



# ECUADOR

April 2026

## FIFTH REVIEW UNDER THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY, REQUESTS FOR WAIVERS OF NONOBSERVANCE OF PERFORMANCE CRITERIA, 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 Fifth Review Under the Extended Arrangement Under the Extended Fund Facility, 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 April 22, 2026, following discussions that ended on March 27, 2026, 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 April 9, 2026.
- 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. Copies of this report are available to the public from

International Monetary Fund • Publication Services  
PO Box 92780 • Washington, D.C. 20090  
Telephone: (202) 623-7430 • Fax: (202) 623-7201  
E-mail: [publications@imf.org](mailto:publications@imf.org) Web: <http://www.imf.org>

**International Monetary Fund**  
**Washington, D.C.**



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

### FOR IMMEDIATE RELEASE

- The IMF Executive Board completed the fifth review under Ecuador's 48-month Extended Fund Facility (EFF) arrangement, enabling an immediate disbursement of about US\$400 million.
- Economic growth continues to exceed expectations amid low inflation; labor market conditions are improving; and the current account continues to post sizable surpluses, supporting a sustained increase in international reserves to record-high levels.
- The authorities are making significant progress in the implementation of their economic reform plan. Ecuador has successfully regained access to international capital markets. The authorities adopted measures to address the fiscal underperformance of late 2025 and return to the program's fiscal consolidation path, while creating space for priority social and investment spending.
- The authorities are also advancing their ambitious structural reform agenda to strengthen fiscal sustainability and boost private investment and job-rich growth, while protecting the most vulnerable.

**Washington, DC – April 22, 2026:** The Executive Board of the International Monetary Fund (IMF) completed today the fifth review of Ecuador's arrangement under the Extended Fund Facility (EFF). The Board's decision enables an immediate disbursement of SDR 280.5 million (US\$394 million), bringing total disbursements under the arrangement to SDR 2.7 billion (about US\$3.7 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). The arrangement supports policies to strengthen fiscal and debt sustainability, protect vulnerable groups, rebuild liquidity buffers, safeguard macroeconomic and financial stability, and advance structural reforms to foster sustainable and inclusive growth.

Real GDP rebounded strongly in 2025 amid low inflation, labor market outcomes are improving, and ample liquidity in the financial system has supported stronger credit growth. The current account balance continues to record sizable surpluses, contributing to a sustained rise in international reserves to record-high levels. High global oil prices are expected to support the fiscal and external balances.

The authorities continue to make significant progress in implementing their economic reform plan supported by the EFF arrangement. Ecuador returned to international capital markets in January 2026 for the first time since 2019, with a bond issuance of US\$4 billion (including a debt buy-back operation of US\$3 billion). The authorities' program has also helped catalyze financial support from multilateral and bilateral partners.

The authorities have enacted measures to streamline tax expenditures, strengthen revenue, and enhance public spending efficiency to address the fiscal underperformance of late 2025 and return to the program's fiscal consolidation path, while increasing space for priority social

and investment spending. All other program targets for the fifth review were met. Effective implementation of the fiscal consolidation plan and the reform agenda supported by the EFF arrangement is projected to keep public debt on a firm downward trajectory and maintain sustained access to international capital markets.

Continued progress on the reform agenda is expected to yield significant growth dividends over the medium term. The authorities met two structural benchmarks related to the mining sector's fiscal regime and the Anti-Money Laundering/Combating the Financing of Terrorism framework. They also continue to advance the development of local credit and debt markets and the strengthening of financial supervision and resolution frameworks.

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 demonstrate strong commitment to their economic program supported by the EFF arrangement. They have enacted measures to address the fiscal underperformance of late 2025 and return to the program's fiscal path. All other program targets for the fifth review have been met. In addition, the authorities continued advancing their ambitious structural reform agenda.

"Real GDP rebounded strongly in 2025 amid low inflation, and is expected to grow by 2.5 percent in 2026, supported by domestic demand and buoyant nonoil exports. The current account balance continues posting large surpluses, supporting a steady build-up of international reserves to record-high levels.

"The authorities remain committed to strengthening the fiscal position and safeguarding fiscal sustainability. They have taken firm policy actions to streamline tax expenditures, strengthen fiscal revenue, and enhance public expenditure efficiency, while increasing space for priority social and investment spending. Ecuador has successfully regained access to international capital markets and sovereign debt spreads have declined to their lowest levels since 2018.

"The authorities are strongly committed to strengthening the social safety net. They continue expanding the coverage of social protection for lower-income households, surpassing program targets, and have implemented effective measures to mitigate the impact of reforms on vulnerable groups.

"Efforts to advance the financial sector policy agenda and develop domestic capital markets continue. Financial supervision is being enhanced. The authorities are also committed to assessing and closing gaps in the resolution framework, strengthening financial system oversight and regulation, and enhancing the interest rate system to improve credit allocation and growth.

"Structural reforms to boost competitiveness and create jobs remain a key focus. The authorities are working to attract private investment into high-potential sectors, including mining, hydrocarbons, and energy. They are strengthening energy resilience by increasing electricity supply and enhancing preparedness to natural disasters. They are also working to enhance governance and the AML/CFT framework. Decisive implementation of the economic reform agenda would help unlock significant growth dividends over the medium term and reinforce macroeconomic resilience for the benefit of all Ecuadorians."

Table 1. Ecuador: Selected Economic Indicators

	2025	Projections	
		2026	2027
<b>Output</b>			
Real GDP growth (%)	3.7	2.5	2.5
<b>Prices</b>			
Inflation, average (%)	0.7	2.9	1.6
Inflation, end of period (%)	1.9	3.0	1.6
<b>Public sector</b>			
Revenue (% GDP)	35.5	37.3	36.3
Expenditure (% GDP)	38.4	37.8	35.6
Overall fiscal balance (% GDP)	-2.9	-0.4	0.7
Primary balance (% GDP)	-1.7	0.9	1.8
Non-oil primary balance (incl. fuel subsidies) (% GDP)	-5.1	-3.3	-1.7
Public sector debt (% GDP)	54.3	52.7	50.9
<b>Money and credit</b>			
Broad money (% change) 1/	5.3	4.4	4.3
Credit to the private sector (% change)	9.8	6.2	4.4
<b>Balance of payments</b>			
Current account (% GDP)	5.8	5.2	4.6
Foreign direct investment, net (% GDP)	0.7	0.5	1.2
Gross international reserves (US\$ billion)	9.8	13.8	17.5
External debt (% GDP)	50.8	48.4	47.7

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

1/ M2.



# ECUADOR

April 9, 2026

## FIFTH REVIEW UNDER THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY, REQUESTS FOR WAIVERS OF NONOBSERVANCE OF PERFORMANCE CRITERIA, MODIFICATION OF PERFORMANCE CRITERIA, AND FINANCING ASSURANCES REVIEW

### EXECUTIVE SUMMARY

**Context.** Ecuador successfully regained access to international capital markets in early 2026, and the authorities remain committed to 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 are strengthening fiscal sustainability and liquidity buffers, including by implementing revenue and expenditure reforms alongside targeted measures to protect vulnerable groups. They are also making important progress on their structural reform agenda.

**Outlook.** Real GDP continues recovering amid low inflation, driven by domestic demand and robust nonoil export growth. Real GDP rose by 3.7 percent in 2025 and is projected to expand by 2.5 percent in 2026 (up from 3.4 and 2.2 percent, respectively, at the time of the fourth review). Inflation is projected to remain below that of trading partners, enhancing competitiveness. The current account balance keeps on recording sizable surpluses, supporting a sustained rise in international reserves that have reached a record-high level. The recent hike in global oil prices is expected to support the fiscal and external balances. Overall risks to the outlook remain elevated but are mitigated by the authorities' decisive policy steps and strong commitment to reforms.

**Program Issues.** Fiscal quantitative performance criteria and indicative targets for end-January 2026 were missed, but the authorities have enacted corrective actions to return to the program's fiscal consolidation path, while increasing space for priority social and investment spending. All other program targets for the fifth review have 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 Quito during February 26-March 6, 2026, and remotely from Washington DC during March 16-27. The team, led by Patrizia Tumbarello (Head) and Pablo Morra (Deputy Head), comprised Mauricio Amaya, Roberto Perrelli, Yiqun Wu (all WHD), Juan Carlos Benitez (FAD), Ivana Rossi (LEG), Joao Marques (MCM), and Mahamoud Islam (SPR). Carlos Caceres (Resident Representative), Cristina Carrera, and Paola Hidalgo (all Resident Representative Office) participated in the mission. Mr. Morra led a technical advance mission on February 26-27. The team met with Minister of Economy and Finance Sariha Moya, Vice Minister of Economy Patricia Idrobo Oleas, Vice Minister of Finance Sebastian Londoño, Chair of the Financial and Monetary Policy and Regulation Board and President of the Central Bank of Ecuador Gustavo Camacho, General Manager of the Central Bank of Ecuador Jorge Ponce Donoso, Secretary General of Public Administration, Planning, and Cabinet Cynthia Gellibert, other government officials, development partners, and think tanks. Bernardo Acosta (Alternate Executive Director) participated in the meetings. Nicolas Landeta (WHD) and Dulce Maria Garcia (Resident Representative Office) supported the team.

## CONTENTS

<b>CONTEXT</b>	<b>4</b>
<b>RECENT MACROECONOMIC DEVELOPMENTS AND PROGRAM PERFORMANCE</b>	<b>4</b>
<b>OUTLOOK AND RISKS</b>	<b>9</b>
<b>POLICY DISCUSSIONS</b>	<b>10</b>
A. Strengthening Fiscal Sustainability	10
B. Enhancing the Social Safety Net	14
C. Safeguarding Financial Stability	14
D. Advancing Structural Reforms, Enhancing Governance, and Boosting Competitiveness and Growth	16
<b>PROGRAM MODALITIES</b>	<b>17</b>
<b>STAFF APPRAISAL</b>	<b>22</b>

**BOXES**

1. Macroeconomic Impact of the Oil Price Shock _____	12
2. Assessment of Exceptional Access Criteria _____	20

**FIGURES**

1. Recent Economic Developments _____	25
2. Labor Market and Socio-Economic Developments _____	26
3. Fiscal Developments _____	27
4. External Sector Developments _____	28
5. Financial System Developments _____	29
6. Deposit and Credit Market Dynamics _____	30
7. External Position _____	31

**TABLES**

1. Selected Economic and Financial Indicators, 2023-31 _____	32
2. Real and Oil Sector, 2023-31 _____	33
3a. Statement of Nonfinancial Public Sector Operations, 2023-31 (In millions of US\$) _____	34
3b. Statement of Nonfinancial Public Sector Operations, 2023-31 (In percent of GDP) _____	35
4. Nonfinancial Public Sector Financing, 2023-31 _____	36
5a. Balance of Payments, 2023-31 (In millions of US\$) _____	37
5b. Balance of Payments, 2023-31 (In percent of GDP) _____	38
6. External Financing, 2023-31 _____	39
7. Monetary and Financial Statistics, 2023-31 _____	40
8. Financial Soundness Indicators, 2019-25 _____	41
9. Indicators of Fund Credit, 2023-34 _____	42
10. Schedule of Reviews and Purchases _____	43
11. Quantitative Performance Criteria and Indicative Targets, 2025-26 _____	44
12. Structural Benchmarks _____	45

**ANNEXES**

I. Risk Assessment Matrix _____	50
II. Sovereign Risk and Debt Sustainability Framework _____	55

**APPENDIX**

I. Letter of Intent _____	65
Attachment I. Memorandum of Economic and Financial Policies _____	67
Attachment II. Technical Memorandum of Understanding _____	89

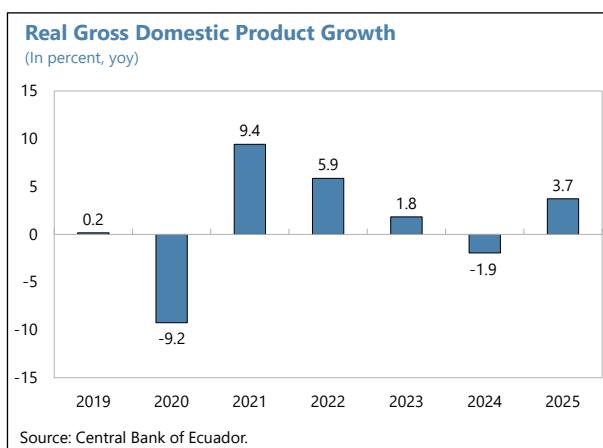
## CONTEXT

**1. Ecuador successfully regained access to international capital markets.** In January 2026, the authorities issued US\$4 billion in bonds, alongside a US\$3 billion debt buyback, marking Ecuador's first international market issuance since 2019. The transaction underscores improved market confidence, underpinned by decisive policy implementation and stronger macroeconomic fundamentals, including a robust economic recovery, a sustained large current account (CA) surplus, and rising international reserves to record-high levels. Favorable global financial conditions in early 2026 also supported market reentry.

**2. Fiscal performance faced pressures in late-2025, but corrective actions have been enacted to achieve fiscal objectives while increasing space for social and public investment.** Fiscal performance weakened in late 2025, driven largely by lower oil revenues, higher-than-anticipated tax expenditures, and additional spending on compensatory measures following the diesel subsidy reform. These developments resulted in significant deviations from the end-January 2026 fiscal program targets. In response, the authorities have taken corrective fiscal actions, including measures to streamline tax expenditures, strengthen revenue mobilization, and enhance expenditure efficiency, to meet fiscal consolidation objectives while increasing space for priority social and investment spending. In addition, higher international oil prices are expected to support the fiscal and external accounts. Performance under other key program targets and implementation of structural benchmarks (SBs) remain strong.

## RECENT MACROECONOMIC DEVELOPMENTS AND PROGRAM PERFORMANCE

**3. Real GDP recovered strongly in 2025 amid low inflation.** After a temporary contraction caused by the weather-related July 2025 oil output disruption,<sup>1</sup> real GDP recorded stronger than expected growth in the second half of 2025, supported by domestic demand and robust nonoil exports. Real GDP grew by 3.7 percent in 2025, led by services, commerce, manufacturing, and agriculture (up from a projection of 3.4 percent at the fourth review). Inflation remained low, averaging 0.7 percent in 2025 (below the projection of 0.9 percent at the fourth review), helped by stable food prices and compensatory measures resulting in a more gradual



<sup>1</sup> Heavy rainfall forced the closure of major oil pipelines, halting production for a month and resulting in a loss of 12 million barrels (about 7 percent of annual output). In addition, a fire at the Esmeraldas refinery disrupted domestic production of oil derivatives, requiring higher derivative imports.

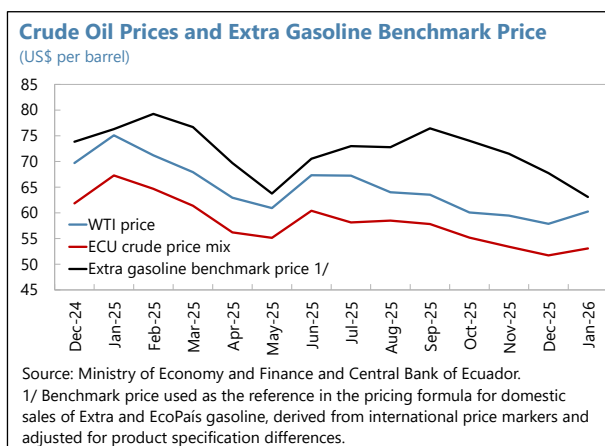
than expected passthrough of the diesel subsidy reform. Inflation rose to 2.6 percent year-over-year (y-o-y) in February driven by base effects from temporary electricity price cuts in early 2025 (Figure 1).

**4. Labor market indicators have strengthened, especially for youth and women.** Adequate employment increased by 4 percentage points y-o-y to 37.1 percent as of December 2025, while inadequate employment declined by 4.2 percentage points y-o-y to 59.9 percent and unemployment fell to 2.6 percent, continuing its gradual downward trend. Formal private employment exceeded pre-pandemic levels, supported by a reduction in informality. Labor market gains were particularly pronounced among youth. Labor force participation remained broadly stable at 63.6 percent, with gains especially among women (Figure 2).

**5. Disagreements over security matters have led to trade tensions with Colombia.** In early 2026, security-related frictions resulted in Ecuador raising tariffs and Colombia subsequently responding with retaliatory measures, raising trade barriers and affecting cross-border economic activity.<sup>2</sup> Persistent trade tensions could have an adverse economic impact. They also pose energy supply risks for Ecuador, given its reliance on Colombian energy imports during dry season periods, though this risk appears low in 2026 given higher water reservoir levels.

**6. While oil output has normalized, oil receipts were below program projections due to lower prices, weighing on fiscal performance in late 2025.** The Ecuadorian crude oil price mix averaged US\$58.6 per barrel in 2025, slightly below the US\$58.9 projected at the time of the fourth review and export

volumes were also marginally weaker than projected, reducing crude oil export receipts. More importantly, a sharp decline in international oil derivative prices in late 2025 significantly lowered revenues from domestic derivative sales. These developments weakened the oil balance by 0.7 percent of GDP in 2025 relative to projections at the fourth review.



**7. Fiscal performance weakened in late 2025, and despite an improvement in early 2026, there was a significant underperformance relative to the fifth review fiscal targets** (Figure 3). Fiscal pressures arose from lower oil revenues, higher-than-anticipated tax expenditures, and higher spending on compensatory measures following the diesel subsidy reform. As a result, fiscal outturns underperformed projections for 2025 and end-January 2026 fiscal quantitative performance criteria

<sup>2</sup> The measures included increases in import charges on selected goods and actions affecting cross border energy and transport arrangements. Import tariffs were raised to 30 percent initially and up to 50 percent in the first quarter of 2026. Goods exports of Ecuador to Colombia accounted for 2.4 percent of total Ecuadorian merchandise exports in 2025, while imports from Colombia represented 6.2 percent of total imports.

(QPCs) for the central government (PGE+CFDD) and indicative targets (ITs) for the nonfinancial public sector (NFPS) by an important margin.<sup>3</sup> Fiscal outturns improved in January 2026, outperforming program projections for that month, lowering but not fully offsetting the cumulative underperformance relative to the end-January 2026 fifth review fiscal targets.

<b>Fiscal Performance</b>								
(In percent of GDP)								
	2023	2024	2025			Nov. 2025 - Jan. 2026		
			4th review	Outturn	Difference	4th review	Outturn	Difference
Central government (PGE & CFDD)								
NOPB	-4.0	-1.5	-1.4	-2.2	-0.8	-0.7	-0.9	-0.2
Overall balance	-5.3	-2.5	-3.1	-4.3	-1.2	-0.9	-1.5	-0.6
<i>Of which</i>								
Oil balance	1.3	1.9	1.4	1.1	-0.3	0.6	0.4	-0.2
Tax revenue	11.9	13.3	13.6	13.3	-0.3	3.6	3.5	-0.2
Nonoil Primary Expenditure	18.7	18.1	18.4	18.8	0.4	5.1	5.3	0.2
NFPS								
NOPBS	-7.5	-5.4	-4.1	-5.1	-1.0	-1.1	-1.7	-0.6
Overall balance	-3.5	-1.3	-1.2	-2.9	-1.7	-0.5	-1.7	-1.1
<i>Of which</i>								
Oil balance	2.2	2.8	2.4	1.7	-0.7	0.9	0.3	-0.6
Tax revenue	12.5	13.7	14.4	13.9	-0.5	3.9	3.7	-0.2
Nonoil Primary Expenditure	27.6	26.8	26.8	27.4	0.6	7.6	7.9	0.4

Sources: MEF and IMF staff estimates.

- *Central government (PGE+CFDD)*. The overall balance recorded a deficit of 4.3 percent of GDP in 2025, exceeding the deficit projected at the time of the fourth review by 1.2 percent of GDP. In the November 2025-January 2026 period, the overall balance underperformed the fifth review target by 0.6 percent of GDP, driven by lower oil revenues (0.2 percent of GDP) and a larger nonoil primary deficit (0.2 percent of GDP).<sup>4</sup> The latter reflected both lower than expected revenues (0.2 percent of GDP) and higher than projected nonoil primary expenditure (0.2 percent of GDP), partly offset by higher nontax revenues. While gross tax revenues were broadly in line with program projections, net tax revenues were about 0.2 percent of GDP weaker than projected due to larger than expected use of tax credits by taxpayers.<sup>5</sup> Nonoil primary expenditures were 0.2 percent of GDP higher than projected at the fourth review largely due to the implementation and extension of some temporary compensatory measures associated with the diesel subsidy reform.
- *NFPS*. The overall balance recorded a deficit of 2.9 percent of GDP in 2025, exceeding the deficit projected at fourth review by 1.7 percent of GDP. The nonoil primary balance including fuel

<sup>3</sup> For program purposes, the central government comprises the budgetary central government (PGE) and the oil derivatives financing account (CFDD).

<sup>4</sup> The fiscal balance excludes the adjustment of a Petroecuador claim on the central government for 0.7 percent of GDP in December 2025, as it was a non-cash transaction that is not considered for program purposes as per de Technical Memorandum of Understanding (¶17).

<sup>5</sup> Taxpayers used a greater than expected amount of accrued tax credits to fulfill their tax liabilities, lowering cash tax collections.

subsidies (NOPBS) reached -5.1 percent of GDP, 1 percent of GDP weaker than targeted. In the November 2025-January 2026 period, the overall deficit exceeded the fifth review target by 1.1 percent of GDP. The same factors behind the central government's weaker fiscal outturn (i.e., lower oil revenue receipts, larger than expected tax credits, and higher compensatory measures following the diesel subsidy reform) underpinned the weaker NFPS fiscal performance. Some of them, including the weaker oil balance and higher spending on compensation, were more pronounced at the NFPS level.

**8. Ecuador successfully regained access to international capital markets earlier than expected.** In January 2026, Ecuador issued US\$4 billion in new bonds maturing in 2034 and 2039 at an average interest rate of 8.98 percent, re-entering the international capital market for the first time since 2019. Market reentry, first envisaged at program approval for 2025 and then moved to the second half of 2026 by the time of the second review, ultimately occurred in January 2026. The authorities took advantage of favorable global financial conditions and strong investor demand, which totaled US\$18 billion from more than 340 global investors, 4.5 times the amount issued. The issuance took place on the back of a significant sovereign spread compression, with spreads hovering at about 490 basis points as of early April 2026, the lowest level since 2018. The authorities used US\$3 billion of the amount issued to buy back over 80 percent (US\$2.5 billion) of bonds maturing in 2030 and about 30 percent (US\$0.5 billion) of bonds maturing in 2035, leaving a net amount of US\$1 billion for fiscal financing, in line with the financing plan for 2026 set at the fourth review under the EFF program. While the newly issued bonds carry a higher interest rate than the repurchased ones (9 percent versus 6.9 percent), the bond buyback lengthened the average tenor of Ecuador's public debt, reducing debt service payments by about US\$1.2 billion through 2028, helping mitigate liquidity and near-term financing risks. Following the issuance, Moody's upgraded Ecuador's long-term credit rating by two notches to Caa1, and Fitch by one notch to B-.

Estimated Impact of the Bond Buyback on Debt Service										
(In US\$ million)										
	2026			2027			2028			Total difference
	4th Review	Actual	Difference	4th Review	Proj.	Difference	4th Review	Proj.	Difference	
<b>Eurobond issuance</b>	1,000	4,000	3,000							3,000
<b>Bond buy back</b>	0	3,000	3,000							3,000
<b>External debt service 1/</b>	<b>1,256</b>	<b>796</b>	<b>-460</b>	<b>1,214</b>	<b>816</b>	<b>-398</b>	<b>1,172</b>	<b>809</b>	<b>-364</b>	<b>-1,221</b>
<i>Interest</i>	648	684	36	606	704	98	564	697	133	267
<i>Amortization</i>	608	112	-496	608	112	-496	608	112	-496	-1,489

Sources: Authorities and IMF staff estimates.

1/ Debt service related to the Eurobond buy-back of US\$3 billion on January 2026.

**9. Despite weaker fiscal outturns, NFPS deposits exceeded the end-January 2026 program target, and the stock of domestic arrears declined in line with the IT.**

- *NFPS deposits.* NFPS deposits at the Central Bank of Ecuador (BCE) reached US\$7.2 billion as of end-January 2026, comfortably above the US\$5.4 billion end-January 2026 target.<sup>6</sup> After adjusting for shortfalls in projected multilateral financing, lower oil prices, and earlier than

<sup>6</sup> National Treasury deposits at the BCE stood at US\$2.8 billion as of end-January 2026.

anticipated bond issuance, the deposits balance still exceeded the target by US\$1.1 billion. This overperformance was achieved on the back of higher domestic financing obtained through bonds and loans from the banking sector. The public sector debt rose to 54.3 percent of GDP at end-2025, up from 53.2 percent of GDP projected at the fourth review.

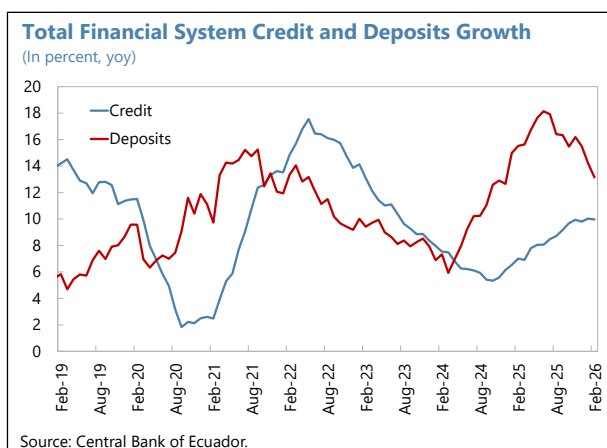
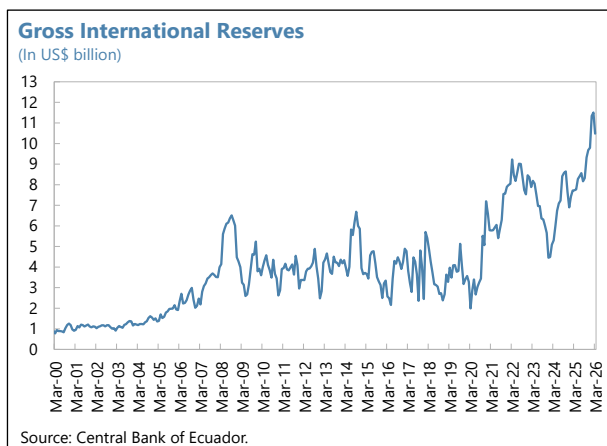
- *Domestic arrears.* The stock of PGE arrears to the domestic private sector dropped from US\$330 million as of end-October 2025 to US\$252 million at the end of January 2026, meeting the end-January 2026 target.

**10. A sustained CA surplus continued to bolster international reserves (Figure 4).**

- In the first three quarters of 2025, the CA surplus reached US\$5.7 billion (4.4 percent of GDP), compared to US\$5.2 billion (4.2 percent) in the same period in 2024, driven by robust trade surpluses and remittances. High-frequency data indicate that trade performance remained solid in the fourth quarter of 2025. Total exports rose by 8 percent in 2025, driven by an 18 percent increase in non-oil exports, while oil exports fell 19 percent. Imports rose by about 11 percent over the same period. Recent trade-related developments have also been favorable, with the signing of a trade agreement with the United States—the Agreement on Reciprocal Trade (ART)—in March 2026, which could support non-oil export growth over the medium term.

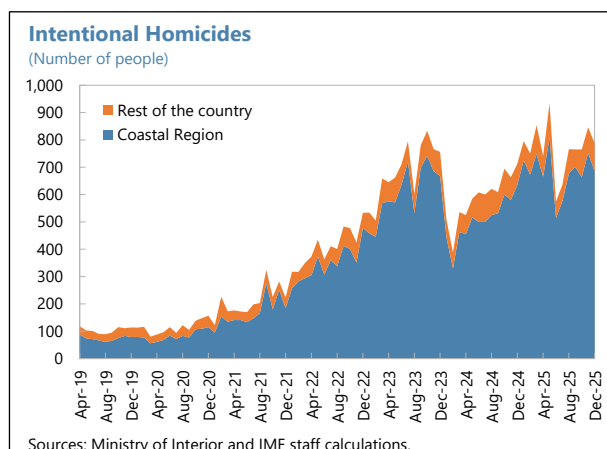
- Gross international reserves (GIR) reached US\$9.8 billion at end-2025, an increase of US\$2.9 billion compared to end-2024, though somewhat below the fourth review projection due to weaker oil exports. They reached a high level of about US\$10.5 billion at end-March 2026. At this level, GIR account for about 37 (55) percent of the IMF’s reserve adequacy metric excluding (including) the Liquidity Fund, well above from 26 (41) percent at end-2024, though still below the 100-150 percent adequacy range. Net international reserves (NIR) were minus US\$5 billion as of end-January 2026, improving by about US\$1.3 billion since end-October 2025, comfortably exceeding the program IT.

