

COUNTRY PROFILE



Ecuador

GLOBAL RANK: 88th of 104



Ecuador's 88th overall ranking is based on a stronger performance in Comparative Liveability (72nd) than in Economic Competitiveness (99th), where the country's ranking is pulled down by low levels of skilled human capital, poor governance, and weak competitiveness.

● BACKGROUND

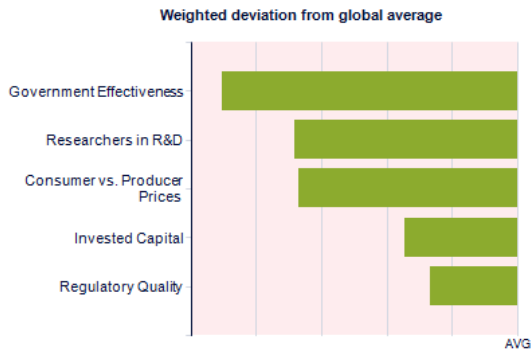
After a banking crisis led to the near-collapse of the economy in 1999-2000, Ecuador fought its way back to macroeconomic stability and adopted the US dollar as currency. This largely impoverished South American republic is dependent upon its petroleum reserves, which account for a quarter of export revenues. The nascent mining sector also offers significant growth potential. Ecuador has severe environmental problems, with high rates of deforestation and water pollution and a poor conservation record. Like many other countries in Latin America, it also has a history of political instability, and has undergone 19 changes of constitution since independence in 1830.

FAST FACTS

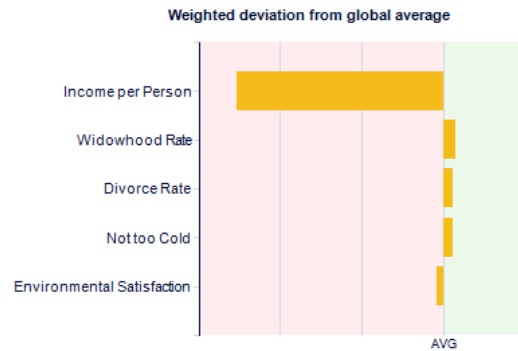
<b>Population:</b>	13.9 million (2008 est.)	<b>FDI (net inflow):</b>	2.45% (2006 est.)
<b>Life Today</b>	5 (2007 est.)	<b>Exports</b>	30.74% (2006 est.)
<b>GDP (PPP)</b>	\$98.79 billion (2007 est.)	<b>Imports</b>	29.26% (2006 est.)
<b>GDP (Growth)</b>	1.9% (2007 est.)	<b>Unemployment:</b>	9.3% (2007 est.)
<b>GDP (per Capita)</b>	\$7,200 (2007 est.)	<b>Life Expectancy</b>	76.81 years (2008 est.)
<b>Political System:</b>	Republic		
<b>Foreign Aid:</b>	0.39% (2006 est.)		

● KEY SCORE DRIVERS

ECONOMIC COMPETITIVENESS



COMPARATIVE LIVEABILITY



Ecuador ranks second to last in the Latin American region, just above Bolivia, and scores negatively on almost all Economic Competitiveness indicators. The country possesses substantial reserves of oil and rich agricultural areas, and its economy is still based mainly on primary commodities. Taking into account also the amount of foreign aid that Ecuador receives, this leads to a worrying dependence score. As is often the case, money from aid and resources has gone to consumption, rather than into investment that will generate future wealth, and capital investment is lacking.

Ecuador is an extremely poor country, with nearly 35% of its population living in poverty. Income per capita is only half that of the regional average, at under \$4,000, and unemployment is over 10%. Rural poverty is undoubtedly more severe than urban poverty and negatively affects the quality of life of many Ecuadorans. Many workers are excluded from the formal economy, as a consequence of poverty and a troubled political life over the last decade. Democratic rules and values have not been internalised and poor infrastructure and fragile institutions are the rule.

