



# On the Mend: Ecuador's bumpy road back to health two years into the COVID-19 shock

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## Main Findings

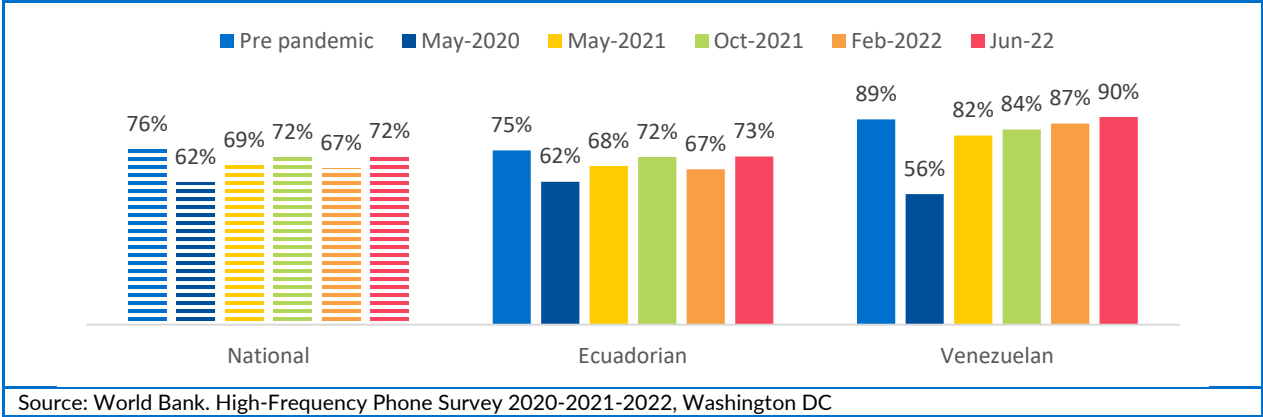
- Ecuador's vaccination campaign in 2021 was successful, reaching the adult population across all segments, including the Venezuelan population. This comprised a key factor in the economic recovery observed in 2021.
- However, this progress stagnated in 2022. Even though employment levels were approaching pre-pandemic standards by mid-2022, nearly one in five people working before COVID-19 remained unable to regain employment – more than half of whom subsequently left the labor force altogether.
- Additionally, job quality continued to decrease. By mid-2022, the formality rate was a mere 31 percent, 10 percentage points below the pre-pandemic level; the share of workers in self-employment tripled to 39 percent; and workers transitioned from small, medium, and large firms to low-productivity jobs in micro-businesses, where employment grew by 18 percentage points. This decline in employment quality was more pronounced for vulnerable groups, causing inequalities in the labor market to grow, particularly for women, youth, and those with low education levels.
- Employment recovery unevenly benefitted Venezuelan workers due to their migratory status. Only 86 percent of Venezuelans with irregular status were working in mid-2022 vs. 93 percent of those with regular status; self-employment and informality rates were 13 and 40 points higher, respectively, for Venezuelans with irregular status.
- Women still carried the heavier burden of the pandemic. Time dedicated to unpaid care and domestic work increased more for women than for men in the first year of the COVID-19 crisis. This resulted in women leaving their jobs as well as making it more difficult for them to return to the labor market. The difference in increased time dedicated to work at home practically disappeared by mid-2022. On the flipside, the share of women employed before the pandemic who remained out of work at this juncture was still 18 points higher than for men, at 29 percent; half of these previously in-work women had left the labor market. For women with small children, the situation was worse. Nearly half faced job losses, of whom four fifths left the labor market.
- Venezuelan women faced a similar disadvantage compared to their male counterparts. They were 8.5 percentage points more likely to lose their jobs and 9.9 percentage points more likely to leave the labor market by 2022.
- Reductions in income levels following the outbreak of the pandemic had bounced back impressively by mid-2022, but they still fell short of pre-COVID-19 levels. During 2021, over six out of 10 Ecuadorian households and seven out of 10 Venezuelan households reported not having enough resources to pay for their basic needs. By mid-2022, over one third of Ecuadorian and Venezuelan households still reported reductions in total income; households with children, with less educated heads, and in the rural areas remained at a disadvantage.

- Correspondingly, food insecurity increased somewhat during 2022, after the significant fall of 2021, and remained higher than before the pandemic. Over half of households (52 percent) reported at least one food insecurity experience in June 2022. Ecuadorian and Venezuelan households with children both continued to experience dangerous food shortages due to higher-than-average levels of food insecurity.
- Regarding education, attendance rates by mid-2022 were at 90 percent and 97 percent for Venezuelan and Ecuadorian children, respectively. This marked a slight increase compared to pre-pandemic levels for the former and a slight decrease for the latter. The gap between both remains persistent, however. In addition, although in-person attendance is now almost fully re-established, the learning experience for nearly one in seven children is perceived to be worse than before the pandemic.

### The Ecuadorian labor market two years into the shock

Two years after the pandemic struck, employment almost reached pre-pandemic levels in Ecuador and employment for Venezuelan workers fully recovered. After the successful vaccination campaign in Ecuador, employment levels started to recover in 2021 but stagnated in 2022. The employment-to-population ratio was 72 percent in June 2022, 10 percentage points higher than at the pandemic's peak in May 2020 but four percentage points below pre-pandemic levels (Figure 1). Despite being most affected by employment losses at the onset of the pandemic, Venezuelans have returned faster to pre-pandemic levels. By June 2022, for example, 90 percent of Venezuelan adults were employed, an increase of 33 percentage points compared to May 2020 (Figure 1).

Figure 1: Employment to population ratio (18+)

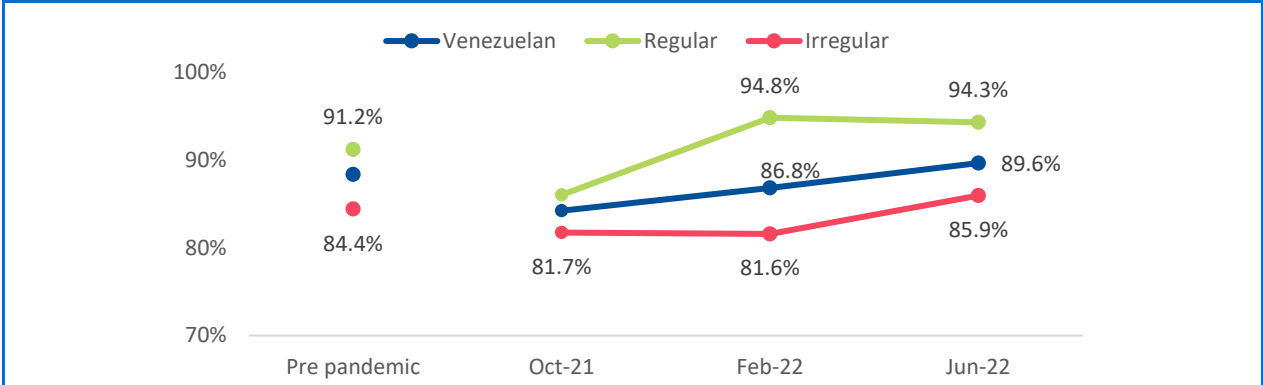


Employment recovery unevenly benefitted Venezuelan workers due to their migratory status. While irregular Venezuelan workers' employment grew by 1.5 percentage points, regularized Venezuelans rose by 3.1 percentage points (reaching 94.3 percent by June 2022) (Figure 2).<sup>1</sup> The Interagency Coordination Platform for Refugees and Migrants (R4V) estimates

<sup>1</sup> Venezuelan workers have irregular status if declared so or if their visa has expired.

that more than 500,000 Venezuelan migrants and refugees were living in Ecuador in June 2022, most of whom were not regularized.<sup>2</sup> According to the latest High-Frequency Phone Survey (HFPS), over 53 percent of Venezuelans have an irregular status. In September 2022, the Government of Ecuador started a regularization process for undocumented Venezuelan migrants who lack visas or do not have a legal right to stay in the country. Over 300,000 migrants stand to benefit through this measure (RV4, 2022).

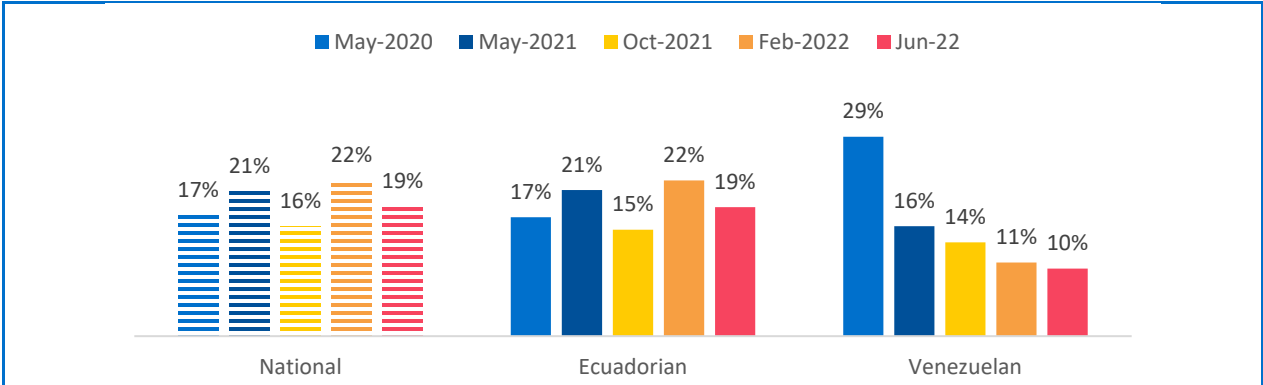
**Figure 2: Venezuelans' employment to population ratio by migration status (18+)**



Source: World Bank. High-Frequency Phone Survey 2020-2021-2022, Washington DC

**Still, almost one in five of those employed before COVID-19 did not recover their employment by mid-2022 in Ecuador.** In June 2022, the share of workers who had lost their jobs and could not re-enter the labor market was 19 percent – two percentage points higher than in May 2020. For Venezuelan workers, the share of those who lost their job during the pandemic and who are not employed decreased from 29 percent in May 2020 to 10 percent in June 2022 (Figure 3). Yet, most Venezuelans who re-entered the labor market did so in the informal sector, with fewer hours and a lower income.