- 11. Credit growth to the private sector recovered in 2025 supported by ample liquidity, and financial soundness indicators strengthened (Figures 5 and 6).** Credit growth resumed, both in the banking and cooperative sectors, with total credit growth to the private



sector reaching 9.8 percent (y/y) in December 2025, driven by productive lending benefiting from the gradual alignment of interest rates to market conditions in this segment. Robust deposit growth of 15.5 percent (y/y) underpinned the credit recovery, bolstering system liquidity. In the private banking sector, asset quality continued to improve, with nonperforming loan ratios declining, provisioning coverage increasing, profitability recovering, and capital ratios remaining above the regulatory minima. In the cooperative sector, financial soundness indicators remain highly heterogeneous across institutions, underscoring the need to continue monitoring the situation of weaker institutions.

**12. The security situation remains challenging and geographically concentrated in the coastal provinces.** Homicides rose by 30 percent in 2025, remaining at a historically high level. Homicides continue to be highly concentrated, with 90 percent of them occurring in the coastal provinces, which make up about half of the country's population.



## OUTLOOK AND RISKS

**13. The economic recovery is projected to continue with low inflation and a sustained large CA surplus.** Real GDP is projected to expand by 2.5 percent in 2026 (up from 2.2 percent at the fourth review) and gradually rise to 3 percent over the medium term supported by the continued implementation of structural reforms. Inflation is projected to rise above 2 percent in 2026 driven by higher oil prices and the gradual removal of compensatory measures enacted alongside the diesel subsidy reform. Inflation is projected to converge to 1.5 percent over the medium term, remaining below trading partners' inflation, supporting competitiveness. The CA surplus is expected to stand at a historically elevated level of 5.2 percent of GDP in 2026, supported by higher oil prices and continued robust nonoil trade performance, and then gradually converge toward the estimated norm of 3 percent of GDP over the medium term as the output gap closes and oil prices normalize (Figure 7).<sup>7</sup>

**14. Overall risks to the outlook have decreased relative to the fourth review but remain elevated and tilted to the downside** (Annex I). The successful regaining of market access and debt buyback increased Ecuador's financing sources and significantly reduced debt service in 2026-28, easing liquidity pressures and mitigating risks from potential delays in bilateral debt financing. The rise in oil prices is expected to support fiscal performance and the balance of payments, while also raising inflation in the near term (Box 1). Other upside risks could arise from higher-than-expected growth and more buoyant nonoil exports supporting faster reserve accumulation than projected in

<sup>7</sup> Despite the sustained improvement in the external position, Ecuador continues to experience an exceptional balance of payment (BoP) need stemming from the fiscal deficit and external debt obligations (Box 2).

the baseline scenario. However, downside risks to the program remain elevated. A more protracted war in the Middle East could result in further increases in oil prices and stronger fiscal and external balances but could also further tighten global financial conditions for emerging markets under risk-off scenarios, increasing financing risks. On the domestic front, key risks include failure to sustain oil output amid important investment needs, slippages in fiscal performance, security challenges, energy supply shocks, and political fragmentation slowing reforms. These risks are mitigated by the authorities' continued strong commitment to reforms and program targets.

## POLICY DISCUSSIONS

### A. Strengthening Fiscal Sustainability

**15. The authorities have enacted a comprehensive set of measures to realign the fiscal position with the program's consolidation path while increasing space for priority social and investment spending.**

These measures focus on streamlining tax expenditures and strengthening revenue mobilization, and are projected to yield about 1.3 percent of GDP over 2026/27 (¶16). On top of other consolidation and efficiency measures enacted in 2024/26, they are expected to strengthen the NFPS NOPBS by 1.8 percent of GDP in 2026, 1.6 percent of GDP in 2027, and 0.8 percent of GDP in 2028, delivering an improvement in the NFPS NOBPS of 6.6 percent of GDP by 2028, in line with the EFF fiscal consolidation path set at the fourth review, while allowing for an increase in social and public investment of 0.6 percent of GDP over the same period, up from 0.4 percent at the fourth review.

**16. Efforts are underway to strengthen fiscal revenues.** In

February-March 2026, the tax revenue agency issued a package of resolutions to streamline tax expenditures. These included delineating the scope of goods and services subject to VAT (some of which were not being

taxed) by including such primarily consumed by affluent households (with World Bank (WB) technical assistance (TA)), tightening controls on VAT rebates, strengthening the income tax advance-payment and withholding regime, and tightening the use of tax credits to fulfill tax obligations. Taken together, these measures are projected to increase revenues by 0.8 percent of

NFPS Fiscal Consolidation Plan						
(Change in the nonoil primary balance including fuel subsidies, in percent of GDP)						
	2024	2025	2026	2027	2028	2024-28
<b>Revenue</b>	<b>1.2</b>	<b>0.9</b>	<b>1.2</b>	<b>0.8</b>	<b>0.5</b>	<b>4.5</b>
<b>Expenditure</b>	<b>0.9</b>	<b>-0.6</b>	<b>0.6</b>	<b>0.8</b>	<b>0.3</b>	<b>2.1</b>
Wages and salaries	0.2	0.3	0.4	0.4	0.3	1.6
Goods and services	0.6	0.1	0.1	0.3	0.1	1.2
Social, capital, and other	0.2	-1.0	0.1	0.1	-0.1	-0.6
<b>Total</b>	<b>2.2</b>	<b>0.3</b>	<b>1.8</b>	<b>1.6</b>	<b>0.8</b>	<b>6.6</b>

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

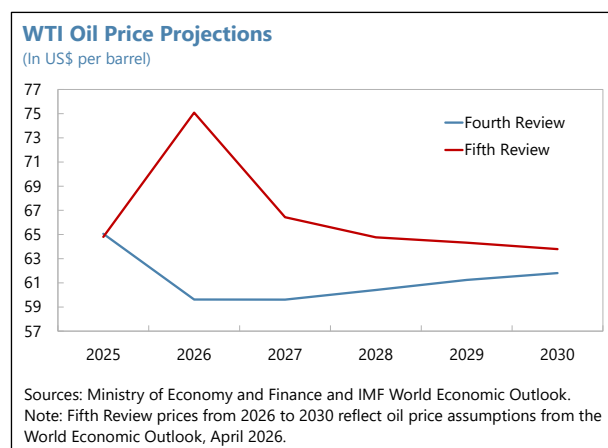
Additional Actions to Strengthen Fiscal Revenues in 2026/27	
(In percent of GDP)	
Streamline tax expenditures	0.5
Strengthen income tax advance payment regime	0.2
Tighten use of tax credits	0.1
Operationalize mining sector sovereign adjustment 1/	0.5
<b>Total</b>	<b>1.3</b>

Source: IMF staff estimates.  
1/ Includes a one-off revenue estimate of 0.4 percent of GDP.

GDP in 2026. In addition, reforms introduced in December 2025 to revamp the mining sector’s fiscal regime, including a new methodology to operationalize the sovereign adjustment, are expected to yield about 0.5 percent of GDP in 2027.<sup>8</sup> The authorities are also working, with WB support, to broaden the tax base by streamlining tax incentives granted under investment contracts (“contratos de inversión”).

**17. The authorities continue working to enhance public expenditure efficiency.** The authorities will continue limiting increases in headcount and wages, as well as streamlining temporary contracts (MEFP, ¶19). Prudent hiring and wage policies and enhancements to the procurement framework (¶20) are expected to gradually reduce spending on wages and goods and services as a share of GDP. In addition, temporary compensatory measures for about 0.2 percent of GDP enacted alongside the diesel subsidy reform are projected to be gradually phased out over 2026/27. In February 2026, the National Assembly approved a law to prioritize capital spending, requiring regional governments to allocate at least 70 percent of their annual budgets to investment and infrastructure, to be reached progressively by 2029. This reform is expected to raise public investment spending by about 0.2 percent of GDP starting in 2027, while inducing a reprioritization over current spending as regional governments progressively adapt to the mandates of the law.

**18. Higher oil prices compared to the fourth review are expected to support the overall fiscal balance, and the authorities are taking steps to mitigate exposure to oil price volatility.** Oil prices have risen sharply following the onset of the conflict in the Middle East, significantly exceeding projections at the fourth review. Higher oil prices are expected to significantly strengthen the oil balance. They are also expected to mitigate two structural factors weighing on oil receipts, i.e., the closure of the Ishpingo-Tambococho-Tiputini (ITT) oil field<sup>9</sup> and other oil output disruptions and the change in the price of heavy crude (Napo) due to the increased supply from Venezuela. In parallel, the authorities are taking steps to bolster oil revenues by investing in existing oil fields to raise efficiency and output, and by seeking long-term contracts for a greater share of the oil exports to secure more favorable prices. To further reduce exposure to oil price volatility, they are also planning to engage in hedging operations through the purchase of options.



<sup>8</sup> The sovereign adjustment is a top up tax on mining companies, based on a provision in the Constitution that Ecuador must obtain 50 percent of the benefits from any mining project. As part of the reforms to revamp the mining sector’s fiscal regime introduced in December 2025 with IMF TA, the authorities developed a new methodology to operationalize it.

<sup>9</sup> A referendum held in 2023 mandated the closure of the ITT oil field, accounting for about 12 percent of Ecuador’s oil output.

### Box 1. Macroeconomic Impact of the Oil Price Shock

Oil prices rose sharply in March 2026 amid the conflict in the Middle East and disruptions to maritime flows through the Strait of Hormuz. Since February 28, global oil prices have increased by over 40 percent, with high volatility. For Ecuador, a net oil exporter, higher oil prices improve the terms of trade, strengthen the external position, and raise oil-related fiscal revenues, while also increasing inflation.

To assess the macroeconomic implications of the shock, staff uses the IMF's Flexible System of Global Models–FSGM (Andrle et al., 2015, [IMF WP/15/64](#)). The medium-term path of oil prices used in Ecuador's baseline scenario for the fifth review of the EFF is shown in ¶18.

The model simulations suggest that the oil price shock would have a positive net effect on Ecuador's near-term macroeconomic outlook.

Real GDP growth would increase slightly, reflecting stronger oil export receipts and improved income effects; inflation would edge up driven by higher imported cost pressures and the pass-through to domestic fuel prices; the current account balance would improve on account of stronger export values; and both the oil fiscal balance and the overall fiscal balance would strengthen through higher oil-related revenues.

Impact of the Oil Price Shock (Deviation from baseline)		
Variable	2026	2027
Real GDP growth (in percent)	0.1	0.1
Inflation (average, in percent)	0.5	0.1
Current account balance (in pct of GDP)	0.4	0.2
Oil fiscal balance (in pct of GDP)	0.7	0.5
Overall fiscal balance (in pct of GDP)	0.5	0.5

Source: IMF staff estimates.

## 19. The authorities' financing plan envisages the continued support of International Financial Institutions (IFIs), as well as official bilateral, commercial, and domestic financing.

Multilateral financing in 2026 and the remainder of the program is expected to remain broadly unchanged relative to the fourth review. Net domestic financing is expected to increase as domestic capital markets gradually deepen (¶27). The January 2026 bond issuance fulfilled the US\$1 billion net external market financing envisaged for 2026 at the fourth review. In addition, the accompanying US\$3 billion bond buyback has reduced external debt service by about US\$1.2 billion in 2026–28, lowering gross financing needs during the remainder of the program as maturity of external liabilities was effectively extended. The authorities' financing plan envisages additional bond issuance in 2026 of US\$1 billion. While some official bilateral partners have increased their credit exposures since the start of the program, others have recorded net repayments, notably EXIM China, Ecuador's largest official bilateral creditor. In 1Q 2026, the authorities made payments of US\$275 million to EXIM China.<sup>10</sup> EXIM China remains committed to supporting Ecuador through project financing. Energy and infrastructure projects proposed by the Ecuadorian authorities at the fourth review continue under preparation, but they will require more time before disbursements materialize. The macroeconomic framework assumes that EXIM China's project financing will total US\$1 billion, in line with commitments made at the fourth review, with

<sup>10</sup> Net payments of official bilateral debt have been financed through fiscal overperformance vis-à-vis program targets through end-2025 and external debt issuance in Q1-2026.

disbursements starting in late 2026 through 2029. Overall, projected financing flows are expected to support a continued buildup of NFPS deposits to US\$9.3 billion by 2028, in line with the targets set at the fourth review. The financing plans, together with the fiscal consolidation efforts, are projected to place public debt on a firm downward trend (Annex II), achieving the 40 percent of GDP public debt target by 2031, one year ahead of schedule vis-à-vis the target set by the Organic Budget Code (COPLAFIP), as envisaged at the fourth review.

<b>Estimated NFPS Gross Financing Needs and Sources</b>					
(In US\$ million)					
	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
<b>Gross Financing Needs</b>	<b>10,574</b>	<b>10,327</b>	<b>12,435</b>	<b>7,077</b>	<b>6,523</b>
NFPS Deficit	1,590	3,755	608	-1,001	-1,833
Amortization	8,983	6,572	11,827	8,078	8,356
Domestic	5,757	3,270	5,175	4,062	4,418
External	3,226	3,302	6,652	4,016	3,938
<b>Gross Financing Sources</b>	<b>10,574</b>	<b>10,327</b>	<b>12,435</b>	<b>7,077</b>	<b>6,523</b>
Domestic	4,497	4,018	4,521	2,253	2,247
Of which: change in NFPS deposits at BCE (- = accumulation)	-850	-779	-495	-1,503	-1,863
External	5,482	5,110	8,814	4,824	4,276
IMF	1,487	1,796	750	750	250
Other IFIs	2,781	2,868	2,280	1,400	1,100
Official bilateral	196	193	323	552	560
Commercial	1,004	254	460	623	365
Bonds	15	0	5,000	1,500	2,000
Other assets/liabilities, incl. statistical discrepancy	595	1,199	-900	0	0
Memo: NFPS deposits at BCE (US\$ million)	4,641	5,420	5,914	7,417	9,280
Sources: MEF and IMF staff calculations.					

**20. Continued reforms to strengthen public financial management (PFM), tax administration, and fiscal governance are supporting fiscal consolidation efforts.** The authorities are working to better align the budget and treasury cash flow to enhance cash management and prevent arrears, with IMF TA. They are also updating, with IMF TA, the methodology for measuring tax noncompliance gaps and plan to develop an enforcement-focused strategy to reduce them, particularly in sectors and taxpayer segments with high evasion risks. With TA from the Inter-American Development Bank (IDB), the authorities are advancing the operationalization of the National Control Subsystem (NCS) to strengthen procurement transparency. In parallel, the procurement agency (SERCOP) is finalizing a conceptual and operational framework for the upgraded Official System of Public Procurement (**end-December 2025 SB, not met** due to legislative changes to the procurement framework implemented in January 2026, **proposed to be reset for end-June 2026**). Reforms are also progressing in the social security system. The authorities are implementing the 2025 agreement between the Ministry of Economy and Finance (MEF) and the Ecuadorian Social Security Institute (IESS) to settle healthcare obligations, which has facilitated the clearance of some past claims. An actuarial study of the social security system with data up to 2024 (**end-December 2026 SB**) is underway and will inform needed steps to safeguard the system's financial sustainability.

## B. Enhancing the Social Safety Net

**21. The authorities continue strengthening the social safety net and the poverty rate in 2025 declined to the lowest level since 2007.** The authorities continue expanding social protection coverage for lower-income households. Enrollment in cash transfer programs reached 1,332,219 families in January 2026, exceeding the end-January IT. In parallel, the social registry continues being updated with local government support to reduce coverage gaps and better target social protection programs. The poverty rate fell to 21.4 percent in 2025, a 6.6 percentage point drop since 2024, reaching the lowest level since 2007 (Figure 2).

**22. Social policy in 2025 also emphasized productive inclusion and targeted support for priority populations, including the youth.** In 2025, the Ministry of Human Development scaled up the Human Development Credit program, which provides upfront, multi-month cash advances to beneficiaries of social transfers to support micro-enterprise creation or expansion, complemented by business training; women—predominantly female heads of household—accounted for around 94 percent of beneficiaries. In addition, complementary initiatives such as *Bonos Raíces*, *Reactive Incentivate Emprendedor*, *Ecuadorianos en Acción*, and the expansion of *Jóvenes en Acción* programs reinforced social and productive inclusion by combining income support with incentives for labor market participation and entrepreneurship, particularly among the youth. Consistent with these efforts, youth labor market indicators strengthened in 2025, including higher adequate and formal employment, which increased to 23.3 percent (+6.7 percentage points, y-o-y) and 35.9 percent (+5.2 p.p. y-o-y), respectively, and lower inadequate employment, which declined to 68.9 percent (–6.5 p.p. y-o-y) (Figure 2).

## C. Safeguarding Financial Stability

**23. The Financial and Monetary Policy and Regulation Board (JPRFM) approved changes to reserve and liquidity requirements.** These included an increase in reserve ratios for cooperatives and a rise in the maximum share of reserves that banks and cooperatives can fulfill with government debt instruments from 20 to 45 percent. The higher reserve ratios for cooperatives reduced the differential treatment relative to banks, in line with Fund recommendations to harmonize prudential standards across financial institutions. Following these changes, financial institutions have increased their share of reserves held in government debt instruments. This shift has not affected GIR, as the corresponding funds have been largely deposited at the BCE. This reform has allowed financial institutions to earn interest on reserve balances that were previously nonremunerated.

**24. Staff encouraged the authorities to continue strengthening financial system oversight and regulation.** While the banking system remains stable, vulnerabilities persist in parts of the cooperative sector, due to weak asset quality, thin capital buffers, and low or negative profitability. To address these weaknesses, the cooperatives supervisory agency (SEPS) has issued regulations to strengthen cooperatives' governance and intensify supervision of weaker entities, while continuing to operationalize risk-based supervision, with Fund TA. SEPS has placed some cooperatives under intensive supervision. The authorities are enhancing stress testing capabilities, supported by Fund

TA. Staff emphasized the need for close monitoring, robust contingency planning, avoiding repeated forbearance, and timely implementation of corrective actions. It is also important to address governance weaknesses and practices that can delay loss recognition and distort risk pricing, as well as the consistent enforcement of loan classification and provisioning rules.

**25. Strengthening the resolution framework remains a priority.** In line with the 2023 FSAP recommendations, Ecuador’s resolution framework requires a comprehensive review to address remaining gaps and equip the authorities with a set of tools aligned with international standards, supported by early intervention triggers, adequate and proportional safeguards, and clear financing arrangements. To anchor this work, the authorities will prepare and share with the Fund a concept paper assessing gaps in the resolution framework and proposing legal and regulatory reforms to strengthen it in line with international standards and FSAP recommendations (**proposed SB for end-July 2026**). In the interim, the authorities strengthened the “exclusion and transfer of assets and liabilities” mechanism (ETAP) to facilitate the orderly resolution of unviable entities under a least cost option. The revised ETAP mechanism will allow protecting insured depositors, while ensuring that financial distress in resolved entities remains contained.

**26. The authorities are committed to reforming the interest rate system.** Gradually modernizing the interest rate system would support financial deepening and improve resource allocation. A 2025 BCE study found that the current system of lending interest rate caps generates significant distortions in the credit market, most notably credit rationing and adverse selection, particularly in higher-risk segments. The authorities reiterated their commitment to developing a new methodology for interest rates that is better aligned with market conditions. Staff encouraged the authorities to take decisive steps to advance reforms in this area, while emphasizing that they should proceed gradually, supported by complementary policies to mitigate financial stability risks.

**27. Steps to foster domestic capital market development are progressing.** In November 2025, the authorities issued a regulation establishing the operational framework for conducting domestic market auctions of government bonds and Treasury Notes. In parallel, the authorities are preparing amendments to the Securities Market chapter of the Organic Monetary and Financial Code (COMYF) to strengthen the legal framework for public sector securities issuance and trading and support the implementation of auctions. Domestic auctions of government bonds and Treasury Notes are planned to begin in 2026 (**end-September 2026 SB**). A revamped central securities depository (DCV) at the BCE to support these transactions, with modernized clearing, settlement, and custodial functions aligned with international standards, is expected to become operational in 2026. The effective functioning of domestic auctions will also require a real-time gross settlement (RTGS) system to ensure timely and final settlement of funds and support delivery versus payment. Establishing such a system is also critical more broadly to strengthening financial system integrity and efficiency, reducing systemic risk, and enhancing market liquidity. Staff noted the strategic urgency of this infrastructure and encouraged the development of plans for its implementation as soon as possible.

## D. Advancing Structural Reforms, Enhancing Governance, and Boosting Competitiveness and Growth

**28. The authorities are working to leverage mining as a key growth driver.** To attract investment and support growth in the mining sector, the authorities have committed to issue regulations for the reopening of the mining cadaster (*end-June 2026 SB*), which has been closed since 2018. As a first step, the authorities reopened the cadaster for non-metallic small-scale mining in mid-June 2025, supported by a new digital system. In addition, a new fiscal regime for the mining sector (*end-December 2025 SB, met*) was enacted through changes to the Mining Law Regulation, with IMF TA. The changes aim to revamp the sector's fiscal regime, providing greater legal and fiscal certainty for investors, strengthening institutional oversight, and enhancing links between mining activities and local development. Going forward, staff suggested revisiting the fiscalization fee levied on mining concession holders at the exploration phase to increase incentives for exploration.

**29. Strengthening resilience to natural disasters and diversifying the energy matrix remain essential for mitigating macroeconomic and financial risks.** Ecuador's high exposure to droughts, wildfires, floods, and landslides, evident in the 2023 and 2024 droughts that triggered electricity supply disruptions and the heavy rainfall that forced the closure of oil pipelines in 2025, underscore these vulnerabilities. The authorities are working to diversify the energy supply and improve preparedness by promoting private investment in non-conventional sources of energy, particularly solar, wind, and geothermal projects. Recent reforms include streamlined approval procedures for projects up to 100 MW, the revision of electricity tariffs, and regulations enabling private entities to sell surplus self-generated electricity to the grid.

**30. The authorities are taking steps to enhance governance and transparency in the oil sector.** Oil is a key sector of the Ecuadorian economy, accounting for a significant share of economic output, employment, and export and fiscal revenue. Following the completion of audits of the financial statements for 2019-2021, a public tender has been launched to audit Petroecuador's 2022-24 financial statements. Work is ongoing to enhance internal management regulations, internal control systems, and corporate governance in response to audit findings. In addition, the authorities have announced a multi-year initiative to mobilize investments in the hydrocarbon sector. The initiative envisages actions to boost oil production, enhance the oil refinery system, and promote the gas sector.

**31. Ecuador has taken formal steps to strengthen its AML/CFT framework but there is significant need to improve its effectiveness and manage risks from illicit financial flows.** Steps to strengthen the AML/CFT framework included the entry into force of the 2024 AML/CFT law and the approval of a multi-year AML/CFT Strategic Action Plan in January 2026 (*end-January 2026 SB, met*). However, implementation gaps pose significant challenges to the country's capacity to combat illicit financial flows, particularly those linked to organized crime. The effectiveness of the AML/CFT regime remains limited, prioritizing formal compliance and the pursuit of individual cases over concerted action against criminal financial structures. The authorities' efforts need to be more

directly aligned with the country's elevated ML risks—particularly those stemming from organized crime, illegal mining, and cash-intensive activities—through a “follow-the-money” approach.

**32. It is also important to ensure that the interpretation and implementation of the AML/CFT legislation is fully aligned with FATF standards.** Efforts are needed to establish stronger coordination and information-sharing among competent authorities, including with respect to ensuring timely access to beneficial ownership information. These steps would support more effective investigations and asset recovery, which in turn could increase fiscal revenue. To reinforce operational impact, priority should be given to strengthening the independence, capacity, inter-agency coordination and collaboration, and resourcing of AML/CFT competent authorities. It is also key to operationalize the Strategic Action Plan through concrete annual actions, enhancing the implementation of preventive measures and focusing enforcement efforts on the financing and profitability of criminal networks to safeguard financial integrity and mitigate the macroeconomic risks posed by illicit financial flows.

**33. 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 completed the collection of updated sworn asset declarations from high-ranking public officials (politically exposed persons) in 2025. 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, and passing legislation to prevent conflicts of interest in public administration.

## PROGRAM MODALITIES

**34. Fiscal QPCs and ITs for end-January 2026 were missed, but the authorities took corrective actions to return to the program's fiscal consolidation path, while all other program targets for the fifth review have been met** (Table 11). Fiscal QPCs and ITs for end-January 2026 underperformed program targets by an important margin due to lower oil revenues, higher than expected tax expenditure, and increased spending on temporary compensatory measures enacted alongside the diesel subsidy reform. The authorities have taken corrective actions to realign the fiscal position with the program's fiscal consolidation path that envisages a fiscal consolidation of 6.6 percent of GDP in the NFPS NOPBS over the program period (¶16). All other program targets, including NFPS deposits, NIR, domestic arrears to the private sector, coverage of cash transfer programs, and continuous performance criteria have been met. End-June 2026 QPCs and end-December 2026 ITs have been recalibrated in line with the corrective fiscal measures enacted by the authorities.

**35. The authorities continue advancing the implementation of structural reforms.** The authorities developed a new fiscal regime for the mining sector (*end-December 2025 SB, met*) and prepared and published an AML/CFT Strategic Action Plan to mitigate the risk of illicit flows, including those related to organized crime (*end-January 2026 SB, met*). The authorities are finalizing the preparation of a conceptual and operational framework for an upgraded Official System of Public Procurement (SOCE) (*end-December 2025 SBs, not met*), which is **proposed to be reset for end-June 2026**. The authorities will prepare and share with the Fund a concept paper assessing gaps in the financial system's resolution framework and proposing legal and regulatory reforms to strengthen it, in line with international standards and FSAP recommendations (**proposed SB for end-July 2026**).

**36. Capacity to Repay.** Ecuador's capacity to repay is subject to risks and depends on continued implementation of envisaged policies and availability of external financing. Total Fund credit outstanding peaked in 2025, reaching 1032.8 percent of quota and 23.6 percent of exports of goods and services (Table 9). Total obligations to the Fund reached 15.9 percent of gross reserves in 2025 and are expected to decline in the coming years. Fund obligations as a percentage of GDP and of exports of goods and services are expected to peak at 1.3 and 4 percent, respectively, in 2027. These metrics underscore the importance of prudent liquidity management. Building reserve buffers remains challenging in the context of a fully dollarized economy where external adjustment relies on fiscal consolidation and competitiveness gains. Factors mitigating risks to Ecuador's capacity to repay include the authorities' decisive policy actions, including enacted corrective fiscal measures and actions to hedge oil price volatility, the earlier than expected and successful return to international capital markets, and continued strong commitment to the program objectives.

**37. Financing Assurances.** The program is fully financed, with firm financing commitments from IFIs for the next 12 months and good prospects of adequate financing for the remaining program period. The WB, the IADB, the Development Bank of Latin America and the Caribbean (CAF), and the Latin American Reserve Fund (FLAR) have committed to maintain or increase their support for Ecuador. EXIM China and other official bilateral creditors are expected to provide project financing, which has been incorporated in the baseline assumptions. Financing is also partly predicated on project financing from commercial creditors. Ecuador has regained market access and issued a net amount of US\$1 billion for fiscal financing in January 2026, in line with program assumptions. The program relies on assumptions of continued market access totaling US\$1.5 billion in 2027 and US\$2 billion in 2028. 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.

**38. Safeguards.** The BCE continues to work on implementing the remaining pending recommendations of the 2024 safeguards assessment, including the internal audit capacity plan. Other structural reforms, such as the adoption of IFRS, may require legal amendments and be considered along any recapitalization needs.

**39. 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.

**40. 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 2, 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).<sup>11</sup> The ISD rate for the imports of certain items was reduced in 2025, and such reduction was maintained in 2026.<sup>12</sup> The authorities remain committed to gradually phasing out the tax as macroeconomic and balance of payments stability is restored and the reserve position is strengthened, supported by the implementation of the policies under the EFF-supported program (IMF Country Report No. 24/357).