Ecuador has enjoyed nearly three decades of democratic rule, yet its democracy remains fragile. None of the previous three elected presidents have finished their terms in office, and eight presidents

The emigration of almost half a million Ecuadorans in the last decade demonstrates the inability of the resource base to sustain the economy, and the absence of opportunities. The 3.26<sup>9</sup> hours of

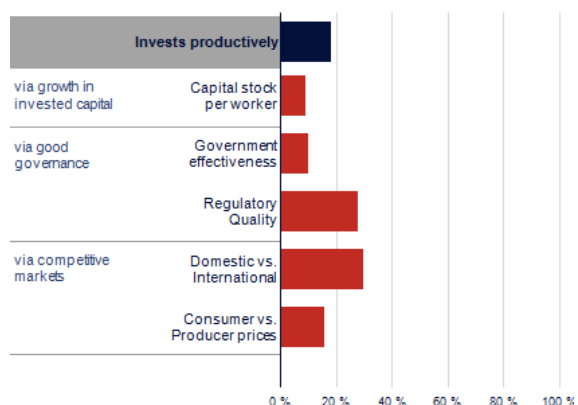
have served over the last decade. This has affected the consolidation of democratic institutions and harmed Ecuador's governance, which lacks both effectiveness and regulatory quality. Furthermore, tensions with neighbouring countries such as Peru over mining and other resources have led to political and social struggles in recent years.

Ecuador scores exceptionally badly on both competitiveness indicators. It will also have a difficult road ahead as it seeks to diversify its economy. There are few highly-skilled researchers in the workforce, and high-tech exports make up a negligible proportion of GDP.

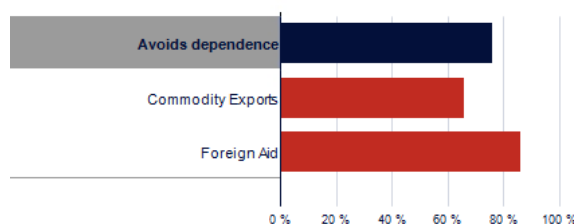
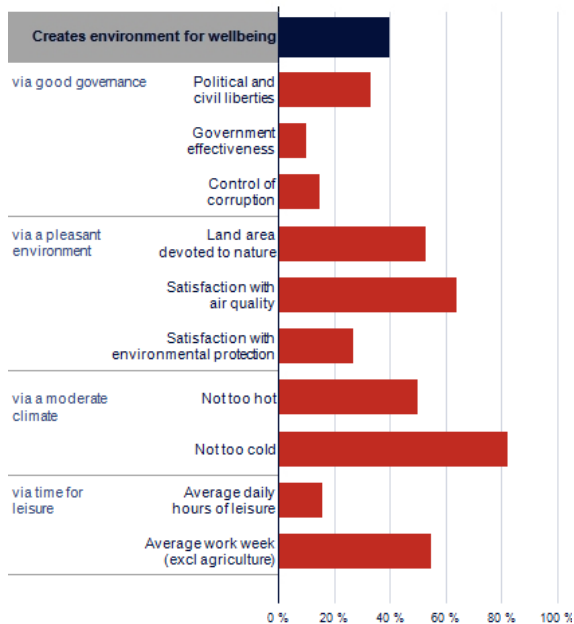
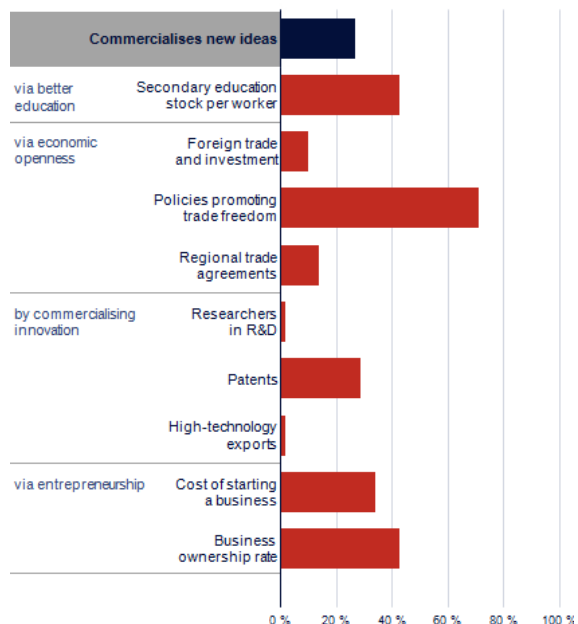
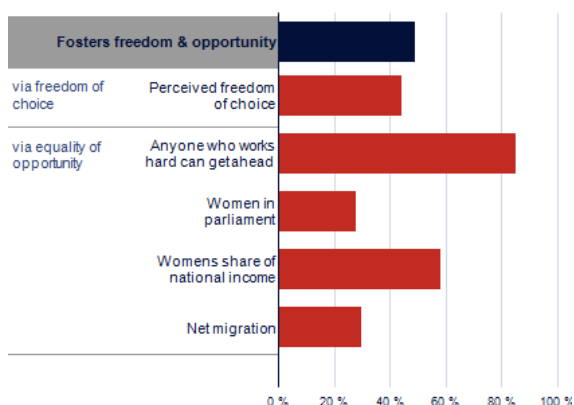
leisure time and low reported freedom of choice for Ecuadorans further points to a lack of opportunities, somewhat mitigated by almost 90%<sup>9</sup> of people believing that those who work hard will get ahead.