**Figure 3: Share of employed population pre-pandemic who are not employed during each wave (18+)**

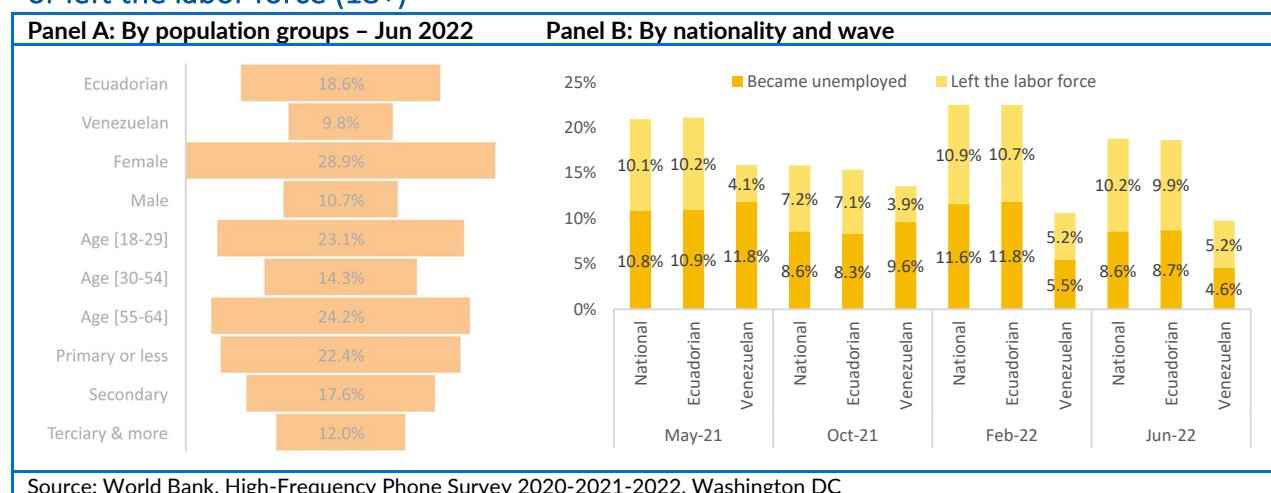


Source: World Bank. High-Frequency Phone Survey 2020-2021-2022, Washington DC

<sup>2</sup> RV4 is an interagency operation website, managed and supported by the Regional Interagency Coordination Platform for Refugees and Migrants of Venezuela, jointly led by the United Nations High Commissioner for Refugees and the International Organization for Migration. For more information, see: <https://www.r4v.info/es/ecuador>

**More than half of the Ecuadorian and Venezuelan workers who lost their pre-pandemic job left the labor force.** In June 2022, workers with primary education, youth, and females had a higher percentage of job losses, ranging from 22 percent to 29 percent during the same period (Figure 4-Panel A). The share of Ecuadorian workers who lost their job and became unemployed in June 2022 is less than the share registered in May 2021 (8.7 percent compared to 10.9 percent). This share decreased significantly by 7.2 percentage points for Venezuelan workers, from 11.8 percent in May 2021 to 4.6 percent in June 2022. However, there is an increase of one percentage point for Venezuelans who have transitioned out of the labor force in the last year; for Ecuadorians, this figure has remained unchanged, at 10 percent (Figure 4-Panel B).

**Figure 4: Share of people who were employed pre-pandemic and became unemployed or left the labor force (18+)**



### The LAC High-Frequency Phone Survey

The World Bank conducted a multi-round High-Frequency Phone Survey (HFPS) to assess the impact of the coronavirus pandemic on the welfare of Latin American and Caribbean (LAC) households. Between March and June 2020, the HFPS collected nationally representative information for thirteen countries: Argentina, Bolivia, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Paraguay, and Peru. In 2021, a second phase of the High-Frequency Phone Survey (HFPS) Project was implemented in over 20 countries in the region. In partnership with the Joint Data Center on Forced Displacement, four waves of data were collected for Ecuador - two in 2021 (May and October) and two in 2022 (February and June). In both phases, the Ecuador HFPS gathered data for Venezuelan households to assess differentiated impacts of the pandemic.<sup>3</sup>

The HFPS surveys collect information on changes in employment and income, the prevalence of food insecurity, and access to health, education, and financing services, which allows comparison of important indicators over three consecutive years (2020, 2021 and 2022).<sup>4</sup> The second phase HFPS also gathered

<sup>3</sup> For more details on the LAC and Ecuador HFPS, see: World Bank & United Nations Development Programme (2022). *LAC COVID-19 High-Frequency Phone Surveys: Phase II 2021 - Technical Note*. URI: <http://hdl.handle.net/10986/38308>. *High-frequency Phone Survey (HFPS), Phase 2: Sampling Design, Weighting, and Estimation*. And *Ecuador High-Frequency Phone Survey (HFPS), Phase 2 - Venezuelans in Ecuador: Sampling Design, Weighting, and Estimation*. (Available upon request).

<sup>4</sup> The Venezuelan sample of the HFPS shows that nearly 80 percent of Venezuelans arrived in Ecuador between 2017 and 2021.

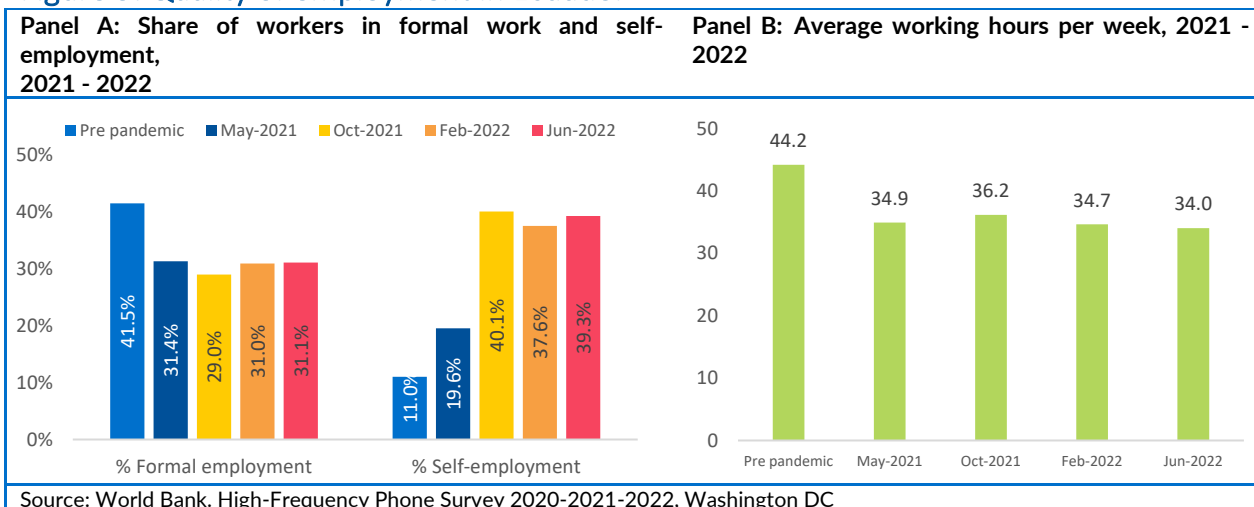
new data on access and use of internet and digital banking services, gender issues, coping mechanisms, and childcare.

For Ecuador, the surveys are representative of non-Venezuelan (mostly Ecuadorian) and Venezuelan households living in Ecuador, with a landline or for which at least one member has a cellphone. They are also representative of non-Venezuelan individuals and Venezuelan migrants aged 18 years or above who have an active cellphone number or a landline at home. The 2021-2022 surveys are also representative of school-age children and adolescents for education indicators and, for Waves 2, 3, and 4, for children less than 5 years old.

Data on how the COVID-19 pandemic impacted countries are available at the [COVID-19 High-Frequency Monitoring Dashboard](#), which provides 96 harmonized indicators across 50 countries in Latin America and the world.