**41. Enterprise Risks.** The business, operational, financial, and reputational risks related to the EFF arrangement remain elevated and tilted to the downside, though they have declined relative to the fourth review amid renewed market access, higher oil prices, 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. Delays in obtaining projected project financing could result in net repayments of bilateral debts, also posing financial risks. The regaining of market access in January 2026, the enactment of corrective fiscal measures to realign the fiscal position with the program’s consolidation path, and higher oil prices expected to strengthen fiscal and external balances have lowered these risks. However, risks could rise again if global economic and financial conditions deteriorate (e.g., if a more protracted conflict in the Middle East tightens global financial conditions for emerging markets under risk-off scenarios), and/or difficulties in program implementation delay international financial support (including financing commitments) and/or affect continued market access. Business risks of analytical accuracy arise from an uncertain economic outlook and global policy uncertainty.

<sup>11</sup> The Executive Board approved temporary use for 12 months of this measure under Article VIII requirements in December 2025.

<sup>12</sup> The ISD rate for a list of imports in the pharmaceutical sector was reduced from 5 percent to 0 percent as of January 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 2.5 percent as of May 2025. A new regulation effective from January 2026 maintained for 2026 the lower ISD rates of 0 percent for the list of imports for the pharmaceutical sector and 2.5 percent for the list of imports for other productive sectors.

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' prompt enactment of and commitment to corrective fiscal measures and 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 partly mitigated by support from Fund headquarters inter alia through close monitoring, dynamic assessment of the security situation, and agile decision-making.
- 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 significant challenges that continues to take substantive actions to address them, demonstrated strong ownership of program objectives, and enacted corrective actions to achieve the program's objectives.

### Box 2. 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 the fiscal deficit and large external debt repayments. The implementation of the authorities' plan and multilateral support have contributed to alleviating financing pressures and rebuilding reserve buffers; however, the country still faces exceptional BoP pressures on the financial account stemming from external debt service obligations. Ecuador's credit outstanding with the Fund stood at SDR7.2 billion (US\$9.9 billion, or 1,033 percent of quota) as of end-December 2025. Therefore, 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 II) 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.

### Box 2. Assessment of Exceptional Access Criteria (concluded)

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 80<sup>th</sup> 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.** Ecuador has successfully re-accessed international markets in January 2026, issuing external bonds for \$4 billion. The authorities also implemented a debt buyback operation of US\$3 billion alongside the January 2026 issuance that has reduced external debt service payments by US\$1.2 billion in 2026–28. Sovereign spreads have declined by over 1300 basis points since the peak reached during the April 2025 elections, hovering at 490 basis points as of early April 2026, the lowest level since 2018. 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 the COPLAFIP debt ceiling will continue to bolster market confidence and help maintain access to international markets as envisaged under the program's baseline.

**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. Several program targets for end-January 2026 have been met, and the authorities have enacted corrective fiscal measures to ensure the fiscal program remains on track. They have also completed many SBs and are advancing others 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

**42. The Ecuadorian authorities continue to demonstrate full commitment to their economic program supported by the EFF arrangement.** The authorities have enacted corrective measures to address the slippages in the fiscal QPCs and ITs for end-January 2026 and return to the program's fiscal consolidation path. These measures will allow meeting the program's fiscal consolidation objectives, while also creating additional space for priority social and investment spending. All other program targets for the fifth review have been met. In addition, the authorities continued advancing their structural reform agenda.

**43. The economy continues to recover amid low inflation and large CA surpluses.** Real GDP rebounded strongly in 2025, supported by a recovery in domestic demand and buoyant nonoil exports. Real GDP grew by 3.7 percent in 2025, up from 3.4 projected at the fourth review. In 2026, real GDP growth is estimated to reach 2.5 percent, revised up from 2.2 percent at the fourth review. The CA balance is expected to continue posting steady surpluses over the medium term, partly boosted by higher oil prices but also driven by continued robust growth of nonoil sectors, contributing to the build-up of international reserve buffers that have reached record-high levels. While higher oil prices are expected to increase inflation in the near term, inflation is expected to remain below trading partner economies, supporting competitiveness.

**44. The authorities remain committed to continue strengthening the fiscal position and placing public finances on a sustainable path.** The recalibrated medium-term fiscal plan, including the corrective fiscal measures enacted in 2026, continues to envisage a fiscal consolidation of 6.6 percent of GDP in the NFPS NOPBS over the program period, in line with the fourth 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 fiscal consolidation efforts. Sovereign debt spreads have declined to their lowest levels since 2018. Continued progress on economic reforms and the buildup of liquidity buffers are expected to further narrow spreads and help sustain 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.

**45. Overall risks have decreased relative to the fourth review but remain elevated and tilted to the downside, though mitigated by the authorities' continued strong commitment to reforms and fiscal consolidation.** The successful regaining of market access and debt buyback increased Ecuador's financing sources and significantly reduced debt service in 2026-28, easing liquidity pressures. Government deposits and liquidity conditions have improved, and sovereign spreads have narrowed. The rise in oil prices is expected to support fiscal performance and the balance of payments. Upside risks could arise from higher-than-expected growth, higher oil prices, 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. A more protracted conflict in the Middle East could further tighten global financial conditions for emerging markets under risk-off scenarios, increasing financing risks. On the domestic front, key risks include oil

output declines amid important investment needs, slippages in fiscal performance, security challenges, energy supply shocks, and political fragmentation slowing reforms.

**46. The authorities continue strengthening the social safety net.** They continue expanding social protection coverage for lower-income households, surpassing program targets, and have implemented measures to mitigate the impact of reforms, such as the fuel subsidy reforms, on vulnerable groups. Social policy has also focused on productive inclusion and targeted support for priority populations, including the youth and women. Labor market indicators have improved, and the poverty rate has declined to the lowest level since 2007.

**47. The financial sector remains stable, but addressing vulnerabilities in segments of the cooperative sector remains essential.** Supervision is being enhanced. Strengthening the resolution framework remains a priority. The authorities are committed to assessing gaps in the resolution framework and advancing legal and regulatory reforms to strengthen it in line with international standards and FSAP recommendations. In addition, they have strengthened the “exclusion and transfer of assets and liabilities” (ETAP) mechanism to facilitate the orderly resolution of unviable entities.

**48. Reforming the interest rate system and developing domestic capital markets are central to deepening the domestic market, improving credit allocation, and supporting medium-term growth.** The authorities reiterated their commitment to developing a new methodology for interest rates that is better aligned with market conditions. Gradually modernizing the interest rate system would support financial deepening and improve resource allocation. Steps to develop domestic capital markets are advancing, including actions to strengthen the legal framework for public sector securities issuance and trading and support the implementation of domestic debt auctions, which are planned to begin in 2026. Deepening domestic capital markets will help diversify financing sources, reduce reliance on external funding, and lift potential growth over the medium term.

**49. Advancing structural reforms remains critical to attracting private investment, strengthening competitiveness, and boosting medium-term growth.** The authorities are working to attract private investment into high-potential sectors, including mining, hydrocarbons, and energy, with the objective of raising productivity and diversifying growth drivers. In parallel, efforts are underway to strengthen energy resilience by expanding electricity supply and enhancing preparedness for natural disasters, reducing vulnerabilities to recurrent shocks. Decisive and sustained implementation of the economic reform agenda would help unlock significant growth dividends over the medium term, support job creation, and reinforce macroeconomic resilience.

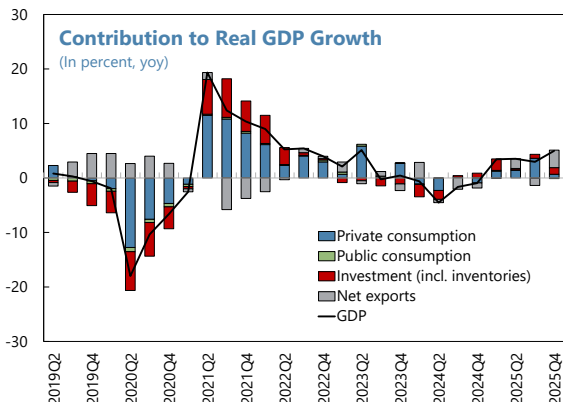
**50. Strengthening Ecuador’s capacity to combat illicit activities and enhancing governance are essential to safeguarding financial integrity and supporting growth.** Ecuador has taken important steps to reinforce its AML/CFT framework, including through the entry into force of the 2024 AML/CFT law and the approval of a multi-year AML/CFT Strategic Action Plan. Going forward, priority should be given to operationalizing the Strategic Action Plan through concrete annual actions, strengthening the independence and capacity of AML/CFT authorities, developing a

“follow-the-money” approach well aligned with key money laundering risks, enhancing inter-agency coordination and information sharing, and refocusing enforcement on disrupting the financing and profitability of criminal networks. In parallel, initiatives to strengthen procurement governance and enhance transparency and accountability remain important to mitigate vulnerabilities to corruption.

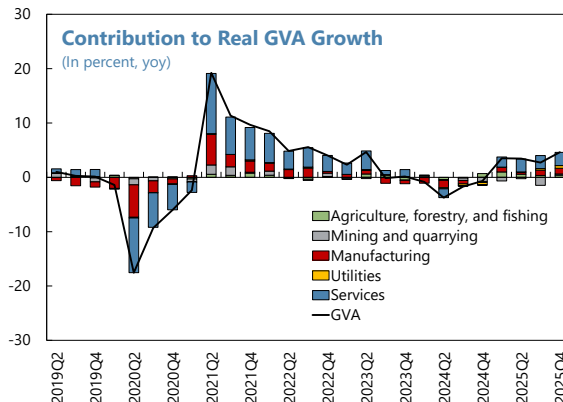
**51. Staff support the completion of the fifth review under the Extended Arrangement under the EFF.** Staff support the requests for waivers of non-observance and for modification of performance criteria, given the corrective fiscal measures taken by the authorities to return to the program’s fiscal consolidation path. Staff also recommend the completion of the financing assurances review.

**Figure 1. Ecuador: Recent Economic Developments**

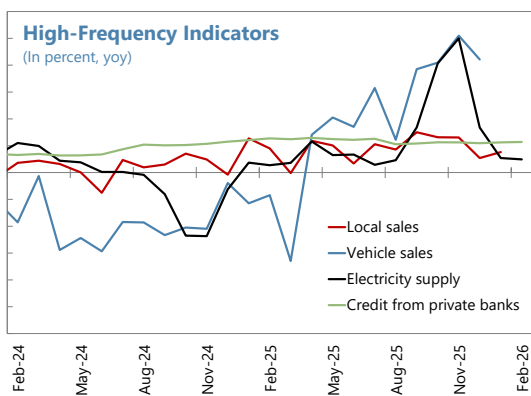
Real GDP bounced back in 2025, driven by stronger domestic demand and record nonoil exports...



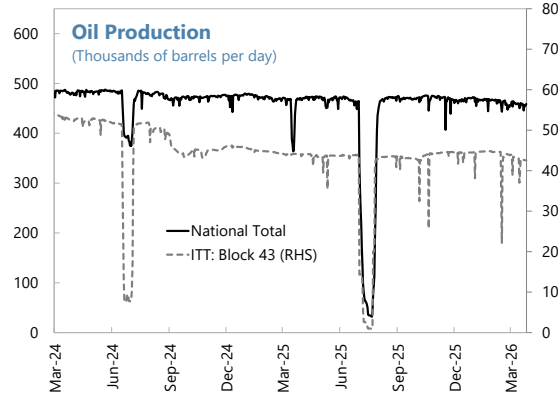
... and on the supply side by manufacturing and services.



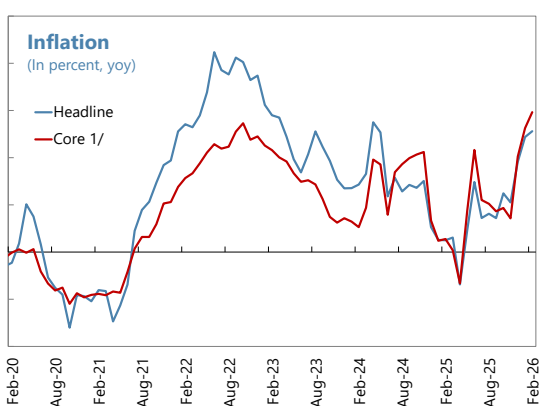
High-frequency indicators point to a leveling off in economic activity at the start of 2026.



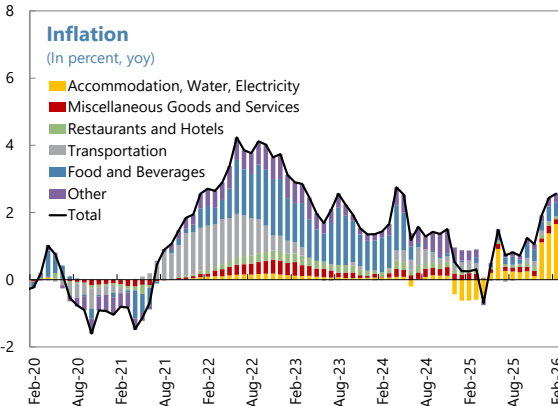
Oil production has remained broadly stable following the 2025 disruptions.



Inflation has picked up in recent months...



...largely reflecting the normalization of electricity prices after the declines during the electricity crisis.

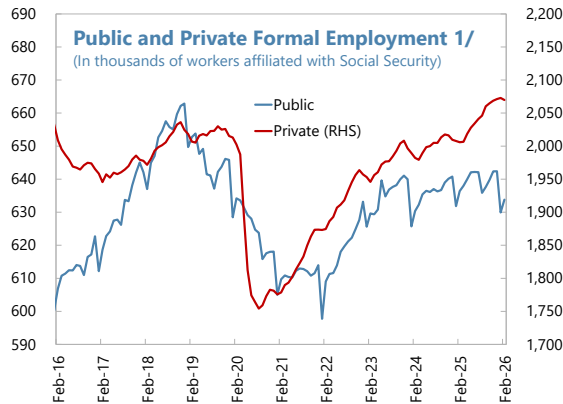


Sources: Ecuador's Internal Revenue Service, Central Bank of Ecuador, INEC, and IMF staff calculations.

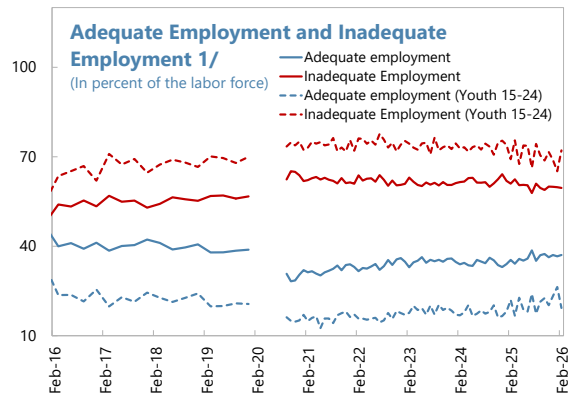
1/ Core CPI excludes food (except for coffee, tea, and cocoa; and mineral water, soft drinks, and fruit/vegetable juices), gas, and fuel and lubricants. In the upper right chart, GVA stands for gross value added.

**Figure 2. Ecuador: Labor Market and Socio-Economic Developments**

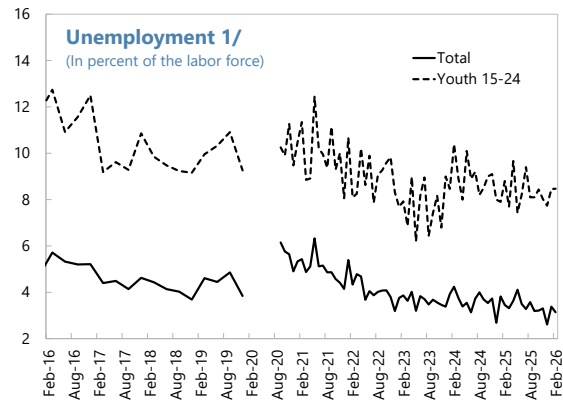
Formal private employment has surpassed pre-pandemic levels...



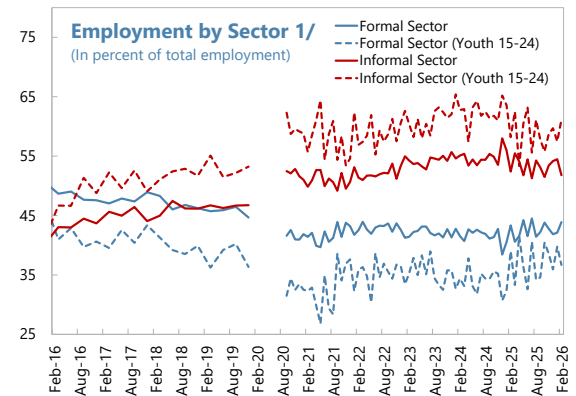
...with rising adequate employment, especially among the youth.



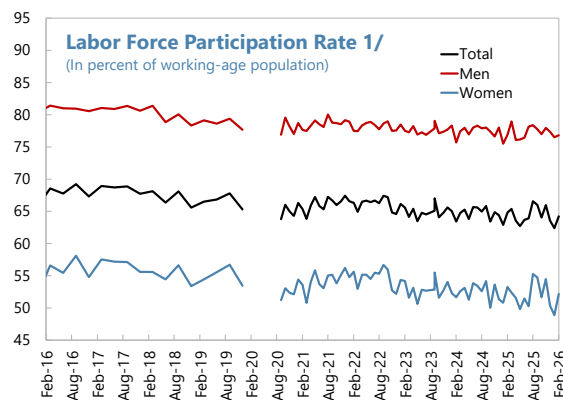
The unemployment rate is in single digits, with declining youth unemployment.



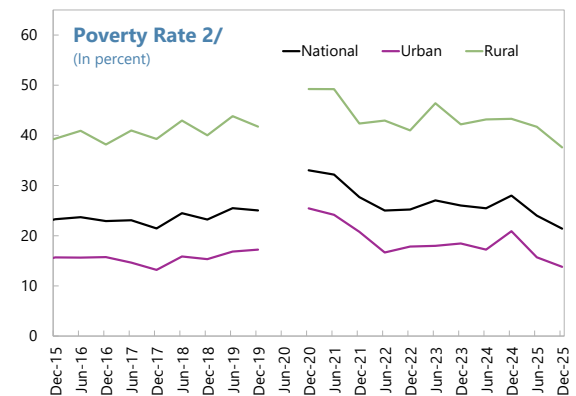
Informality is declining, particularly among the youth.



Labor force participation remained broadly stable in recent months, including among women.



Poverty has decreased, especially in urban areas.



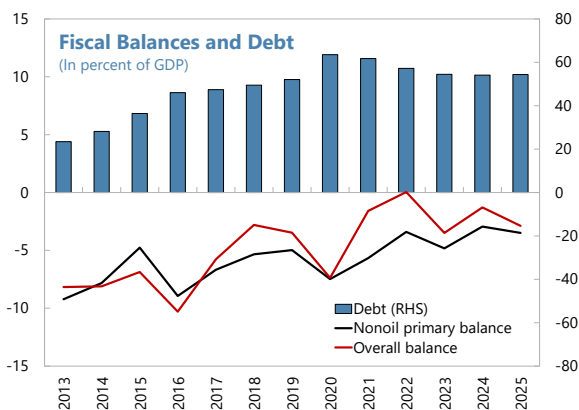
Sources: IESS, INEC, and IMF staff calculations.

1/ There is no data for March and June 2020 due to the Covid-19 pandemic.

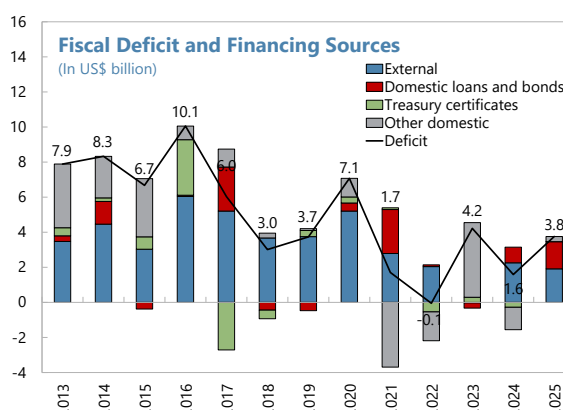
2/ Calculated as the ratio between the total number of people below the poverty line and the total population. There is no data for June 2020 due to the Covid-19 pandemic.

**Figure 3. Ecuador: Fiscal Developments 1/**

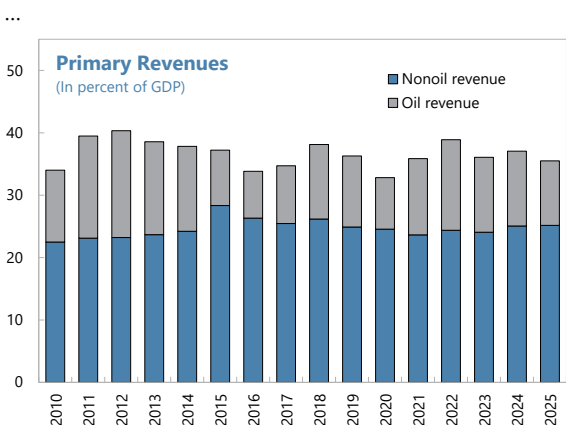
*The fiscal position has strengthened ...*



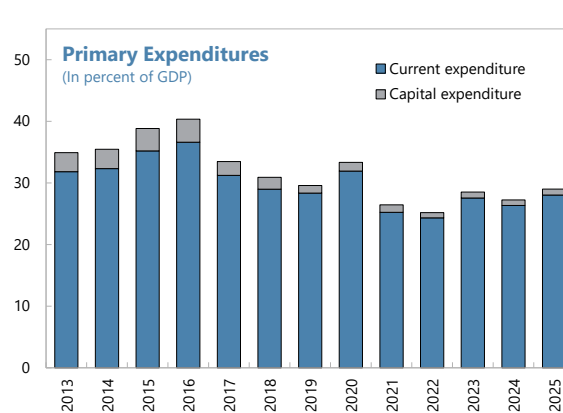
*The financing relied heavily on multilateral partners.*



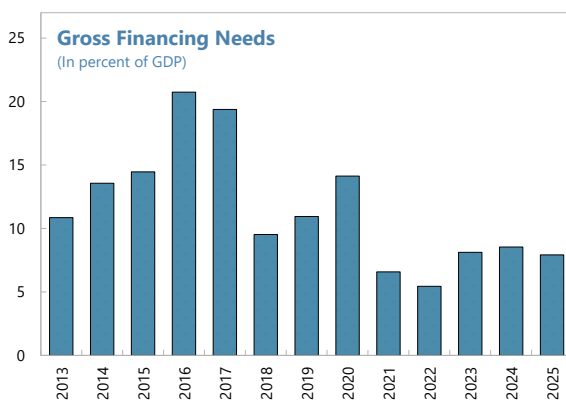
*The authorities undertook significant revenue mobilization ...*



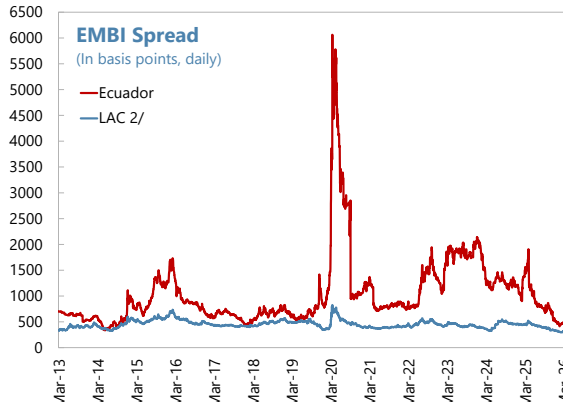
*...while primary expenditures remained contained.*



*Despite the fiscal improvement, gross financing needs remained large.*



*Sovereign spreads have narrowed to the lowest level since 2018.*



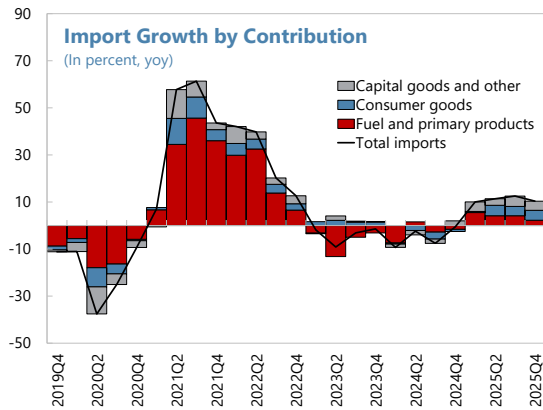
Sources: Central Bank of Ecuador, Ministry of Economy and Finance, Haver, Bloomberg, and IMF staff calculations.

1/ The data for Ecuador reflect net lending/borrowing for the Non-Financial Public Sector (NFPS).

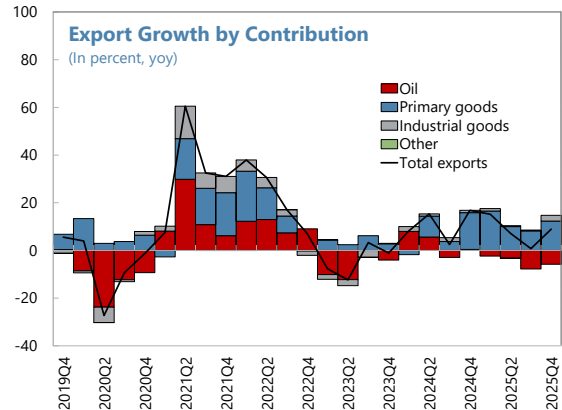
2/ LAC: average over Argentina, Belize, Brazil, Chile, Colombia, Dominican Republic, Ecuador, El Salvador, Jamaica, Mexico, Panama, Peru, Uruguay and Venezuela.

**Figure 4. Ecuador: External Sector Developments**

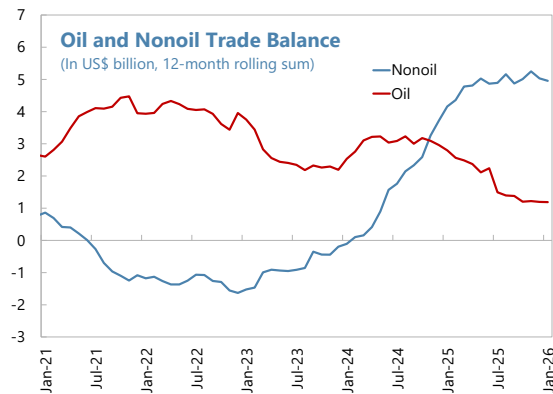
*Imports increased in line with the economic recovery ...*



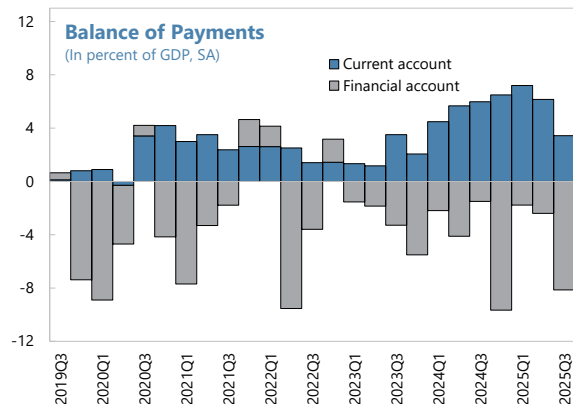
*...but they were more than offset by strong export growth...*



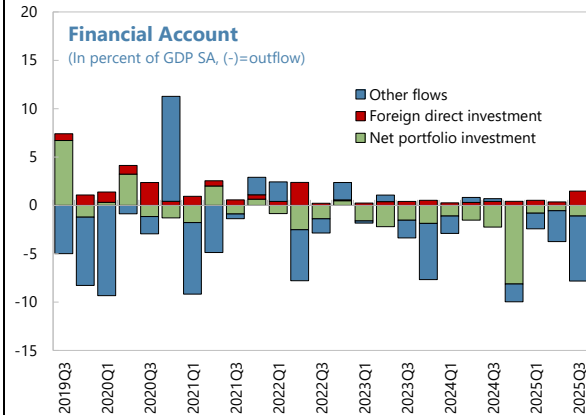
*...especially for nonoil products...*



*... supporting a sustained current account surplus...*



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



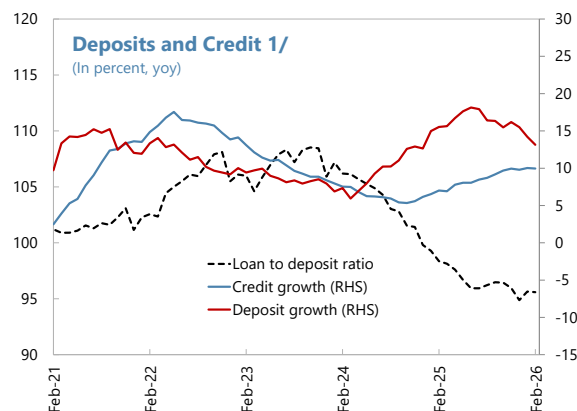
*... led to a sustained increase in gross international reserves to record-high levels.*



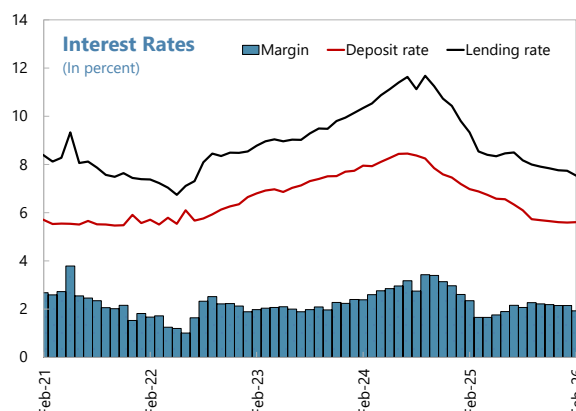
Sources: Central Bank of Ecuador, STA BOP database, Haver, and IMF staff calculations.

