted in 2024 as well as expenditure restraint. On the revenue side, the enacted measures led to a historic high level of total gross tax revenue. Main measures taken included a hike in the value added tax (VAT) rate and temporary contributions payable on corporate and bank profits. On the expenditure side, the strategy was underpinned by maintaining wages and goods and services broadly constant in real terms, reprioritizing some spending towards addressing the electricity crisis, while protecting space to address the security crisis and meet urgent social and investment needs. To monitor fiscal liquidity in real time, as a prior action before program approval, we prepared and shared with Fund staff a projected monthly cash flow and financing plan for the budgetary central government (PGE).

10. Our medium-term fiscal consolidation plan aims to place public finances on a sustainable path. We expect to reduce the NFPS overall deficit further to 1.2 percent of GDP in 2025 and reach an overall surplus of 1.3 percent of GDP by the end of the program in 2028. This is consistent with achieving a NFPS primary surplus of 2.4 percent of GDP in 2028 and a cumulative consolidation of about 6.6 percentage points of GDP in the non-oil primary balance including fuel subsidies (NOPBS) over 2024-28 relative to end-2023. This ambitious consolidation effort balances the need to strengthen fiscal sustainability, regain market access, and protect the most vulnerable, while the economy recovers. This strategy also allows us to reduce oil dependence and meet public debt limits set out in the COPLAFIP legislation. The measures that we are planning to take to achieve the projected medium-term consolidation would include the following key items:

- **Nonoil Revenues**. Increasing nonoil revenues remains important to reduce volatility in fiscal revenues triggered by global commodity prices. We are implementing our plan to mobilize nonoil revenues (***mid-November 2024 SB, met***) by replacing temporary measures with permanent measures, mainly through revamping the taxation of dividends and undistributed profits and improving tax administration. We will continue reviewing inefficient tax expenditures and exemptions, including in investment contracts, thereby sustaining a higher level of nonoil fiscal revenues over the medium term. We are developing and implementing a new fiscal regime for the mining sector to enhance its efficiency and revenue potential, with IMF TA support (***end-December 2025 SB***).

- **Oil Revenues**. We are streamlining fuel subsidies alongside comprehensive and appropriate social protection mechanisms for the most vulnerable. In September 2025, we aligned diesel prices with international prices. This followed steps to eliminate sectoral fuel subsidies earlier in 2025 and align the domestic price of low-octane gasoline with international prices. Most of these subsidies had been shown to disproportionately benefit many who do not need the support, encourage over-consumption of fossil fuels, undermine the energy transition, damage the environment, and provide ground for corruption. That is why we have decided to implement compensatory measures, mainly for transporters, that will allow them to gradually adapt to these new prices. In addition, the government is launching initiatives to increase net oil revenues, including by gradually increasing production (partly through greater private investments), improving operational efficiency, and enhancing the capacity of the oil refinery system.

- **Public Sector Wage Bill**. We are committed to continuing efforts to contain the public sector wage bill, building on efforts made in recent years. To this end, in June 2025, we streamlined ministries and other public agencies to improve efficiency. Going forward, we plan to continue limiting increases in headcount and wages. In this spirit, the norm issued in 2024 to enforce that all public sector wages be capped below the salary of the President remains in effect. We will continue reviewing and streamlining temporary contracts. The strategy will be carefully crafted to ensure the delivery of quality public services and needed hiring of additional police personnel and domestic security forces to counter the security crisis.

- **Procurement**. We aim to continue reforming our procurement system to optimize expenditure in goods and services, while ensuring the highest standards of transparency and the quality of public services. In July 2023, the National Public Procurement Agency (SERCOP) issued norms to operationalize the 2022 Procurement Law and its bylaws. Ongoing efforts to increase efficiency include the cataloguing of public procurement processes and prices, introducing standardized and bulk purchases of medicine, medical inputs, and other goods and services. In June 2024, SERCOP presented the evaluation report of the public procurement systems ("MAPS"), a joint work with the Inter-American Development Bank (IDB). We are establishing new mechanisms in public procurement, with the goal of eradicating corruption and improving efficiency in the public sector. To promote transparency, we have created the National Control Subsystem (SNC), presided by SERCOP, and comprised by the Economic and Financial Analysis Unit (UAFE), the Internal Revenue Service (SRI), the Office of the Comptroller, the State Attorney's Office, and financial regulators. The SNC will facilitate coordination among public entities with control competencies over the public procurement system, via the interoperability of their databases. We established a timeline to operationalize the SNC (***end-December 2024 SB, met***). With assistance from the IDB, we are advancing in the development of a conceptual and operational framework to upgrade the Public Sector Procurement System (SOCE) (***end-December 2025 SB***).

- **Capital Expenditure**. We will prioritize capital expenditure projects based on their estimated social and economic impact. We will also promote public-private partnerships (PPPs) and concessions to the private sector for infrastructure investment, with due account of contingent liabilities and the associated fiscal risks. The Ecuadorian Development Bank (a public bank) will channel multilateral and bilateral resources for infrastructure investment by local governments. We undertook a Public Investment Management Assessment (PIMA) in 2023 to improve our public investment process. This TA included a climate-related assessment of public investment management (C-PIMA) to help us build low-carbon and climate-resilient infrastructure. We intend to gradually implement the recommendations of the PIMA/C-PIMA assessments.

11. Specific actions to achieve annual fiscal targets will be established in the corresponding annual budgets. Given that 2025 has been an election year, the 2024 budget was extended into 2025, as stipulated by COPLAFIP. In late 2024, we enacted the necessary measures to ensure that our 2025 fiscal plan is in line with the EFF-supported program targets and the MTFF *(**early-December 2024 SB, met***). We submitted a draft budget for 2026 that is aligned with the EFF-supported program targets (***end-November 2025 SB, met***).

12. We remain committed to clearing domestic arrears. The accumulation of public sector arrears due to tight fiscal and liquidity conditions has been weighing heavily on economic activity. As the fiscal liquidity situation improves, we will continue working on regularizing overdue obligations to the private sector and intra-public sector claims. To this effect, we have already included in the multi-year fiscal financing plan the clearance of PGE arrears with the private sector, and in November 2024 we prepared and shared with Fund staff a plan for clearing and preventing the resurgence of PGE arrears, including obligations to the private sector and intra-public sector claims (***end-November 2024 SB, met***). Our continuous efforts have allowed us to overperform the program's end-October 2025 arrears clearance target with a margin.

13. Our financing strategy relies on multilateral and bilateral sources in the near term, while seeking to regain access to international capital markets in 2026, and gradually developing domestic financing sources. We will pursue an active public debt management strategy with the goal of covering the public sector's financing needs at the lowest possible cost with a prudent level of risk. We have published a new medium-term debt management strategy (MTDS) in line with these objectives and the EFF-supported program (***end-October 2024 structural benchmark, met***). We are in active dialogue with our official bilateral partners to secure continued financial support. We hope to return to the international capital markets as soon as possible, as the market conditions allow. We are working intensively to foster domestic capital market development. In November 2025, we issued regulations for domestic bond and treasury note auctions (***end-November 2025 SB, met***), an important first step for our plan to launch auctions for domestic bonds and treasury notes in 2026 (***end-September 2026 SB***).

B. Expanding Our Social Safety Nets

14. Our goal is to ensure that the burden of fiscal consolidation is not borne by the poor and vulnerable. Following the diesel reform in September 2025, we redirected savings to support vulnerable groups. This adds to the big strides already achieved in protecting the social and economic conditions of the most vulnerable in recent years by upgrading our social registry and expanding the coverage of the social protection system with the assistance of the WB *(**end-October 2024 SB, met**)*. As of October 2025, over 1.3 million family units in the bottom three income deciles benefit from social protection transfers, with coverage expanded by 55,000 families in October 2025 alone, prioritizing the elderly and individuals with special needs. We plan to continue working to achieve universal coverage in the bottom two deciles and the majority in the third decile by the end of the IMF-supported program. Additionally, we are working on the permanent updating of the social registry base that includes institutional strengthening at the central level and territorial deployment work in coordination with subnational governments (GADs). With the support of the WB, we have also undertaken actions to make the current social protection system more efficient and comprehensive, not only through monetary transfers but also through the provision of complementary services by the State. Social protection will continue to increase through our multiple social assistance transfer programs, listed in the Technical Memorandum of Understanding (TMU). To increase efficiency and transparency, the Ministry of Economic and Social Inclusion (MIES) has led a campaign to increase the use of banking services by recipients of these social protection transfers.

C. Enhancing the Institutional Framework, Governance, and Transparency

15. We have made significant improvements in enhancing the timeliness, reliability, and consistency of fiscal statistics. The 2020 COPLAFIP reforms included the adoption of regulations, including those that require timely collection, accurate compilation, and transparent publication of fiscal data, with adequate coverage (by subsectors of the NFPS). We have enhanced our technical and institutional capacity in fiscal data recording and reconciliation. In that regard, we established a dedicated statistics unit at the Ministry of Economy and Finance (MEF), with expertise in government finance statistics compilation. With the support of IMF TA, we have updated the training curriculum in GFS compilation and produced a training schedule, to ensure ongoing training of new and existing staff in above- and below-the-line fiscal data recording, reconciliation, and verification. An IMF long-term expert (LTX) worked for one year with the statistics unit on improving MEF's capacity in compiling, verifying, and reconciling government finance and debt statistics. Additionally, one of the objectives of the fiscal statistics team is to increase the coverage of the NFPS through the inclusion of public companies in the electricity sector and expand the statistical sample of local government companies. In February 2025, we issued a technical regulation (*norma técnica*), in line with COPLAFIP, defining the procedures for monitoring and evaluating compliance with fiscal rules.

16. Currently fiscal statistics are disseminated monthly according to a pre-established publication calendar, which is updated once a year. The time series data on revenues, expenditures, and transactions in financial assets and liabilities by each subsector of the NFPS are published monthly along with indication whether the data is preliminary or definitive. Additionally, in collaboration with the IMF's Statistics Department, an analytical report on the Budgetary Central Government GFS has been created and is published alongside the monthly time series.

17. Working closely with the IMF's Statistics Department, we have revised the historical balances of the Social Security Fund (IESS). Based on this work, we adjusted the compilation process of the IESS and corrected the transfers from the central government to IESS for accrued pension liabilities going back to 2013. We also incorporated into our expenditure and debt statistics additional healthcare transfer obligations to IESS based on a conservative estimation while healthcare audits are pending. We have included in the central government 2024 budget and MTFF the accrued pension transfer obligations and the estimation of the healthcare transfer allocations to the IESS and will continue recording conservative estimates in future budgets.

18. We will establish a revised mechanism to settle healthcare claims from IESS and plan to increase the transparency of the social security system. This will bring legal predictability to the process of auditing and clearing verified obligations. To that effect, we signed an updated agreement between the MEF and IESS to establish a clear procedure to settle healthcare obligations (including both internal and external providers), building on the December 2022 agreement (***end-November 2025 SB, met***). We will implement the resulting agreement to prevent future arrears on healthcare obligations, improve the reliability of fiscal statistics, and strengthen the sustainability of the IESS. We have finalized the procurement to hire the external auditor to review the 2023 and 2024 healthcare obligations to IESS (***end-December 2024 SB, met***) and the audits are underway. To further enhance the transparency of the social security system, we plan to publish an audited actual report for the social security system with data up to 2024 (***end-December 2026 SB***).