**Unfortunately, employment recovery was paralleled with a decline in the quality of available jobs compared to pre-pandemic levels.** The share of workers in formal jobs decreased from 41.5 percent pre-pandemic to 31.1 percent in June 2022. New jobs in self-employment primarily explain the employment recovery observed almost two years after the start of the pandemic. Self-employment more than tripled its pre-pandemic levels reaching 39.3 in June 2022 (Figure 5 -Panel A). A decrease in working hours per week also signals the deterioration in employment quality. On average, working hours per week have declined from 44.2 pre-pandemic to 34 in June 2022, with no signs of recovery in the last year (Figure 5 -Panel B). This is explained by regulatory changes that allowed firms to reduce hours and wages to protect jobs at the expense of sacrificing quality.<sup>5</sup>

**Figure 5: Quality of employment in Ecuador**



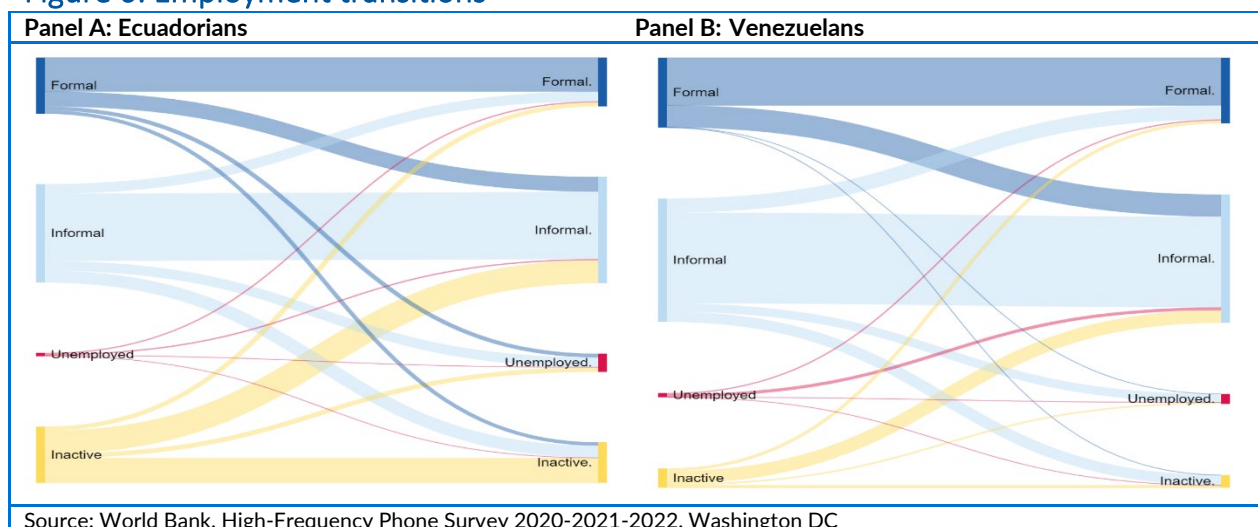
**Trends in labor transitions reflect poor employment conditions as workers increasingly move towards informality.** For Ecuadorian workers, the flow of workers into informality between February 2020 and June 2022 derives mainly from individuals previously employed in a formal job and those out of the labor force that entered the labor market in mid-2022 (Figure 6 - Panel A).

<sup>5</sup> In Ecuador, The Humanitarian Law, approved in 2020, introduced a set of policies to mitigate the pandemic's negative effects. These included renegotiation of labor contracts by mutual agreement, a fixed-term emergency contract that allowed part-time work for one year and renewed for up to one more year, and a reduction in the working day and in wages.



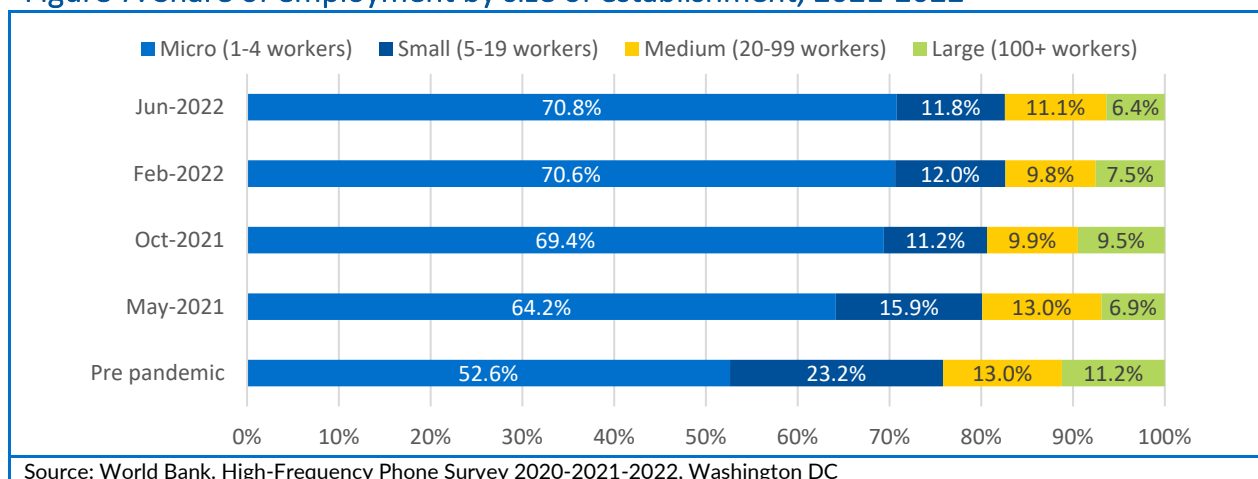
This transition suggests a relatively low probability of (re-)entering the formal labor market after moving to informality, unemployment, or inactivity during the pandemic. A similar dynamic is observed for Venezuelan workers, but with a lower probability that a worker will transition to a formal job after leaving the formal labor market for either informality, unemployment, or inactivity (Figure 6 – Panel B).

**Figure 6: Employment transitions**



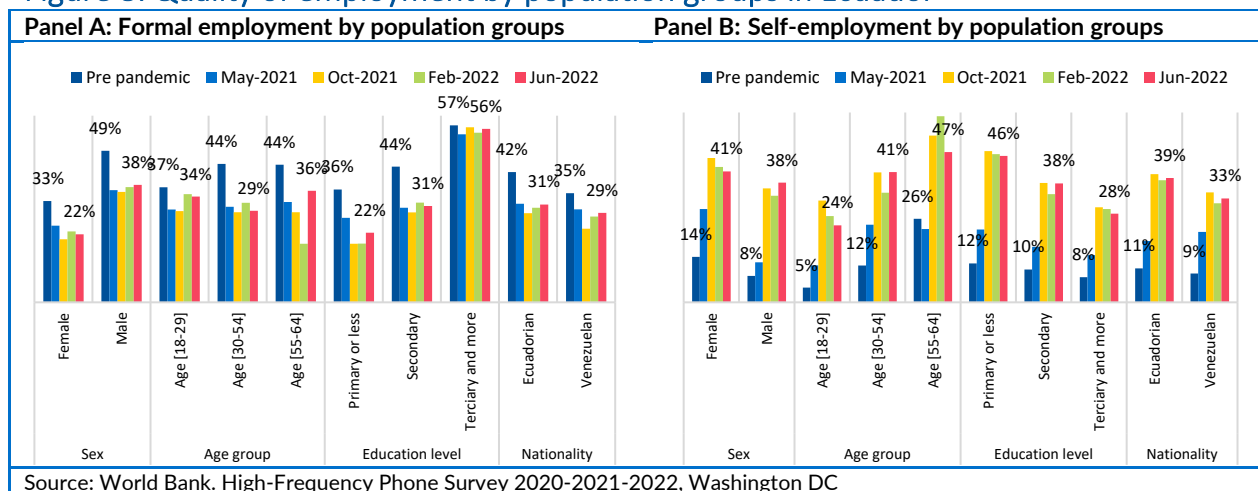
**Additionally, labor has shifted from secure employment in large firms to insecure work in micro-enterprises.** During the pandemic, jobs were lost in all firms, but there was a continuous movement of jobs from small, medium, and large firms toward micro-firms. From the eve of the pandemic through June 2022, employment in micro-firms (1-4 workers) increased by about 18 percentage points, from 52.6 percent to 70.8 percent of workers in Ecuador (Figure 7). During the same period, employment in small (5-19 workers) and large firms (100+ workers) decreased significantly. This shift implies that workers have transitioned to low-productivity jobs with no signs of reversal. This deterioration could further contribute to higher levels of income inequality and low economic growth in Ecuador.

**Figure 7: Share of employment by size of establishment, 2021-2022**



The decline in employment quality has been more persistent among vulnerable groups, increasing inequalities in the labor market, particularly for women, youth, and those with low levels of education. In June 2022, only one out of five female workers had a formal job compared to about two out of five men (Figure 8 – Panel A). The share of workers with tertiary education in formal jobs was nearly triple that of formal workers with low levels of education in June 2022 (56 percent vs. 22 percent, respectively). Also, the respective shares of female, young and elderly, and less-educated workers in self-employment have increased by more than 20 percentage points since the pandemic started; for those with secondary education, the increase in self-employment was 27 percentage points (Figure 8 – Panel B). The deterioration of the quality of employment has also affected tertiary education workers, with self-employment increasing from 8 percent before the pandemic to 28 percent in June 2022.

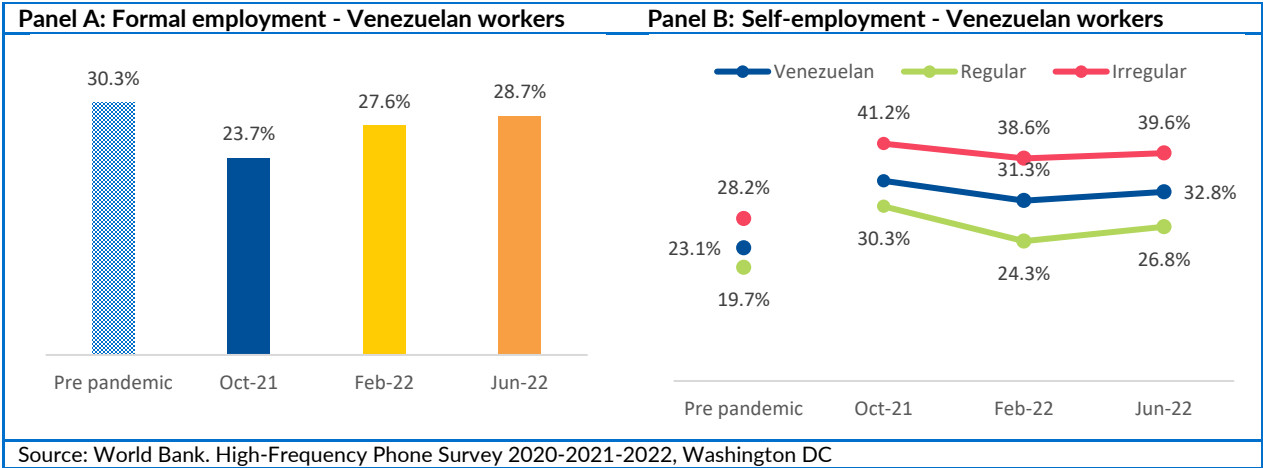
**Figure 8: Quality of employment by population groups in Ecuador**



Among Venezuelans, employment quality has worsened more for workers with irregular migratory status; they face more precarious conditions than Ecuadorian workers after two years. While the share of formal employment for Venezuelans has recovered in the last two years and is only slightly below its pre-pandemic levels (Figure 9 – Panel A), the proportion of self-employment

was 10 percentage points above pre-pandemic levels for all Venezuelan workers by June 2022. For Venezuelans with irregular status, self-employment rates were still eleven percentage points higher than their pre-pandemic levels and thirteen percentage points higher than that for Venezuelans with regular status in June 2022. Despite this, Venezuelans with informal status experienced a small overall decrease in self-employment, from 41.2 percent in October 2021 to 39.6 percent in June 2022 (Figure 9 – Panel B).