**Figure 5. Ecuador: Financial System Developments**

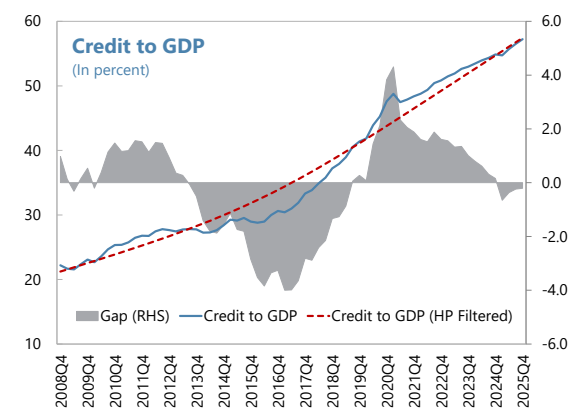
*Robust deposit growth facilitated a recovery in credit ...*



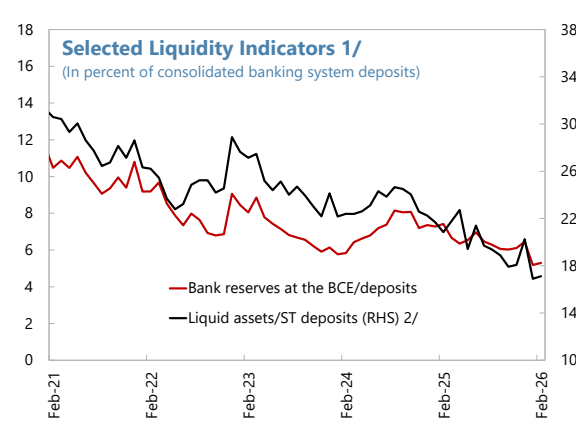
*...and a decline in borrowing costs.*



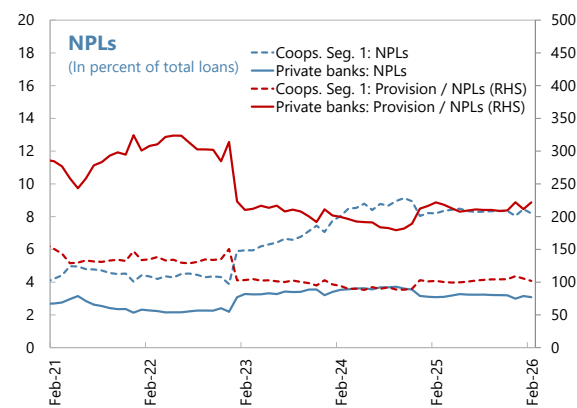
*The credit-to-GDP gap seems to have closed, suggesting credit growth is in line with macroeconomic developments.*



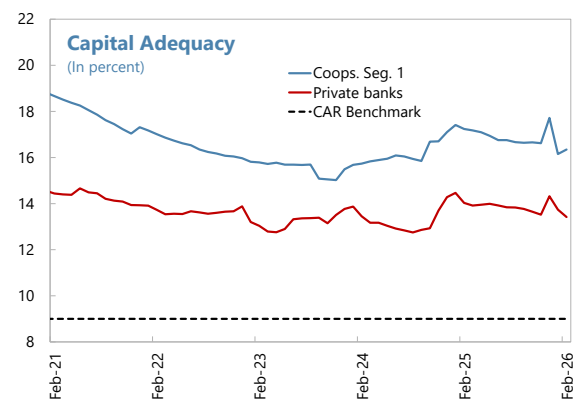
*Bank reserves remain adequate.*



*Provisioning and loan quality in Segment 1 cooperatives is substantially lower than in private banks.*



*Capital ratios for both private banks and Segment 1 cooperatives have stabilized above the regulatory norm.*



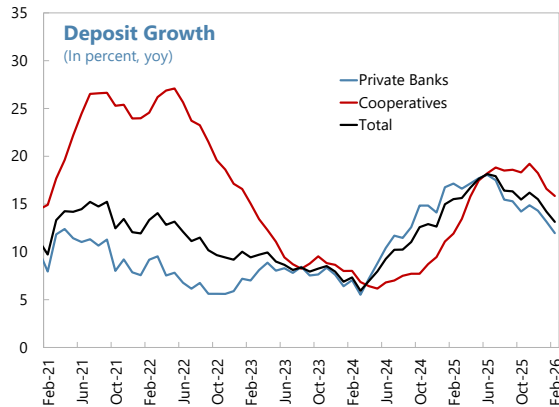
Sources: Central Bank of Ecuador, Superintendency of Banks, IMF Monetary and Financial Statistics, and IMF staff calculations.

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.

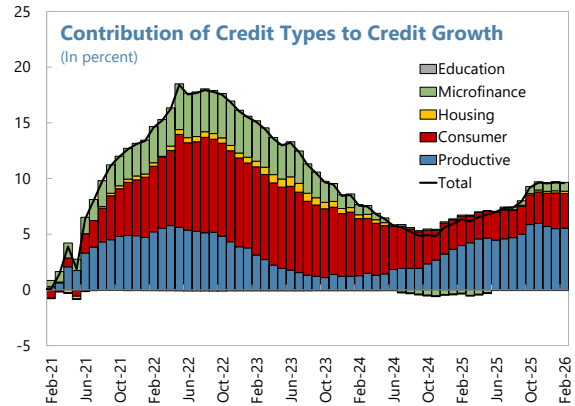
2/ Data corresponds to the private banks aggregate, which includes Banco del Pacifico.

**Figure 6. Ecuador: Deposit and Credit Market Dynamics**

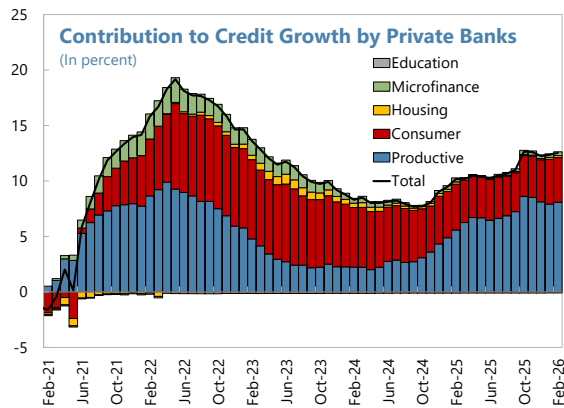
Deposit growth has been strong for both private banks and credit cooperatives.



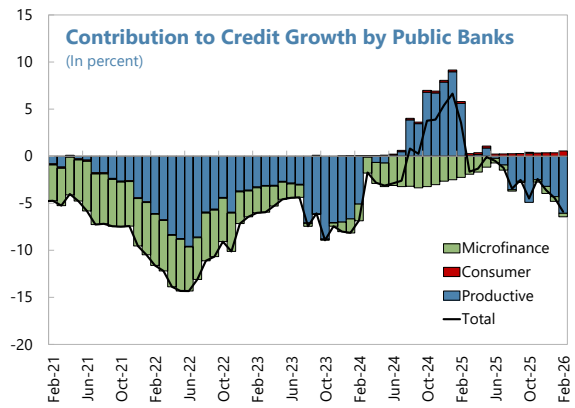
Credit growth is leveling up, led by productive credit.



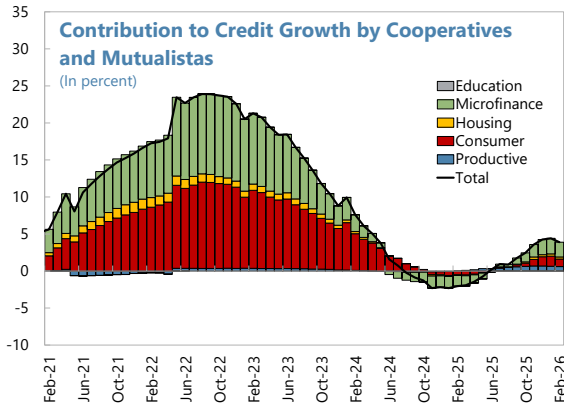
Credit by private banks has also leveled up...



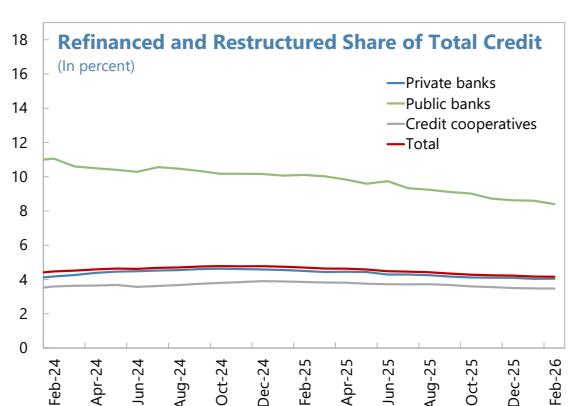
...while credit by public banks has declined.



Cooperatives' credit growth has turned marginally positive.



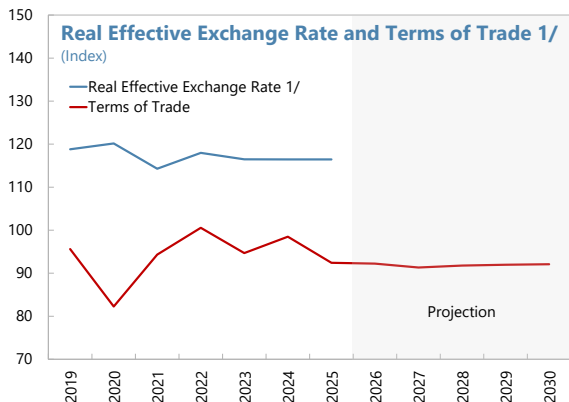
The restructured and refinanced share of credit remains stable, with notable improvement in public banks.



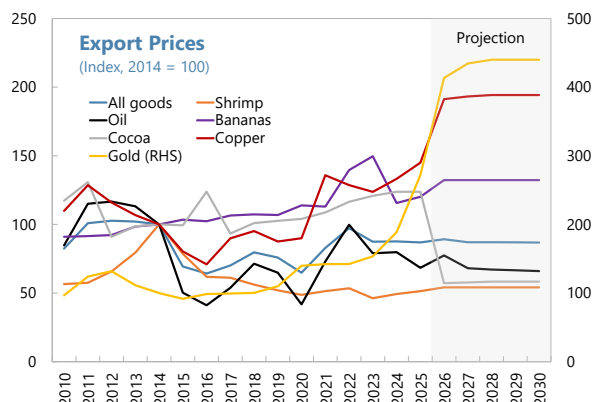
Sources: Central Bank of Ecuador, Superintendency of Banks, IMF Monetary and Financial Statistics, and IMF staff calculations.

**Figure 7. Ecuador: External Position**

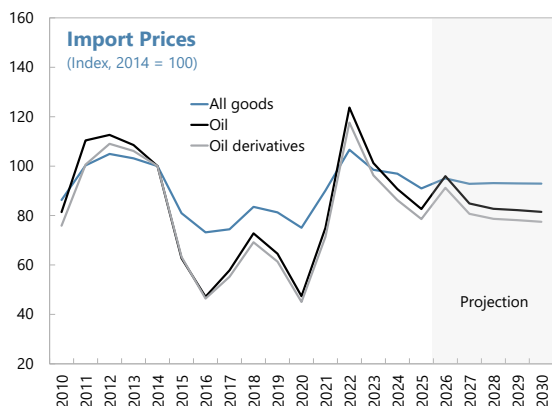
The terms of trade are projected to stabilize over the medium term...



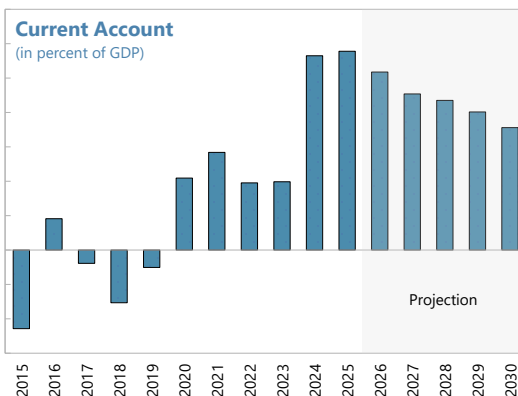
... partly driven by moderating non-oil commodity prices...



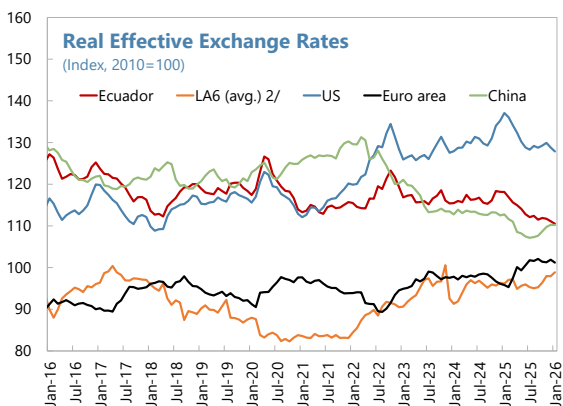
... and an increase in derivatives import prices.



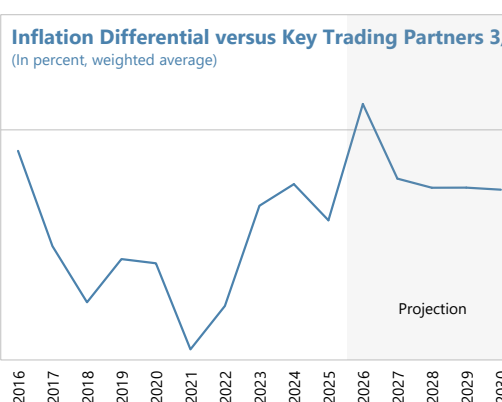
The CA has been in surplus since 2020, improving considerably in 2024-25...



... while the real effective exchange rate has been depreciating ...



... driven by favorable inflation differentials relative to trading partners.



Sources: BCE. Haver, INS, WEO April 2026 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, 2023-31

	2023	2024	2025	Projections							
				2026	2027	2028	2029	2030	2031		
			CR/25/341 1/	CR/25/341 1/							
(Percent change, unless otherwise indicated)											
<b>National income and prices</b>											
Nominal GDP (US\$ million)	120,793	123,802	130,548	130,321	136,083	138,194	144,135	150,136	156,661	163,818	171,302
GDP per capita (US\$)	6,773	6,891	7,211	7,199	7,459	7,575	7,839	8,103	8,390	8,707	9,036
Real GDP	1.8	-1.9	3.4	3.7	2.2	2.5	2.5	2.6	2.8	3.0	3.0
Domestic demand (contribution to growth)	1.4	-1.4	3.7	2.9	2.3	2.8	2.8	2.5	3.0	3.3	3.7
Consumption (contribution to growth)	2.6	-1.0	3.7	1.8	0.3	1.5	1.4	1.7	1.9	1.9	2.2
Investment (contribution to growth)	-1.2	-0.4	0.0	1.0	2.0	1.3	1.4	0.8	1.1	1.4	1.5
External demand (contribution to growth)	0.2	-0.2	-0.7	0.7	0.0	-0.5	-0.3	0.1	-0.2	-0.3	-0.7
Exports (contribution to growth)	0.2	0.2	1.3	1.7	1.5	1.4	1.3	1.8	1.6	1.9	1.6
Imports (contribution to growth)	0.0	-0.4	-2.0	-1.0	-1.6	-1.8	-1.6	-1.7	-1.8	-2.2	-2.2
Consumer price index (period average)	2.2	1.5	0.9	0.7	2.8	2.9	1.6	1.5	1.5	1.5	1.5
Consumer price index (end-of-period)	1.3	0.5	3.5	1.9	1.7	3.0	1.6	1.6	1.6	1.6	1.6
(Percent of GDP)											
<b>Saving-investment balance</b>											
Consumption	79.1	76.9	78.8	76.9	78.0	76.0	75.4	75.1	74.9	74.5	74.4
Private	65.5	63.5	65.7	64.1	65.5	63.8	63.8	63.9	63.8	63.6	63.5
Public	13.6	13.4	13.1	12.8	12.5	12.2	11.6	11.2	11.0	10.9	10.9
National saving	22.7	25.2	24.4	25.4	24.9	26.4	26.6	26.6	26.7	26.8	26.8
Private	24.5	25.0	24.2	26.6	23.2	24.7	23.6	23.1	23.1	23.1	23.0
Public	-1.8	0.2	0.3	-1.2	1.7	1.6	3.0	3.5	3.5	3.7	3.8
Gross investment	20.7	19.5	19.3	19.6	20.8	21.1	22.0	22.3	22.6	23.2	23.7
Private 2/	15.6	15.0	14.9	14.5	15.6	15.1	15.2	15.4	15.8	16.4	16.9
Public	5.1	4.5	4.4	5.1	5.2	6.1	6.9	6.9	6.9	6.9	6.9
(Millions of barrels, unless otherwise indicated)											
<b>Oil production, demand, and prices</b>											
Oil production	173.5	174.0	161.1	160.8	172.5	168.2	171.5	174.7	175.2	175.4	175.4
Domestic consumption of oil derivatives	104.1	106.5	106.5	106.2	109.3	109.1	111.7	114.6	117.8	121.3	121.3
Oil price West Texas Intermediate (US\$ per barrel)	77.6	76.6	65.6	64.8	59.3	75.1	66.4	64.8	64.3	63.8	63.1
Oil price Ecuador mix (US\$ per barrel)	68.0	68.5	58.9	58.6	54.1	66.4	58.4	57.6	57.1	56.6	56.6
(Percent of GDP, unless otherwise indicated)											
<b>External sector</b>											
Current account balance	2.0	5.7	5.1	5.8	4.1	5.2	4.6	4.4	4.0	3.6	3.1
Trade balance	1.8	5.5	4.5	4.9	3.9	4.3	4.0	4.0	3.9	3.9	3.7
Financial account balance	3.2	3.7	2.6	3.7	2.0	2.4	2.0	2.1	1.9	1.8	1.4
Exports of oil (US\$ million)	8,952	9,572	7,411	7,750	7,049	8,648	7,410	7,428	7,339	7,258	7,260
Gross international reserves (US\$ million) 3/	4,455	6,908	10,290	9,803	13,220	13,797	17,548	21,059	24,437	27,535	30,529
As a percent of the ARA metric 4/	17.0	26.1	37	35.4	46.9	48.3	59.8	69.6	78.5	85.7	91.5
Real effective exchange rate (2010=100) 5/	115.4	118.2	...	111.1	...	110.8	...	...	...	...	...
Real effective exchange rate, end-of-period (depreciation, -) 5/	-3.3	2.4	-3.3	-6.0	...	-6.3	...	...	...	...	...
(Percent of GDP)											
<b>Public finances</b>											
Non-financial public sector (NFPS)											
Overall balance	-3.5	-1.3	-1.2	-2.9	0.0	-0.4	0.7	1.2	1.2	1.4	1.5
Primary balance	-2.6	-0.2	-0.1	-1.7	1.1	0.9	1.8	2.4	2.4	2.4	2.4
NOPBS	-7.5	-5.4	-4.1	-5.1	-2.4	-3.3	-1.7	-0.9	-0.6	-0.4	-0.3
Budgetary Central Government (PGE+CFDD)											
Overall balance	-5.3	-2.5	-3.1	-4.3	-1.9	-2.2	-0.9	-0.2	-0.3	-0.3	-0.3
Public debt 6/	54.5	54.1	53.2	54.3	51.4	52.7	50.9	48.9	46.0	43.1	39.8
Domestic	14.6	14.1	13.7	14.9	12.9	13.9	13.1	12.4	11.1	9.8	8.7
External	39.9	40.1	39.5	39.4	38.5	38.8	37.7	36.4	34.9	33.2	31.2
(Percent change)											
<b>Monetary sector</b>											
Broad money (M2) (percent change, yoy) 7/	6.7	4.8	4.7	5.3	3.4	4.4	4.3	4.2	4.3	4.6	4.6
Credit to the private sector (percent change, yoy) 8/	8.4	6.2	8.2	9.8	4.9	6.2	4.4	4.4	6.4	6.6	6.5
Net international reserves (US\$ million) 9/	-7,639	-7,638	-6,961	-6,992	-5,964	-5,894	-3,589	-346	2,058	4,626	3,546

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

1/ Staff Report for the Fourth EFF Review (Country Report No. 2025/341).

2/ Includes inventories.

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

4/ Does not include the Liquidity Fund.

5/ Data for 2026 is actual data as of January.

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, 2023-31

	2023	2024	2025	Projections							
				2026	2027	2028	2029	2030	2031		
			CR/25/341 1/	CR/25/341 1/							
(Percent change, unless otherwise indicated)											
<b>National income and prices</b>											
Nominal GDP (US\$ million)	120,793	123,802	130,548	130,321	136,083	138,194	144,135	150,136	156,661	163,818	171,302
Nominal GDP	4.0	2.5	4.7	5.3	4.2	6.0	4.3	4.2	4.3	4.6	4.6
Population (millions)	17.8	18.0	18.1	18.1	18.2	18.2	18.4	18.5	18.7	18.8	19.0
GDP per capita (US\$)	6,773	6,891	7,211	7,199	7,459	7,575	7,839	8,103	8,390	8,707	9,036
Real GDP per capita	1.2	-2.7	2.6	2.9	1.4	1.7	1.7	1.8	2.0	2.2	2.2
Real GDP	1.8	-1.9	3.4	3.7	2.2	2.5	2.5	2.6	2.8	3.0	3.0
Domestic demand	1.4	-1.4	3.7	2.9	2.3	2.8	2.9	2.6	3.1	3.4	3.7
Consumption	3.3	-1.3	4.5	2.3	0.4	1.9	1.8	2.2	2.5	2.5	2.8
Investment	-6.1	-1.9	-0.2	5.2	9.8	6.1	6.6	3.8	5.0	6.0	6.4
External demand											
Exports	0.8	0.8	4.8	6.3	5.4	4.8	4.6	5.9	5.3	6.0	4.8
Imports	0.1	1.4	7.5	3.9	5.7	6.8	5.8	5.8	6.1	7.1	6.9
Real GDP	1.8	-1.9	3.4	3.7	2.2	2.5	2.5	2.6	2.8	3.0	3.0
Domestic demand (contribution to growth)	1.4	-1.4	3.7	2.9	2.3	2.8	2.8	2.5	3.0	3.3	3.7
Consumption (contribution to growth)	2.6	-1.0	3.7	1.8	0.3	1.5	1.4	1.7	1.9	1.9	2.2
Investment (contribution to growth)	-1.2	-0.4	0.0	1.0	2.0	1.3	1.4	0.8	1.1	1.4	1.5
External demand (contribution to growth)	0.2	-0.2	-0.7	0.7	0.0	-0.5	-0.3	0.1	-0.2	-0.3	-0.7
Exports (contribution to growth)	0.2	0.2	1.3	1.7	1.5	1.4	1.3	1.8	1.6	1.9	1.6
Imports (contribution to growth)	0.0	-0.4	-2.0	-1.0	-1.6	-1.8	-1.6	-1.7	-1.8	-2.2	-2.2
Consumer price index (period average)	2.2	1.5	0.9	0.7	2.8	2.9	1.6	1.5	1.5	1.5	1.5
Consumer price index (end-of-period)	1.3	0.5	3.5	1.9	1.7	3.0	1.6	1.6	1.6	1.6	1.6
GDP deflator (period average)	2.1	4.5	1.3	1.5	2.0	3.4	1.8	1.5	1.5	1.5	1.5
(Millions of barrels, unless otherwise indicated)											
<b>Oil production, demand, and prices</b>											
Oil production	173.5	174.0	161.1	160.8	172.5	168.2	171.5	174.7	175.2	175.4	175.4
Exports of crude oil	115.0	126.3	119.4	119.2	116.8	115.0	111.0	113.4	112.7	112.7	112.7
Exports of derivative 2/	10.6	6.6	3.1	2.8	6.5	6.5	6.7	6.7	6.7	6.5	6.5
Domestic consumption of oil derivatives	104.1	106.5	106.5	106.2	109.3	109.1	111.7	114.6	117.8	121.3	121.3
Import of oil derivatives	66.1	70.9	73.5	74.3	64.6	68.2	63.9	66.0	68.0	71.0	71.0
Oil price West Texas Intermediate (US\$ per barrel)	77.6	76.6	65.6	64.8	59.3	75.1	66.4	64.8	64.3	63.8	63.1
Oil price Ecuador mix (US\$ per barrel)	68.0	68.5	58.9	58.6	54.1	66.4	58.4	57.6	57.1	56.6	56.6
Sources: Ministry of Economy and Finance; Central Bank of Ecuador; Haver; and Fund staff calculations and projections.											
1/ Staff Report for the Fourth EFF Review (Country Report No. 2025/341).											
2/ For derivatives, only exports of public companies are included.											