19. We will continue working on strengthening PFM and implementing better cash management practices. With the assistance of a PFM expert provided by the IMF, we have been able to expand our cash management planning capability and horizon to encompass the full length of the annual budget cycle. The remaining challenge is to develop further capability to update our cash management planning on a 12-month rolling basis from any given point in the budget year. The expert has also helped implement a new monitoring system to evaluate the existing stock of domestic payment arrears of the central government and selected relevant entities of the NFPS. In January 2022, we published a methodology to estimate the stock of arrears and the reporting templates to be used by public sector entities. We have estimated the stock of potential claims on PGE, including with the IESS, GADs, private sector, or others (if any) by type of expenditure, year, and beneficiaries. We have started publishing data on monthly arrears in the public debt bulletins, as per COPLAFIP law. We will design a policy so MEF can gather monthly information on arrears from other entities of the NFPS, as mandated by COPLAFIP. To further strengthen financial management, increase transparency, and reduce accumulation of payment arrears, we implemented, with IMF technical support, an automatized process for PGE payments, including arrears' payments (***end-July 2025 SB, implemented with delay***).

20. We will continue improving the efficiency of state-owned enterprises (SOEs) and monitoring fiscal risks. At the moment, seven public companies that were not managed efficiently are in the process of closure, such as the Public Enterprise Coordinating Company (EMCO), which was closed in 2024. For SOEs that will remain in operation, we are committed to strengthening their operational framework, reforming collective labor agreements, and implementing best practices to improve efficiency and limit contingent liabilities to the budget. These efforts will support a structural cost-optimization strategy, including a comprehensive efficiency assessment of the state, which would enable us to curtail unproductive activities and obtain efficiency gains.

21. MEF has implemented several actions to improve public debt transparency. Following the new debt methodological definition and with WB and Fund TA, a new Debt Bulletin was developed and is published monthly on the official website of the MEF. The Bulletin also includes detailed information on previously not included past obligations related to internal debt, arrears, accounts payable, and previous unregistered budgetary obligations. In addition, the current public external and internal debt profile is published, as well as the amortization profile by source and operation. The detailed database supporting the Bulletin is now accessible on our website.

22. We plan to implement IMF TA recommendations on strengthening tax administration.

In 2023, we produced an assessment of our tax administration, and with the support of the IMF, we also undertook the Tax Administration Diagnostic Assessment (TADAT). We plan to implement an institutional model under the TADAT methodology to close the gaps in tax administration against best international practices, especially in control processes. Implementation, with support from the IDB, will focus on process integration, transparency, tax registration, data intelligence, and information management. Moreover, we have requested IDB's TA for the National Customs Service of Ecuador (SENAE), aiming to enhance its modernization process.

D. Strengthening the Institutional Framework and Capacity of the BCE and Safeguarding the Dollarization Regime

23. We have made significant progress in strengthening the institutional framework of the BCE in recent years. In 2021, we revised the COMYF with measures to support the dollarization regime, which included eliminating the possibility of direct and indirect central bank financing of the government, restoring full reserve coverage of private and public financial institutions' deposits at the BCE; and giving technical and managerial autonomy to the BCE. The revised law also strengthened the BCE balance sheet, including by removing all legacy assets from the 1999 banking crisis. It also improved central bank transparency, by establishing an audit committee, appointing external auditors, and publishing the audited BCE financial statements on the BCE website. Besides enacting the law, we took other steps to strengthen institutional framework of the BCE by: (i) implementing a capacity development program for internal auditors; (ii) requiring the certification of the internal auditors by the Institute of Internal Auditors (an international organization); and (iii) implementing some recommendations regarding our internal audit department from a peer-review assessment. We also have modified the BCE's organizational structure to strengthen its technical areas, and we have ensured permanent constitution of the audit committee. An updated IMF safeguards assessment in 2024 confirmed that the BCE has significantly strengthened its safeguards since the previous 2019 assessment. We are committed to implementing all the recommendations from the assessment. We aligned the implementation of the "backing rule" established in the COMYF with the 2023 reprofiling of the government's debt held by the BCE, deferring the requirement for full coverage of the first, second, and third balances to 2040. This will ensure effective implementation of the backing rule consistent with the strengthening of the Central Bank's balance sheet, safeguarding dollarization. We recently amended COMYF establishing a joint Financial and Monetary Policy and Regulation Board and updating the mandate of the BCE consistent with best international practices in central banking. This reform will allow the Board and the BCE to prepare and approve modern regulations for the financial system, stock market and insurance industry

24. The BCE enhanced its access to contingent liquidity lines. In 2022, the Federal Reserve Bank of New York (FRBNY) granted the BCE access to a Foreign and International Monetary Authorities (FIMA) Repo Facility of US$1 billion for exclusive central banking operations. This facility allows the BCE to access liquid resources for potential needs through securities repurchase operations (repo), which are part of our institution's investment portfolio. In 2023, the Latin American Reserve Fund (FLAR) granted the BCE access to a contingent credit line of up to

US$230 million. Additionally, the BCE recently renewed its contingent liquidity facility with the Bank for International Settlements (BIS) of up to US$840 million as a precautionary measure in case of dollar liquidity shortages. In June 2025, the BIS granted a new contingent liquidity line up to US$1.5 billion which strengthens the management of Ecuador's international reserves and provides additional liquidity buffers for the BCE. This facility could also be activated by the liquidity funds of financial institutions when proper legal reforms have been implemented by the Deposit Insurance Corporation (COSEDE).

25. **The BCE reached an all-time high of US$2 billion of letters of credit**. Since June 2021, the BCE has reported a significant increase in the amount of letters of credit, which increased from US$966 million in June 2021 to a historical maximum of US$2 billion in October 2025. Letters of credit represent a critical financial instrument for foreign trade operations, especially for fuel imports, as they facilitate payment management and help reduce pressures on national treasury and international reserves.

26. **The BCE completed updating Ecuador's national accounts base year**. With the TA from the IMF and the Economic Commission for Latin America and the Caribbean (ECLAC), the BCE concluded and disseminated in December 2023 the update of Ecuador's Annual and Quarterly National Accounts, consisting in changing the fixed base methodology to a moving base with reference year 2018. This project enabled the inclusion of a broader source of statistical indicators and reflects the country's most recent economic structure. The new methodology follows the latest international statistical practices and standards for national accounts, facilitating the development of economic research, and supporting well-informed decision-making in the public and private sectors with improved data. The IMF has also provided TA on the calculation of the demand components of the Quarterly National Accounts. In early 2025, we released the new 2018-23 Input-Output Matrices. We will continue working with IMF TA to further improve our macroeconomic statistics, especially remittances, Foreign Direct Investment (FDI), and the Export and Import Price Indexes. In late 2025, we began publishing a new monthly economic activity indicator, developed with TA from the IMF, to enable more for timely and effective monitoring of Ecuador's economic conditions and support informed policymaking.

27. **The BCE is leading relevant green initiatives in the region with international support**. In June 2025, with the technical and financial support of the Economic Commission for Latin America and the Caribbean (ECLAC) and the French Development Agency (AFD), the BCE released the Bioeconomy Satellite Account which is a statistical tool aimed at recognizing the strategic value of biological resources for economic and environmental development. This Satellite Account constitutes a statistical milestone for the country and the region. Additionally, the BCE will complete in 2025 an Environmental, Social and Governance (ESG) framework with the technical support of the Global Green Growth Institute (GGGI) and Deloitte. In 2025, the BCE published research papers on the impact of climate events on Ecuador's financial system. More recently, the BCE signed a Memorandum of Understanding with the Alliance for Responsible Mining (ARM) and Duke University to conduct policy research that will strengthen the Bank's Gold Commercialization Program consistent with sustainable standards. As a result of these green initiatives, the BCE was

accepted in September 2025 as a Member of the Network of Central Banks and Supervisors for Greening the Financial System (NGFS).

28. The BCE reported net profits and strengthened its equity. As a result of the higher levels of international reserves, the BCE reported accumulated net profits of US$1.6 billion between 2021 and 2024, and the BCE's equity increased from US$1.6 billion to US$2.8 billion. As part of the strengthening of the bank's equity, the BCE increased its general reserve fund to US$500 million, reaching 500 percent of the authorized and paid-in capital, in compliance with the requirements established in the COMYF. This progress has enhanced the bank's buffers to deal with potential future financial losses. By August 2025, BCE's equity surpassed for the first time US$ 3.2 million. After an unprecedented strengthening of the bank's equity, the BCE was able to transfer US$1.1 billion in profits to the MEF between 2021 and 2024.

E. Enhancing the Resilience of our Financial System and Developing the Domestic Capital Market

29. Ecuador's 2023 Financial System Stability Assessment (FSSA) comprehensively assessed the health and resilience of our financial system. The assessment covered solvency and liquidity risks, financial sector oversight, macroprudential policies, safety nets, and crisis preparedness. The FSSA also analyzed the quality of the oversight framework of payment systems, the preconditions for capital market development, and access to finance. Key recommendations included: (i) strengthening financial sector oversight and coordination among agencies involved; (ii) enhancing the prudential framework governing capital and liquidity; and (iii) fostering financial deepening and capital market development. We are gradually implementing the recommendations of this comprehensive assessment to ensure our prudential regulatory framework and financial system oversight meet international standards and best practices, supporting financial stability and efficient financial intermediation.

30. We are improving coordination and information sharing between all the agencies involved in financial sector oversight. We have merged the Financial Policy and Regulation Board with the Monetary Policy and Regulation Board into a unified Financial and Monetary Policy and Regulation Board (JPRFM), which serves as the sole regulator of the financial sector and the governing body of the BCE. This unification will enhance policy coordination and enable agile decision-making. We also established a Financial Stability Committee (FSC) in line with best international practices, comprising of all the authorities responsible for financial sector oversight (***end-September 2024 SB, met***). The Committee has been facilitating coordination and information exchange among the agencies involved, providing a holistic perspective to financial sector surveillance, and supporting prompt policy responses to financial sector vulnerabilities. We established an inter-institutional group within the FSC to coordinate bank resolution reforms and strategies (***end-January 2025 SB, met***) and we are working to strengthen the resolution framework, with Fund and WB support, in line with international standards. To enhance the resilience of our financial system, between December 2024 and May 2025, we have issued new key regulations to improve the governance and provisioning frameworks for cooperatives.