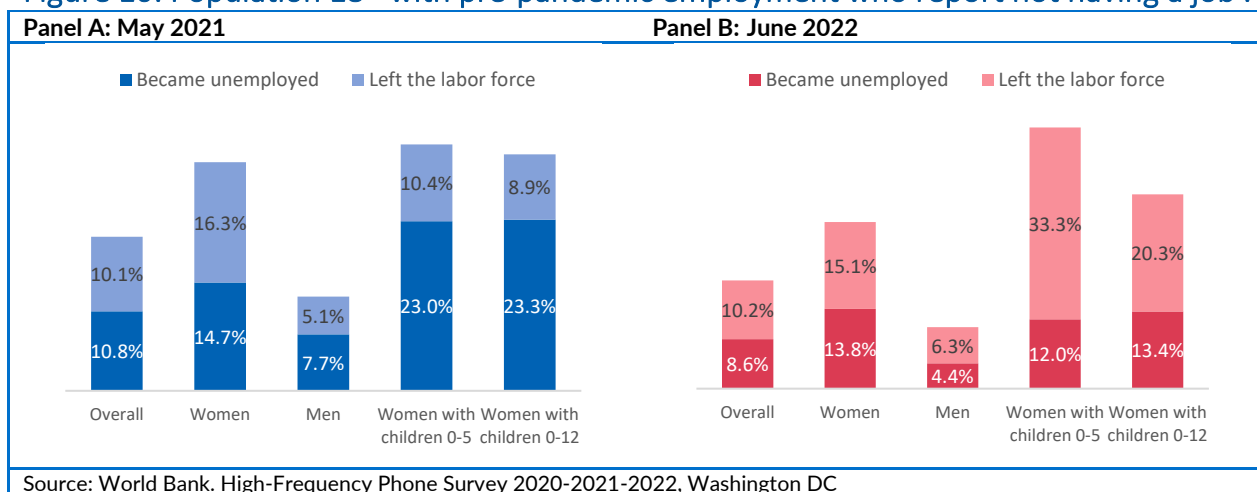
Figure 9: Quality of employment for Venezuelan workers in Ecuador



A closer look at gender issues in the Ecuadorian labor market

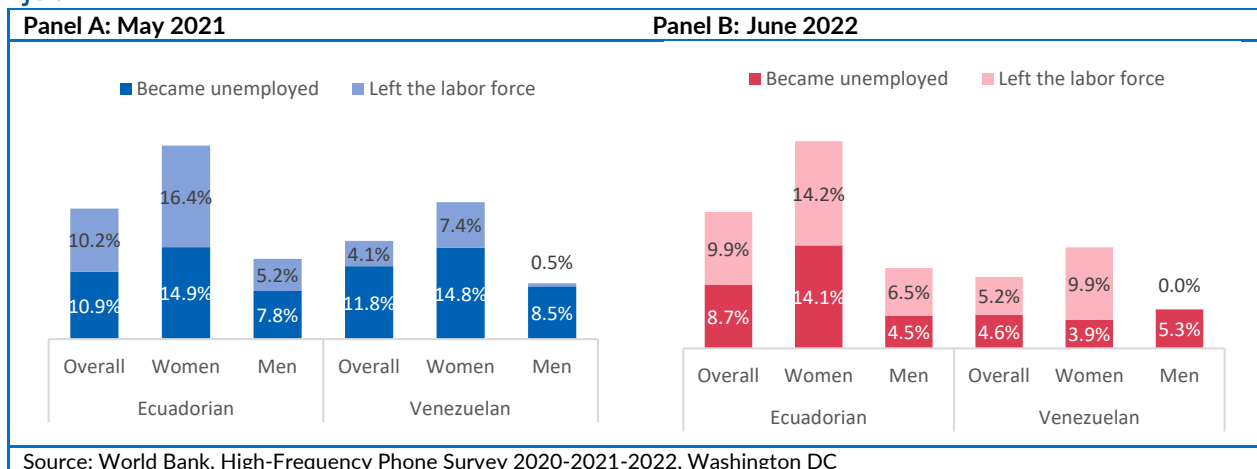
**Women in Ecuador were almost twice as likely to lose their jobs compared to men, and over half of working women left the labor force altogether.** Between May 2021 and June 2022, the share of women employed before the pandemic who lost their jobs decreased from 31.1 percent to 28.9 percent. For men, in contrast, it decreased from 12.8 percent to 10.7 percent. As such, the gender gap in labor market participation observed prior to the pandemic remained in place (Figure 10). However, for women with children the impact of the pandemic persisted or even increased between 2021 and 2022: about one in three women with children had lost their pre-pandemic job by May 2021; by June 2022, that figure had risen to nearly one in two women with smaller children. Moreover, in May 2021, more than two out of every three women with children who lost their job became unemployed. Over the next year, a shift can be seen, with six out of 10 women with children aged 0-12 years having left the labor force altogether by June 2022. For those with children aged 0-5 years, the figure was even higher, at eight out of 10 (Figure 10).

Figure 10: Population 18+ with pre-pandemic employment who report not having a job .



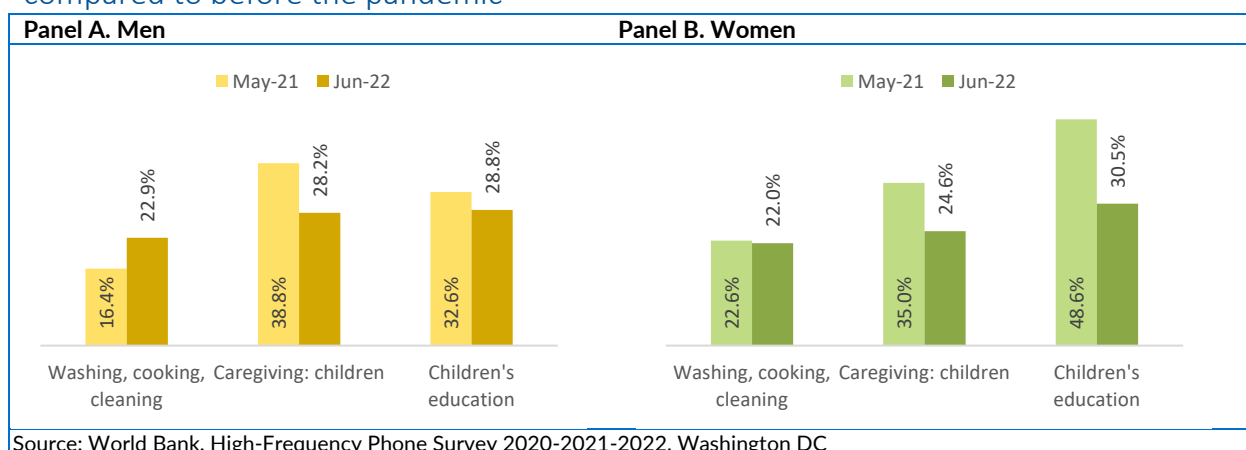
For Venezuelan women, job loss rates are considerably lower than for Ecuadorian women, but they are higher than for Venezuelan men. The share of Venezuelan and Ecuadorian women who were employed before the pandemic but then became unemployed decreased between May 2021 and June 2022, and it declined more for Venezuelan than for Ecuadorian women (-10.9 percentage points versus -0.8 percentage points). Furthermore, the share of workers who became unemployed had become 3.6 times higher for Ecuadorian women than for Venezuelan women by mid-2022 (Figure 11). The share of Venezuelan women who were employed before the pandemic and left the labor force entirely increased by 2.5 percentage points, from 7.4 percent in May 2021 to 9.9 percent in June 2022. Despite having a lower share of job loss than Ecuadorian women (14 percentage points lower), Venezuelan women were more likely to lose their jobs than their male counterparts (8.5 percentage points higher). Compared to Venezuelan men, they were also more likely to leave the labor market. The gender gap among Venezuelans who faced job loss and left the labor force increased from 6.9 percentage points in May 2021 to 9.9 percentage points in June 2022 (Figure 11 – Panel B).

Figure 11: Population 18+ with pre-pandemic employment who reported not having a job



**Time dedicated to unpaid care and domestic work increased more for women than for men in the first year of the pandemic; however, the difference had practically disappeared by mid-2022.** Between May 2021 and June 2022, the share of people that reported increases in time spent on childcare and child education declined significantly for men and women (Figure 12). By June 2022, the difference in the share of increased time for these activities between males and females decreased or disappeared. The return to in-person classes could have contributed to closing the gender gap from 16 percentage points in May 2021 to 2 percentage points in June 2022. Across the region, men similarly reported spending more time on household and care responsibilities, suggesting that the pandemic may have narrowed the disparities in conventional time-use arrangements at home.<sup>6</sup> In spite of this desirable outcome, the increased necessity for care activities at home was assumed mainly by women during the first year of the pandemic. This resulted in them having to leave their jobs or cut back on their hours, which subsequently made it harder for them to return to the labor market. Those who did return struggled to obtain the same conditions as before.