Table 3a. Ecuador: Statement of Nonfinancial Public Sector Operations, 2023-31

	2023	2024	2025 CR/25/341 1/	Projections							
				2026 CR/25/341 1/	2027	2028	2029	2030	2031		
										(US\$ million)	
<b>Revenue (1)</b>	<b>43,580</b>	<b>45,876</b>	<b>47,473</b>	<b>46,270</b>	<b>49,271</b>	<b>51,586</b>	<b>52,345</b>	<b>54,490</b>	<b>56,285</b>	<b>58,466</b>	<b>61,132</b>
<b>Oil revenue</b>	<b>14,510</b>	<b>14,847</b>	<b>14,175</b>	<b>13,476</b>	<b>14,148</b>	<b>16,440</b>	<b>14,989</b>	<b>15,043</b>	<b>15,138</b>	<b>15,265</b>	<b>15,963</b>
<b>Nonoil revenue</b>	<b>29,070</b>	<b>31,029</b>	<b>33,298</b>	<b>32,794</b>	<b>35,123</b>	<b>35,146</b>	<b>37,356</b>	<b>39,446</b>	<b>41,147</b>	<b>43,200</b>	<b>45,169</b>
Taxes	15,049	16,995	18,770	18,131	19,727	19,429	20,831	21,822	22,842	23,927	25,020
Income tax	4,635	5,382	5,884	5,682	6,029	5,808	6,504	6,625	6,984	7,378	7,715
Property tax	872	1,081	1,081	945	847	886	922	960	1,000	1,044	1,092
Goods and services	7,391	8,335	9,310	9,148	9,887	10,189	10,770	11,536	12,075	12,696	13,276
o/w Value added tax	6,269	7,549	8,236	8,101	8,605	8,745	9,494	10,134	10,575	11,058	11,563
o/w Excise tax	813	751	753	735	789	832	925	1,038	1,126	1,251	1,308
International trade and transactions	1,885	1,893	2,119	2,046	2,377	2,180	2,288	2,398	2,502	2,516	2,631
Other tax	266	303	376	309	587	365	346	303	281	292	306
Social security contributions	6,051	6,062	6,294	6,224	6,492	6,433	6,618	6,887	7,208	7,556	7,902
Other revenue	7,969	7,972	8,234	8,440	8,903	9,284	9,907	10,737	11,097	11,716	12,247
Interest	1,559	1,510	1,630	1,655	1,673	1,584	1,638	1,644	1,660	1,877	1,963
Other	6,410	6,462	6,603	6,784	7,230	7,700	8,270	9,093	9,436	9,840	10,284
<b>Expenditure (2)</b>	<b>47,797</b>	<b>47,467</b>	<b>49,062</b>	<b>50,025</b>	<b>49,326</b>	<b>52,194</b>	<b>51,344</b>	<b>52,656</b>	<b>54,369</b>	<b>56,223</b>	<b>58,639</b>
<b>Expense</b>	<b>45,712</b>	<b>45,586</b>	<b>47,114</b>	<b>47,779</b>	<b>46,937</b>	<b>49,352</b>	<b>47,987</b>	<b>49,166</b>	<b>50,727</b>	<b>52,415</b>	<b>54,656</b>
Compensation of employees	12,925	13,094	13,302	13,341	13,490	13,470	13,519	13,663	14,013	14,366	15,022
Use of goods and services	16,865	15,913	15,813	15,835	14,857	16,824	15,376	15,541	15,892	16,418	17,168
Oil 2/	11,806	11,392	10,964	11,148	10,195	12,038	10,884	11,021	11,246	11,558	12,086
Nonoil	5,060	4,521	4,849	4,687	4,662	4,786	4,492	4,521	4,646	4,860	5,082
Interest	2,609	2,882	3,100	3,139	3,269	3,380	3,285	3,399	3,574	3,639	3,654
Nonresidents	2,126	2,456	2,569	2,583	2,702	2,820	2,711	2,785	2,929	3,047	3,114
Residents	483	427	532	556	567	560	574	614	645	592	541
Social benefits	10,219	10,424	11,262	11,513	11,312	11,919	12,098	12,536	13,041	13,593	14,214
Social security benefits	7,164	7,285	7,716	7,900	7,933	8,493	8,588	8,945	9,332	9,755	10,200
Social assistance benefits	1,295	1,275	1,553	1,589	1,410	1,422	1,449	1,477	1,508	1,540	1,610
Employment-related social benefits	1,760	1,864	1,993	2,024	1,969	2,005	2,060	2,114	2,202	2,299	2,404
Other expense	3,094	3,273	3,636	3,952	4,008	3,760	3,709	4,027	4,208	4,399	4,598
Transfers not elsewhere classified	2,181	2,208	2,186	2,316	2,593	2,473	2,420	2,619	2,751	2,877	3,008
Current	1,017	1,095	1,101	1,065	1,270	1,148	1,209	1,230	1,283	1,342	1,403
Capital	1,165	1,113	1,086	1,251	1,323	1,325	1,211	1,390	1,468	1,535	1,606
Other	912	1,065	1,449	1,635	1,415	1,287	1,289	1,407	1,457	1,522	1,589
<b>Net/gross investment in nonfinancial assets</b>	<b>2,085</b>	<b>1,881</b>	<b>1,948</b>	<b>2,247</b>	<b>2,389</b>	<b>2,841</b>	<b>3,357</b>	<b>3,490</b>	<b>3,642</b>	<b>3,809</b>	<b>3,983</b>
<b>Net lending (+) / Net borrowing (-) (NLB = 1-2)</b>	<b>-4,217</b>	<b>-1,590</b>	<b>-1,589</b>	<b>-3,755</b>	<b>-55</b>	<b>-608</b>	<b>1,001</b>	<b>1,833</b>	<b>1,916</b>	<b>2,242</b>	<b>2,493</b>
<b>Net acquisition of financial assets (3)</b>	<b>-538</b>	<b>-232</b>	<b>901</b>	<b>1,058</b>	<b>372</b>	<b>1,395</b>	<b>1,503</b>	<b>1,863</b>	<b>684</b>	<b>673</b>	<b>202</b>
<b>Net incurrence of liabilities (4)</b>	<b>4,348</b>	<b>1,918</b>	<b>2,490</b>	<b>4,712</b>	<b>427</b>	<b>2,002</b>	<b>502</b>	<b>29</b>	<b>-1,232</b>	<b>-1,570</b>	<b>-2,291</b>
Domestic	4,377	-338	457	2,899	-311	-160	-306	-308	-1,260	-1,263	-1,268
External	-30	2,256	2,033	1,813	738	2,162	808	338	28	-306	-1,023
Overall statistical discrepancy (-NLB+3-4)	-668	-560	0	101	0	0	0	0	0	0	0
<b>Memorandum items:</b>											
Primary balance	-3,167	-218	-119	-2,271	1,541	1,187	2,649	3,589	3,830	4,005	4,184
Nonoil primary revenue	27,511	29,519	31,668	31,139	33,450	33,562	35,718	37,802	39,487	41,323	43,206
Nonoil primary expenditure	33,343	33,161	34,967	35,687	35,831	36,724	37,123	38,184	39,495	40,970	42,839
Nonoil primary balance (NOPB)	-5,833	-3,643	-3,299	-4,548	-2,381	-3,162	-1,404	-382	-8	354	367
NOPB including fuel subsidies (NOPBS)	-9,098	-6,674	-5,356	-6,635	-3,293	-4,540	-2,435	-1,374	-980	-598	-599
Oil balance	2,665	3,424	3,179	2,276	3,922	4,350	4,054	3,971	3,838	3,651	3,818
Central government (PGE+CFDD) NLB	-6,449	-3,058	-4,072	-5,584	-2,597	-3,090	-1,289	-323	-420	-557	-582
NFPS gross debt	65,821	67,019	69,509	70,815	69,936	72,817	73,318	73,348	72,116	70,546	68,255
Domestic	17,633	17,429	17,886	19,416	17,575	19,257	18,950	18,642	17,382	16,119	14,851
External	48,188	49,590	51,623	51,398	52,361	53,560	54,368	54,706	54,734	54,427	53,404
Nominal GDP	120,793	123,802	130,548	130,321	136,083	138,194	144,135	150,136	156,661	163,818	171,302

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

1/ Staff Report for the Fourth EFF Review (Country Report No. 2025/341).

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, 2023-31

	2023	2024	2025	Projections							
				2026	2027	2028	2029	2030	2031		
										CR/25/341 1/	CR/25/341 1/
<b>Revenue (1)</b>	<b>36.1</b>	<b>37.1</b>	<b>36.4</b>	<b>35.5</b>	<b>36.2</b>	<b>37.3</b>	<b>36.3</b>	<b>36.3</b>	<b>35.9</b>	<b>35.7</b>	<b>35.7</b>
<b>Oil revenue</b>	<b>12.0</b>	<b>12.0</b>	<b>10.9</b>	<b>10.3</b>	<b>10.4</b>	<b>11.9</b>	<b>10.4</b>	<b>10.0</b>	<b>9.7</b>	<b>9.3</b>	<b>9.3</b>
<b>Nonoil revenue</b>	<b>24.1</b>	<b>25.1</b>	<b>25.5</b>	<b>25.2</b>	<b>25.8</b>	<b>25.4</b>	<b>25.9</b>	<b>26.3</b>	<b>26.3</b>	<b>26.4</b>	<b>26.4</b>
Taxes	12.5	13.7	14.4	13.9	14.5	14.1	14.5	14.5	14.6	14.6	14.6
Income tax	3.8	4.3	4.5	4.4	4.4	4.2	4.5	4.4	4.5	4.5	4.5
Property tax	0.7	0.9	0.8	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Goods and services	6.1	6.7	7.1	7.0	7.3	7.4	7.5	7.7	7.7	7.8	7.8
o/w Value added tax	5.2	6.1	6.3	6.2	6.3	6.3	6.6	6.7	6.7	6.7	6.7
o/w Excise tax	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.8	0.8
International trade and transactions	1.6	1.5	1.6	1.6	1.7	1.6	1.6	1.6	1.6	1.5	1.5
Other tax	0.2	0.2	0.3	0.2	0.4	0.3	0.2	0.2	0.2	0.2	0.2
Social contributions	5.0	4.9	4.8	4.8	4.8	4.7	4.6	4.6	4.6	4.6	4.6
Other revenue	6.6	6.4	6.3	6.5	6.5	6.7	6.9	7.2	7.1	7.2	7.1
Interest	1.3	1.2	1.2	1.3	1.2	1.1	1.1	1.1	1.1	1.1	1.1
Other	5.3	5.2	5.1	5.2	5.3	5.6	5.7	6.1	6.0	6.0	6.0
<b>Expenditure (2)</b>	<b>39.6</b>	<b>38.3</b>	<b>37.6</b>	<b>38.4</b>	<b>36.2</b>	<b>37.8</b>	<b>35.6</b>	<b>35.1</b>	<b>34.7</b>	<b>34.3</b>	<b>34.2</b>
<b>Expense</b>	<b>37.8</b>	<b>36.8</b>	<b>36.1</b>	<b>36.7</b>	<b>34.5</b>	<b>35.7</b>	<b>33.3</b>	<b>32.7</b>	<b>32.4</b>	<b>32.0</b>	<b>31.9</b>
Compensation of employees	10.7	10.6	10.2	10.2	9.9	9.7	9.4	9.1	8.9	8.8	8.8
Use of goods and services	14.0	12.9	12.1	12.2	10.9	12.2	10.7	10.4	10.1	10.0	10.0
Oil 2/	9.8	9.2	8.4	8.6	7.5	8.7	7.6	7.3	7.2	7.1	7.1
Nonoil	4.2	3.7	3.7	3.6	3.4	3.5	3.1	3.0	3.0	3.0	3.0
Interest	2.2	2.3	2.4	2.4	2.4	2.4	2.3	2.3	2.3	2.2	2.1
Nonresidents	1.8	2.0	2.0	2.0	2.0	2.0	1.9	1.9	1.9	1.9	1.8
Residents	0.4	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.3
Social benefits	8.5	8.4	8.6	8.8	8.3	8.6	8.4	8.3	8.3	8.3	8.3
Social security benefits	5.9	5.9	5.9	6.1	5.8	6.1	6.0	6.0	6.0	6.0	6.0
Social assistance benefits	1.1	1.0	1.2	1.2	1.0	1.0	1.0	1.0	1.0	0.9	0.9
Employer social benefits	1.5	1.5	1.5	1.6	1.4	1.5	1.4	1.4	1.4	1.4	1.4
Other expense	2.6	2.6	2.8	3.0	2.9	2.7	2.6	2.7	2.7	2.7	2.7
Transfers not elsewhere classified	1.8	1.8	1.7	1.8	1.9	1.8	1.7	1.7	1.8	1.8	1.8
Current	0.8	0.9	0.8	0.8	0.9	0.8	0.8	0.8	0.8	0.8	0.8
Capital	1.0	0.9	0.8	1.0	1.0	1.0	0.8	0.9	0.9	0.9	0.9
Other	0.8	0.9	1.1	1.3	1.0	0.9	0.9	0.9	0.9	0.9	0.9
<b>Net/gross investment in nonfinancial assets</b>	<b>1.7</b>	<b>1.5</b>	<b>1.5</b>	<b>1.7</b>	<b>1.8</b>	<b>2.1</b>	<b>2.3</b>	<b>2.3</b>	<b>2.3</b>	<b>2.3</b>	<b>2.3</b>
<b>Net lending (+) / Net borrowing (-) (NLB = 1-2)</b>	<b>-3.5</b>	<b>-1.3</b>	<b>-1.2</b>	<b>-2.9</b>	<b>0.0</b>	<b>-0.4</b>	<b>0.7</b>	<b>1.2</b>	<b>1.2</b>	<b>1.4</b>	<b>1.5</b>
<b>Net acquisition of financial assets (3)</b>	<b>-0.4</b>	<b>-0.2</b>	<b>0.7</b>	<b>0.8</b>	<b>0.3</b>	<b>1.0</b>	<b>1.0</b>	<b>1.2</b>	<b>0.4</b>	<b>0.4</b>	<b>0.1</b>
<b>Net incurrence of liabilities (4)</b>	<b>3.6</b>	<b>1.5</b>	<b>1.9</b>	<b>3.6</b>	<b>0.3</b>	<b>1.4</b>	<b>0.3</b>	<b>0.0</b>	<b>-0.8</b>	<b>-1.0</b>	<b>-1.3</b>
Domestic	3.6	-0.3	0.4	2.2	-0.2	-0.1	-0.2	-0.2	-0.8	-0.8	-0.7
External	0.0	1.8	1.6	1.4	0.5	1.6	0.6	0.2	0.0	-0.2	-0.6
Overall statistical discrepancy (-NLB+3-4)	-0.6	-0.5	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Memorandum items:</b>											
Primary balance	-2.6	-0.2	-0.1	-1.7	1.1	0.9	1.8	2.4	2.4	2.4	2.4
Nonoil primary revenue	22.8	23.8	24.3	23.9	24.6	24.3	24.8	25.2	25.2	25.2	25.2
Nonoil primary expenditure	27.6	26.8	26.8	27.4	26.3	26.6	25.8	25.4	25.2	25.0	25.0
Nonoil primary balance (NOPB)	-4.8	-2.9	-2.5	-3.5	-1.7	-2.3	-1.0	-0.3	0.0	0.2	0.2
NOPB including fuel subsidies (NOPBS)	-7.5	-5.4	-4.1	-5.1	-2.4	-3.3	-1.7	-0.9	-0.6	-0.4	-0.3
Oil balance	2.2	2.8	2.4	1.7	2.9	3.1	2.8	2.6	2.4	2.2	2.2
Central government (PGE+CFDD) NLB	-5.3	-2.5	-3.1	-4.3	-1.9	-2.2	-0.9	-0.2	-0.3	-0.3	-0.3
NFPS gross debt	54.5	54.1	53.2	54.3	51.4	52.7	50.9	48.9	46.0	43.1	39.8
Domestic	14.6	14.1	13.7	14.9	12.9	13.9	13.1	12.4	11.1	9.8	8.7
External	39.9	40.1	39.5	39.4	38.5	38.8	37.7	36.4	34.9	33.2	31.2

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

1/ Staff Report for the Fourth EFF Review (Country Report No. 2025/341).

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, 2023-31

	2023	2024	2025	Projections							
				2026	2027	2028	2029	2030	2031		
			CR/25/341 1/	CR/25/341 1/							
	(US\$ million)										
<b>Gross financing needs</b>	<b>9,810</b>	<b>10,574</b>	<b>8,433</b>	<b>10,327</b>	<b>7,524</b>	<b>12,435</b>	<b>7,077</b>	<b>6,523</b>	<b>5,822</b>	<b>5,609</b>	<b>5,812</b>
<b>NFPS deficit (= -NLB)</b>	<b>4,217</b>	<b>1,590</b>	<b>1,589</b>	<b>3,755</b>	<b>55</b>	<b>608</b>	<b>-1,001</b>	<b>-1,833</b>	<b>-1,916</b>	<b>-2,242</b>	<b>-2,493</b>
<b>Amortization</b>	<b>5,592</b>	<b>8,983</b>	<b>6,844</b>	<b>6,572</b>	<b>7,469</b>	<b>11,827</b>	<b>8,078</b>	<b>8,356</b>	<b>7,738</b>	<b>7,851</b>	<b>8,305</b>
Domestic	2,936	5,757	3,572	3,270	3,396	5,175	4,062	4,418	4,141	4,295	4,031
Loans	0	0	358	320	696	305	306	308	310	313	318
Securities	2,936	4,734	2,929	2,950	2,585	4,516	3,256	3,610	3,831	3,981	3,714
Treasury certificates	1,873	2,166	1,887	1,887	1,887	1,887	1,887	1,887	1,887	1,637	1,387
Bonds	1,063	2,568	1,042	1,063	697	2,629	1,369	1,723	1,944	2,344	2,327
Other accounts payable clearance 2/	0	1,023	285	0	115	355	500	500	0	0	0
External	2,656	3,226	3,272	3,302	4,074	6,652	4,016	3,938	3,597	3,556	4,273
Loans	1,867	2,148	3,140	3,176	3,201	3,275	3,639	3,596	3,275	3,229	3,069
Multilateral	1,003	1,325	2,463	2,463	2,315	2,376	2,954	3,119	3,024	2,694	2,108
Bilateral	709	406	258	251	532	522	425	470	248	365	541
Commercial	154	417	419	462	353	377	261	6	2	170	419
Securities (Eurobonds)	708	1,004	74	74	813	3,317	317	318	322	327	1,204
Other accounts payable clearance 3/	81	74	58	52	60	60	60	24	0	0	0
<b>Gross financing sources</b>	<b>9,810</b>	<b>10,574</b>	<b>8,433</b>	<b>10,830</b>	<b>7,524</b>	<b>12,435</b>	<b>7,077</b>	<b>6,523</b>	<b>5,822</b>	<b>5,609</b>	<b>5,812</b>
Domestic	6,775	4,351	3,128	5,363	2,712	4,521	2,253	2,247	2,197	2,359	2,562
Use of deposits	3,156	-996	-901	-806	-372	-495	-1,503	-1,863	-684	-673	-202
o/w Deposits at the BCE	2,864	-850	-901	-779	-372	-495	-1,503	-1,863	-684	-673	-202
Loans	11	2,522	500	0	0	0	0	0	0	0	0
Securities	2,918	2,825	3,529	4,797	3,085	5,016	3,756	4,110	2,881	3,031	2,764
Treasury certificates	2,166	1,887	1,887	2,185	1,887	1,887	1,887	1,887	1,637	1,387	1,137
Bonds	752	938	1,642	2,612	1,197	3,129	1,869	2,223	1,244	1,644	1,627
Other accounts payable accumulation 2/	689	0	0	1,372	0	0	0	0	0	0	0
External	2,626	5,482	5,305	5,115	4,812	8,814	4,824	4,276	3,625	3,250	3,250
Loans	2,611	5,467	4,805	5,110	3,812	3,814	3,324	2,276	1,625	1,250	1,250
Multilateral	1,581	4,268	4,625	4,663	2,867	3,030	2,150	1,350	1,100	1,100	1,100
World Bank (WB)	700	908	550	1,049	400	400	400	400	400	400	400
Inter-American Development Bank (IDB)	594	1,179	800	723	550	873	550	250	250	250	250
Development Bank of Latin America (CAF)	285	385	450	481	450	407	450	450	450	450	450
International Monetary Fund (IMF GRA)	0	1,487	1,750	1,796	750	750	750	250	0	0	0
European Investment Bank (EIB)	0	0	92	110	100	100	0	0	0	0	0
Latin America Reserve Fund (FLAR)	0	308	500	500	0	0	0	0	0	0	0
Other	2	0	483	5	617	500	0	0	0	0	0
Bilateral	256	196	180	193	601	323	552	560	425	150	150
Commercial	775	1,004	500	254	344	460	623	365	100	0	0
Securities (Eurobonds)	15	15	0	0	1,000	5,000	1,500	2,000	2,000	2,000	2,000
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	0	251	0	-900	0	0	0	0	0
Statistical discrepancy	-668	-560	0	101	0	0	0	0	0	0	0
<b>Net financing</b>	<b>4,885</b>	<b>2,150</b>	<b>1,589</b>	<b>3,655</b>	<b>55</b>	<b>608</b>	<b>-1,001</b>	<b>-1,833</b>	<b>-1,916</b>	<b>-2,242</b>	<b>-2,493</b>
<b>Net acquisition of financial assets</b>	<b>-538</b>	<b>-232</b>	<b>901</b>	<b>1,058</b>	<b>372</b>	<b>1,395</b>	<b>1,503</b>	<b>1,863</b>	<b>684</b>	<b>673</b>	<b>202</b>
<b>Net incurrence of liabilities</b>	<b>4,348</b>	<b>1,918</b>	<b>2,490</b>	<b>4,712</b>	<b>427</b>	<b>2,002</b>	<b>502</b>	<b>29</b>	<b>-1,232</b>	<b>-1,570</b>	<b>-2,291</b>
Domestic	4,377	-338	457	2,899	-311	-160	-306	-308	-1,260	-1,263	-1,268
External	-30	2,256	2,033	1,813	738	2,162	808	338	28	-306	-1,023
	(In percent of GDP)										
<b>Gross financing needs</b>	<b>8.1</b>	<b>8.5</b>	<b>6.5</b>	<b>7.9</b>	<b>5.5</b>	<b>9.0</b>	<b>4.9</b>	<b>4.3</b>	<b>3.7</b>	<b>3.4</b>	<b>3.4</b>
NFPS deficit (= -NLB)	3.5	1.3	1.2	2.9	0.0	0.4	-0.7	-1.2	-1.2	-1.4	-1.5
Amortization	4.6	7.3	5.2	5.0	5.5	8.6	5.6	5.6	4.9	4.8	4.8
<b>Gross financing sources</b>	<b>8.1</b>	<b>8.5</b>	<b>6.5</b>	<b>8.3</b>	<b>5.5</b>	<b>9.0</b>	<b>4.9</b>	<b>4.3</b>	<b>3.7</b>	<b>3.4</b>	<b>3.4</b>
Domestic	5.6	3.5	2.4	4.1	2.0	3.3	1.6	1.5	1.4	1.4	1.5
External	2.2	4.4	4.1	3.9	3.5	6.4	3.3	2.8	2.3	2.0	1.9
Other assets (-)/liabilities 4/	0.9	1.1	0.0	0.2	0.0	-0.7	0.0	0.0	0.0	0.0	0.0
Statistical discrepancy (-)	-0.6	-0.5	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>NFPS gross debt</b>	<b>54.5</b>	<b>54.1</b>	<b>53.2</b>	<b>54.3</b>	<b>51.4</b>	<b>52.7</b>	<b>50.9</b>	<b>48.9</b>	<b>46.0</b>	<b>43.1</b>	<b>39.8</b>
Domestic	14.6	14.1	13.7	14.9	12.9	13.9	13.1	12.4	11.1	9.8	8.7
External	39.9	40.1	39.5	39.4	38.5	38.8	37.7	36.4	34.9	33.2	31.2

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

1/ Staff Report for the Fourth EFF Review (Country Report No. 2025/341).

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, 2023-31

	2023	2024	2025		Projections						
			CR/25/341 1/		2026	2027	2028	2029	2030	2031	
					CR/25/341 1/						
					(US\$ million)						
<b>Current account</b>	<b>2,405</b>	<b>7,045</b>	<b>6,663</b>	<b>7,592</b>	<b>5,579</b>	<b>7,200</b>	<b>6,562</b>	<b>6,561</b>	<b>6,332</b>	<b>5,891</b>	<b>5,263</b>
Trade balance	2,207	6,812	5,892	6,402	5,290	5,940	5,790	6,064	6,154	6,418	6,389
Exports, f.o.b.	31,490	34,705	35,832	37,152	36,639	40,204	41,426	44,133	46,797	50,266	53,602
Oil	8,952	9,572	7,411	7,750	7,049	8,648	7,410	7,428	7,339	7,258	7,260
Nonoil	22,538	25,133	28,421	29,402	29,590	31,556	34,016	36,704	39,457	43,008	46,342
Imports, f.o.b.	29,283	27,893	29,940	30,750	31,349	34,264	35,636	38,069	40,643	43,849	47,213
Oil	7,045	6,949	6,549	6,646	5,208	7,002	5,738	5,724	5,802	5,950	5,891
Nonoil	22,238	20,944	23,392	24,105	26,142	27,262	29,898	32,345	34,841	37,899	41,322
Services	-1,806	-2,310	-2,525	-2,544	-2,649	-2,758	-2,899	-2,957	-3,143	-3,653	-4,204
Credits	4,337	3,865	3,997	4,065	4,160	4,341	4,497	4,819	5,041	5,008	4,956
Debits	6,144	6,175	6,522	6,609	6,809	7,099	7,396	7,776	8,184	8,661	9,160
Primary income	-2,763	-3,378	-2,810	-2,613	-2,902	-2,294	-2,601	-2,612	-2,715	-2,773	-2,785
Credits	292	293	207	184	264	223	275	325	371	416	458
Debits	3,055	3,671	3,017	2,796	3,167	2,517	2,877	2,937	3,086	3,189	3,243
Secondary income	4,767	5,921	6,106	6,348	5,841	6,312	6,272	6,067	6,035	5,900	5,863
Of which: workers' remittances, net	4,747	5,912	6,097	6,338	5,831	6,302	6,262	6,057	6,024	5,888	5,850
<b>Capital account</b>	<b>78</b>	<b>79</b>	<b>82</b>	<b>81</b>	<b>85</b>	<b>86</b>	<b>91</b>	<b>95</b>	<b>99</b>	<b>103</b>	<b>108</b>
<b>Financial account 2/ 3/</b>	<b>3,913</b>	<b>4,536</b>	<b>3,362</b>	<b>4,778</b>	<b>2,735</b>	<b>3,292</b>	<b>2,901</b>	<b>3,145</b>	<b>3,052</b>	<b>2,896</b>	<b>2,377</b>
Direct investment, net 3/	-481	-443	-781	-928	-1,199	-719	-1,713	-1,168	-1,861	-1,974	-2,161
Public sector, net 3/	30	-2,256	-2,033	-1,813	-738	-2,162	-808	-338	-28	306	1,023
Disbursements	-2,626	-5,482	-5,305	-5,115	-4,812	-8,814	-4,824	-4,276	-3,625	-3,250	-2,350
Multilaterals	-1,581	-4,268	-4,625	-4,663	-2,867	-3,030	-2,150	-1,350	-1,100	-1,100	-1,100
Bilaterals	-256	-196	-180	-193	-601	-323	-552	-560	-425	-150	-150
Commercial	-775	-1,004	-500	-254	-344	-460	-623	-365	-100	0	0
External securities	-15	-15	0	0	-1,000	-5,000	-1,500	-2,000	-2,000	-2,000	-2,000
Others	0	0	0	0	0	0	0	0	0	0	0
Amortizations	2,656	3,226	3,272	3,302	4,074	6,652	4,016	3,938	3,597	3,556	4,273
Multilaterals	1,003	1,325	2,463	2,463	2,315	2,376	2,954	3,119	3,024	2,694	2,108
Bilaterals	709	406	258	251	532	522	425	470	248	365	541
Commercial	154	417	419	462	353	377	261	6	2	170	419
External securities	708	1,004	74	74	813	3,317	317	318	322	327	1,204
Others	81	74	58	52	60	60	60	24	0	0	0
Private sector, net 3/	4,364	7,235	6,176	7,519	4,672	6,173	5,422	4,650	4,941	4,564	3,515
Portfolio investment, net 3/	1,462	3,085	2,767	3,160	2,026	3,228	2,682	2,291	2,265	1,911	1,733
Other investment, net 3/	2,902	4,150	3,409	4,359	2,646	2,945	2,740	2,359	2,676	2,654	1,782
<b>Errors and omissions</b>	<b>-2,853</b>	<b>-581</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Overall balance</b>	<b>-4,284</b>	<b>2,007</b>	<b>3,383</b>	<b>2,896</b>	<b>2,930</b>	<b>3,993</b>	<b>3,752</b>	<b>3,511</b>	<b>3,378</b>	<b>3,098</b>	<b>2,994</b>
<b>Change in reserve assets (increase, -) 2/</b>	<b>4,284</b>	<b>-2,007</b>	<b>-3,383</b>	<b>-2,896</b>	<b>-2,930</b>	<b>-3,993</b>	<b>-3,752</b>	<b>-3,511</b>	<b>-3,378</b>	<b>-3,098</b>	<b>-2,994</b>
IMF net credit	-228	951	726	771	-335	-345	-543	-1,131	-1,479	-1,656	-1,132
Of which: purchases under the EFF	0	1,487	1,750	1,796	750	750	750	250	0	0	0
Other external financing 4/	19	18	0	0	0	0	0	0	0	0	0
<b>Memorandum items:</b>					(Units as indicated)						
Gross international reserves (US\$ million)	4,455	6,908	10,290	9,803	13,220	13,797	17,548	21,059	24,437	27,535	30,529
In months of the following year's imports of G&S	1.6	2.2	3.2	2.8	3.9	3.8	4.6	5.2	5.6	5.9	6.2
As a percent of ARA metric, excluding the Liquidity Fund	17.0	26.1	37.4	35.4	46.9	48.3	59.8	69.6	78.5	85.7	91.5
As a percent of ARA metric, including the Liquidity Fund	30.2	41.4	55.6	52.8	65.9	66.9	79.1	89.3	99.0	106.8	112.7
Oil balance (US\$ million)	1,907	2,623	862	1,104	1,842	1,647	1,673	1,704	1,538	1,308	1,369
Exports (US\$ million)	8,952	9,572	7,411	7,750	7,049	8,648	7,410	7,428	7,339	7,258	7,260
Imports (US\$ million)	7,045	6,949	6,549	6,646	5,208	7,002	5,738	5,724	5,802	5,950	5,891
Nonoil balance (US\$ million)	498	4,422	5,800	6,488	3,738	5,553	4,890	4,857	4,794	4,584	3,894
Export volume growth (percent)	-2.4	6.8	-1.9	-3.0	5.2	2.4	1.9	4.4	3.4	4.5	3.7
Nonoil	0.4	0.9	11.9	9.5	7.0	7.4	7.6	7.5	7.5	9.0	7.0
Import volume growth (percent)	2.6	2.2	10.8	14.1	5.2	7.9	6.5	7.7	8.0	9.2	8.4
Nonoil	1.5	0.3	18.9	22.8	17.0	19.1	14.1	10.7	10.5	11.7	11.7
Goods terms of trade growth (percent)	-5.8	4.0	-1.6	-6.2	-2.0	4.5	-2.3	0.3	-0.1	-0.1	0.0
Foreign direct investment, net (US\$ million)	481	443	781	928	1,199	719	1,713	1,168	1,861	1,974	2,161
External debt (US\$ million)	59,937	59,857	66,221	66,221	68,013	66,894	68,744	69,842	71,281	71,958	72,525
Private	11,748	10,267	14,598	14,823	15,652	13,334	14,376	15,136	16,548	17,531	19,121
Public	48,188	49,590	51,623	51,398	52,361	53,560	54,368	54,706	54,734	54,427	53,404

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

1/ Staff Report for the Fourth EFF Review (Country Report No. 2025/341).