31. We are enhancing the prudential framework on capital and liquidity. We prepared the methodologies and enacted macroprudential regulations on capital buffers, including surcharges on systemically important institutions and a countercyclical capital buffer (***end-November 2024 SB, met***). These regulations are expected to enhance the loss absorption of banks and credit cooperatives and support financial stability. In addition, we have started implementing the FSSA recommendations on liquidity, including the phased implementation of the Liquidity Coverage Ratio (LCR) for banks, expected to be achieved by 2028. We are also working to improve data requirements on liquidity and expand the LCR implementation to large credit cooperatives. On emergency liquidity assistance, COSEDE issued a new operative manual for the Liquidity Fund's trust fund in 2024. We have also intensified supervision, including the implementation of action plans on a group of weak institutions. Two insolvent medium-sized credit cooperatives were liquidated in December 2024 and April 2025, respectively, along with a small bank in August 2025. During the first half of 2025, the IMF provided TA to regulatory and supervisory institutions to improve our stress testing toolkit and to enhance our emergency liquidity assistance framework, and we are currently implementing their recommendations. Additionally, the supervisory agency for cooperatives (*Superintendencia de Economía Popular y Solidaria,* or *SEPS*) is developing risk-based supervision capabilities with IMF TA. Regulatory forbearance measures enacted in response to last year's electricity crisis expired in September 2025.

32. We are committed to fostering financial sector development and inclusion. Banks and credit cooperatives are subject to ceilings on lending rates differentiated by credit types and, in the case of commercial loans, also by the size of the borrower firms. The 2023 FSSA noted that the caps on lending rates in the higher interest rate environment have led to margin compression, distortions in credit supply, and restrictions to financial inclusion. A recent revision in the rule to update the interest rate caps on commercial and corporate loans led to some relief in these segments and facilitated robust credit growth to productive sectors in 2025. Further reforms to support financial sector intermediation will help lower borrowing costs, increase access to credit, and help unlock the economy's growth potential. To this objective, and in line with our financial inclusion strategy, we carried out a study of the system of interest rates (***end-March 2025 SB, not met, implemented with delay in May 2025***). The study sets the basis for the implementation of a gradual reform to the interest rate cap system, with the objective of alleviating unwarranted credit constraints, enhancing financial inclusion, and supporting economic growth, while preserving financial stability. We plan to work towards adopting a new interest rate methodology that is more attuned to market conditions. In parallel, our public bank CFN (*Corporación Financiera Nacional*) has continued to work on facilitating access to credit for micro, small, and medium-sized enterprises, with support from the WB, IDB, and other development partners.

33. We will continue working on developing domestic capital markets to allow for financial deepening and diversifying financing sources for the government and the private sector. At present, the primary placements of government securities with private domestic stakeholders take place through the Guayaquil and Quito Stock Exchanges. We have started to standardize government securities and develop a domestic yield curve. In November 2025, we issued a new regulation for domestic market auctions for bonds and treasury notes, including procedures, auction format, and rules for participation, bidding, and allocation (***end-November 2025 SB, met***). We plan to start issuing bonds and treasury notes through domestic market auctions in 2026 (***end-September 2026 SB)***. We expect these reforms to help develop a deeper domestic capital market to channel resources to the government and the private sector, contributing to increase investment, productivity, and growth.

34. We have started to make important investments in the BCE's central securities depository and payment system to strengthen the domestic capital market and promote digital payments nationwide. To achieve these objectives, the BCE signed a contract to implement a new platform for the BCE's central securities depository (DCV) to modernize the compensation, liquidation, and custody functions in line with international standards (***end-January 2025 SB, implemented with delay***). The new system is expected to be ready in 2026 ahead of the launch of domestic auctions for bond and treasury notes. We will also work on enhancing the payments system by improving the real time gross settlement (RTGS) system at the BCE. The improvements to the payment infrastructure managed by the BCE will facilitate payments at the national level through interoperability between the different payment networks, reducing transaction costs, mitigating the risks related to the use of cash, encouraging the development of digital commerce, and promoting the revitalization of economic activity. In December 2024, the Monetary Board approved a regulation on payment systems and fintech activities, and in May 2025 the BCE approved a resolution establishing the timeline to implement interoperability among participants of the payment system for digital transfers.

F. Strengthening the Business Environment, Competitiveness, and Private Sector-Led Growth

35. We are committed to restoring the competitiveness of the economy and raising the living standards for all Ecuadorians. To this end, we are taking important strides in improving transparency and economic governance, fighting crime and corruption, addressing bottlenecks for investment and employment, and making Ecuador a preferred destination for businesses worldwide, supported by our international trade agreements. A decree issued in June 2024 announced a National Policy aimed at making competitiveness-enhancing regulatory improvements. We will further facilitate environmentally sustainable investment in the mining sector, which in recent years has already increased production and exports. We are also implementing measures to boost investment in hydrocarbon sectors and electricity supply. We are working closely with development partners, including the IMF, the WB and the IDB, to carry out an agenda of structural reforms that help unlock Ecuador's growth potential.

36. We have concluded important trade agreements to foster trade integration and investments. In 2024, the National Assembly ratified trade agreements with Costa Rica and China. As a result, 84 percent of Ecuadorian products exported to Costa Rica will be exempted from tariffs. Other products will also benefit from gradual tariff reductions over the next five to fifteen years. With China as Ecuador's second-largest trading partner and the largest market for its non-petroleum exports, the benefits of the new trade agreement should be significant. The agreement will allow

99.6 percent of Ecuadorian exports to China to benefit from immediate or gradual tariff reductions. These trade deals will also increase the potential for productive FDI inflows. We have concluded trade negotiations with South Korea and Canada, and, in November 2025, reached a trade agreement framework with the US. We started to negotiate with other countries such as the United Arab Emirates and Japan.

37. We are enhancing our efforts against financial crimes, organized crime, and related illicit activities by strengthening our Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) framework. We have adopted new AML/CFT legislation to strengthen the AML/CFT framework, incorporating reforms in line with Financial Action Task Force (FATF) standards (***end-February 2025 SB, met***). Such legislation was originally developed with IMF's technical support. We will issue necessary regulations to implement the new AML/CFT legislation to ensure its effective entering into force. We are also working to further enhance the governance and independence of the UAFE and enhance its capabilities in producing comprehensive strategic and operational financial intelligence that will be proactively disseminated to law enforcement agencies for further investigation in financial crimes. More broadly, we are taking other measures to tackle illicit financial flows. Notably, we have launched a Joint Investigation Unit to formally align efforts across key public institutions in the fight against money laundering, tax fraud, and other illegal activities that help finance organized crime. We will also approve, with IMF technical support, and publish an AML/CFT Strategic Action Plan, establishing actionable policy priorities to mitigate money laundering and terrorist financing risks, such as those identified in the National Risk Assessment approved in 2024, including measures focused on tackling organized crime-related illicit financial flows (***end-January 2026 SB***).

38. We remain committed to bringing more accountability and transparency to the public sector. To this end, we have issued our first holistic policy on public sector integrity ("National Policy of Public Integrity 2030"), covering SOEs. This policy has several strategic lines, including transparency in public spending and conflict of interests. In December 2024, we also approved the 2024-28 National Integrity and Anti-Corruption Plan, aimed at strengthening institutional capacity, increasing transparency, and fostering citizen participation in the fight against corruption. The recently approved AML/CFT law introduced an enhanced asset and interest declaration framework. To prevent and manage conflict of interests, in 2022 a Draft Law to Prevent Conflict of Interests in Public Administration (prepared by the General Comptroller together with the Anti-Corruption Secretariat) was submitted to the National Assembly to advance public sector integrity and reduce vulnerabilities to corruption. Once in force, the law would expand the asset declarations of politically exposed persons (PEPs) to ensure it continues detecting and enforcing against illicit enrichment while also becoming a fundamental tool to detect and prevent potential conflicts of interest in the public sector. It would also encourage transparency, by enhancing online public access to relevant information on the assets, incomes, liabilities, and interests in the declarations.

39. SERCOP has continued to require information on the Ultimate Beneficial Ownership (UBO) of companies awarded public procurement contracts. This information must now be submitted by state suppliers through an electronic form, which should facilitate its continuous publication on SERCOP's website. Within the SOCE, SERCOP maintains an updated section featuring the UBO information for the most recent public contracts, accessible for public consultation. The SRI is developing a Registry for Ultimate Beneficiaries, with new regulations issued in September 2024. This registry will serve to have a central repository of UBO information and cross-reference information with SERCOP and the Superintendency of Companies. In December 2024, SERCOP and other institutions approved the National Integrity Strategy for Public Procurement (ENICOP), a multi-sector initiative with public and private participation, to strengthen transparency and integrity in public procurement.

40. In another major transparency milestone, financial audits of the national oil company are under way; and we have unveiled plans to audit also two electricity SOEs. In January 2024, we hired an independent top-tier audit firm, with support from the IDB. The audits, as envisaged during the EFF-supported program that concluded in 2022, covered the 2019 and 2020 financial statements of Petroecuador and Petroamazonas, and the 2021 financial statement of the now merged entity (Petroecuador). We have completed and shared with IMF staff the 2019-21 audit results (***end-March and end-September 2025 SBs, met***). We will gradually address any issues identified in the audits going forward. Similarly, to continue advancing our transparency agenda, we launched a public tender to audit Petroecuador's financial statements for 2022-24 (***end-February 2026 SB, met)*** and hire firms to audit CNEL and CELEC.

41. To foster private sector-led growth, we have developed a new framework for PPPs and we are aiming to start new PPP projects soon. A law approved by the National Assembly in December 2023 laid out this new framework, complemented with regulations issued in February 2024. PPP projects in the pipeline prioritize sectors such as road infrastructure and renewable energies. A fiscal risk unit within the MEF will evaluate the viability of PPP projects, including quantification of risks to the public sector's balance sheet, and propose ways to mitigate them. These risks will be clearly presented in our fiscal risk statements, which will be annexed to the annual budgets.

42. We are also working to boost investments in new environmentally sustainable projects in mining and hydrocarbons. Our government created in 2024 an inter-institutional committee to devise near-term actions aimed at fighting illegal mining and updating the mining cadaster. We will implement the regulation for the reopening of the mining cadaster (***end-June 2026 SB***) to help unlock the high potential for private investments in new environmentally sustainable mining projects. Furthermore, a June 2024 decree issued a new regulatory framework for natural gas projects. In 2025, we launched an ambitious multi-year plan to mobilize investments in the hydrocarbon sector, including significant private sector participation.

43. We are working to urgently address the electricity challenges and increase renewable energy generation over the longer term. Power shortages since late 2023 were largely associated with extreme climate events, affecting hydroelectric power generation, and longstanding underinvestment in the energy sector. It is therefore critical to undertake essential maintenance work on existing plants, including through private investment. In October 2024, the National Assembly approved an Organic Law to Promote Private Initiative in the Transition to Renewable Energies, aiming to boost private sector participation in the energy sector. We enacted secondary regulations to allow private entities to sell surplus electricity from self-generation to the national grid (***end-August 2025 SB, met***) to attract private investment and foster energy security and economic growth. In October 2024, we reformed the electricity prices paid by the large-scale mining sector. In June 2025, we adopted a transparent and cost-reflective pricing mechanism and revised the medium- and high-voltage electricity tariffs in line with gradually reducing energy subsidies and enhancing fiscal sustainability (***end-August 2025 SB, met***). We will continue working to diversify beyond hydroelectric generation, as contemplated in our latest Electricity Master Plan and the 2025-2030 Investment Plan of the Electric and Mining Sectors. The government has developed 12 projects for electricity generation through Non-Conventional Renewable Energies (NCRE)—solar, wind, and hydroelectric—with support from the IDB. These generation projects will contribute 833 MW of power, backed by private investments. Establishing a mechanism to cover commercial revenue risks, coupled with the commitment from the state and an IDB guarantee, has sparked significant interest among private investors and international development financial institutions in participating in upcoming bidding processes for electric generation and transmission projects. We have already approved environmental licenses for several renewable energy projects. The long-delayed wind project Villonaco III is set to begin construction. Other plans for geothermal projects and the development of nuclear energy, as well as to urgently strengthen our electricity transmission system, are also underway. With the IDB's support, we have started to execute a plan to strengthen electricity interconnection with Peru.