Figure 12: Share of population who reported increases in time spent on unpaid work compared to before the pandemic

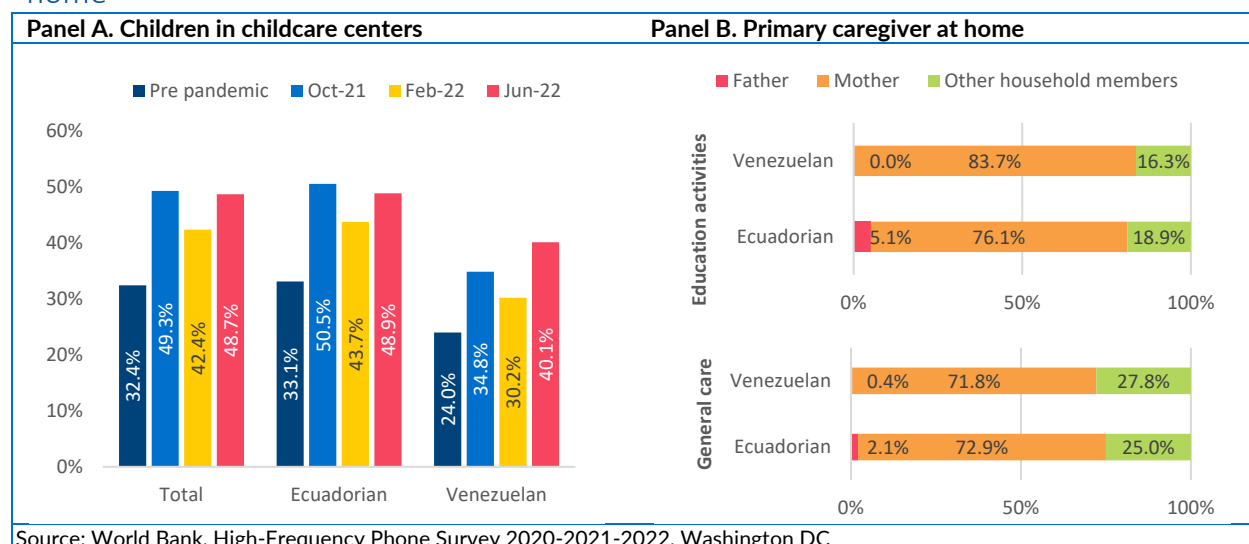


**In Ecuador, over half of Ecuadorian children were taken care of at home, leaving mothers with less time for other activities, including work.** By mid-2022, the share of 0-to-4-year-olds attending childcare centers nearly doubled compared to pre pandemic levels, with almost 49 percent of Ecuadorian children and 40 percent for Venezuelan children getting care services outside the home, respectively (Figure 13 – Panel A). However, most of these children were taken care of at home. This is largely because they were deemed too young to go to childcare centers. And when at home, 73 percent of Ecuadorian children and 72 percent of Venezuelan were cared for by their mothers, with the rest receiving more help from other members of the household rather than their fathers. Such paternal absenteeism was even more extreme when it came to educational activities, although fathers were a bit more involved in the case of Ecuadorian households (Figure 13 – Panel

<sup>6</sup> World Bank (2022). Not There Yet: Slow Recovery and Many Left Behind as Latin America and the Caribbean Navigates the Ripples of the Pandemic. 2021 High-Frequency Phone Surveys – Wave 2. Available at: <https://documents1.worldbank.org/curated/en/099800009132231640/pdf/P17583907d0f0f09e0b5ce03257ecc8a474.pdf>

B). This trend could also explain the slower recovery of labor market outcomes for women with smaller children.

Figure 13: Children aged 0 to 4 years old receiving childcare, and primary caregivers at home



## Income, food insecurity, and coping strategies

**Stunted labor market recovery in Ecuador also affected households' income and food security, neither of which have returned to pre pandemic levels.** These trends were also observed across Latin America and the Caribbean: by the end of 2021, 28 percent of households in the region reported total income reductions compared to mid-2021.<sup>7</sup> In Ecuador, the reduction of total income affected 66 percent of Ecuadorian households and 72 percent of Venezuelan households in the first half of 2021. By October, however, the share had dropped to 38 and 40 percent, respectively.

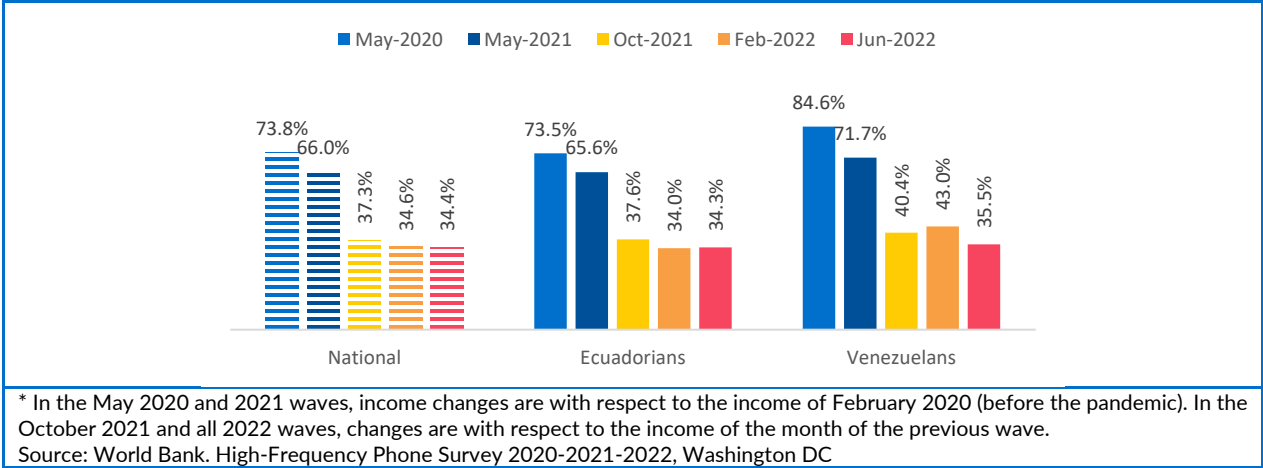
**Despite the improvement witnessed during 2021, over six out of 10 Ecuadorian households and seven out of 10 Venezuelan households reported not having enough resources to afford their basic needs** (Figure 15-A). To cover their essential expenses in 2021, 81 percent of Ecuadorian households spent their savings, while just over half stopped paying for rent or debts and a similar figure counted an additional adult household member who started to look for work. These respective strategies were applied by 87, 60, and 65 percent of Venezuelan households. At the extreme, in 8.5 percent of Ecuadorian households and 13 percent of Venezuelan households, a minor had to look for a job (Figure 15-B), with potentially devastating consequences in terms of school attendance.

**During 2022, the income situation was practically unchanged compared to the previous year, with over one in three Ecuadorian and Venezuelan households still reporting reductions in total**

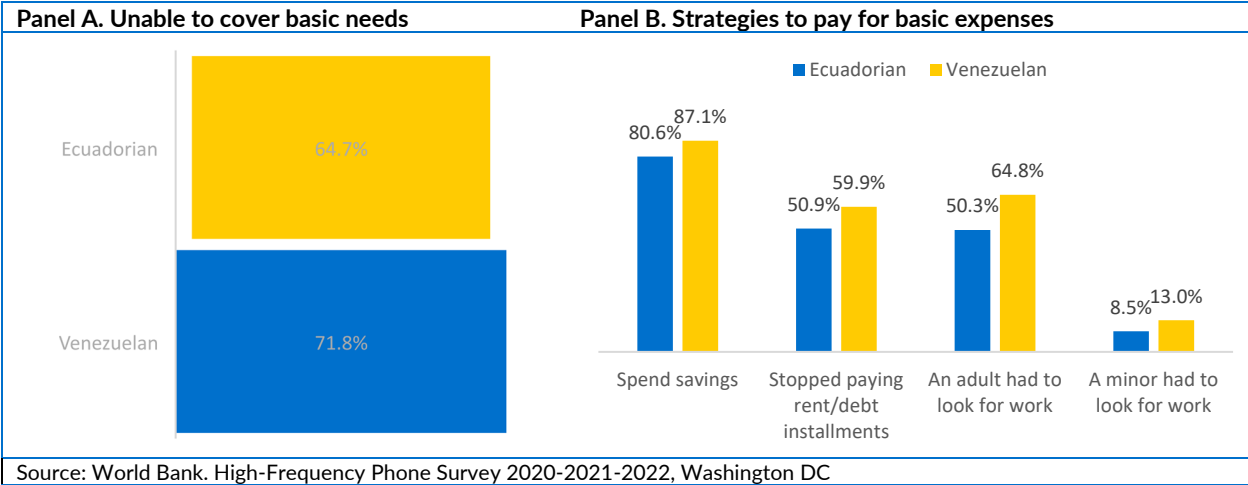
<sup>7</sup> World Bank (2022). Not There Yet: Slow Recovery and Many Left Behind as Latin America and the Caribbean Navigates the Ripples of the Pandemic. 2021 High-Frequency Phone Surveys – Wave 2. Available at: <https://documents1.worldbank.org/curated/en/099800009132231640/pdf/P17583907d0f0f09e0b55ce03257ecc8a474.pdf>

**income.** By mid-2022, households with children (38 percent), with less educated heads (38 percent), and in the rural areas (35 percent) remained more affected than their counterparts. In Ecuador, recovery during 2022 was hindered by the worldwide impacts of Russia’s invasion of Ukraine, as well as the temporary pause in economic activities brought about by the national strike that occurred during the second half of June.