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, 2023-31

	2023	2024	2025		2026		Projections				
			CR/25/341 1/		CR/25/341 1/		2027	2028	2029	2030	2031
	(In percent of GDP)										
<b>Current account</b>	<b>2.0</b>	<b>5.7</b>	<b>5.1</b>	<b>5.8</b>	<b>4.1</b>	<b>5.2</b>	<b>4.6</b>	<b>4.4</b>	<b>4.0</b>	<b>3.6</b>	<b>3.1</b>
Trade balance	1.8	5.5	4.5	4.9	3.9	4.3	4.0	4.0	3.9	3.9	3.7
Exports, f.o.b.	26.1	28.0	27.4	28.5	26.9	29.1	28.7	29.4	29.9	30.7	31.3
Oil	7.4	7.7	5.7	5.9	5.2	6.3	5.1	4.9	4.7	4.4	4.2
Nonoil	18.7	20.3	21.8	22.6	21.7	22.8	23.6	24.4	25.2	26.3	27.1
Imports, f.o.b.	24.2	22.5	22.9	23.6	23.0	24.8	24.7	25.4	25.9	26.8	27.6
Oil	5.8	5.6	5.0	5.1	3.8	5.1	4.0	3.8	3.7	3.6	3.4
Nonoil	18.4	16.9	17.9	18.5	19.2	19.7	20.7	21.5	22.2	23.1	24.1
Services	-1.5	-1.9	-1.9	-2.0	-1.9	-2.0	-2.0	-2.0	-2.0	-2.2	-2.5
Credits	3.6	3.1	3.1	3.1	3.1	3.1	3.1	3.2	3.2	3.1	2.9
Debits	5.1	5.0	5.0	5.1	5.0	5.1	5.1	5.2	5.2	5.3	5.3
Primary income	-2.3	-2.7	-2.2	-2.0	-2.1	-1.7	-1.8	-1.7	-1.7	-1.7	-1.6
Credits	0.2	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.3	0.3
Debits	2.5	3.0	2.3	2.1	2.3	1.8	2.0	2.0	2.0	1.9	1.9
Secondary income	3.9	4.8	4.7	4.9	4.3	4.6	4.4	4.0	3.9	3.6	3.4
Of which: workers' remittances, net	3.9	4.8	4.7	4.9	4.3	4.6	4.3	4.0	3.8	3.6	3.4
<b>Capital account</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
<b>Financial account 2/ 3/</b>	<b>3.2</b>	<b>3.7</b>	<b>2.6</b>	<b>3.7</b>	<b>2.0</b>	<b>2.4</b>	<b>2.0</b>	<b>2.1</b>	<b>1.9</b>	<b>1.8</b>	<b>1.4</b>
Direct investment, net 3/	-0.4	-0.4	-0.6	-0.7	-0.9	-0.5	-1.2	-0.8	-1.2	-1.2	-1.3
Public sector, net 3/	0.0	-1.8	-1.6	-1.4	-0.5	-1.6	-0.6	-0.2	0.0	0.2	0.6
Disbursements	-2.2	-4.4	-4.1	-3.9	-3.5	-6.4	-3.3	-2.8	-2.3	-2.0	-1.9
Multilaterals	-1.3	-3.4	-3.5	-3.6	-2.1	-2.2	-1.5	-0.9	-0.7	-0.7	-0.6
Bilaterals	-0.2	-0.2	-0.1	-0.1	-0.4	-0.2	-0.4	-0.4	-0.3	-0.1	-0.1
Commercial	-0.6	-0.8	-0.4	-0.2	-0.3	-0.3	-0.4	-0.2	-0.1	0.0	0.0
External securities	0.0	0.0	0.0	0.0	-0.7	-3.6	-1.0	-1.3	-1.3	-1.2	-1.2
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	2.5	2.5	3.0	4.8	2.8	2.6	2.3	2.2	2.5
Multilaterals	0.8	1.1	1.9	1.9	1.7	1.7	2.0	2.1	1.9	1.6	1.2
Bilaterals	0.6	0.3	0.2	0.2	0.4	0.4	0.3	0.3	0.2	0.2	0.3
Commercial	0.1	0.3	0.3	0.4	0.3	0.3	0.2	0.0	0.0	0.1	0.2
External securities	0.6	0.8	0.1	0.1	0.6	2.4	0.2	0.2	0.2	0.2	0.7
Others	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Private sector, net 3/	3.6	5.8	4.7	5.8	3.4	4.5	3.8	3.1	3.2	2.8	2.1
Portfolio investment, net 3/	1.2	2.5	2.1	2.4	1.5	2.3	1.9	1.5	1.4	1.2	1.0
Other investment, net 3/	2.4	3.4	2.6	3.3	1.9	2.1	1.9	1.6	1.7	1.6	1.0
<b>Errors and omissions</b>	<b>-2.4</b>	<b>-0.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Overall balance</b>	<b>-3.5</b>	<b>1.6</b>	<b>2.6</b>	<b>2.2</b>	<b>2.2</b>	<b>2.9</b>	<b>2.6</b>	<b>2.3</b>	<b>2.2</b>	<b>1.9</b>	<b>1.7</b>
<b>Change in reserve assets (increase, -) 2/</b>	<b>3.5</b>	<b>-1.6</b>	<b>-2.6</b>	<b>-2.2</b>	<b>-2.2</b>	<b>-2.9</b>	<b>-2.6</b>	<b>-2.3</b>	<b>-2.2</b>	<b>-1.9</b>	<b>-1.7</b>
Of which: IMF net credit	-0.2	0.8	0.6	0.6	-0.2	-0.2	-0.4	-0.8	-0.9	-1.0	-0.7
Purchases under the EFF	0.0	1.2	1.3	1.4	0.6	0.5	0.5	0.2	0.0	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
<b>Memorandum items:</b>											
Gross international reserves	3.7	5.6	7.9	7.5	9.7	10.0	12.2	14.0	15.6	16.8	17.8
Oil balance	1.6	2.1	0.7	0.8	1.4	1.2	1.2	1.1	1.0	0.8	0.8
Exports	7.4	7.7	5.7	5.9	5.2	6.3	5.1	4.9	4.7	4.4	4.2
Imports	5.8	5.6	5.0	5.1	3.8	5.1	4.0	3.8	3.7	3.6	3.4
Nonoil balance	0.4	3.6	4.4	5.0	2.7	4.0	3.4	3.2	3.1	2.8	2.3
Foreign direct investment, net	0.4	0.4	0.6	0.7	0.9	0.5	1.2	0.8	1.2	1.2	1.3
External debt	49.6	48.3	50.7	50.8	50.0	48.4	47.7	46.5	45.5	43.9	42.3
Private	9.7	8.3	11.2	11.4	11.5	9.6	10.0	10.1	10.6	10.7	11.2
Public	39.9	40.1	39.5	39.4	38.5	38.8	37.7	36.4	34.9	33.2	31.2

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

1/ Staff Report for the Fourth EFF Review (Country Report No. 2025/341).

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, 2023-31

	2023	2024	2025	Projections							
				2026	2027	2028	2029	2030	2031		
										CR/25/341 1/	CR/25/341 1/
<b>Gross external financing requirements</b>	<b>5,571</b>	<b>4,834</b>	<b>3,043</b>	<b>1,841</b>	<b>5,350</b>	<b>5,678</b>	<b>4,036</b>	<b>4,275</b>	<b>3,725</b>	<b>4,206</b>	<b>5,631</b>
Current account deficit	-2,405	-7,045	-6,663	-7,592	-5,579	-7,200	-6,562	-6,561	-6,332	-5,891	-5,263
Public sector amortizations	2,656	3,226	3,272	3,302	4,074	6,652	4,016	3,938	3,597	3,556	4,273
Multilaterals	1,003	1,325	2,463	2,463	2,315	2,376	2,954	3,119	3,024	2,694	2,108
Of which: IMF	228	536	1,024	1,025	1,085	1,095	1,293	1,381	1,479	1,656	1,132
Bilaterals	709	406	258	251	532	522	425	470	248	365	541
Commercial	154	417	419	462	353	377	261	6	2	170	419
External securities	708	1,004	74	74	813	3,317	317	318	322	327	1,204
Others	81	74	58	52	60	60	60	24	0	0	0
Private sector amortizations	5,319	8,653	6,433	6,131	6,856	6,227	6,582	6,898	6,460	6,542	5,917
<b>External financing sources</b>	<b>1,287</b>	<b>6,840</b>	<b>6,425</b>	<b>4,736</b>	<b>8,280</b>	<b>9,672</b>	<b>7,788</b>	<b>7,786</b>	<b>7,103</b>	<b>7,304</b>	<b>8,624</b>
Public sector	2,626	5,482	5,305	5,115	4,812	8,814	4,824	4,276	3,625	3,250	3,250
Multilateral	1,581	4,268	4,625	4,663	2,867	3,030	2,150	1,350	1,100	1,100	1,100
Of which: IMF (EFF)	0	1,487	1,750	1,796	750	750	750	250	0	0	0
Bilaterals	256	196	180	193	601	323	552	560	425	150	150
Commercial	775	1,004	500	254	344	460	623	365	100	0	0
External securities	15	15	0	0	1,000	5,000	1,500	2,000	2,000	2,000	2,000
Others	0	0	0	0	0	0	0	0	0	0	0
Private sector	1,436	1,861	1,039	-460	3,383	773	2,873	3,416	3,379	3,951	5,267
Direct investment	481	443	781	928	1,199	719	1,713	1,168	1,861	1,974	2,161
Portfolio investment	-1,462	-3,085	-2,767	-3,160	-2,026	-3,228	-2,682	-2,291	-2,265	-1,911	460
Other investment 2/	2,418	4,502	3,024	1,772	4,210	3,282	3,842	4,539	3,783	3,888	2,646
Net transfers 3/	-2,776	-502	82	81	85	86	91	95	99	103	108
<b>Change in reserve assets (-, increase)</b>	<b>4,284</b>	<b>-2,007</b>	<b>-3,383</b>	<b>-2,896</b>	<b>-2,930</b>	<b>-3,993</b>	<b>-3,752</b>	<b>-3,511</b>	<b>-3,378</b>	<b>-3,098</b>	<b>-2,994</b>
Of which: Net IMF credit	-228	951	726	771	-335	-345	-543	-1,131	-1,479	-1,656	-1,132

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

1/ Staff Report for the Fourth EFF Review (Country Report No. 2025/341).

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, 2023-31

	2023	2024	2025	Projections											
				2026		2027		2028		2029		2030		2031	
				CR/25/341 1/		CR/25/341 1/									
(US\$ million)															
<b>I. Central Bank</b>															
<b>Net foreign assets</b>	<b>5,976</b>	<b>8,104</b>	<b>11,362</b>	<b>11,142</b>	<b>14,338</b>	<b>15,225</b>	<b>19,038</b>	<b>22,612</b>	<b>26,057</b>	<b>29,229</b>	<b>32,300</b>				
Of which: gross international reserves 2a/	4,455	6,908	10,290	9,803	13,220	13,797	17,548	21,059	24,437	27,535	30,529				
Of which: net international reserves 2b/	-7,639	-7,638	-6,961	-6,992	-5,964	-5,894	-3,589	-346	2,058	4,626	3,546				
Gross international reserves at TMU prices	4,633	6,626	10,017	8,038	12,947	12,040	15,791	19,302	22,680	25,778	28,771				
Fund credit	7,761	8,712	9,440	9,459	9,132	9,151	8,656	7,585	6,178	4,603	3,527				
Bank reserves of ODIs and OFIs (exc. BDE, BIESS/IESS)	4,484	5,552	7,538	5,590	9,778	8,802	10,742	12,078	14,457	16,558	19,019				
<b>Net domestic assets</b>	<b>-389</b>	<b>-1,740</b>	<b>-3,020</b>	<b>-4,753</b>	<b>-3,722</b>	<b>-5,577</b>	<b>-7,413</b>	<b>-9,614</b>	<b>-10,642</b>	<b>-11,669</b>	<b>-12,235</b>				
Credit to the nonfinancial public sector, net	1,386	371	-878	-1,137	-1,547	-1,929	-3,734	-5,902	-6,895	-7,881	-8,399				
Of which: central government deposits	569	1,080	...	...	...	...	...	...	...	...	...				
Credit to financial institutions	686	683	652	654	620	622	590	557	522	481	434				
Other depository institutions	112	118	118	123	118	123	123	123	122	114	101				
Other financial institutions	573	566	534	531	502	499	466	434	401	367	333				
Credit to the private sector	8	7	7	7	7	7	7	7	7	7	7				
Other, net	-2,469	-2,801	-2,801	-4,276	-2,801	-4,276	-4,276	-4,276	-4,276	-4,276	-4,276				
<b>Liabilities</b>	<b>5,587</b>	<b>6,364</b>	<b>8,342</b>	<b>6,389</b>	<b>10,616</b>	<b>9,648</b>	<b>11,625</b>	<b>12,997</b>	<b>15,415</b>	<b>17,560</b>	<b>20,066</b>				
Banks' reserves	5,484	6,255	8,228	6,260	10,498	9,513	11,483	12,851	15,263	17,401	19,900				
Other depository institutions 3/	3,890	5,242	7,245	5,301	9,472	8,495	10,423	11,746	14,110	16,195	18,639				
Other financial institutions 4/	1,595	1,013	984	959	1,026	1,017	1,061	1,105	1,153	1,206	1,261				
Other 5/	15	18	18	12	18	12	12	12	12	12	12				
<b>II. Other Depository Institutions (ODI) and Other Financial Institutions (OFI) 3/ 6/</b>															
<b>Net foreign assets</b>	<b>5,950</b>	<b>7,493</b>	<b>9,078</b>	<b>9,253</b>	<b>9,463</b>	<b>9,812</b>	<b>10,234</b>	<b>10,660</b>	<b>11,123</b>	<b>11,631</b>	<b>12,162</b>				
<b>Net domestic assets</b>	<b>54,457</b>	<b>60,559</b>	<b>68,916</b>	<b>69,353</b>	<b>74,066</b>	<b>76,737</b>	<b>81,963</b>	<b>86,699</b>	<b>92,830</b>	<b>99,157</b>	<b>106,131</b>				
Assets held at the BCE, net	3,438	4,757	6,774	4,835	9,046	8,079	10,051	11,420	13,832	15,967	18,462				
Credit to the nonfinancial public sector, net	2,952	3,460	4,567	5,493	4,573	6,000	6,506	7,011	6,068	5,124	4,182				
Of which: central government, net	1,772	2,493	3,412	4,457	3,261	4,806	5,156	5,505	4,841	4,178	3,514				
Credit to the private sector	63,984	67,922	73,503	74,578	77,073	79,198	82,690	86,302	91,783	97,814	104,174				
Other items, net	-15,916	-15,581	-15,928	-15,553	-16,627	-16,540	-17,284	-18,035	-18,853	-19,749	-20,686				
<b>Liabilities</b>	<b>60,407</b>	<b>68,051</b>	<b>77,994</b>	<b>78,606</b>	<b>83,529</b>	<b>86,549</b>	<b>92,197</b>	<b>97,358</b>	<b>103,953</b>	<b>110,788</b>	<b>118,293</b>				
Of which: Private sector deposits	60,407	68,051	77,994	78,606	83,529	86,549	92,197	97,358	103,953	110,788	118,293				
<b>III. Depository Corporations Survey</b>															
<b>Net foreign assets</b>	<b>11,926</b>	<b>15,597</b>	<b>20,440</b>	<b>20,395</b>	<b>23,800</b>	<b>25,037</b>	<b>29,272</b>	<b>33,271</b>	<b>37,180</b>	<b>40,860</b>	<b>44,463</b>				
<b>Net domestic assets</b>	<b>48,583</b>	<b>52,564</b>	<b>57,668</b>	<b>58,340</b>	<b>59,846</b>	<b>61,648</b>	<b>63,066</b>	<b>64,234</b>	<b>66,926</b>	<b>70,087</b>	<b>73,996</b>				
Credit to the nonfinancial public sector, net	4,338	3,831	3,689	4,355	3,026	4,071	2,772	1,109	-828	-2,757	-4,218				
Credit to the private sector	63,991	67,929	73,510	74,585	77,080	79,205	82,696	86,309	91,790	97,821	104,180				
Other items, net	-19,745	-19,197	-19,532	-20,601	-20,260	-21,627	-22,402	-23,184	-24,037	-24,977	-25,966				
<b>Liabilities</b>	<b>60,509</b>	<b>68,161</b>	<b>78,108</b>	<b>78,734</b>	<b>83,647</b>	<b>86,685</b>	<b>92,338</b>	<b>97,505</b>	<b>104,106</b>	<b>110,947</b>	<b>118,459</b>				
<b>Memorandum items:</b>															
(Units as indicated)															
Change in Gross International Reserves (US\$ million, increase, +) 7/	-4,004	2,445	3,391	2,896	2,930	4,002	3,752	3,511	3,378	3,098	2,994				
Change in Net International Reserves (US\$ million, increase, +)	-1,446	1	677	646	997	1,097	2,305	3,243	2,403	2,568	-1,080				
1st COMYF balance (percent) 8/	115	129	142	181	139	160	166	177	171	168	162				
2nd COMYF balance (percent) 9/	36	155	309	456	364	509	660	831	884	928	931				
3rd COMYF balance (percent) 10/	-18	15	34	33	44	45	61	73	79	84	88				
Broad money (M2) (percent change, yoy) 11/	6.7	4.8	4.7	5.3	3.4	4.4	4.3	4.2	4.3	4.6	4.6				
Credit to the private sector (percent of GDP) 12/	53.0	54.9	56.3	57.2	56.6	57.3	57.4	57.5	58.6	59.7	60.8				
Credit to the private sector (percent change, yoy) 12/	8.4	6.2	8.2	9.8	4.9	6.2	4.4	4.4	6.4	6.6	6.5				
Liabilities (percent of GDP)	50.1	55.1	59.8	60.4	61.5	62.7	64.1	64.9	66.5	67.7	69.2				
Deposits of the private sector (percent change, yoy) 12/	7.9	12.7	14.6	15.5	7.1	10.1	6.5	5.6	6.8	6.6	6.8				
ODI and OFI reserves at the central bank as a share of liabilities (percent) 3/ 4/	9.1	9.2	10.6	8.0	12.6	11.0	12.5	13.2	14.7	15.7	16.8				
Liquidity Fund (US\$ million)	3,451	4,054	3,712	4,811	3,837	5,297	5,643	5,959	6,362	6,781	7,090				
Sources: Central Bank of Ecuador; and Fund staff calculations and estimates.															
1/ Staff Report for the Fourth EFF Review (Country Report No. 2025/341).															
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	Nov-25
	(In percent, end of period)						
<b>Banking system</b>							
<b>Capital adequacy</b>							
Regulatory capital to risk-weighted assets	16.7	17.3	15.8	15.7	15.1	16.8	16.0
<b>Asset quality and distribution</b>							
Nonperforming loans to total gross loans	3.2	3.6	3.7	3.7	4.6	4.4	4.0
Provisions to nonperforming loans	203.0	230.7	232.9	225.9	185.9	181.7	191.2
<b>Earnings and profitability</b>							
Return on assets	2.0	0.7	0.7	1.8	2.2	1.6	2.1
Return on equity	8.8	3.1	2.3	9.5	11.8	8.5	12.7
Interest margin to gross income	63.7	66.1	66.3	64.3	60.4	59.4	61.1
Noninterest expenses to gross income	54.8	54.7	55.7	49.6	46.2	47.5	44.0
<b>Liquidity</b>							
Liquid assets to total assets	16.4	23.6	20.7	18.3	15.2	16.3	14.7
Liquid assets to short-term liabilities	35.5	48.1	36.9	34.4	29.5	30.6	27.4
Customer deposits to total (noninterbank) loans	107.2	119.8	117.2	109.0	105.1	111.1	112.2
<b>Cooperatives (Segment 1-3)</b>							
<b>Capital adequacy (Segment 1)</b>							
Regulatory capital to risk-weighted assets	17.0	17.2	17.3	16.0	15.5	17.1	16.6
<b>Asset quality and distribution</b>							
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	103.2
<b>Earnings and profitability</b>							
Return on assets	1.0	0.5	0.5	0.4	0.5	0.3	0.4
Return on equity	7.5	3.4	4.1	3.5	4.0	2.2	3.4
<b>Liquidity</b>							
Liquid assets to short-term liabilities	24.4	30.0	28.5	24.5	26.4	35.7	38.3

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/25/341 1/	CR/25/341 1/	CR/25/341 1/	CR/25/341 1/								
<b>Existing and prospective Fund credit (SDR million)</b>														
Disbursements	0	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	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	1,152	1,152	1,208	1,201	1,334	1,367	1,378	1,439	992	873	710	626
Principal (repayments/repurchases)	172	403	759	759	796	796	938	1,001	1,072	1,200	820	752	625	562
Charges and interest	406	457	393	393	412	405	396	366	306	240	172	121	85	64
Basic charges	276	304	237	237	243	238	233	217	185	149	112	84	59	38
Surcharges	96	110	121	121	140	139	134	122	95	65	34	11	0	0
Level-based	94	96	88	88	102	101	98	88	69	47	25	8	0	0
Time-based	2	14	33	33	38	38	37	33	26	18	9	3	0	0
<b>Fund obligations (repurchases and charges) in percent of:</b>														
Quota	82.8	123.3	165.1	165.1	173.1	172.2	191.2	195.9	197.5	206.3	142.2	125.1	101.8	89.8
GDP	0.6	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	2.1	3.0	3.9	3.8	4.0	3.7	4.0	3.9	3.7	3.6	2.3	2.0	1.5	1.3
Gross international reserves	17.3	16.5	15.1	15.9	12.5	12.0	10.5	9.0	7.8	7.2	4.5	3.6	2.8	2.4
Government revenue	1.8	2.5	3.3	3.4	3.3	3.2	3.5	3.5	3.4	3.4	2.2	1.9	1.5	1.2
External debt service, public	29.0	35.4	47.5	47.1	40.4	24.8	45.8	47.9	52.9	55.9	32.0	17.0	13.0	12.2
<b>Fund credit outstanding in percent of:</b>														
Quota	849.2	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	7.4	7.5	7.0	6.9	6.3	5.3	4.1	3.0	2.2	1.5	1.0	0.5
Exports of goods and services	22.1	22.9	24.4	23.6	23.3	21.5	19.8	16.3	12.5	8.8	6.3	4.4	2.8	1.6
Gross international reserves	177.4	127.8	94.5	99.2	71.9	69.5	51.8	37.9	26.6	17.6	12.1	8.1	5.2	2.8
Government revenue	13.6	14.5	15.2	15.6	14.1	13.5	12.6	10.6	8.4	6.0	4.4	3.0	2.0	1.1
External debt, public	16.4	17.8	18.8	18.9	18.1	17.9	16.7	14.6	11.9	8.9	6.9	5.2	3.7	2.2
<b>Memorandum items:</b>														
Quota (SDR million)	698	698	698	698	698	698	698	698	698	698	698	698	698	698
Gross domestic product (US\$ million)	120,793	123,802	130,548	130,321	136,083	138,194	144,135	150,136	156,661	163,818	171,302	179,127	187,311	195,868
Exports of goods and services (US\$ million)	35,827	38,570	39,829	41,217	40,799	44,545	45,924	48,951	51,838	55,274	58,558	60,968	63,500	66,157
Gross international reserves (US\$ million)	4,455	6,908	10,290	9,803	13,220	13,797	17,548	21,059	24,437	27,535	30,529	33,057	34,883	36,382
Government revenue (US\$ million)	43,580	45,876	47,473	46,270	49,271	51,586	52,345	54,490	56,285	58,466	61,132	63,844	66,761	69,811
External debt service, public (US\$ million)	2,656	3,226	3,272	3,302	4,074	6,652	4,016	3,938	3,597	3,556	4,273	7,093	7,512	7,114
Total external debt, public (US\$ million)	48,188	49,590	51,623	51,398	52,361	53,560	54,368	54,706	54,734	54,427	53,404	51,361	48,899	46,335
SDR per US\$	0.75	0.75	0.74	0.74	0.73	0.73	0.73	0.72	0.72	0.72	0.72	0.72	0.72	0.72

Source: IMF staff calculations.

1/ Staff Report for the Fourth EFF Review (Country Report No. 2025/341).

**Table 10. Ecuador: Schedule of Reviews and Purchases <sup>1/</sup>**

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**

(In US\$ million, unless otherwise stated)

	End-Jan. 2026 2/				End-Jun. 2026		End-Dec. 2026	
	Program 3/	Adj. 4/	Actual	Status	Program 3/	Proposed	Program 3/	Proposed
<b>Quantitative performance criteria</b>								
1. Nonoil primary balance of the budgetary central government (PGE) (floor) 1/ 5/	-875	-875	-1,197	Not met	-302	-366	-1,310	-1,754
2. Overall balance of the PGE and CFDD (floor) 1/ 5/	-1,229	-1,272	-1,952	Not met	-1,341	-1,610	-2,624	-3,140
3. Accumulation of NFPS deposits at the central bank (floor) 1/	-398	322	1,435	Met	0	100	364	494
4. Non-accumulation of external payments arrears by the NFPS (continuous performance criterion)	0		0	Met	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
<b>Indicative targets</b>								
6. Overall balance of the NFPS (floor) 1/	-667	-710	-2,161	Not met	217	-225	-46	-658
7. Nonoil primary balance including fuel subsidies (NOPBS) of the NFPS (floor) 1/	-1,513	-1,470	-2,272	Not met	-1,317	-1,854	-3,434	-4,590
8. Change in the stock of NIR (floor) 1/	-758	-60	1,340	Met	115	348	672	1,033
9. Stock of PGE arrears to the domestic private sector (ceiling)	330		252	Met	210	210	105	160
10. Number of families in the first three income deciles nationwide covered by cash transfer programs (floor)	1,313,800		1,332,219	Met	1,319,000	1,335,219	1,325,000	1,338,219
Memorandum item								
NFPS deposits at the central bank	5,364		7,197		5,513	5,520	5,877	5,914

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 Fourth EFF Review (Country Report No. 25/341).

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

5/ Excluding the PetroEcuador-central government transaction which is a financing (below-the-line) item.