44. We have implemented measures to support migrants, entrepreneurs, and the modernization of the public sector. In February 2025, we created a mechanism to care for, protect, and facilitate the reintegration of Ecuadorian migrants. In March 2025, an organic law to support female entrepreneurs was published in the Official Gazette. Our government has also launched a digital transformation project to modernize public services and improve transparency, by working with global tech firms in areas such as custom controls, the digitalization of civil services, and healthcare processes.

45. We are strengthening our resilience to extreme weather events and natural disasters. Policy action for our adaptation and mitigation priorities is a macroeconomic imperative for Ecuador. The WB's Country Climate and Development Reports (CCDR), published in September 2024, provides an insightful analysis of the challenges facing Ecuador. Our exposure to natural disasters calls for preparation, for which the financial support of the international community would be needed, including to protect populations in vulnerable areas. We have established an institutional committee on climate finance within MEF, with the support of the IDB. We recently expanded several protected areas, including the Galapagos marine reserve, for which in May 2023 we secured long-term financing for its protection as part of the world's largest debt-for-nature swap on record. In December 2024, we completed our second debt-for-nature swap to fund the Amazon Biocorridor Program, a project aimed at conserving the Ecuadorian Amazon rainforest and its biodiversity. We are interested in a potential Resilience and Sustainability Facility arrangement to support our policy efforts to increase resilience to natural disasters.

G. Program Monitoring

46. Program implementation will be monitored through quantitative performance criteria, indicative targets, and structural benchmarks. These are detailed in Tables 1 and 2, with definitions and data requirements provided in the attached TMU. The EFF arrangement with the Fund will be subject to triannual reviews during 2025 and shift to semiannual reviews during 2026-28, with the fifth and sixth reviews occurring on or after March 15, 2026, and September 15, 2026, respectively.

Table 1. Ecuador: Quantitative Performance Criteria and Indicative Targets, 2025-26

	End-Oct. 2025				End-Jan. 2026 2/		End-Jun. 2026		End-Dec. 2026
	Program 3/	Adj. 4/	Actual	Status	Program 3/	Proposed	IT 3/	Proposed	IT
Quantitative performance criteria									
1. Nonoil primary balance of the budgetary central government (PGE) (floor) 1/	-1,255	-1,255	-1,018	Met	-875	-875	-302	-302	-1,310
2. Overall balance of the PGE and CFDD (floor) 1/	-3,565	-3,579	-3,327	Met	-1,229	-1,229	-1,341	-1,341	-2,624
3. Accumulation of NFPS deposits at the central bank (floor) 1/	243	236	1,121	Met	100	-398	200	0	364
4. Non-accumulation of external payments arrears by the NFPS (continuous performance criterion)	0		0	Met	0	0	0	0	0
5. (No new) Central bank direct and indirect financing to the NFPS (continuous performance criterion)	0		0	Met	0	0	0	0	0
Indicative targets									
6. Overall balance of the NFPS (floor) 1/	-1,023	-1,037			-667	-667	217	217	-46
7. Nonoil primary balance including fuel subsidies (NOPBS) of the NFPS (floor) 1/	-3,798	-3,784			-1,513	-1,513	-1,317	-1,317	-3,434
8. Change in the stock of NIR (floor) 1/	-125	-132	1,267	Met	-260	-758	315	115	672
9. Stock of PGE arrears to the domestic private sector (ceiling)	480		330	Met	330	330	210	210	105
10. Number of families in the first three income deciles nationwide covered by cash transfer programs (floor)	1,260,012		1,313,186	Met	1,283,012	1,313,800	1,289,012	1,319,000	1,325,000
Memorandum item									
NFPS deposits at the central bank	4,884		5,762		4,984	5,364	5,413	5,513	5,877

Sources: Ministry of Economy and Finance and IMF staff estimates.

Note: Aggregates and adjustors as defined in the Technical Memorandum of Understanding (TMU).

1/ Cumulative from January 1 unless otherwise indicated.

2/ Cumulative from November 1, 2025 to January 31, 2026 for targets 1 through 8; end-January 2026 targets for targets 9 and 10.

3/ Staff report for the Third EFF Review (Country Report No. 25/289).

4/ Adjusted for oil prices and disbursements from multilateral institutions.

Table 2. Ecuador: Structural Benchmarks

Reform Area	Structural Conditionality	Objectives	Due Date	Status
Public Financial Management	1. Publish an updated Medium-Term Fiscal Framework (MTFF) in line with program targets.	Strengthen fiscal planning and management.	End-October 2024	Met
Public Financial Management	2. Publish a Medium-Term Debt Management Strategy in line with program targets.	Strengthen fiscal planning and management.	End-October 2024	Met
Public Financial Management	3. Implement an automatized process for budgetary central government (PGE) payments, including arrears' payments.	Strengthen financial management, increase transparency, and reduce accumulation of payment arrears.	End-July 2025	Not Met. Implemented with delay.
Domestic Arrears	4. Share with Fund staff an updated plan to clear and prevent the resurgence of domestic arrears of the budgetary central government (PGE), including obligations to the private sector and intra-public sector claims.	Strengthen the monitoring and reduce accumulation of payment arrears.	End-November 2024	Met
Tax Reform	5. Prepare and share with the Fund a plan to mobilize nonoil fiscal revenues, including by streamlining inefficient tax expenditures and replacing transitory revenue measures with permanent high-quality ones.	Inform future efforts to broaden the tax base and streamline tax expenditures.	Mid-November 2024	Met
Fiscal Strategy	6. Enact regulation on revenue and/or expenditure measures to ensure that the 2025 fiscal plan is in line with program and MTFF commitments.	Ensure fiscal consolidation.	December 6, 2024	Met
Social Safety Net	7. Share with the Fund a plan to complete the social registry to cover families in the lowest three deciles of the income distribution throughout the country.	Enhance the social safety net.	End-October 2024	Met

Table 2. Ecuador: Structural Benchmarks (continued)

Reform Area	Structural Conditionality	Objectives	Due Date	Status
Governance	8. Establish an updated agreement between the MEF and IESS on the transfer of healthcare obligations (including both internal and external providers), building on the December 2022 agreement. The updated agreement should include a decision about the 2022 healthcare audits.	Improve expenditure control.	End-November 2025	Met
Governance	9. Establish a timeline to operationalize the National Control Subsystem (SNC) to increase transparency in procurement.	Strengthen anticorruption framework and improve expenditure control.	End-December 2024	Met
Governance	10. Prepare and share with the Fund the conceptual and operational framework for an upgraded Official System of Public Procurement (Sistema Oficial de Contratación Pública del Ecuador, SOCE).	Increase transparency and efficiency in procurement and improve expenditure control.	End-December 2025	
Transparency and Governance	11. Initiate the tender process to select an auditor to undertake the 2023 and 2024 healthcare audits (based on the updated MEF/IESS agreement).	Improve the quality and reliability of fiscal data.	End-December 2024	Met
Transparency and Governance	12. Complete the audits of the 2019 and 2020 financial statements of Petroecuador and Petroamazonas and share the results with Fund staff.	Enhance transparency and governance in the oil sector.	End-March 2025	Met
Anti-Money Laundering Framework	13. Enact new AML/CFT legislation to strengthen the AML/CFT framework in line with FATF standards.	Mitigate the risk of illicit flows including those related to organized crimes.	End-February 2025	Met

Table 2. Ecuador: Structural Benchmarks (continued)

Reform Area	Structural Conditionality	Objectives	Due Date	Status
Anti-Money Laundering Framework	14. The National AML/CFT Coordination Committee to approve and publish an AML/CFT Strategic Action Plan, establishing actionable policy priorities to mitigate money laundering, including by organized crime, and terrorist financing risks identified in the National Risk Assessment approved in 2024.	Mitigate the risk of illicit flows, including those related to organized crimes.	End-January 2026	
Financial Sector	15. Establish a Financial Stability Committee in line with best international practices, comprising the BCE, MEF, JPRF, JPRM, SB, SEPS, SCVS, and COSEDE.	Enhance coordination among agencies involved in financial sector oversight.	End-September 2024	Met
Financial Sector	16. Establish an inter-institutional group within the Financial Stability Committee, comprising BCE, MEF, JPRF, JPRM, SB, SEPS, and COSEDE to coordinate resolution reforms and strategies.	Strengthen financial sector resolution framework.	End-January 2025	Met
Financial Sector	17. Issue macroprudential regulations on bank capital buffers, including surcharges on systemically important institutions and a countercyclical capital buffer.	Strengthen financial sector buffers.	End-November 2024	Met
Financial Sector	18. Prepare and share with Fund staff a study of the system of interest rates, including recommendations to improve credit allocation, financial inclusion, and economic growth, while preserving financial stability.	Foster financial sector deepening and improve economy's growth potential.	End-March 2025	Not met. Implemented with delay.
Domestic Capital Market Development	19. Sign a contract to implement a new platform for the BCE's central securities depository (DCV) to modernize the compensation, liquidation, and custody functions in line with international standards.	Foster domestic capital market development.	End-January 2025	Not met. Implemented with delay.

Table 2. Ecuador: Structural Benchmarks (continued)

Reform Area	Structural Conditionality	Objectives	Due Date	Status
Domestic Capital Market Development	20. Issue regulation for domestic market auctions for bonds and treasury notes, including procedures, auction format, and rules for participation, bidding, and allocation.	Foster domestic capital market development.	End-November 2025	Met
Mining Sector	21. Implement the regulation for the opening of the mining cadaster.	Enhance transparency and attract private investment.	End-June 2026	
Mining Sector	22. Develop a new fiscal regime for the mining sector to enhance its efficiency and revenue potential (informed by IMF technical assistance).	Enhance transparency and attract private investment.	End-December 2025	
Oil Sector Transparency and Governance	23. Complete the audit of the 2021 financial statements of Petroecuador and share the results with IMF staff.	Enhance transparency and governance in the oil sector.	End-September 2025	Met
Electricity Sector	24. Enact secondary regulations under existing electricity laws to allow private entities to sell surplus electricity from self-generation to the national grid.	Attract private investment. Foster energy security and economic growth.	End-August 2025	Met
Electricity Sector	25. Adopt a transparent and cost-reflective pricing mechanism, with regular reviews, for medium- and high-voltage electricity tariffs, in line with gradually reducing energy subsidies and enhancing fiscal sustainability.	Attract private investment. Foster energy security, fiscal sustainability, and economic growth.	End-August 2025	Met
Domestic Capital Market Development	26. Launch auctions for domestic market bonds and treasury notes.	Foster domestic capital market development.	End-September 2026	
Public Financial Management	27. Submit a draft 2026 budget to the National Assembly in line with the EFF fiscal program.	Strengthen fiscal planning and management.	End-November 2025	Met

Table 2. Ecuador: Structural Benchmarks (concluded)

Reform Area	Structural Conditionality	Objectives	Due Date	Status
Oil Sector Transparency and Governance	28. Launch a public tender to audit the financial statements of Petroecuador for 2022-2024.	Enhance transparency and governance in the oil sector.	End-February 2026	Met
Transparency and Governance	29. Publish an audited actuarial report for the social security system with data up to 2024.	Enhance transparency and governance of the social security system.	End-December 2026	

Attachment II. Technical Memorandum of Understanding

1. **This Technical Memorandum of Understanding (TMU) sets out the definitions of the performance criteria (PCs) and indicative targets (ITs) that will be applied under the Extended Fund Facility, as specified in the Memorandum of Economic and Financial Policies (MEFP) and its attached tables.** It also describes the methods to be used in assessing the program's performance and the information requirements to ensure adequate monitoring of the targets.