**Figure 14: Share of households that reported a reduction in total income\***



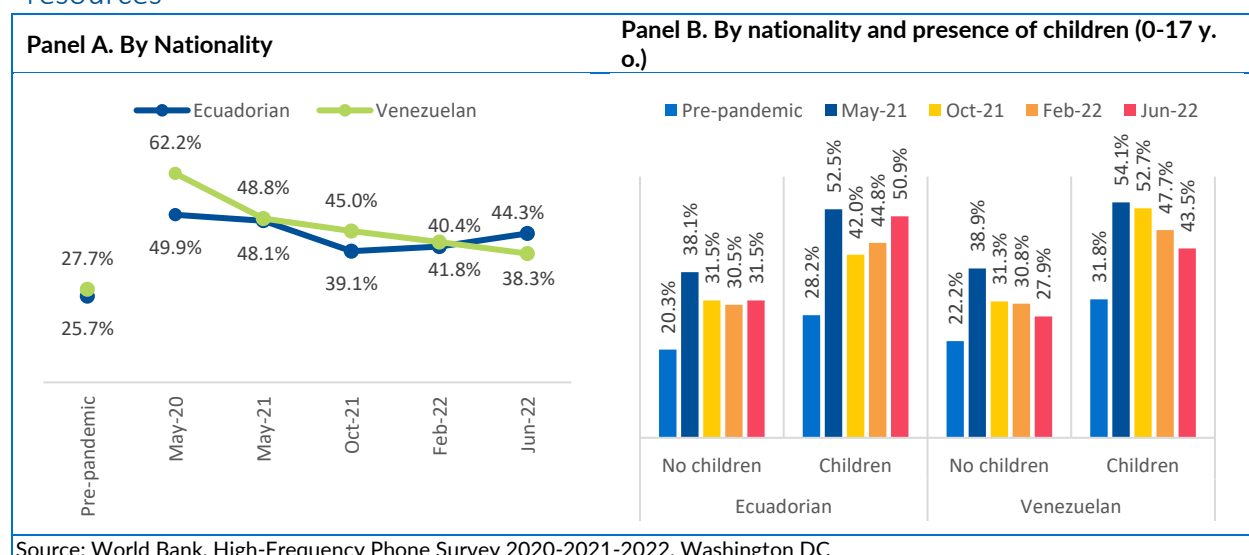
**Figure 15: Households without enough resources to cover basic needs and coping strategies, October 2021**



**Correspondingly, food insecurity increased somewhat during 2022 –after the important recovery of 2021– and remained higher than before the pandemic.** Two years into the pandemic, the share of Ecuadorian households that ran out of food because of lack of resources was almost double the rate before the pandemic, at 44 percent; while Venezuelan households were 10 percentage points above their pre-pandemic rate, at 38 percent. In all cases, households with children have been dangerously more affected by food insecurity as measured by this indicator. Ecuadorian households with children exhibited small improvements in food insecurity between 2021 and 2022, but their food insecurity levels were still almost 20 percentage points above those households without children. In contrast, the improvements seen in Venezuelan households with

children was considerable, with food insecurity decreasing from 54 percent to 44 percent. However, food insecurity was still 16 percentage points higher than it was for their childless counterparts (Figure 16-B). Additionally, over half of households (52 percent) reported at least one food insecurity experience<sup>8</sup> in June 2022, a regression from the 49 percent observed in October 2021.

Figure 16: Share of households that ran out of food due to lack of money or other resources



Source: World Bank. High-Frequency Phone Survey 2020-2021-2022, Washington DC

## Health services and vaccination against COVID-19

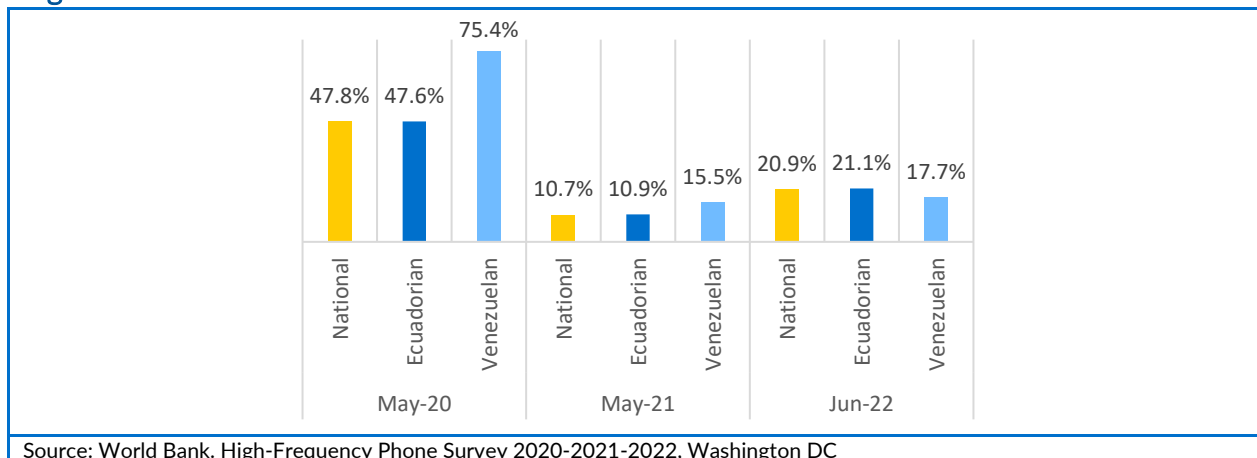
In Ecuador, as in most Latin American countries, access to health services drastically improved during the COVID-19 pandemic, while service demand shifted towards preventive care. During 2020, when strict quarantine measures were imposed across Ecuador, the pandemic uncovered the deficiencies of the public healthcare system, resulting in over 89,000 excess deaths over two years.<sup>9</sup> Hospitals in a state of near collapse meant that nearly half of households that needed healthcare were not able to access medical services in May 2020 (the number for Venezuelan households was a startling 75 percent). A year later, in May 2021, the situation improved and only 11 percent of households were unable to receive medical services when needed (16 percent for Venezuelan). At the same time, over 80 percent of households demanded preventive healthcare services and only 2 percent needed COVID-19-related assistance. By the end of 2021, preventive healthcare reached 89 percent of household demand. The situation in June 2022 worsened a little, with over one in five Ecuadorian households unable to access medical services. The reasons for this were not primarily related to the pandemic, however, deriving instead from the 18-day national strike in June 2022 that made accessing healthcare facilities difficult.

<sup>8</sup> The HFPS Phase II asks three types of food insecurity experiences at the household level: (i) ran out of food, (ii) an adult did not eat for an entire day, and (iii) an adult could not eat healthy and nutritious food, due to lack of money or other resources in the last 30 days.

<sup>9</sup> The number of excess deaths is measured from Jan 1, 2020, to Aug 23, 2022. Observatorio Social del Ecuador (2022). *Personas fallecidas por coronavirus en Ecuador*. Available at: <https://www.covid19ecuador.org/fallecidos>

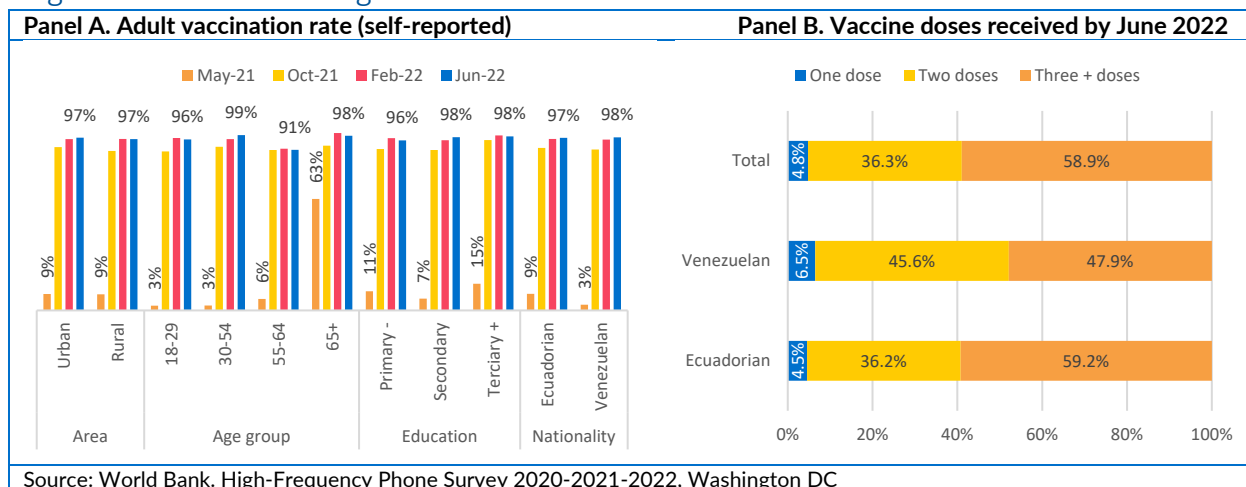


Figure 17: Share of households that could not access health services when needed



Source: World Bank. High-Frequency Phone Survey 2020-2021-2022, Washington DC

Figure 18. Vaccination against COVID-19 in Ecuador



Source: World Bank. High-Frequency Phone Survey 2020-2021-2022, Washington DC

**Ecuador's vaccination campaign against COVID-19 was successful and widespread across the population.** After the outgoing government's slow and controverted attempts to acquire and distribute vaccines, the new government implemented a campaign that reached a large proportion of the population in record time. This success won recognition across the region as well as further afield.<sup>10</sup> Between June and October 2021, vaccination rates went from 9 percent to more than 90 percent of the adult population. By June 2022, (self-declared) vaccination rates totaled over 97 percent for all (adult) population groups. Moreover, nearly six out of 10 Ecuadorian adults had received at least one booster shot. At almost five out of ten (48 percent), the equivalent figure for Venezuelans was marginally smaller. It is also worth noting that vaccination reluctance (population unwilling to get the vaccine) dropped considerably during this same period, from a high of 21 percent in May 2021 to only 2 percent in June 2022. The immediate positive consequences of the massive vaccine roll-out were felt in labor markets, in households' incomes, and, most notably, in the widespread economic reactivation that occurred in the second half of 2021. In 2022, however,