However, the situation is not unconditionally bleak, with community life and religious faith both having a significant positive effect on the Comparative Liveability ranking. The proportion of Ecuadorans who are widowed or divorced is low, at 2.5%<sup>9</sup> and 1%<sup>9</sup> respectively, testifying to a good quality of family life. This, combined with the moderate climate and the widespread belief that hard work will improve personal circumstances, provide a ray of hope for Ecuador's quality of life.

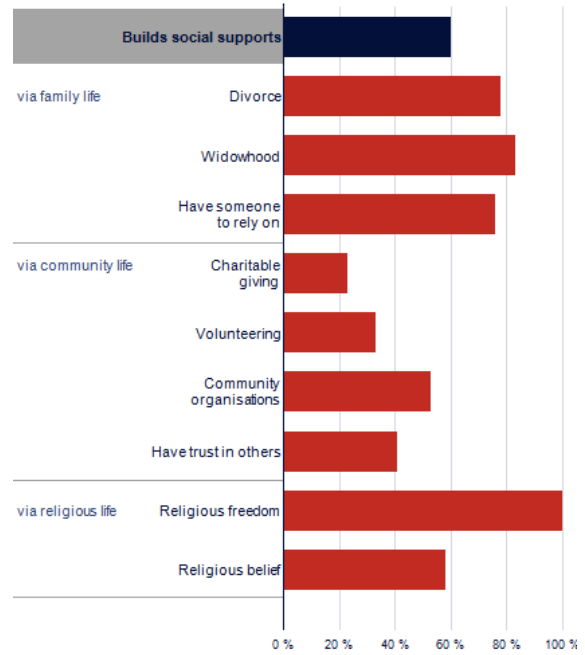
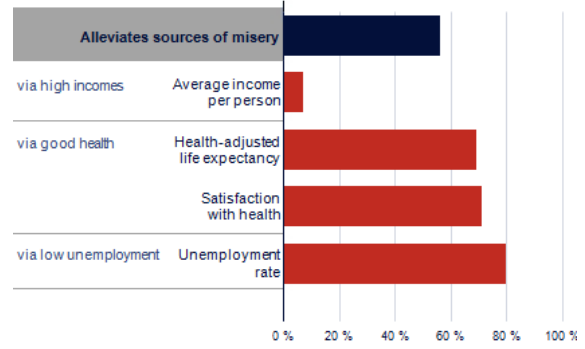
## ECONOMIC COMPETITIVENESS: SCORECARD



## COMPARATIVE LIVEABILITY: SCORECARD



All subindicator scores in the Index are shown unweighted, expressed as a percentage of the score for the best-performing country in the Index. Indicator scores (in dark blue) are derived from the weighted average of relevant subindicators. For more information on how the subindicator scores are weighted to produce indicator scores and an overall Index score and ranking, see Chapter Two of this report.



**References:**

<sup>9, w</sup> See [www.prosperity.com/references.aspx](http://www.prosperity.com/references.aspx) for further details including date of survey, sample size, and margin of error.