**Table 12. Ecuador: Structural Benchmarks**

<b>Reform Area</b>	<b>Structural Conditionality</b>	<b>Objectives</b>	<b>Due Date</b>	<b>Status</b>
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	Not met. Proposed to be set for end-June 2026
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)**

<b>Reform Area</b>	<b>Structural Conditionality</b>	<b>Objectives</b>	<b>Due Date</b>	<b>Status</b>
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	Met
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	Met
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)**

<b>Reform Area</b>	<b>Structural Conditionality</b>	<b>Objectives</b>	<b>Due Date</b>	<b>Status</b>
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	
Financial System Stability	30. Prepare and share with the Fund a concept paper assessing gaps in the resolution framework and proposing legal and regulatory reforms to strengthen it in line with international standards and FSAP recommendations	Bolster financial system stability.	End-July 2026	Proposed



Source of Risks	Relative Likelihood	Possible Impact	Policy Response
over needs on shorter sovereign debt maturities, and strong sovereign-financial nexus. Concurrently, capital outflows from emerging and developing economies elicit a sharp increase in short-term rates.			
<b>Disorderly AI Correction.</b> An abrupt revision in expectations of strong AI-led productivity gains causes a sharp market correction, investment decline, and wealth loss, which suppress demand and tighten financial conditions globally.	<b>High</b>	<b>Medium</b> Abrupt market movements could hit Ecuador through higher funding costs, and negative spillovers via lower growth in trading partners and lower commodity prices.	Strengthen economic and financial crisis preparedness and management.  Develop financial sector and fiscal contingency plan to contain spillovers from global markets.
<b>Geopolitical Tensions and Intensification of Conflicts</b> Rising geopolitical tensions, and a weakening of multilateralism, raise the risk of an escalation in military conflicts, accompanied by damage to key physical and financial infrastructure, disruptions in major transit routes and supply chains, higher migration pressures, additional financial frictions and market volatility.	<b>High</b>	<b>Medium</b> 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.
<b>Commodity Price Volatility.</b> Supply and demand imbalances—triggered by geopolitical tensions, coordinated production decisions, shifts in investor preferences, or structural changes in demand—fuel commodity price swings, amplifying external and fiscal pressures, social unrest, and macro instability.	<b>High</b>	<b>High</b> Uncertainty on commodity prices will affect investment and economic activity. Financial conditions will tighten, leading to higher funding costs for banks and non-financial corporations. Fluctuations in commodity prices would	Pursue fiscal consolidation to restore confidence and ensure debt and fiscal sustainability. Gradually reduce dependency on oil through economic diversification and promote private sector-led growth. Continue to closely monitor financial sector stability. Continue to address financing

Source of Risks	Relative Likelihood	Possible Impact	Policy Response
		impact the fiscal sector and Ecuador’s balance of payments.	needs by closely working with IFIs and wait for an opportune time to re-access international markets.  In the event of a decrease in oil prices, implement fiscal contingency measures.
<b>Policy Uncertainty.</b> Elevated and wide-ranging policy uncertainty weighs on sentiment and holds back consumption and investment. Political interference in independent economic institutions erodes public confidence and trust and raises the risk of policy mistakes.	<b>High</b>	<b>Medium.</b>  Higher policy uncertainty could affect Ecuador through volatile commodity prices, moderate global demand, lower capital inflows and reduced domestic investment.	Adopt policies that reduce policy uncertainty through clearly articulated medium-term policy frameworks.
<b>Structural Risks</b>			
<b>Cyberthreats.</b> Cyberattacks on physical or digital infrastructure (including digital currency and crypto assets), technical failures, or misuse of AI technologies trigger financial and economic instability.	<b>High</b>	<b>High</b>  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.
<b>Labor Shortages and Remittances.</b> Tighter immigration policies exacerbate labor shortages in aging destination economies, reducing potential output, fueling inflation, and straining fiscal balances through lower revenues. Origin countries see depressed remittances and incomes, and worsening external balances, though a larger labor force could partly	<b>High</b>	<b>Low</b>  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.

Source of Risks	Relative Likelihood	Possible Impact	Policy Response
offset the remittance decline over the medium term.			
<b>Domestic Risks</b>			
<b>Prolonged or Deeper Security Crisis.</b> A renewed flare-up in domestic violence causing renewed curfews and other disruptions.	<b>Medium</b>	<b>High</b> 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.
<b>Renewed Political Impasse.</b> The government is unable to complete its reform agenda due to faltering political and public support.	<b>Medium</b>	<b>High</b> 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.
<b>Unexpected and Large Disruptions in Oil Production.</b> Repeated and long disruptions to oil production owing to natural disasters and lacking maintenance of infrastructure.	<b>Medium</b>	<b>High</b> 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.
<b>Social Discontent.</b> Persistently high living costs, youth unemployment and inequality, amid an erosion in governance standards and pressures from geoeconomic realignments, trigger social	<b>Medium</b>	<b>High</b> Social unrest and uncertainty regarding future macroeconomic policies could lead to increase in interest spreads and hurt	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

Source of Risks	Relative Likelihood	Possible Impact	Policy Response
<p>unrest, political repression and instability, affecting countries' capacity to pursue economic reforms.</p>		<p>confidence and economic activity.</p>	<p>spending to achieve more inclusive growth. Continue to liberalize trade and improve the business climate to promote faster job creation, including for youth, and foster inclusive growth.</p>
<p><b>Climate Change.</b> Extreme climate events and rising temperatures could cause loss of life, damage to infrastructure, food insecurity, supply disruptions, and heighten economic and financial instability.</p>	<p><b>Medium</b></p>	<p><b>High</b></p> <p>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.</p>	<p>Invest in climate resilience to protect critical financial, transport, communication, or energy infrastructure to minimize disruptions. Build precautionary savings buffers.</p>
<p><b>Natural Disasters.</b> Events such as volcanic eruptions, and seismic activity threaten human lives, damage infrastructure, and reduce economic output.</p>	<p><b>Medium</b></p>	<p><b>High</b></p> <p>Ecuador is exposed to volcanic and seismic activity, which can disrupt infrastructure and production impacting the fiscal, external, and financial sectors.</p>	<p>Implement policies to build resilience in infrastructure to natural disasters.</p>

## 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 sustain market access. 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 to 54.1 percent of GDP in 2024 from 54.5 percent in 2023. 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. The public debt-to-GDP ratio is estimated to have increased to 54.3 percent of GDP at the end of 2025 on the back of a higher fiscal deficit, up from 53.5 percent of GDP as of end-November 2025 (Text table).

**2. Recent Developments.** In January 2026, Ecuador re-entered international capital markets for the first time since 2019, issuing US\$4 billion in bonds maturing in 2034 and 2039 at an average interest rate of 8.98 percent. The issuance benefited from strong investor demand and a significant compression in sovereign spreads to around 490 basis points as of early April 2026, the lowest level since 2018. Some of the proceeds were used for liability management, with US\$3 billion allocated to buy back near-term maturities, lengthening the average maturity of public debt and reducing debt service by about US\$1.2 billion through 2028. Following the issuance, Moody's upgraded Ecuador's long-term rating by two notches to Caa1 and Fitch by one notch to B-.

Public Sector Gross Debt by Creditor, November 2025			
	US\$ million	Percent of GDP	Percent of total
Domestic Debt			
Treasury bills	2,528	1.9	3.6
Medium- and long-term debt	16,671	12.8	23.9
<b>Total domestic</b>	<b>19,199</b>	<b>14.7</b>	<b>27.5</b>
External Debt			
<b>External loans (financial institutions)</b>	<b>2,374</b>	<b>1.8</b>	<b>3.4</b>
Amazon DAC	1,000	0.8	1.4
China Development Bank	491	0.4	0.7
GPS Blue - Blue Bonds	656	0.5	0.9
Bank of China	143	0.1	0.2
Deutsche Bank	7	0.0	0.0
Other	78	0.1	0.1
<b>Eurobonds</b>	<b>14,393</b>	<b>11.0</b>	<b>20.7</b>
<b>Official creditors</b>	<b>32,273</b>	<b>24.8</b>	<b>46.3</b>
<b>Bilateral</b>	<b>2,982</b>	<b>2.3</b>	<b>4.3</b>
China	1,513	1.2	2.2
France	841	0.6	1.2
Spain	219	0.2	0.3
Japan	209	0.2	0.3
Korea	84	0.1	0.1
Canada	80	0.1	0.1
Other	35	0.0	0.1
<b>Multilateral</b>	<b>29,292</b>	<b>22.5</b>	<b>42.0</b>
IMF	9,416	7.2	13.5
IDB	8,635	6.6	12.4
World Bank	6,699	5.1	9.6
CAF	3,895	3.0	5.6
IFAD	28	0.0	0.0
EIB	618	0.5	0.9
<b>Other (SDRs and OAP 1/)</b>	<b>1,455</b>	<b>1.1</b>	<b>2.1</b>
<b>Total external</b>	<b>50,496</b>	<b>38.7</b>	<b>72.5</b>
<b>Total gross debt</b>	<b>69,695</b>	<b>53.5</b>	<b>100.0</b>

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

**3. Baseline Assumptions.** The recalibrated medium-term fiscal plan, including the corrective fiscal measures enacted in 2026, continues to envisage a fiscal consolidation of 6.6 percent of GDP in the NFPS NOPBS over the program period, in line with the fourth 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. Gross financing needs (GFNs) are forecasted to decline from 7.9 percent of GDP in 2025 to 4.3 percent in 2028 and then to decline further to around 3.5 percent of GDP over the medium term.

**4. 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.

**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
<b>Overall</b>	...	<b>Moderate</b>	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.
<b>Near term 1/</b>	n.a.	n.a.	Not applicable.
<b>Medium term</b>	<b>Low</b>	<b>Moderate</b>	Medium-term risks are assessed as moderate. The driver in the moderate assessment is the width of the debt fanchart, representing the uncertainty surrounding the baseline forecast.
Fanchart	<b>Moderate</b>	...	
GFN	<b>Low</b>	...	
Stress test	Comm. Prices Nat. Disast.	...	
<b>Long term</b>	...	<b>Moderate</b>	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 resource exhaustion are only projected to increase in the long-term.
<b>Sustainability assessment 2/</b>		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.
<b>Debt stabilization in the baseline</b>			Yes
<b>DSA Summary Assessment</b>			
<p>Commentary: Ecuador faces a moderate overall risk of sovereign stress, and public debt is assessed as sustainable, but not with high probability, under the baseline program forecast. Public debt stood at 54.3 percent of GDP in 2025, reflecting a weakening of fiscal performance. In line with a recalibration of the medium-term fiscal plan, including corrective fiscal measures enacted in 2026, public debt is expected to decline over the medium term. Steadfast implementation of the fiscal reform agenda would further strengthen Ecuador's public debt sustainability.</p>			
<p>Source: Fund staff.</p> <p>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.</p> <p>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.</p> <p>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.</p>			

**Figure 2. Ecuador: Debt Coverage and Disclosures**

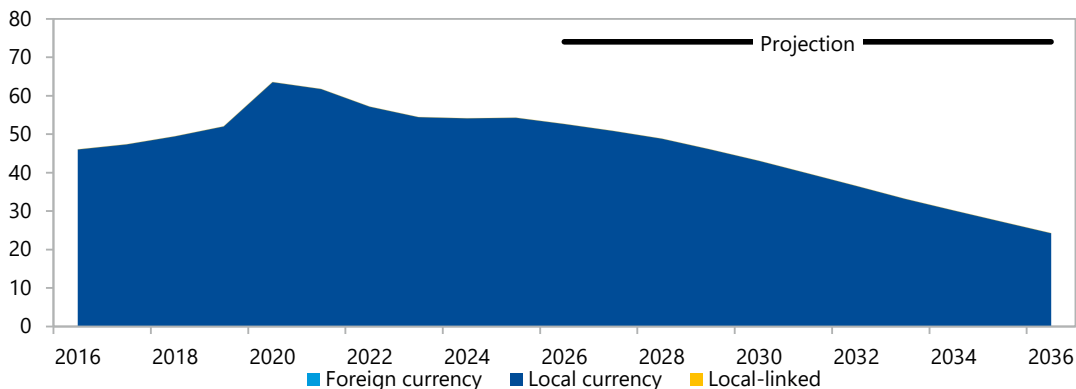
										Comments												
<b>1. Debt coverage in the DSA: 1/</b>																						
										CG	GG	NFPS	CPS	Other								
<b>1a. If central government, are non-central government entities insignificant?</b>										n.a.												
<b>2. Subsectors included in the chosen coverage in (1) above:</b>																						
Subsectors captured in the baseline										Inclusion												
CPS	NFPS	GG: expected	CG	1	Budgetary central government						Yes	Not applicable										
				2	Extra budgetary funds (EBFs)						No											
				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											
<b>3. Instrument coverage:</b>										Currency & deposits	Loans	Debt securities	Oth acct. payable 2/	IPSGSs 3/								
<b>4. Accounting principles:</b>										Basis of recording		Valuation of debt stock										
										Non-cash basis 4/	Cash basis	Nominal value 5/	Face value 6/	Market value 7/								
<b>5. Debt consolidation across sectors:</b>										Consolidated			Non-consolidated									
<b>Color code:</b> <span style="color: green;">■</span> chosen coverage <span style="color: red;">■</span> Missing from recommended coverage <span style="color: gray;">■</span> Not applicable																						
<b>Reporting on Intra-Government Debt Holdings</b>																						
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	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.

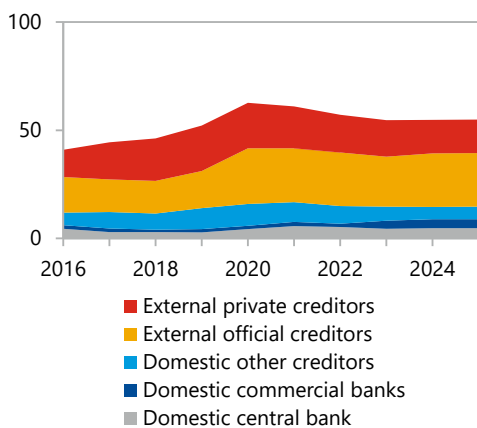
**Figure 3. Ecuador: Public Debt Structure Indicators**

**Debt by Currency (Percent of GDP)**



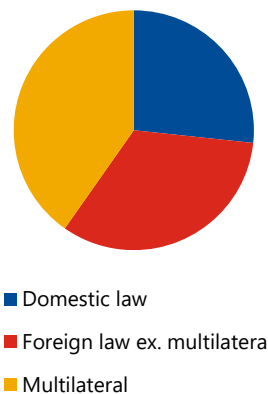
Note: The perimeter shown is nonfinancial public sector.

**Public Debt by Holder (Percent of GDP)**



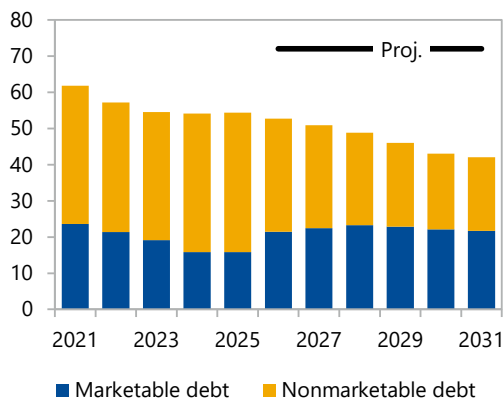
Note: The perimeter shown is nonfinancial public sector.

**Public Debt by Governing Law, 2024 (Percent)**



Note: The perimeter shown is nonfinancial public sector.

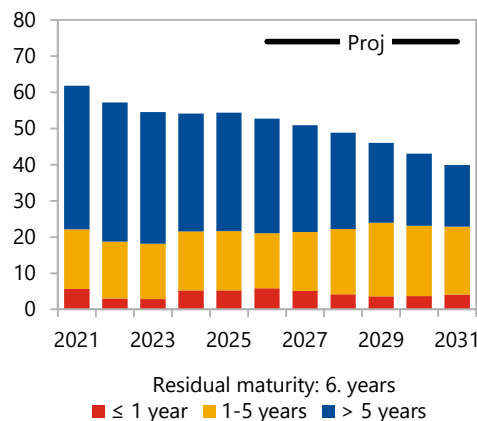
**Debt by Instruments (Percent of GDP)**



Note: The perimeter shown is nonfinancial public sector.

Source: Fund staff.

**Public Debt by Maturity (Percent of GDP)**

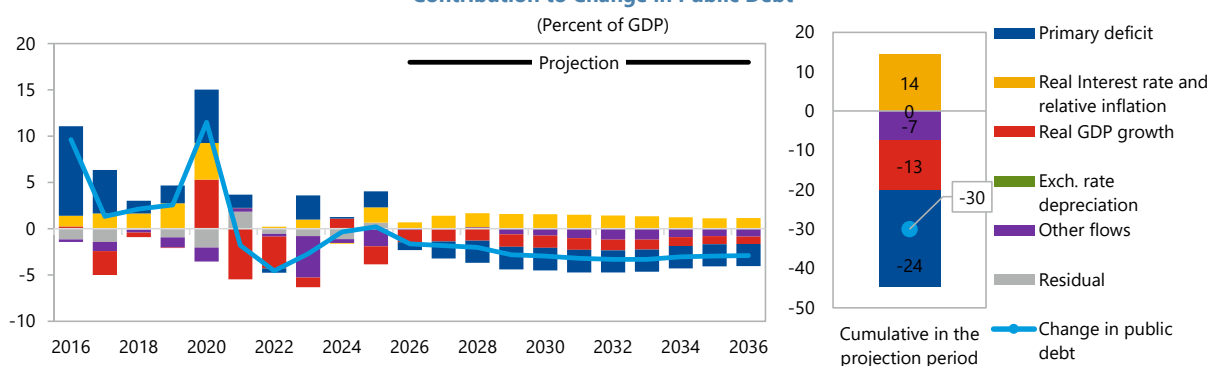


Note: The perimeter shown is nonfinancial public sector.

**Figure 4. Ecuador: Baseline Scenario**  
(Percent of GDP unless indicated otherwise)

	Actual	Medium-term projection						Extended projection				
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Public debt	54.3	52.7	50.9	48.9	46.0	43.1	39.8	36.5	33.2	30.2	27.2	24.3
Change in public debt	0.2	-1.6	-1.8	-2.0	-2.8	-3.0	-3.2	-3.3	-3.3	-3.1	-2.9	-2.9
Contribution of identified flows	-0.5	-1.6	-1.8	-2.0	-2.8	-3.0	-3.2	-3.3	-3.3	-3.1	-2.9	-2.9
Primary deficit	1.7	-0.9	-1.8	-2.4	-2.4	-2.4	-2.4	-2.4	-2.4	-2.4	-2.4	-2.4
Noninterest revenues	34.2	36.2	35.2	35.2	34.9	34.5	34.5	34.5	34.5	34.5	34.5	34.5
Noninterest expenditures	36.0	35.3	33.3	32.8	32.4	32.1	32.1	32.1	32.1	32.1	32.1	32.1
Automatic debt dynamics	-0.3	-0.7	0.1	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.2	0.3
Real interest rate and relative inflation	1.6	0.7	1.4	1.5	1.6	1.6	1.5	1.4	1.3	1.2	1.1	1.1
Real interest rate	1.6	0.7	1.4	1.5	1.6	1.6	1.5	1.4	1.3	1.2	1.1	1.1
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	-1.9	-1.3	-1.3	-1.3	-1.3	-1.3	-1.3	-1.2	-1.1	-1.0	-0.9	-0.8
Real exchange rate	0.0	...	...	...	...	...	...	...	...	...	...	...
Other identified flows	-1.9	-0.1	-0.1	0.1	-0.6	-0.7	-1.0	-1.2	-1.2	-0.9	-0.8	-0.9
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	-1.3	-1.1	-1.1	-1.1	-1.1	-1.1	-1.1	-1.1	-1.1	-1.1	-1.1	-1.1
Other transactions	-0.6	1.0	1.0	1.2	0.4	0.4	0.1	0.0	0.0	0.2	0.4	0.3
Contribution of residual	0.7	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	7.9	9.0	4.9	4.3	3.7	3.4	3.4	4.3	4.0	3.2	2.1	1.8
of which: debt service	7.5	11.0	7.9	7.8	7.2	7.0	7.0	7.9	7.5	6.7	5.7	5.4
Local currency	7.5	11.0	7.9	7.8	7.2	7.0	7.0	7.9	7.5	6.7	5.7	5.4
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)	3.7	2.5	2.5	2.6	2.8	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Inflation (GDP deflator; percent)	1.5	3.4	1.8	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Nominal GDP growth (percent)	5.3	6.0	4.3	4.2	4.3	4.6	4.6	4.6	4.6	4.6	4.6	4.6
Effective interest rate (percent)	4.7	4.8	4.5	4.6	4.9	5.0	5.2	5.3	5.3	5.4	5.4	5.9

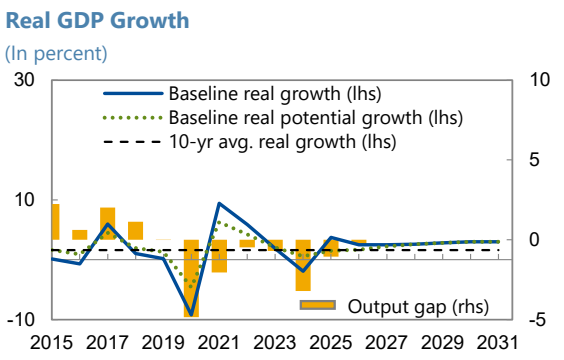
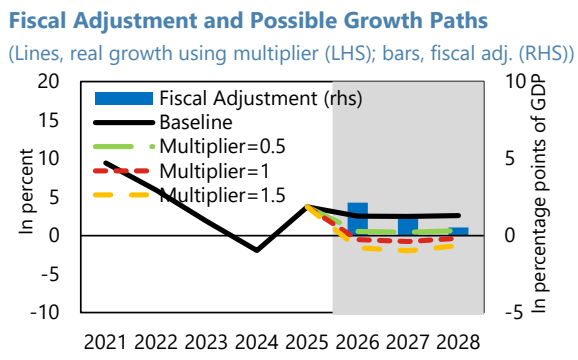
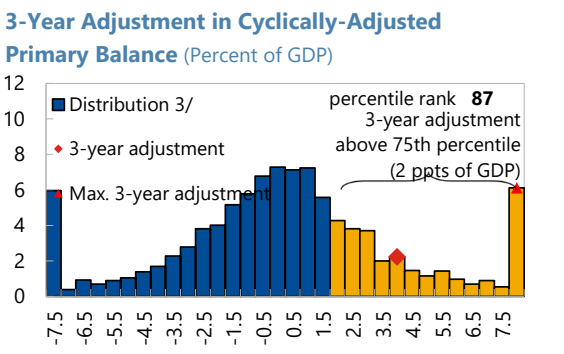
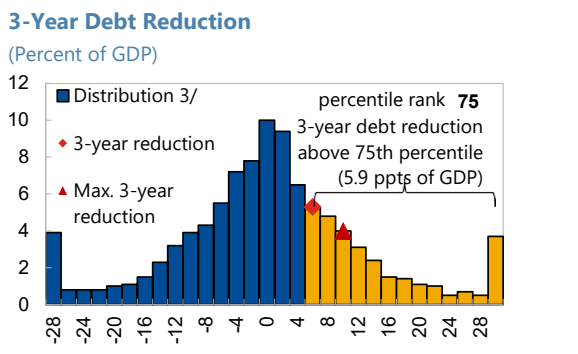
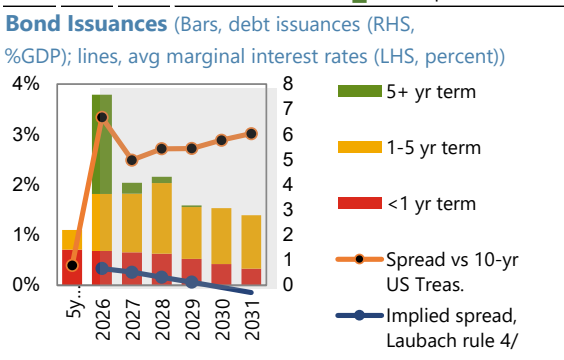
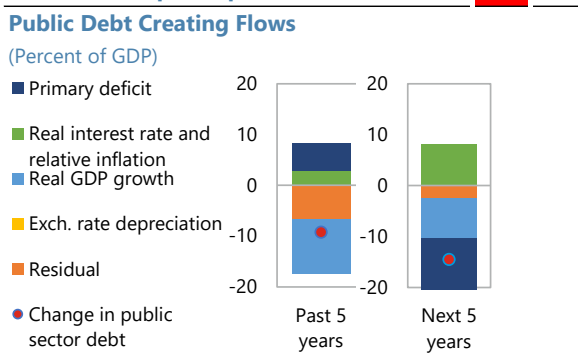
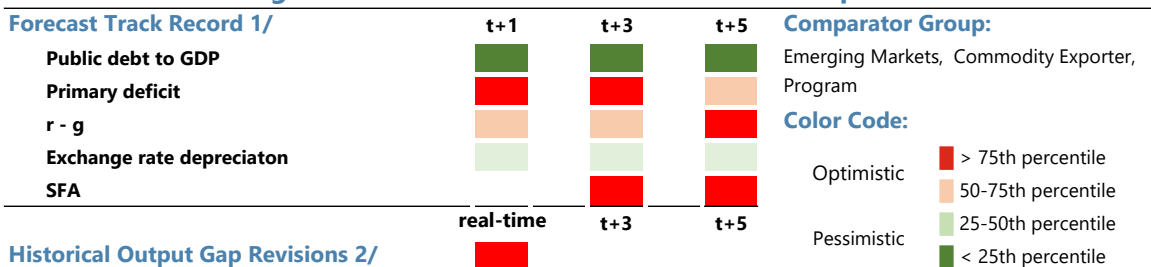
**Contribution to Change in Public Debt**



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

Source: Fund staff.

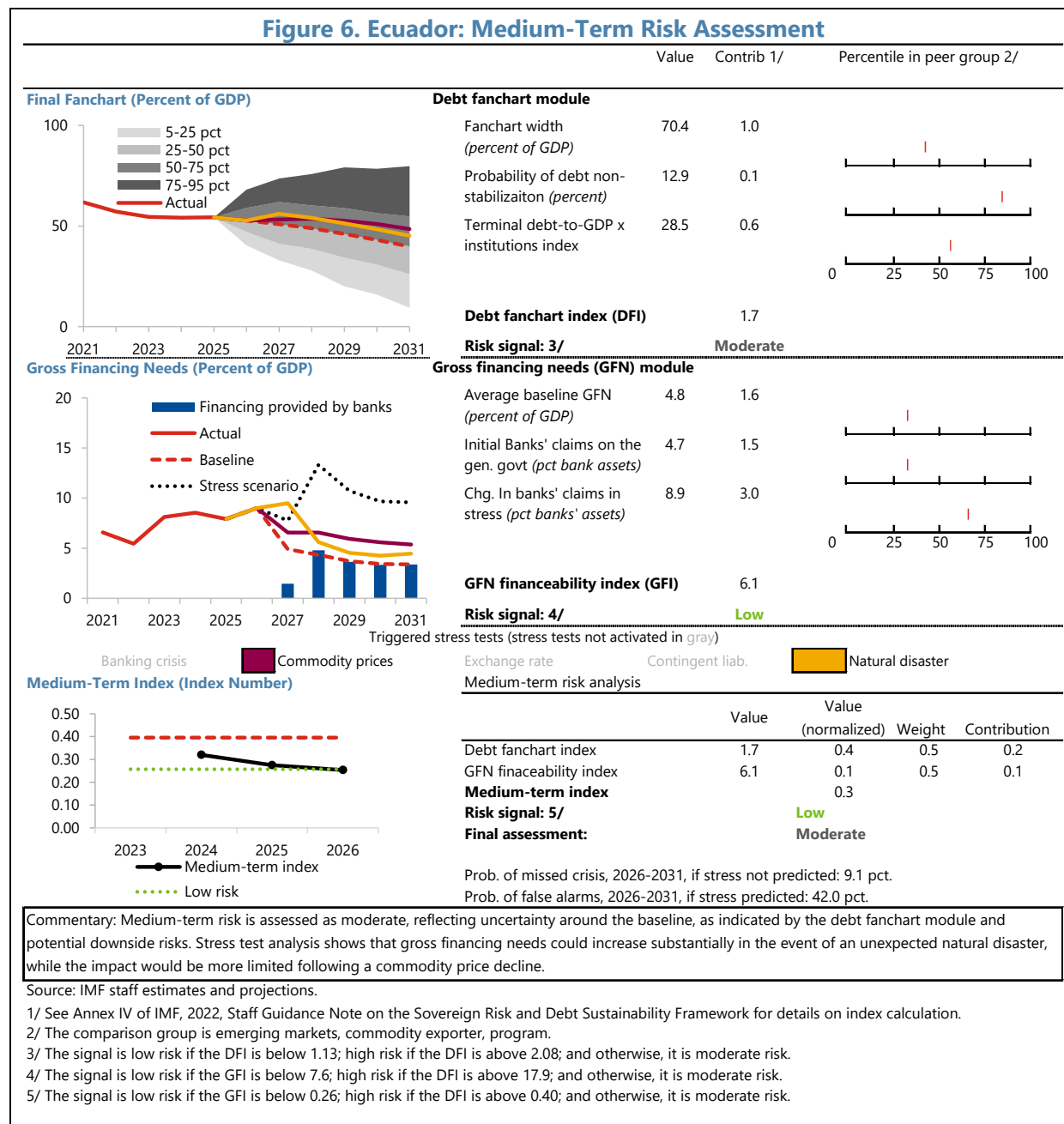
Figure 5. Ecuador: Realism of Baseline Assumptions



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 observations 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**



**Figure 7. Ecuador: Long-Term Modules**

**Triggered Modules**

Large amortizations

Pensions  
Health

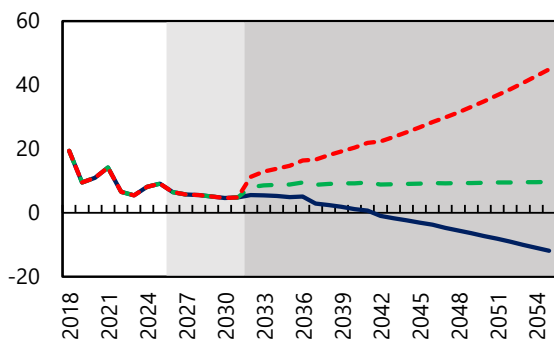
Climate change: Adaptation  
Climate change: Mitigation

**Natural Resources**

**Long-Term Risk Assessment: Large Amortization**

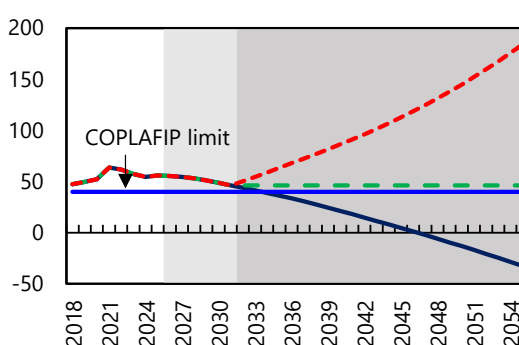
Projection	Variable	Risk Indication
Medium-term extrapolation	GFN-to-GDP ratio	■
	Amortization-to-GDP ratio	■
	Amortization	■
Medium-term extrapolation with debt stabilizing primary balance	GFN-to-GDP ratio	■
	Amortization-to-GDP ratio	■
	Amortization	■
Historical average assumptions	GFN-to-GDP ratio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

**GFN-to-GDP Ratio**



- Long run projection
- Projection
- Baseline with t+5
- - - Baseline with t+5 and DSPB
- - - Historical 10-year average

**Total Public Debt-to-GDP Ratio**



- Long run projection
- Projection
- Baseline with t+5
- - - Baseline with t+5 and DSPB
- - - Historical 10-year average

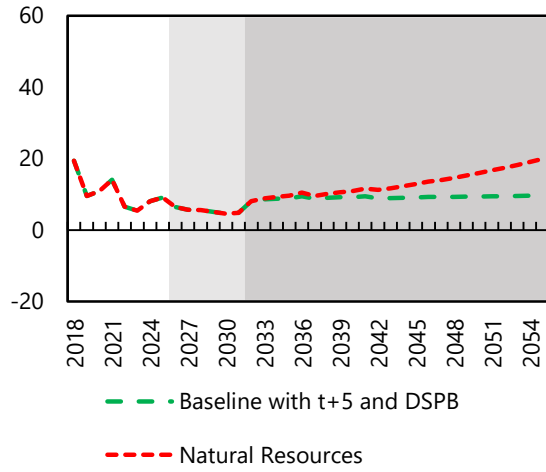
Commentary: Ecuador faces sizeable amortizations in the medium-term. Following the program completion, maintaining a fiscal stance consistent with a debt stabilizing primary balance would ensure that debt remains below the COPLAFIP limit. At the same time, the module highlights that large fiscal imbalances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

Source: Fund staff.