<sup>10</sup> Bortman, M. and A. Mohpal (2021). *Why Ecuador vaccinates its population faster than the rest of the world*. World Bank Blogs. Available at: <https://blogs.worldbank.org/latinamerica/why-ecuador-vaccinates-its-population-faster-rest-world>

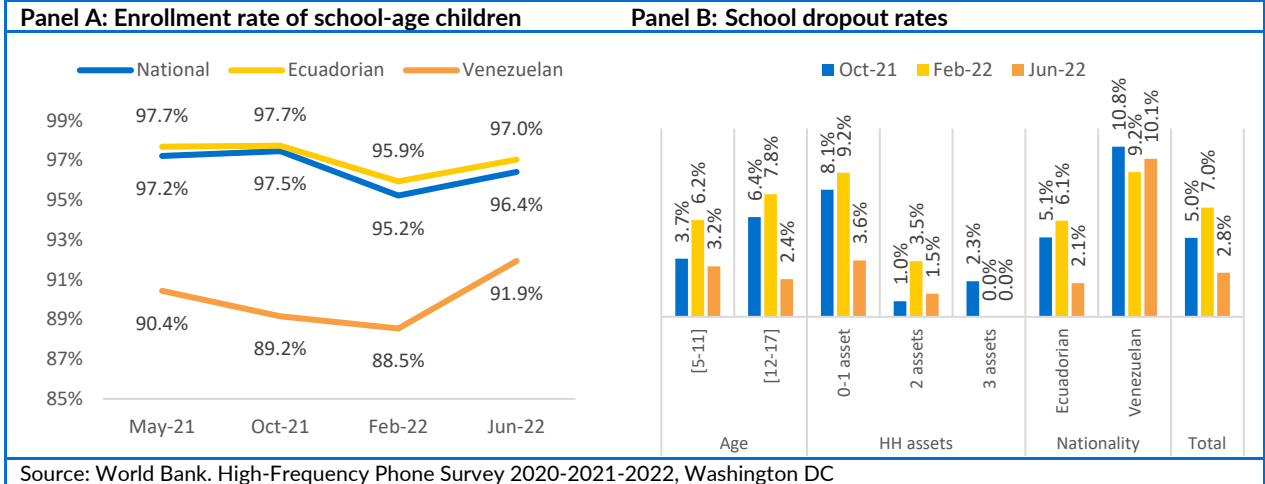
other economic pressures and structural characteristics diluted the initial positive impacts. Even so, by mid-2022, most people believed that widespread vaccination was key to helping the country’s economic recovery (92 percent) and to supporting households to improve their income levels (82 percent).

### Education access and quality

**In Ecuador, school enrollment recovered during 2022, but the enrollment rate for Venezuelan children was still below that of their Ecuadorian peers.** School enrollment of Venezuelan children increased from 90.4 percent in May 2021 to 91.9 percent in June 2022. However, enrollment rates remained 5 percentage points below that of Ecuadorian children (Figure 19 – Panel A). For the latter, enrollment rates practically recovered to pre-pandemic levels after two years, with 97 percent of school-age children enrolled for the corresponding schoolyear.

**Dropout rates decreased significantly for children in Ecuador but remained high for Venezuelan children.** Between October 2021 and June 2022, dropout rates of children in poor households (as measured by asset ownership) fell from 8.1 percent to 3.6 percent. This lower figure is still 1 percentage point higher than the national average and more than triple the dropout rate of children in rich households (Figure 19 – Panel B). For children in primary education, age 5 to 11 years old, dropout rates were a bit higher than for 12-to-17-year-olds by mid-2022. Venezuelan children saw a decrease in dropout rates of almost 1 percentage point, down from 10.8 percent in October 2021 to 10.1 percent in June 2022. Even so, dropout rates were still five times higher than for their Ecuadorian peers (Figure 19 – Panel B).

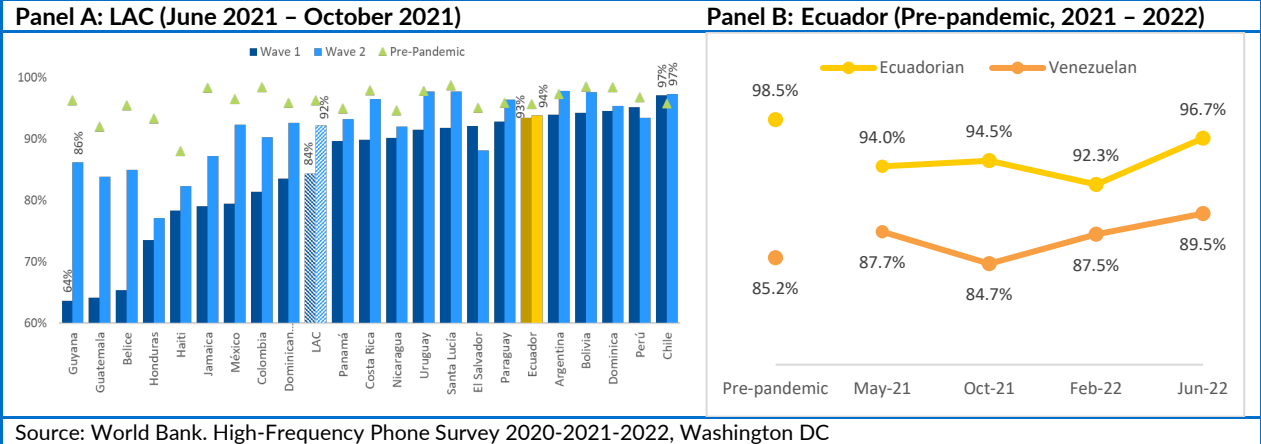
Figure 19: Enrollment rate (share of school-age children)



**Compared to mid-2021, attendance rates improved in Ecuador, but were still worse than pre-pandemic levels; Venezuelan children still lagged their Ecuadorian peers during 2022, although less than before.** Despite lockdowns and school closures during the pandemic, school attendance in Ecuador remained above the Latin American average. Indeed, it was among the highest in the

region (Figure 20 – Panel A).<sup>11</sup> Yet, a persistent gap in school attendance continued to exist between Ecuadorian and Venezuelan children. Although Ecuadorian children were still two percentage points below their pre-pandemic levels, their school attendance rate increased from 94.0 percent in May 2021 to 96.7 percent in June 2022. School attendance for Venezuelan children also increased by about 2 percentage points, from 87.7 percent in May 2021 to 89.5 in June 2022 (Figure 20 – Panel B). By mid-2022, Venezuelan children were catching up with their Ecuadorian peers: the school attendance gap between Ecuadorian and Venezuelan children in June 2022 is half the pre-pandemic gap.

**Figure 20: School attendance (share of school-age children)**

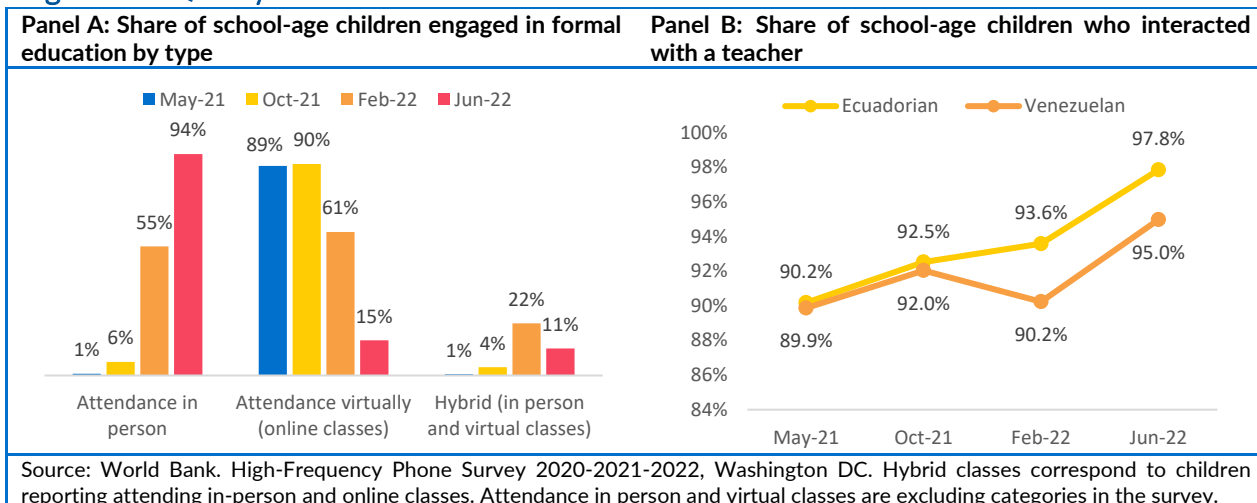


Source: World Bank. High-Frequency Phone Survey 2020-2021-2022, Washington DC

By mid-2022, the return to in-person education was practically restored, and so was student-teacher interaction. However, a gap in student-teacher interaction between Ecuadorian and Venezuelan students emerged. In June 2022, 94 percent of children in Ecuador returned to in-person learning, with 15 percent attending virtually (online classes) and the remaining 11 percent experiencing a hybrid modality (in person or online) (Figure 21 – Panel A). Also, teacher-student interaction increased for all children by the second semester of 2022, but at different rates for Ecuadorian and Venezuelan children. For Ecuadorian children, the engagement rate in activities involving interaction with a teacher increased from 90.2 percent in May 2021 to 97.8 percent in June 2022. In May 2021, a similar share of Venezuelan children (89.9 percent) interacted with teachers. However, while this figure had increased to 95 percent by June 2022, this still left Venezuelan children 3 percentage points behind their Ecuadorian peers (Figure 21 – Panel B). This could put Venezuelan children at a disadvantage in their learning.