2. **Any variable that is mentioned herein for the purpose of monitoring a PC or IT and that is not explicitly defined, is defined in accordance with the Fund's standard statistical methodology, such as the Government Finance Statistics and the Balance of Payments Manual.** For any variable or definition that is omitted from the TMU but is relevant for program targets, the authorities of Ecuador shall consult with the Fund staff on the appropriate treatment to reach an understanding based on the Fund's standard statistical methodology. All references to "days" indicate "calendar days", unless stated otherwise.

3. **Program exchange rates. For the purposes of the program, the exchange rates of the U.S. dollar for the duration of the program are those that prevailed on April 23, 2024, as shown in Table 1.**

Table 1. Ecuador: Program Exchange Rates

US Dollar to Euro	0.94
US Dollar to Renminbi	7.11
US Dollar to Yen	154.82
US Dollar to SDR	1.31
US Dollar to British Pound	0.80
US Dollar to South Korean Won	1,380.60
US Dollar to Swiss Franc	0.91
US Dollar to Canadian Dollar	1.37
US Dollar to Danish Krone	6.99
US Dollar to Swedish Krone	10.87
US Dollar to Norwegian Krone	10.99
US Dollar to Australian Dollar	1.55
US Dollar to Mexican Peso	17.00
US Dollar to Colombian Peso	3,924.82
US Dollar to Gold prices (US$/ounce)	2,313.00

Source: Haver, as of April 23, 2024.

Table 2. Ecuador: Quantitative Performance Criteria and Indicative Targets, 2025-26

	End-Oct. 2025				End-Jan. 2026 2/		End-Jun. 2026		End-Dec. 2026
	Program 3/	Adj. 4/	Actual	Status	Program 3/	Proposed	IT 3/	Proposed	IT
Quantitative performance criteria									
1. Nonoil primary balance of the budgetary central government (PGE) (floor) 1/	-1,255	-1,255	-1,018	Met	-875	-875	-302	-302	-1,310
2. Overall balance of the PGE and CFDD (floor) 1/	-3,565	-3,579	-3,327	Met	-1,229	-1,229	-1,341	-1,341	-2,624
3. Accumulation of NFPS deposits at the central bank (floor) 1/	243	236	1,121	Met	100	-398	200	0	364
4. Non-accumulation of external payments arrears by the NFPS (continuous performance criterion)	0		0	Met	0	0	0	0	0
5. (No new) Central bank direct and indirect financing to the NFPS (continuous performance criterion)	0		0	Met	0	0	0	0	0
Indicative targets									
6. Overall balance of the NFPS (floor) 1/	-1,023	-1,037			-667	-667	217	217	-46
7. Nonoil primary balance including fuel subsidies (NOPBS) of the NFPS (floor) 1/	-3,798	-3,784			-1,513	-1,513	-1,317	-1,317	-3,434
8. Change in the stock of NIR (floor) 1/	-125	-132	1,267	Met	-260	-758	315	115	672
9. Stock of PGE arrears to the domestic private sector (ceiling)	480		330	Met	330	330	210	210	105
10. Number of families in the first three income deciles nationwide covered by cash transfer programs (floor)	1,260,012		1,313,186	Met	1,283,012	1,313,800	1,289,012	1,319,000	1,325,000
Memorandum item									
NFPS deposits at the central bank	4,884		5,762		4,984	5,364	5,413	5,513	5,877

Sources: Ministry of Economy and Finance and IMF staff estimates.
Note: Aggregates and adjustors as defined in the Technical Memorandum of Understanding (TMU).
1/ Cumulative from January 1 unless otherwise indicated.
2/ Cumulative from November 1, 2025 to January 31, 2026 for targets 1 through 8; end-January 2026 targets for targets 9 and 10.
3/ Staff report for the Third EFF Review (Country Report No. 25/289).
4/ Adjusted for oil prices and disbursements from multilateral institutions.

4. In addition to the performance criteria listed in Table 2 above, the arrangement will include the performance criteria standard to all Fund arrangements, namely:

- no imposition or intensification of restrictions on the making of payments and transfers for current international transactions;
- no imposition or intensification of import restrictions for balance of payments reasons;
- no introduction or modification of multiple currency practices;
- no conclusion of bilateral payments agreements that are inconsistent with Article VIII of the IMF Articles of Agreement.

These four performance criteria will be monitored continuously.

QUANTITATIVE PERFORMANCE CRITERIA: DEFINITION OF VARIABLES

H. Floor on the Non-oil Primary Balance of the Budgetary Central Government

Definitions

5. The budgetary central government consists of the Presupuesto General del Estado (PGE). Revenues and expenditures related to social security, public banks, state-owned enterprises (SOEs), and decentralized autonomous governments are not considered part of the PGE.

6. **The non-oil primary balance of the PGE** is defined as the total revenues of the PGE excluding oil revenues and interest revenue, minus total non-oil expenditure of the PGE excluding interest expense.

7. **Non-oil primary revenues** are recorded on a cash basis. Revenues explicitly included are:

- Tax revenues (ingresos tributarios); and

- Other revenues (otros ingresos), including transfers, dividends, administrative fees, proceeds from asset monetization, and other.

8. **Non-oil primary expenditures** are recorded on an accrual basis. Expenditures explicitly included are:

- Wages and salaries (sueldos y salarios);
- Purchases of goods and services (compra de bienes y servicios);
- Transfers to international organizations, decentralized autonomous governments (GADs), IESS, other social security institutions (ISSFA and ISSPOL), SOEs, and the private sector. Transfers to private sector explicitly include the "account 99" (cuenta 99) expense items;
- Social assistance benefits;
- Employment-related social benefits; and
- Transactions in nonfinancial assets.

9. **Estimated transfers to the IESS for healthcare expenses**. PGE transfers to the IESS will include US$337 million in accrued estimated expenses. This estimated amount will increase every year in line with projected average annual CPI inflation and will be updated as soon as the agreement on the treatment of future healthcare expenditures between MEF and IESS is operational.

10. **Government-funded, public-private partnerships (PPPs)** will be treated as traditional public procurements. PGE obligations that are accrued on PPPs would be recorded transparently in budget data and measured as part of the PGE deficit as they accrue. The accrued but not settled obligations related to these PPPs will be transparently recorded either as public debt or as a contingent liability of the government (e.g., public guarantees) depending on the nature of the obligation.

11. **Costs associated with divestment operations, with the liquidation of public entities, or that are otherwise awarded as part of lawsuits shall be recorded as expense.** Examples include but are not limited to the cancellation of existing contracts, severance payments to workers, awards related to unfair dismissal trials.

12. **All expenditures recorded as a credit in "Account 99"** (due to the lack of corresponding budget allocations) will be recorded in the year the obligation was accrued or, if information on the year is not available, in the year the obligation is credited to the Account 99.

Monitoring

13. **All fiscal data referred to above and needed for program monitoring purposes will be provided to the Fund within 45 days from the end of each test date as shown in Table 2.** Preliminary monthly data will be provided with the lag of no more than 30 days after the end of each month.

I. Floor on the Overall Balance of the Budgetary Central Government and CFDD

Definitions

14. **The budgetary central government and CFDD, for the purposes of the program, consist of the PGE and the oil derivatives financing account, namely the Cuenta de Financiamiento de Derivados Deficitarios (CFDD).**

15. **The overall balance of PGE and CFDD** is defined as the net lending/borrowing (NLB) of the PGE and CFDD, calculated as total revenues of the PGE and CFDD minus their total spending.

16. **Total revenues** are recorded on cash basis. Revenues explicitly included are:

- Revenues from oil exports;
- Revenues from the domestic sales of oil derivatives;
- Tax revenues (ingresos tributarios); and
- Other revenues (otros ingresos), including transfers, dividends, interest, administrative fees, proceeds from asset monetization, and other;

17. **Total expenditures** are recorded on an accrual basis except for interest expense that is recorded on a cash basis. Expenditures explicitly included are:

- Wages and salaries (sueldos y salarios);
- Purchases of goods and services (compra de bienes y servicios);
- Interest expenses (intereses);
- Transfers to international organizations, local governments (GADs), IESS, other social security institutions (ISSFA and ISSPOL), SOEs, and the private sector. Transfers to private sector explicitly

include the "account 99" (cuenta 99) expense items;

- Social assistance benefits;
- Employment-related social benefits; and
- Transactions in nonfinancial assets.

18. Estimated transfers to the IESS for healthcare expenses. PGE transfers to the IESS will include US$337 million in accrued estimated expenses. This estimated amount will increase every year in line with projected average annual CPI inflation and will be updated as soon as the agreement on the treatment of future healthcare expenditures between MEF and IESS is operational.

19. Government-funded, PPPs will be treated as traditional public procurements. PGE obligations that are accrued on public private partnerships would be recorded transparently in budget data and measured as part of the PGE deficit as they accrue. The accrued but not settled obligations related to these PPPs will be transparently recorded either as public debt or as a contingent liability of the government (e.g., public guarantees) depending on the nature of the obligation.

20. Costs associated with divestment operations, with the liquidation of public entities, or that are otherwise awarded as part of lawsuits shall be recorded as expense. Examples include but are not limited to the cancellation of existing contracts, severance payments to workers, awards related to unfair dismissal trials.

21. All expenditures recorded as a credit in "Account 99" (due to the lack of corresponding budget allocations) will be recorded in the year the obligation was accrued or, if information on the year is not available, in the year the obligation is credited to the account 99.

Monitoring

22. All fiscal data referred to above and needed for program monitoring purposes will be provided to the Fund within 45 days from the end of each test date as shown in Table 2. Preliminary monthly data will be provided with the lag of no more than 30 days after the end of each month.

Adjustors

23. Adjustor on oil prices: The floor on the overall balance of the budgetary central government and CFDD will be adjusted upward/downward by US$23.85 million at corresponding test dates for each US$1 per barrel that the average Ecuador mix crude oil price is above/below the program assumption defined in Table 3. This adjustor is capped at US$178.9 million at corresponding test dates. For end-January 2026 targets, the average price of Ecuador mix oil price will be calculated as the total value of crude oil exports divided by the total volume of oil exports over the period between November 1, 2025 and January 31, 2026. For other 2026 targets, the average price of Ecuador mix oil price will be calculated as the total value of crude oil exports divided by the total volume of oil exports over the period between January 1, 2026, and each test date.