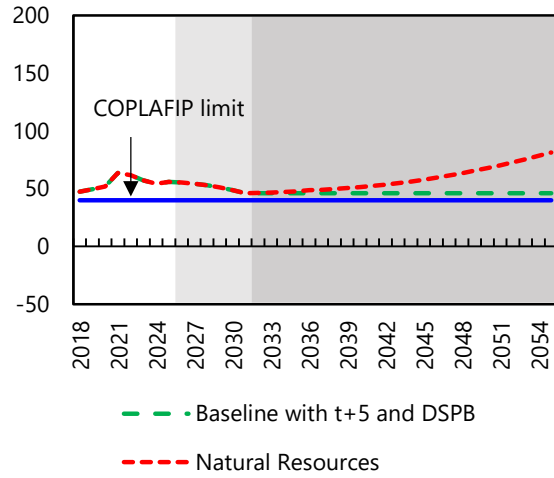
**Figure 8. Ecuador: Natural Resources Long-Term Module**

**Natural Resources**

**GFN-to-GDP Ratio**



**Total Public Debt-to-GDP Ratio**



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

Source: Fund staff.

## Appendix I. Letter of Intent

Quito, April 9, 2026

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 continue to address the security and energy challenges. The economy continues to recover, with growth of 3.7 percent in 2025, driven by stronger private consumption and record-high nonoil exports. We successfully returned to international capital markets, with a US\$4 billion bond issuance in January 2026, alongside a US\$3 billion debt buyback. At the same time, lower-than-expected oil derivative prices have resulted in a significant loss in oil revenues, which coupled with higher-than-anticipated tax expenditures and spending on compensatory measures following the diesel subsidy reform led to a weakening of fiscal performance in late-2025.

**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.** While we missed the fiscal targets for end-January 2026, we have enacted corrective measures to return to the program's fiscal consolidation path. In addition, other quantitative performance criteria (QPC) and indicative targets (ITs) for the Fifth Review under the EFF arrangement have been met. We continue to enhance social protection, with over 1.3 million lower-income families covered by the social safety net as of end-January 2026, 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 two important structural benchmarks for the Fifth Review, while work is advancing on all other structural benchmarks.

**4.** We request the completion of the Fifth Review under the EFF arrangement, allowing for the

associated disbursement of SDR 280.5 million (about US\$395 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 a waiver for the end-January 2026 quantitative and indicative fiscal targets that were missed and the modification of the QPCs for end-June 2026 to recalibrate them based on the corrective fiscal measures that we have enacted. 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 are committed to gradually phasing out the tax on transfers abroad (ISD) for the making of payments and transfers on current international transactions 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/

Sariha Moya  
Minister of Economy and Finance

/s/

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 and augmented in July 2025.**

**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 490 basis points as of early April 2026. Economic activity rebounded strongly, with real GDP growing 3.7 percent in 2025, 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 2026, 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.**

## **E. 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. In February 2026, we passed legislation establishing clear rules for autonomous decentralized governments (GADs) to prioritize capital spending to increase the delivery of basic services and infrastructure.

**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 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. Our medium-term fiscal consolidation plan aims to place public finances on a sustainable path.** We expect to reach an overall surplus of 1.2 percent of GDP by the end of the program in 2028. This is consistent with achieving a NFPS primary surplus of 2.3 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, maintain 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, streamlining tax expenditures, implementing a new fiscal regime for the mining sector (*end-December 2025 SB, met*), 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.
- **Oil Revenues.** We streamlined 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 provided grounds for corruption. Alongside, we implemented temporary compensatory measures, mainly for transporters, that allowed 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, enhancing the capacity of the oil refinery system, and a hedging strategy designed to mitigate exposure to oil price volatility.
- **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 about to complete the development of a conceptual and operational framework to upgrade the Public Sector Procurement System (SOCE) (**end-December 2025 SB, not met, proposed to be rest for end-June 2026**). The SOCE framework was delayed to ensure it is consistent with regulatory changes and procurement guidelines introduced in January 2026. The conceptual and operational framework will materialize in a new procurement system, financed with an IDB loan, that would allow efficiency gains, and improve controls, tracing, and interoperability.
- Capital Expenditure.** We will continue to prioritize capital expenditure projects based on their estimated social and economic impact. We issued legislation operationalizing a fiscal rule requiring GADs to allocate at least 70 percent of their annual non-financial budget to investment, maintenance and replacement of public infrastructure and assets tied to service delivery, and no more than 30 percent to current spending. 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.

**10. Specific actions to achieve annual fiscal targets will be established in the corresponding annual budgets.** Given that 2025 was 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 MTF (**early-December 2024 SB, met**). In late 2025, we submitted a draft budget for 2026 aligned with the EFF-supported program targets (**end-November 2025 SB, met**).

**11. 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 are implementing the November 2024 multi-year fiscal financing plan to clear PGE arrears with the private sector, shared with Fund staff (*end-November 2024 SB, met*). We continue working on preventing the resurgence of PGE arrears, including obligations to the private sector and intra-public sector claims. Our continuous efforts have allowed us to overperform the program's end-January 2026 arrears clearance target.

**12. Our financing strategy relies on multilateral and bilateral sources, maintaining access to international capital markets, 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 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 returned to the international capital markets in early 2026. 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*).

**13. Ecuador successfully returned to the international capital markets, fulfilling an important objective of the Fund-supported arrangement.** In January 2026, ahead of program expectations, the authorities issued US\$4 billion in international bonds. The issuance comprised 7- and 12-year maturities, placed at yields of 8.75 percent and 9.25 percent, respectively. Demand exceeded four times the amount offered. The operation included US\$1 billion in new financing and a debt repurchase of US\$3 billion, primarily of the 2030 Eurobonds and, to a lesser extent, the 2035 Eurobonds, thereby reducing refinancing risks over the program period.

## F. 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 January 2026, 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, with a special focus on facilitating young people's entry into the labor market. 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 Human Development (MdH) has led a campaign to increase the use of banking services by recipients of these social protection transfers.

## G. 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 MTFE 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 are implementing a revised mechanism to settle healthcare claims from IESS and plan to increase the transparency of the social security system.** This brought 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 are implementing the resulting agreement to prevent future arrears on healthcare obligations, improve the reliability of fiscal statistics, and strengthen the sustainability of the IESS. The external auditor, hired through the pertinent procurement process (*end-December 2024 SB, met*), continues to review the 2023 and 2024 healthcare obligations to IESS. To further enhance the transparency of the social security system and inform our policy discussions, 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 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. With IMF TA support, we are updating our efficiency collection indicators, and non-compliance gaps in VAT and CIT.

## H. 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 June 2025, the Bank for International Settlements (BIS) granted a new contingent liquidity line of up to US\$1.5 billion, which strengthens the management of Ecuador's international reserves and provides additional liquidity buffers for the BCE. Additionally, the BCE is in the process of renewing its contingent liquidity facility with the BIS, which could increase from up to US\$840 million to up to US\$1 billion. Finally, the BCE is managing the renewal of its contingent credit line with the Latin American Reserve Fund (FLAR), which could be increased from up to US\$230 million to up to US\$300 million

**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. In March 2026, the BCE published the national accounts using a new methodology to estimate the demand components of the Quarterly National Accounts, which benefitted from IMF TA. 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\$1.9 billion between 2021 and 2025, and the BCE's equity increased from US\$1.6 billion to US\$3 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\$1.5 billion in profits to the MEF between 2021 and 2025.

## I. 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**). 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. We will prepare and share with the Fund a concept paper assessing gaps in the resolution framework for banks and cooperatives and proposing legal and regulatory reforms to strengthen it in line with international standards and FSAP recommendations (**proposed SB for end-July 2026**). Building on this concept paper and TA from the Fund and World Bank, we plan to pursue the necessary legislative and regulatory changes to operationalize a strengthened recovery and resolution regime.

**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**). 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 for weak institutions. 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. We will refrain from adopting additional forbearance measures that delay the recognition of losses or the restoration of capital in banks and credit cooperatives, and we will implement corrective action plans in a timely manner. In the cooperative sector, we will tackle structural vulnerabilities—especially governance weaknesses, weak credit origination and assessment methodologies, and practices that delay loss recognition and distort risk pricing—by strengthening supervisory enforcement and improving prudential standards, with a view to raising capital and provisioning and promoting sustainable, profitable business models. To help achieve this goal, the supervisory agency for cooperatives (*Superintendencia de Economía Popular y Solidaria*, or *SEPS*) is developing risk-based supervision capabilities with IMF TA.

**32. We are committed to fostering financial sector development and inclusion.** Banks and credit cooperatives are subject to ceilings on lending rates. 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 on 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**). We are going to adopt a new interest rate methodology that is better aligned with market and funding conditions and helps bring underserved segments of the population and economy into the formal credit market, strengthening financial inclusion and supporting job-rich growth. 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 implementing a real time gross settlement (RTGS) system at the BCE to ensure timely and final settlement of funds and support delivery versus payment system, therefore reducing systemic risk and enhancing market liquidity. 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. These upgrades are expected to enhance market confidence and may support greater investment in the domestic capital market. 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. In addition, in March 2026 the BCE issued a resolution establishing interoperability standards for the participants of the payments system.

## J. 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. In March 2026, the government signed the Reciprocal Trade Agreement with the US, which includes tariff benefits for Ecuadorian exports. We have concluded trade negotiations with South Korea and Canada, and 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 and reinforcing a "follow the money" approach.** 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*) and issued implementing regulations in January 2026, laying the foundations for a more robust legal framework. With IMF technical support, we also approved and published an AML/CFT Strategic Action Plan (*end-January 2026 SB, met*), which establishes clear priorities to address our elevated money laundering risks, particularly those linked to organized crime, and to strengthen a risk-based, system-wide approach to AML/CFT implementation. Going forward, we will focus on ensuring the effective implementation of this new AML/CFT framework, to better target the financing and profitability of organized crime. This includes disseminating and jointly operationalizing the Strategic Action Plan, strengthening inter-institutional coordination, and preventive measures including beneficial ownership transparency, and further enhancing the governance, independence, and operational capacity of the Financial Intelligence Unit (UAFE) and other AML/CFT competent authorities. In line with the October 2025 COMYF reform and the AML/CFT legal framework, the Financial and Monetary Policy and Regulation Board must ensure oversight over the prevention of Money Laundering and Criminal Financing risks with regard to the issuance of public policies, regulation and supervision within the credit, financial, monetary, national payment system, insurance, securities, and prepaid healthcare sectors, in line with AML/CFT strategic objectives. We will also seek technical support to strengthen specific areas, such as supervision of the VASPs sector, and enhancing the Central Bank capacity to monitor unusual cross-border flows. These efforts aim to strengthen the disruption of illicit financial flows, enhance asset recovery, and safeguard financial integrity.

**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 developed a plan to 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.

## **K. 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 semiannual reviews during 2026-28, with the sixth and seventh reviews occurring on or after September 15, 2026, and March 15, 2027, respectively.

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

(In US\$ million, unless otherwise stated)

	End-Jan. 2026 2/				End-Jun. 2026		End-Dec. 2026	
	Program 3/	Adj. 4/	Actual	Status	Program 3/	Proposed	Program 3/	Proposed
<b>Quantitative performance criteria</b>								
1. Nonoil primary balance of the budgetary central government (PGE) (floor) 1/ 5/	-875	-875	-1,197	Not met	-302	-366	-1,310	-1,754
2. Overall balance of the PGE and CFDD (floor) 1/ 5/	-1,229	-1,272	-1,952	Not met	-1,341	-1,610	-2,624	-3,140
3. Accumulation of NFPS deposits at the central bank (floor) 1/	-398	322	1,435	Met	0	100	364	494
4. Non-accumulation of external payments arrears by the NFPS (continuous performance criterion)	0		0	Met	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
<b>Indicative targets</b>								
6. Overall balance of the NFPS (floor) 1/	-667	-710	-2,161	Not met	217	-225	-46	-658
7. Nonoil primary balance including fuel subsidies (NOPBS) of the NFPS (floor) 1/	-1,513	-1,470	-2,272	Not met	-1,317	-1,854	-3,434	-4,590
8. Change in the stock of NIR (floor) 1/	-758	-60	1,340	Met	115	348	672	1,033
9. Stock of PGE arrears to the domestic private sector (ceiling)	330		252	Met	210	210	105	160
10. Number of families in the first three income deciles nationwide covered by cash transfer programs (floor)	1,313,800		1,332,219	Met	1,319,000	1,335,219	1,325,000	1,338,219
Memorandum item								
NFPS deposits at the central bank	5,364		7,197		5,513	5,520	5,877	5,914

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 Fourth EFF Review (Country Report No. 25/341).

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

5/ Excluding the PetroEcuador-central government transaction which is a financing (below-the-line) item.

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	Not met, proposed to be set for end-June 2026
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	Met
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	Met
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)**

<b>Reform Area</b>	<b>Structural Conditionality</b>	<b>Objectives</b>	<b>Due Date</b>	<b>Status</b>
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	
Financial System Stability	30. Prepare and share with the Fund a concept paper assessing gaps in the resolution framework and proposing legal and regulatory reforms to strengthen it in line with international standards and FSAP recommendations	Bolster financial system stability.	End-July 2026	Proposed

## 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**  
(In US\$ million, unless otherwise stated)

	End-Jan. 2026 2/				End-Jun. 2026		End-Dec. 2026	
	Program 3/	Adj. 4/	Actual	Status	Program 3/	Proposed	Program 3/	Proposed
<b>Quantitative performance criteria</b>								
1. Nonoil primary balance of the budgetary central government (PGE) (floor) 1/ 5/	-875	-875	-1,197	Not met	-302	-366	-1,310	-1,754
2. Overall balance of the PGE and CFDD (floor) 1/ 5/	-1,229	-1,272	-1,952	Not met	-1,341	-1,610	-2,624	-3,140
3. Accumulation of NFPS deposits at the central bank (floor) 1/	-398	322	1,435	Met	0	100	364	494
4. Non-accumulation of external payments arrears by the NFPS (continuous performance criterion)	0		0	Met	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
<b>Indicative targets</b>								
6. Overall balance of the NFPS (floor) 1/	-667	-710	-2,161	Not met	217	-225	-46	-658
7. Nonoil primary balance including fuel subsidies (NOPBS) of the NFPS (floor) 1/	-1,513	-1,470	-2,272	Not met	-1,317	-1,854	-3,434	-4,590
8. Change in the stock of NIR (floor) 1/	-758	-60	1,340	Met	115	348	672	1,033
9. Stock of PGE arrears to the domestic private sector (ceiling)	330		252	Met	210	210	105	160
10. Number of families in the first three income deciles nationwide covered by cash transfer programs (floor)	1,313,800		1,332,219	Met	1,319,000	1,335,219	1,325,000	1,338,219
<b>Memorandum item</b>								
NFPS deposits at the central bank	5,364		7,197		5,513	5,520	5,877	5,914

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 Fourth EFF Review (Country Report No. 25/341).  
4/ Adjusted for oil prices and disbursements from multilateral institutions.  
5/ Excluding the PetroEcuador-central government transaction which is a financing (below-the-line) item.

**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

### D. 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.

## E. 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 the end-June 2026 test date and at US\$365 million at the end-December 2026 test date. 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**

	Jun. 2026	Dec. 2026
Ecuador mix crude oil price (US\$ per barrel)	68.55	66.40

Sources: Ministry Economy and Finance and IMF staff estimates.

## F. 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. **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.**

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\$)

	Jun. 2026 1/	Dec. 2026 2/
Total external borrowing consistent with program targets 1/	4,000	5,000

1/ Cumulative from January 2026 to June 2026.

2/ Cumulative from January 2026 to December 2026.

**29. Adjustor on disbursements from the IMF and other multilateral institutions**<sup>1</sup>. 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\$)

	Jun. 2026 1/	Dec. 2026 2/
Expected disbursement of IMF credit	375	750
Expected disbursements of program loans by other IFIs	1,480	2,323

1/ Cumulative from January 2026 to June 2026.

2/ Cumulative from January 2026 to December 2026.

**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 the end-June 2026 test date and at US\$365 million at the end-December 2026 test date. The average price of Ecuador mix oil price will be

<sup>1</sup> 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.

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.

## G. 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.<sup>2</sup> 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 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

---

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

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.

## H. 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 the end-June 2026 test date and at US\$365 million at the end-December 2026 test date. 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 the end-June 2026 test date and at US\$365 million at the end-December 2026 test date. 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, 4<sup>th</sup> 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 the end-June 2026 test date and at US\$365 million at the end-December 2026 test date. 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 2026 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.**

**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 Días, 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 Mr. Andre Roncaglia, Mr. Bernardo Acosta, and Mr. Felipe Antunes on  
Ecuador  
April 22, 2026**

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 high-quality and timely work and comprehensive report.

**Context and program performance**

2. **Ecuador successfully returned to international capital markets, achieving an important objective of its economic program supported by the Extended Fund Facility (EFF) arrangement.** In January 2026, ahead of program expectations, the authorities issued US\$4 billion in international bonds, marking the country's first Eurobond issuance since 2019 and the largest to date. Investor demand reached about 4.5 times the amount issued. In parallel, the authorities conducted a US\$3 billion buyback of bonds maturing in 2030 and 2035, significantly reducing debt service and easing liquidity pressures in the coming years. The successful issuance reflects strengthened market confidence, underpinned by substantial gains in macroeconomic stability stemming from decisive policy implementation.

3. **Fiscal targets for end-January 2026 were missed, but the authorities proactively enacted strong corrective actions.** A robust package of revenue mobilization measures has been implemented to return to the program's fiscal consolidation path and create space for priority social and investment spending. All other quantitative and indicative targets for the fifth review were met, and the authorities continue to advance their structural reform agenda. These efforts reflect the authorities' firm commitment to strengthening the fiscal position and protecting their hard-won social and economic progress. Based on their strong corrective actions and firm commitment to achieving the program's objectives, the authorities request a waiver of nonobservance of the two fiscal end-January 2026 performance criteria that were missed.

4. **The increase in international oil prices provides a windfall for Ecuador, a net oil exporter.** The authorities are committed to the prudent management of this windfall, which – together with their newly adopted hedging policy to mitigate exposure to oil price volatility and ensure a given level of oil revenues– could lead to a meaningful increase in medium-term growth. The authorities are prioritizing fiscal space to scale up much-needed public investment.

**Recent economic developments and outlook**

5. **Economic activity continues to recover amid low inflation and a strong external sector.** Real GDP expanded by 3.7 percent in 2025, exceeding the 3.4 growth projected at the fourth review, supported by record non-oil exports and stronger domestic demand. Fund staff has revised upward its 2026 growth projection to 2.5 percent (from 2.2 percent at the fourth review), in line with the Central Bank of Ecuador (BCE)'s latest forecast. Inflation is currently low, at 2.3 percent year-on-year in March 2026. It is projected to remain above 2 percent in 2026, driven mainly by global supply factors, while staying below that of trading partners, thereby supporting competitiveness. The current account surplus reached 5.9 percent of GDP in 2025, contributing to a sustained rise in international reserves, which have reached record-high levels and stood at

US\$11.3 billion on April 10. The current account surplus is expected to remain at historically elevated levels in 2026.

### **Fiscal policy and corrective actions**

6. **Fiscal performance weakened in late 2025, affecting the end-January 2026 fiscal targets.** The overall nonfinancial public sector deficit reached 2.9 percent of GDP in 2025, exceeding projections by a margin. Oil revenues underperformed due to lower oil prices and export volumes, as well as weaker revenues from domestic sales of oil derivatives. Net tax revenues also fell short of projections, mainly as a result of higher-than-anticipated use of tax credits by taxpayers. The implementation of temporary compensatory measures to mitigate the impact of reforms on vulnerable groups also increased spending on a transitory basis. It is important to note that the authorities have maintained their firm policy commitments and the structural reforms implemented under their program remain fully in place.

7. **Despite these outturns, the accumulation of fiscal buffers and the reduction in domestic arrears exceeded program targets.** Nonfinancial public sector deposits at the BCE reached US\$7.2 billion at end-January 2026, surpassing program targets by a comfortable margin. The stock of central government arrears to the domestic private sector declined to US\$252 million by end-January 2026, below the end-January ceiling target of US\$330 million.

8. **The authorities proactively took decisive corrective measures to realign the fiscal position with the program's consolidation path.** These measures include: clarifying the scope of goods and services subject to the value-added tax (VAT), focusing on those primarily consumed by higher-income households; tightening controls on VAT refunds, including from establishments that sell non-essential goods that are not eligible for refunds; strengthening the income tax advance payment and withholding regime; and limiting the use of tax credits to meet tax obligations. Together, these revenue measures are projected to yield about 1.3 percent of GDP over 2026-27. They complemented the reforms adopted in December 2025 to revamp the mining sector's fiscal regime, including a new methodology to operationalize the sovereign adjustment, which are expected to yield around 0.5 percent of GDP in 2027. The latter reforms benefited from Fund technical assistance, and the authorities are receiving ongoing technical assistance from the World Bank to broaden the tax base and streamline inefficient tax expenditures.

9. **Fiscal consolidation efforts continue to be supported by key public financial management and governance reforms.** The authorities are implementing the agreement between the Ministry of Economy and Finance and the Ecuadorean Social Security Institute (IESS) to settle healthcare obligations, signed in November 2025 as part of the EFF arrangement, with the purpose of enhancing transparency and predictability in public finances while improving IEISS's financial position. They also continue to advance 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, as part of the efforts to upgrade the procurement system, the procurement agency is finalizing a conceptual and operational framework, which will be complemented by other ongoing actions to strengthen procurement transparency and expenditure control.

10. **The social safety net continues to be strengthened.** Social policy has focused on promoting productive inclusion and providing targeted support to priority groups. The authorities have continued to expand the coverage of cash transfer programs for households in the lowest three income deciles, exceeding the end-January 2026 program target. They have also implemented a comprehensive package of compensatory measures introduced to mitigate the impact of reforms on vulnerable groups, including initiatives that combine income support with incentives for labor market participation, particularly among youth. Labor market conditions have strengthened, especially for youth and women, and the poverty rate has declined to its lowest level since 2007.

## **Financing plan**

11. **Continued multilateral and bilateral support remains essential.** Financial support from multilateral and official bilateral partners has been instrumental while the authorities adopted high-quality measures and advanced a comprehensive structural reform agenda to durably strengthen fiscal sustainability. Multilateral and official bilateral lending continues to be a crucial source of external financing. The authorities continue to actively engage with official bilateral creditors to secure positive net financing over the remainder of the program.

12. **Ecuador has diversified its financing sources after regaining access to international capital markets.** In January 2026, Ecuador issued US\$4 billion in Eurobonds alongside a US\$3 billion debt buyback, lowering debt service by about US\$1.2 billion between 2026 and 2028 and reducing near-term financing risks. These transactions yielded US\$1 billion in net international market financing, ahead of the schedule envisaged in the program's 2026 financing plan at the time of the fourth review. Sovereign spreads have fallen from above 1,900 basis points in April 2025 to 416 basis points on April 15, 2026. Following the issuance, Moody's upgraded Ecuador's long-term credit rating by two notches and Fitch by one notch. The authorities remain committed to diligently implementing their EFF-supported program and building liquidity buffers, which should further compress spreads and help sustain market access.

## **Financial sector policy**

13. **The financial sector remains stable, and the regulatory framework and supervision are being enhanced.** Robust deposit growth, supported in part by a record current account surplus, has underpinned a significant expansion in productive credit alongside a notable decline in borrowing costs. Banks' financial soundness indicators have improved. The authorities are aware of vulnerabilities in parts of the cooperative sector and are committed to continuing to enhance supervision and closely monitoring weaker institutions. Among actions to further strengthen the regulatory framework, they recently increased reserve ratios for cooperatives, in line with FSAP recommendations to harmonize prudential standards across financial institutions. Decisive work to strengthen the resolution framework is underway, also in line with FSAP recommendations.

14. **The reform agenda to improve credit market efficiency and foster the development of domestic capital markets continues to advance.** Recognizing that the current system of lending rate caps has created distortions and exclusions in the credit market, the authorities are committed to developing a new methodology for setting interest rates that better reflects market conditions.

In addition, given the limited liquidity and depth of the domestic debt market, the authorities are implementing key measures to strengthen the institutional and market infrastructure needed for its development. Regulations governing auctions of domestic bonds and treasury notes were issued in November 2025, and plans to launch these auctions in 2026 remain on track. These reforms are expected to improve credit allocation, promote financial inclusion, mobilize greater domestic financing for both public and private entities, and support economic growth.

## Structural reforms

15. **A comprehensive structural reform agenda is underway to foster job-rich growth and strengthen economic resilience.** The authorities are committed to advancing critical reforms to unlock Ecuador’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, a new fiscal regime to attract private investment and enhance revenue was enacted in December 2025. The authorities also reopened the cadaster for non-metallic small-scale mining in June 2025 and are committed to issuing regulations for the reopening of the mining cadaster by end-June 2026. In the electricity sector, following severe power outages in 2024, the authorities have implemented key measures to bolster energy resilience, including diversifying electricity sources, adopting transparent and cost-reflective pricing mechanisms to encourage private investment, and improving preparedness for natural disasters.

16. **The AML/CFT framework continues to be strengthened.** 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 Fund, the authorities approved a multi-year 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

17. **The authorities have made substantial progress in implementing their economic program, and Ecuador’s economic outlook has strengthened.** As a result of the significant improvement in fiscal sustainability, Ecuador successfully regained access to international capital markets in early 2026. The recalibrated medium-term fiscal plan, including the recently enacted corrective actions, continues to place public debt on a firmly downward path and remains on track to achieve the legal target of 40 percent of GDP by 2031, one year ahead of schedule. The authorities have demonstrated strong commitment to the program’s objectives and reaffirm this commitment. They greatly value the Fund’s continued financial, policy, and technical support to advance their economic program.