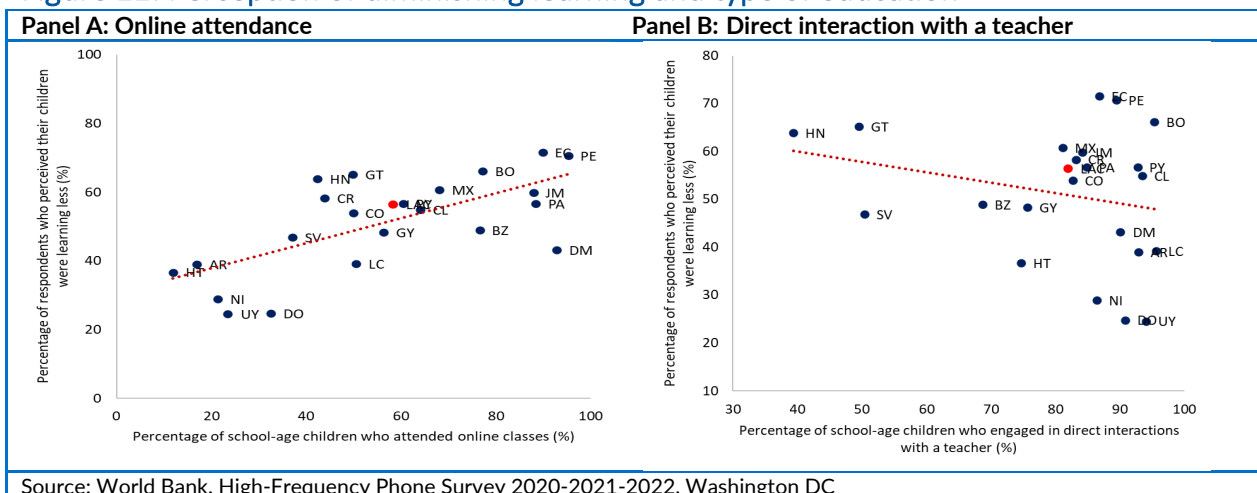
<sup>11</sup> School attendance alone does not guarantee that children are learning, and there have been significant learning losses due to lockdowns and school closures that could have long-lasting effects, such as loss of future income. An analysis of these effects falls outside the reach of this report. However, a report published by The World Bank, UNESCO, and UNICEF has a comprehensive assessment of the effect of the pandemic on education (See: World Bank. 2022. The Learning Crisis in Latin America and the Caribbean and the COVID-19 Pandemic: Sobering Results of a Deepening Trend. © Washington, DC. URI: <http://hdl.handle.net/10986/37924>).

Figure 21: Quality of education



Virtual learning appears to be detrimental to learning quality and direct teacher interaction seems to enhance quality. There is still much to discover about how lockdowns and virtual learning affected children's quality of education in Latin America. However, survey results show a positive correlation between respondents' perceptions that their children were learning less, on the one hand, and the proportion of school-age children attending virtual classes in the second semester of 2021, on the other (Figure 22 - Panel A). Also, virtual education seems to be, in many cases, detrimental to the quality of learning, although teacher involvement could mitigate this negative effect: the results from the survey show that the parental perception of diminished learning is slightly negatively correlated with children's direct interactions with a teacher (Figure 22 - Panel A).

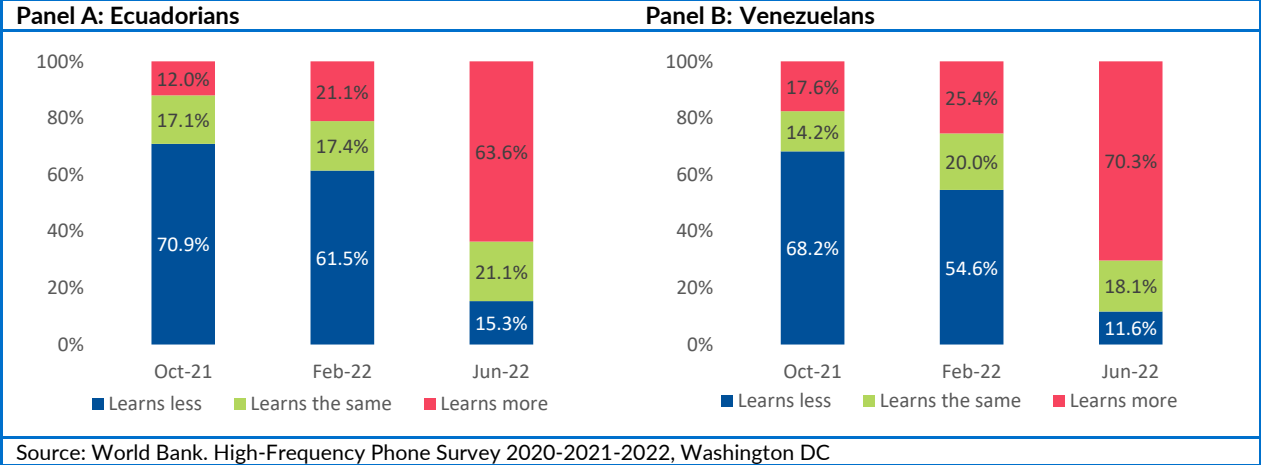
Figure 22: Perception of diminishing learning and type of education



In Ecuador, with increased access to face-to-face education, learning was perceived to be improving in 2022; however, about one out of every seven children were still learning less than

**before the pandemic.** By mid-2022, the overall perception of households that children were learning less than before the pandemic had declined. The share that held this perception stood at 15.3 percent and 11.6 percent of Ecuadorian and Venezuelan households, respectively. This is about half the average perception in October 2021 and February 2022 (Figure 23). In fact, the overall perception is that children are learning more now than before the pandemic, for both Ecuadorian and Venezuelan households.

**Figure 23: Perception of learning results among school-age children compared to before the pandemic**



## Final remarks

**Since the first devastating impacts of the pandemic that threw the world into a recession in 2020, Ecuador's recovery has been impacted by other unfavorable conditions, of both national and international origins.** During 2021, a successful vaccination roll-out and delivery provided the safety conditions needed for the reactivation of many industries. People re-entered the labor market and employment levels began to rise, although the conditions in which people returned to work had deteriorated. During 2022, the Russia-Ukraine war broke out, weakening global growth and increasing inflation. This was coupled with internal political instability as well as public discontent that led to a two-week demonstration in June 2022, hindering economic recovery. By mid-2022, labor markets took a few steps back in terms of participation and employment levels, and informality has remained stuck at 10 points above pre-pandemic levels (69 percent of total employment).

**Venezuelan migrants and refugees in Ecuador had to cope with the pandemic from a more difficult starting point, with migratory status affecting their recovery.** In general, Venezuelans started at a disadvantage. Before the pandemic, they worked on average more hours a week, mostly in temporary and highly informal jobs. In addition, they were paid 59 percent of what Ecuadorian workers received in a month.<sup>12</sup> Venezuelan families were also hit the hardest at the beginning of the pandemic: at its worst, 38 percent of Venezuelans working before the pandemic stopped working in 2020, and the mechanisms for them to benefit from the government emergency programs were not in place. Consequently, total income dropped for nearly 85 percent of Venezuelan households and over 60 percent experienced some form of food insecurity (compared to 74 percent and 50 percent of Ecuadorian households).<sup>13</sup> As a necessity, Venezuelan workers recovered at a faster pace than Ecuadorians. By the beginning of 2022, they had returned to their pre-pandemic employment rate of 90 percent. However, this recovery did not reach all Venezuelans, with those who had an irregular migratory status (53 percent) lagging their counterparts with a regular status in respect to job recovery and job quality.

**Women were still carrying most of the weight of household responsibilities.** When schools closed at the beginning of the pandemic, the responsibility for childcare and care of the elderly fell mostly on women. This resulted in women leaving their jobs and has also made it more difficult for them to return to the labor market. By mid-2022, the share of women employed before the pandemic who were not working was still 18 points higher than men, and half of them were out of the labor market even though schools have reopened. For women with small children the situation was worse: nearly half of women with smaller children had faced job losses and, of these, eight out of 10 left the labor market altogether.

**Recovery for Ecuador has not been linear, and challenges remain.** Other dimensions of well-being, including food security and education services, were heavily impacted in 2020, but they have since improved. In mid-2022, households' experience of food insecurity was almost twice the pre-COVID-19 level. The effects were felt mainly by households with children and those with fewer

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<sup>12</sup> World Bank (2020). *Challenges and Opportunities of Venezuelan Migration in Ecuador* (English). Washington, D.C. <http://documents.worldbank.org/curated/en/662681592905703335/Challenges-and-Opportunities-of-Venezuelan-Migration-in-Ecuador>

<sup>13</sup> Data from Ecuador COVID-19 HFPS 2020 surveys. Available at: <https://microdata.worldbank.org/index.php/catalog/4060>

assets. School attendance improved from 94 percent in mid-2021 to 96 percent of school-age children in mid-2022, but it remained 2.1 percentage points below the pre-pandemic rate. In addition, the rate for Ecuadorian children was 7 percentage points higher than that for Venezuelan children. The uneven impacts of shocks, coupled with the slow recovery felt by traditionally vulnerable groups, has exacerbated pre-existing inequalities. These inequalities could feasibly widen in the long run. This highlights the importance of interventions that can close these gaps as soon as possible and thereby mitigate potential long-term losses from malnutrition and decreased learning.