Table 3. Ecuador: Oil Price – Program Assumptions

	Jan. 2026	Jun. 2026
Ecuador mix crude oil price (US$ per barrel)	54.55	54.20

Sources: Ministry of Finance and IMF staff estimates.

J. Floor on the Accumulation of Non-Financial Public Sector Deposits at the Central Bank

Definitions

24. **The Non-Financial Public Sector (NFPS, Sector Público No-Financiero) for the purposes of the program consists of the PGE and CFDD, as defined above, Decentralized Autonomous Governments (including municipal governments, provincial governments and parish boards), Social Security Funds (including IESS, ISSFA, ISSPOL and BIESS), Non-Financial State-Owned Enterprises (SOEs, detailed in Table 4), Development Bank of Ecuador (BEDE) as well as accounts related to the payments to private operators of oil concessions (Ministerio de Energía y Recursos Naturales no Renovables).** The Central Bank of Ecuador falls outside of the NFPS perimeter.

Table 4. Ecuador: Non-Financial Public Sector Corporations Covered Under the Definition of NFPS

Empresa Pública de Hidrocarburos del Ecuador Petroecuador - PEC
Empresa Pública Flota Petrolera Ecuatoriana-EP FLOPEC
Empresa Nacional de Ferrocarriles del Ecuador – ENFE (*)
Empresa Pública Línea Aérea del Ecuador TAME (*)
Muestra de Empresas Públicas Menores (Empresas de Agua Potable)

(*) SOEs in liquidation process, which will be in fiscal data until the liquidation process is completed.

25. **Deposits of the NFPS at the Central Bank of Ecuador (BCE) include all depository liabilities (time and on-call deposits) at the BCE of the NFPS, as defined above**.

Monitoring

26. **For 2025, the accumulation of NFPS deposits at the BCE at each test date will be measured as the change in the stock of deposits between the beginning of the year and the last day of the corresponding test date month as shown in Table 2. For the end-January 2026 targets, the accumulation of NFPS deposits at the BCE will be measured as the change in the stock of deposits between November 1, 2025, and January 31, 2026. For the remaining 2026**

targets, accumulation of NFPS deposits at the BCE will be measured as the change in the stock of deposits between January 31, 2026, and the last day of the corresponding test date.

27. NFPS deposits at the BCE data will be provided to the Fund at weekly frequency within 5 business days following the end of the week.

Adjustors

28. Adjustor on external borrowing. The floor on the accumulation of NFPS deposits will be adjusted upward/downward by the amount of NFPS borrowing from non-residents above/below that envisioned under the program, as reported in Table 5, and net of issuances related to liability-management operations that have no net impact on fiscal financing. External borrowing will comprise issuance of international bonds and other borrowing with non-official external creditors.

Table 5. Ecuador: External Borrowing – Program Assumptions
(In millions of US$)

	Jan. 2026 1/	Jun. 2026 2/
Total external borrowing consistent with program targets 1/	500	0

1/ Cumulative from November 2025 to January 2026.
2/ Cumulative from January 2026 to June 2026.

29. Adjustor on disbursements from the IMF and other multilateral institutions [1]. The floor on the accumulation of NFPS deposits will be adjusted upward/downward by the amount of the excess/shortfall in program loan disbursements from the IMF and other international financial institutions (IFIs, comprising the IDB, World Bank, CAF, and FLAR), relative to the baseline projection reported in Table 6. Program loan disbursements are defined as external loan disbursements (excluding project financing disbursements and disbursements that are repaid within the same test period) from official creditors that are freely usable for the financing of the NFPS budget operations.

Table 6. Ecuador: Program Loan Disbursements by Multilateral Creditors – Program Assumptions
(In millions of US$)

	Jan. 2026 1/	Jun. 2026 2/
Expected disbursement of IMF credit	583	375
Expected disbursements of program loans by other IFIs	1,925	1,225

1/ Cumulative from November 2025 to January 2026.
2/ Cumulative from January 2026 to June 2026.

[1] Multilateral institutions refer to institutions with more than one official shareholder. This classification follows the authorities' definition which may not necessarily align with the creditor classification treatment for the purposes of IMF policies.

30. Adjustor on oil prices. The floor on the accumulation of NFPS deposits will be adjusted upward/downward by US$11.93/US$23.85 million at corresponding test dates for each US$1 per barrel that the average Ecuador mix crude oil price is above/below the program assumption defined in Table 3. This adjustor is capped at US$178.9 million at corresponding test dates For end-January 2026 targets, the average price of Ecuador mix oil price will be calculated as the total value of crude oil exports divided by the total volume of oil exports over the period between November 1, 2025 and January 31, 2026. For other 2026 targets, the average price of Ecuador mix oil price will be calculated as the total value of crude oil exports divided by the total volume of oil exports over the period between January 1, 2026, and each test date.

K. Ceiling on External Payment Arrears by the Non-Financial Public Sector

Definitions

31. External debt is determined according to the residency criterion except in the case of the debt securities for which the criterion is the place of issuance of the instrument.[2] The term "debt" will be understood to mean a current, i.e., not contingent, liability, created under a contractual arrangement through the provision of value in the form of assets (including currency) or services and which requires the obligor to make one or more payments in the form of assets (including currency) or services, at some future point(s) in time; these payments will discharge the principal and/or interest liabilities incurred under the contract. Debts can take several forms; the primary ones being as follows:

- *Loans*, i.e., advances of money to the obligor by the lender made on the basis of an undertaking that the obligor will repay the funds in the future (including deposits, bonds, debentures, commercial loans and buyers' credits) and temporary exchanges of assets that are equivalent to fully collateralized loans under which the obligor is required to repay the funds and usually pay interest, by repurchasing the collateral from the buyer in the future (such as repurchase agreements and official swap arrangements);

- *Suppliers' credits*, i.e., contracts where the supplier permits the obligor to defer payments until sometime after the date on which the goods are delivered or services are provided; and

- *Leases*, i.e., arrangements under which property is provided which the lessee has the right to use for one or more specified period(s) of time that are usually shorter than the total expected service life of the property, while the lessor retains the title to the property. For the purpose of the program, the debt is the present value (at the inception of the lease) of all lease payments expected to be made during the period of the agreement excluding those payments that cover the operation, repair or maintenance of the property.

32. Under the definition of debt set out above, arrears, penalties and judicially awarded damages arising from the failure to make payment under a contractual obligation that

[2] As defined in Guidelines on Public Debt Conditionality in Fund Arrangements, Decision No. 16919-(20/103).

constitutes debt are debt. Failure to make payment on an obligation that is not considered debt under this definition (e.g., payment on delivery) will not give rise to debt.

33. **External payment arrears** for program monitoring purposes are defined as (i) external debt obligations (principal and interest) falling due after May 1, 2024 that have not been paid within 90 days of the due date, considering the grace periods specified in contractual agreements, as well as (ii) payment arrears on goods delivered or services rendered by external entities.

Coverage

34. This performance criterion covers the NFPS. This performance criterion does not cover (i) arrears on short-term trade credit or letters of credits; (ii) arrears on debt subject to renegotiation or restructuring; and (iii) arrears resulting from the nonpayment of commercial claims that are the subject of any litigation initiated prior to May 1, 2024.

Monitoring

35. This PC will be monitored on a continuous basis.

L. Ceiling on BCE Direct and Indirect Financing to the NFPS

Definitions

36. **BCE direct financing to the NFPS and indirect financing to the NFPS through the public banks** includes overdraft transfers from the BCE to the entities of the NFPS as defined above, advance distribution of unrealized profits from the BCE, the BCE acquisition of government debt on the primary market or by purchase from public institutions, and the BCE lending to public banks for the purpose of acquisition of government debt on the primary market or by purchase from public institutions.

Monitoring

37. **This PC will be monitored on a continuous basis**. Monthly data on amortizations and disbursements of BCE credit to NFPS and to publicly owned banks for the purpose of financing the NFPS will be provided within five business days to the Fund.

INDICATIVE TARGETS (IT): DEFINITION OF VARIABLES

A. Floor on The Non-Oil Primary Balance Including Fuel Subsidies of the Non-Financial Public Sector

Definitions

38. **The Non-Financial Public Sector (NFPS) is defined as above.**

39. The Non-oil Primary Balance of the NFPS is defined as primary non-oil revenues (ingresos primarios no petroleros) minus primary non-oil spending (gastos primarios no petroleros).

40. Primary non-oil revenues are recorded on a cash basis and include the following items:

- Tax revenues of the PGE and of GADs;
- Social security contributions; and
- Other revenues (otros ingresos), including administrative fees, sales of market and nonmarket establishments, and other Transfers not elsewhere classified.

41. Primary non-oil revenues explicitly exclude interest, proceeds from the sale of financial assets, revenues from the privatization of government-owned entities, revenues from oil exports, and revenues from the domestic sales of oil derivatives.

42. Primary non-oil spending is recorded on accrual basis and comprises:

- Wages and salaries (sueldos y salarios);
- Purchases of goods and services (compra de bienes y servicios), excluding purchases of goods and services and investments ("servicios petroleros") of Petroecuador, CFDD and payments to private oil companies (SHE);
- Grants;
- Social benefits, including social security benefits (beneficios de seguridad social), social assistance, and employment related social benefits;
- Dividends paid by social security funds;
- Current and capital transfers, including "Account 99"; and
- Transactions in nonfinancial assets.

43. Petroleum product subsidies include, but are not limited to, subsidies for gasoline, diesel, liquefied petroleum gas, and sectoral subsidies granted to specific industries (including for consumption of jet fuel and fuel oil). Subsidies are defined as the difference between the distributor sale price of the product and the cost of this product. The cost of the product is a weighted average between the cost of imported petroleum derivative products and the cost of domestically produced petroleum products, cost of transportation, storage, and commercialization. For the cost of domestically produced petroleum products, the export price of Eastern crude (opportunity cost) is considered as raw material, as well as the cost of refining. The import cost includes the price at FOB value plus freight and insurance.

44. The non-oil primary balance of NFPS, including fuel subsidies, is defined as the non-oil primary balance of the NFPS minus spending on subsidies on petroleum products.

45. Government-funded, PPPs will be treated as traditional public procurements. PGE obligations that are accrued on public private partnerships would be recorded transparently in budget data and measured as part of the PGE deficit as they accrue. The accrued but not settled obligations related to these PPPs will be transparently recorded either as public debt or as a contingent liability of the government (e.g., public guarantees) depending on the nature of the obligation.

46. Costs associated with divestment operations, with the liquidation of public entities, or that are otherwise awarded as part of lawsuits shall be recorded as expense. Examples include but are not limited to the cancellation of existing contracts, severance payments to workers, awards related to unfair dismissal trials.

47. All expenditures recorded as a credit in "Account 99" (due to the lack of corresponding budget allocations) will be recorded in the year the obligation was accrued or, if information on the year is not available, in the year the obligation is credited to the Account 99.

Monitoring

48. All fiscal data referred to above and needed for program monitoring purposes will be provided to the Fund within 60 days from the end of each test date as shown in Table 2. In addition to revenue and expenditure data, the data submission would also include fuel subsidies expenditures provided by Petroecuador, as well as below the line data. Preliminary monthly data will be provided with the lag of no more than 30 days after the end of each month.

Adjustors

49. Adjustor on oil prices. The floor on the non-oil primary balance including fuel subsidies of the NFPS will be adjusted downward/upward by US$23.85 million at corresponding test dates for each US$1 per barrel that the average Ecuador mix crude oil price is above/below the program assumption defined in the Table 3. This adjustor is capped at US$178.9 million at corresponding test dates. For end-January 2026 targets, the average price of Ecuador mix oil price will be calculated as the total value of crude oil exports divided by the total volume of oil exports over the period between November 1, 2025 and January 31, 2026. For other 2026 targets, the average price of Ecuador mix oil price will be calculated as the total value of crude oil exports divided by the total volume of oil exports over the period between January 1, 2026, and each test date.

B. Floor on the Overall Balance of the Non-Financial Public Sector

Definitions

50. The Non-Financial Public Sector (NFPS) is defined as above.

51. The overall balance of the NFPS is defined as the net lending/borrowing of the NFPS. It is calculated as the non-oil primary balance of the NFPS defined above, plus the oil balance of the NFPS, plus interest revenues of the NFPS, minus interest expenditures of the NFPS. NFPS revenues and interest expenses are recorded on a cash basis, while NFPS primary expenditures are measured on an accrual basis.

52. The oil balance of the NFPS will be defined as the (i) revenues from oil exports and domestic sales of oil derivatives, minus (ii) expenditures on imports of oil derivatives (CFDD), (iii) payments to private oil companies (SHE), and (iv) goods and services expense and investments of Petroecuador, including "servicios petroleros".

Monitoring

53. All fiscal data referred to above and needed for program monitoring purposes will be provided to the Fund with a lag of no more than 90 days after the end of each test date as shown in Table 2 and preliminary data with the lag of no more than 30 days after the end of each month. In addition to revenue and expenditure data, the data submission would also include below the line data.

Adjustors

54. Adjustor on oil prices. The floor on the overall balance of the NFPS will be adjusted upward/downward by US$23.85 million at corresponding test dates for each US$1 per barrel that the average Ecuador mix crude oil price is above/below the program assumption defined in Table 3. This adjustor is capped at US$178.9 million at corresponding test dates For end-January 2026 targets, the average price of Ecuador mix oil price will be calculated as the total value of crude oil exports divided by the total volume of oil exports over the period between November 1, 2025 and January 31, 2026. For other 2026 targets, the average price of Ecuador mix oil price will be calculated as the total value of crude oil exports divided by the total volume of oil exports over the period between January 1, 2026, and each test date.

C. Floor on the Change in the Stock of Net International Reserves (NIR)

Definitions

55. Net International Reserves (NIR) of the central bank are computed under the program as the US dollar value of the usable gross international reserve assets of the BCE minus (i) gross reserve related liabilities of the BCE to nonresidents, and (ii) the reserve holdings of domestic banks and deposits of other financial institutions held at the BCE. Non-U.S. dollar denominated foreign assets and liabilities will be converted into U.S. dollar at the program exchange rates.

56. Usable gross international reserve assets comprise all readily available claims on non-residents denominated in convertible foreign currencies and controlled by monetary authorities, consistent with the Balance of Payments and International Investment Position Manual (Sixth

Edition). Specifically, they include: (i) currency and deposits; (ii) monetary gold; (iii) holdings of SDRs; (iv) the reserve position in the IMF; (v) securities (including debt and equity securities); (vi) financial derivatives; and (vii) other claims (loans and other financial instruments).

Specifically excluded from gross international reserves are:

- Any precious metals or metal deposits, other than monetary gold, held by the BCE;
- Assets in nonconvertible currencies and illiquid assets;
- Claims on residents; and
- Any reserve assets that are pledged, collateralized or otherwise encumbered (in so far as those assets are not already excluded from gross international reserve assets of the central bank), including assets tied up in repurchase agreement transactions.

57. Gross reserve-related liabilities comprise:

- All short-term liabilities of the BCE vis-à-vis non-residents denominated in convertible foreign currencies with an original maturity of one year or less;
- Short-term loans, securities, and other liabilities (excluding account payables) of the central government with an original maturity of less than 30 days;
- The stock of IMF credit outstanding; and
- The nominal value of all derivative positions (including swaps, options, forwards, and futures) of the BCE, implying the sale of foreign currency or other reserve assets.

The reserve holdings of domestic banks held at the BCE comprise:

- All liabilities of the BCE to other depository institutions (otras sociedades de depósitos, as defined in the BCE's Metodología: Información Estadística Mensual, 4th Edition of May 2017).

The deposits of other financial institutions at the BCE comprise:

- All liabilities of the BCE to other financial institutions (otras sociedades financieras, with the exception of deposits of the BEDE and BIESS, including those held in trust funds (fideicomisos BIESS y fideicomisos IESS).

Adjustors

58. Adjustor on external borrowing. The floor on net international reserves will be adjusted upward/downward by the amount of borrowing from non-residents above/below what envisioned under the program, as reported in Table 5 above and net of issuances related to liability-management operations that have no net impact on the outstanding stock of NFPS debt. External borrowing will comprise issuance of international bonds and other borrowing with non-official external creditors.

59. Adjustor on disbursement from other multilateral institutions. The floor on net international reserves will be adjusted downward/upward by the shortfall/excess in loan disbursement by IFIs and grants, relative to the baseline projection reported in Table 6. Program loan disbursements are defined as external loan disbursements (excluding project financing disbursements) from official creditors that are freely usable for the financing of the NFPS budget operations.

60. Adjustor on oil prices. The floor on the net international reserves will be adjusted upward/downward by US$11.93/US$23.85 million at corresponding test dates for each US$1 per barrel that the average Ecuador mix crude oil price is above/below the program assumption defined in the Table 3. This adjustor is capped at US$178.9 million at corresponding test dates. For end-January 2026 targets, the average price of Ecuador mix oil price will be calculated as the total value of crude oil exports divided by the total volume of oil exports over the period between November 1, 2025 and January 31, 2026. For other 2026 targets, the average price of Ecuador mix oil price will be calculated as the total value of crude oil exports divided by the total volume of oil exports over the period between January 1, 2026, and each test date.

Monitoring

61. For 2025 targets, the change in net international reserves (NIR) will be measured as the cumulative change in the stock of NIR between the beginning of the year and the last day of the corresponding test date month as shown in Table 2. For the end-January 2026 target, the change in NIR will be measured as the change in the stock of deposits between November 1, 2025, and January 31, 2026. For the remaining 2026 targets, it will be measured as the change in the stock of deposits between January 31, 2026, and the last day of the corresponding test date.

62. Foreign exchange asset and liability data will be provided to the Fund at weekly frequency within 5 business days following the end of the week.

D. Ceiling on the Stock of PGE Payment Arrears to the Domestic Private Sector

Definitions

63. The PGE is defined as above.

64. Arrears are defined as other accounts payable included in the definition of PGE debt, which are overdue for more than 90 days from the date of accrual. Stocks of "cartas de crédito" are explicitly excluded from the definition of arrears for this IT.

Monitoring

65. Below the line fiscal data referring to PGE accounts payable needed for program monitoring purposes will be provided to the Fund with a lag of no more than 60 days after the end of each test date as shown in Table 2 and preliminary data with the lag of no more than 45 days after the end of each month. The data will include a breakdown by economic sector of accounts payable (e.g., health, education, infrastructure, etc.), with an "of which" detail for amounts overdue by more than 90 days from the date of accrual.

E. Floor on Social Assistance Scheme Coverage

Definitions

66. Social assistance coverage of poor families for the purpose of the program is computed as the sum of all active beneficiary family units in the three bottom deciles of the income distribution that benefit from at least one social assistance programs. Poor beneficiary families are defined according to information in the RS2018. Coverage expansion will occur through the following social assistance programs, that are in force on the date of issuance of the program: Bono de Desarrollo Humano (BDH), BDH con Componente Variable (BDH-V), Bono Joaquin Gallegos Lara, Pension Mis Mejores Años, Pensión Toda Una Vida, Bono para niños, niñas y adolescentes en situación de Orfandad por muerte violenta de la madre o progenitora, Cobertura de Contingencias, Bono para personas afectadas por eventos de origen natural o antrópico, and Bono 1000 Días, and others monetary transfers that might set into place for strengthen the social protection net. The level (size) of benefits, understood as number of family units, of any of the cash transfer programs in the bottom three deciles of the income distribution should not be reduced (with respect to their level on May 1, 2024).

Monitoring

67. Monthly data on (i) number of family units in the lowest three income deciles covered by the social assistance protection programs, and (ii) monthly data on numbers of registries with information updated and validated following RS2018 by income decile will be provided to the Fund with a lag of no more than 30 days after the end of each month.

OTHER INFORMATION REQUIREMENTS

68. In addition to the data needed to monitor program conditionality, the authorities will also provide to Fund staff the following data so as to ensure adequate monitoring of economic variables:

69. In accordance with IMF Government Finance Statistics Manual (GFSM) 2014 and Public Sector Debt Guide for compilers and users total gross debt covers all liabilities that are debt instruments. A debt instrument is defined as a financial claim that requires payment(s) of interest and/or principal by the debtor to the creditor at a date, or dates, in the future. The following instruments are considered debt instruments:

- Special drawing rights (SDRs);
- Currency and deposits;
- Debt securities;
- Loans;
- Insurance, pension, and standardized guarantee schemes; and
- Other accounts payable.

70. All liabilities included in the GFSM balance sheet are considered debt, except for liabilities in the form of equity and investment fund shares and financial derivatives and employee stock options. Equity and investment fund shares are not debt instruments because they do not require the payment of principal or interest. For the same reason, financial derivatives are not considered debt liabilities because no principal is advanced that is required to be repaid, and no interest accrues on any financial derivative instrument.

For the purpose of the program, Ecuador's NFPS debt includes the following instruments:

- Deposit liabilities;
- Debt securities including short term liquidity instruments (held by nonresidents, and by residents not included in the NFPS entities);
- Loans; and
- Other accounts payables.

71. Any liabilities issued by entities of the NFPS, held as an asset by other entity of the NFPS should be netted out. Since the consolidation is done at the level of NFPS, central bank lending to the government is included in the stock of NFPS debt.

Monitoring

72. The data on NFPS stock of debt in US$ will be provided to the Fund monthly with a lag of no more than 90 days after the end of each month. The data submission will also include cross-holdings among NFPS entities.

Daily

73. Daily monetary and financial data in the template agreed with Fund staff, no later than 1 business days after the end of the day. This template at least will include: (a) movements of international reserves by inflows and outflows; (b) Main balance sheet accounts of financial institutions, broken down by private banks, cooperatives and mutuals; and (c) Daily oil production.

Weekly

74. Consolidated balance sheets of the banking system, by main accounts, including deposits in the banking system, available funds, credit to the private sector, and credit to the government.

75. BCE balance sheet. Financial Indicators: Deposits of banks at the BCE.

76. Weekly monetary data in the template agreed with Fund staff, no later than 5 business days after the end of the week.

77. Weekly data on international reserves and foreign currency liquidity, in line with SDDS requirements (see http://data.imf.org/?sk=2DFB3380-3603-4D2C-90BE-A04D8BBCE237), no later than 5 business days after the end of the week.

Monthly

78. Data on stocks and flows (above- and below the line), disaggregated by each subsector of the NFPS (budgetary central government and CFDD, rest of the central government, subnational governments, SOEs and social security) using the templates previously agreed with the IMF team. One template with the detailed data on revenues and expenditures of each of the subsectors and the consolidations between them, and the other template data by subsectors with a summary of above the line data and the comparison with the below the line data for monitoring the statistical discrepancy and data on stocks of financial assets and liabilities and the financing (below the line data) also by subsectors.

79. NFPS financing data compiled based on the detailed information on financial assets and liabilities, namely, deposits, loans, securities, equities, other accounts payable including oil related, and their amortizations, disbursements, and arrears accumulation.

80. Data on amortizations and disbursements of credit from the BCE to NFPS and to publicly-owned banks for the purpose of financing the NFPS will be provided within five business days from the end of the month.

81. PGE and NFPS cash flow data from the beginning to the end of the current fiscal year and the projection for the next 12 months, with a lag of no more than 30 days for PGE (and 60 days for NFPS) after the closing of each month. This will include expected monthly amortizations and repayments on NFPS debt as defined above.

82. Data on social spending, including Bono de Desarrollo Humano (BDH), Bono de Desarrollo Humano con Componente Variable (BDH-V), Personas con discapacidad, Pensión para Adultos Mayores, Mis mejores años, Pensión Toda Una Vida, and Bonos Mis Primer 1000 Dias, Bono para niños, niñas y adolescentes en situación de Orfandad por muerte violenta de la madre o progenitora, Cobertura de Contingencias, Bono para personas afectadas por eventos de origen natural o antrópico, as well as Bono Joaquin Gallegos Lara.

83. Data to determine the latest net SDR position at the end of each month. For the central government, this would include total external liabilities with the SDR department. For the central bank, this would include total SDR holdings. All reported data should be denominated in SDRs.

84. Provision of detailed information on collateralized debt and debt with similar arrangements, such as repo transactions and other similar debt involving the pledge, sale/resale, or encumbrance of assets within 2 weeks of signing new contracts. The information on collateralized debt and debt with similar arrangements will include all contracts related to such debt; information on the escrow accounts overseas that serve as collateral; and detailed information for each creditor on the stock of debt, its terms (including on the amounts pledged, sold/resold, or encumbered, as well as any related commitments or obligations to purchase related or unrelated goods and/or services from the lender), and expected repayment schedules.

85. Export price of Ecuador mix crude oil, with a lag of no more than 20 days after the closing of each month.

Quarterly

86. Detailed balance of payments data, no later 90 days after the end of the quarter.

87. Detailed fiscal and debt data by the subsectors of NFPS, no later than 90 days after the end of the quarter. This data includes: above and below the line data, summary of the statistical discrepancy, calendar of amortization and payment of interest by instrument of debt stock at the end of the quarter and stock of gross debt.

**Statement by André Roncaglia, Executive Director for Ecuador,
Bernardo Acosta, Alternate Executive Director, and
Felipe Antunes, Alternate Executive Director
December 18, 2025**

1. On behalf of the Ecuadorean authorities, we wish to express our sincere appreciation to management and staff for their continued support to Ecuador's economic policies and structural reform agenda. We would like to recognize the mission team for their extreme dedication and comprehensive report.

Program Performance

2. **Program implementation has remained strong**. All quantitative performance criteria (QPCs) for the fourth review and all indicative targets (ITs) for which final data are available have been met. The authorities continue to strengthen fiscal sustainability while enhancing social protection. They have also made significant progress in advancing their comprehensive structural reform agenda. Plans to regain market access in 2026 remain on track. The authorities' steadfast commitment to their economic program continues to underpin the solid performance under the Extended Fund Facility (EFF) arrangement.

Recent Economic Developments

3. **Economic activity is recovering faster than expected amid low inflation**. Real GDP expanded by 3.8 percent year-on-year in the first half of 2025, supported by record non-oil exports and stronger domestic demand. Reflecting these developments and recent high-frequency indicators, IMF staff has revised its 2025 growth projection upward –from 1.7 percent at the second review to 3.2 percent at the third review, and to 3.4 percent currently. The Central Bank of Ecuador projects growth of 3.8 percent for 2025. Inflation remains low, at 1.05 percent year-on-year as of November 2025, and is expected to stabilize near 1.5 percent, remaining below the levels of trading partners. The current account surplus reached 4 percent of projected GDP in the first half of the year, and the Central Bank projects a surplus of 6 percent of GDP by year-end, supporting continued accumulation of international reserves –which have reached record levels. These positive developments occurred despite the temporary suspension of oil production in July – following the closure of major pipelines due to heavy rainfall– and lower oil prices.

Fiscal Policy

4. **Bold policy actions have significantly strengthened the fiscal position**. The authorities implemented decisive, high-quality fiscal measures during 2024 and 2025, placing them on track to achieve a cumulative fiscal consolidation of 3.5 percent of GDP over the two-year period. Ecuador's overall fiscal deficit is projected at 1.2 percent of GDP in 2025. Public debt, projected to reach 53 percent of GDP by year-end, is firmly on a downward trajectory and remains on track to meet the 40 percent of GDP target by 2031, one year ahead of schedule.

5. **Fiscal performance remains strong and consistent with the EFF targets**. In addition to meeting the fiscal balance targets, the end-October program targets related to strengthening fiscal and international reserve buffers and reducing government arrears to the domestic private sector were achieved with margins, supported by the strong fiscal performance and the frontloading of domestic financing originally planned for 2026. The envisaged fiscal trajectory remains broadly unchanged relative to the third review. The authorities submitted a draft 2026 budget consistent with the EFF fiscal program, which has been approved by the National Assembly.

6. **Fiscal consolidation efforts continue to be supported by key public financial management and governance reforms**. In November, the Ministry of Economy and Finance and the Ecuadorean Social Security Institute (IESS) signed an agreement establishing a procedure to settle outstanding healthcare obligations and process future claims. This measure will enhance transparency and predictability in public finances while improving IESS's financial position. The authorities have also advanced governance and transparency initiatives that are expected to be finalized this year, including the publication of an audited actuarial report for the social security system to help clarify pension trends, safeguard financial sustainability, and mitigate fiscal risks. In addition, steps are underway to upgrade the procurement system and, with technical assistance from the Inter-American Development Bank, operationalize the National Control Subsystem to strengthen procurement transparency and expenditure control.

7. **The social safety net has been significantly expanded**. The authorities have continued to expand the coverage of cash transfer programs for households in the lowest three income deciles, exceeding the end-October program target by a significant margin. In September, a comprehensive package of compensatory measures was introduced to mitigate the impact of reforms on vulnerable groups. As a result, 55,000 additional families were incorporated into cash transfer programs in October, effectively frontloading part of the coverage increase originally planned for 2026. The poverty rate is declining rapidly. The government remains firmly committed to improving the targeting and efficiency of public spending to better support those in need, including through updates to the social registry aimed at reducing coverage gaps and enhancing the targeting of social protection programs.

Financing Plan

8. **Continued multilateral and bilateral support remains essential**. While Ecuador advances its reform agenda to strengthen fiscal sustainability, multilateral and official bilateral lending continue to serve as the primary sources of external financing. The authorities have actively engaged with official bilateral creditors to secure positive net financing over the remainder of the program. In this context, they continue to make progress on the timely financing of projects shared with China's Exim Bank. The authorities reaffirm their strong commitment to remaining current on debt obligations.

9. **The prospects for regaining market access in 2026 remain strong**. Sustained improvements in the fiscal position have continued to bolster investor confidence, as evidenced by the significant narrowing of sovereign spreads in recent months, which hovered around 550 basis points in December –a level not seen since 2019. As the authorities continue to implement their fiscal plan, bolster liquidity buffers, maintain robust multilateral support, and meet the external bond amortization due in January 2026, market

confidence will consolidate. Continued decline in sovereign spreads will facilitate Ecuador's return to international capital markets. The authorities are actively engaging with market participants to prepare for a successful external debt issuance in 2026.

Financial sector policy

10. **The financial sector remains stable, and supervision is being enhanced**. Robust deposit growth, supported in part by a record current account surplus, has underpinned a significant expansion in productive credit, accompanied by a notable decline in borrowing costs. Financial soundness indicators have remained broadly stable, with banks improving asset quality, provisioning, and profitability. Supervisory agencies and the central bank are continuing to develop stress-testing models with IMF support. In addition, the Fund will provide technical assistance to the credit cooperatives' supervisory agency to operationalize risk-based supervision and enhance prudential oversight effectiveness.

11. **The reform agenda to improve credit market efficiency and foster domestic capital market development continues to advance**. Recognizing that the current system of lending rate caps has created distortions and constraints in the credit market, the authorities are committed to developing a new methodology for setting interest rates that better reflects market conditions. In addition, acknowledging the limited liquidity and depth of the domestic debt market, the authorities are implementing key measures to strengthen the institutional and market infrastructure required for its development. Regulations governing domestic market auctions for bonds and treasury notes were issued in November, and plans to launch these auctions in 2026 remain on track. These reforms will enhance credit allocation, promote financial inclusion, mobilize greater domestic financing for both public and private entities, and ultimately support economic growth.

Structural Reforms

12. **A comprehensive structural reform agenda is underway to foster job-rich growth and strengthen economic resilience**. The authorities are committed to advancing critical reforms that unlock the economy's growth potential. Efforts are focused on creating an enabling environment to attract private investment in high-potential sectors such as mining and energy. In the mining sector, the authorities reopened the cadaster for non-metallic small-scale mining in June and, with IMF technical assistance, are developing a new fiscal regime aimed at attracting private investment and enhancing revenue potential. In the electricity sector, following severe power outages in 2024, the authorities have implemented key measures to bolster energy resilience, including by diversifying electricity sources, adopting transparent and cost-reflective pricing mechanisms to encourage private investment, and improving preparedness for natural disasters.

13. **The governance and AML/CFT frameworks continue to be strengthened**. Following the completion of audits of the 2019-2021 financial statements of the state-owned oil company, the authorities have launched a public tender process to audit the 2022-2024 financial statements ahead of the deadline agreed under the EFF arrangement. In parallel, efforts to combat the financing and profitability of organized crime with robust financial integrity tools are progressing. The new AML/CFT law –aligned with FATF standards and approved in July 2024– entered into force in July 2025. With technical assistance from the

IMF, the authorities are developing an AML/CFT Strategic Action Plan that reflects current risks and strategic priorities. Strengthening the fight against money laundering and the financing of organized crime remains a top policy priority.

Concluding Remarks

14. **The authorities have made substantial progress in implementing their economic program**. They have adopted high-quality measures and advanced a comprehensive structural reform agenda to durably strengthen fiscal sustainability, safeguard macroeconomic stability, and foster job-rich growth and economic diversification. The substantial narrowing of sovereign spreads offers strong prospects for regaining market access in 2026. The authorities have demonstrated their unwavering commitment to the program's objectives. They deeply value the Fund's continued financial, policy, and technical support.