

Ecuador's debt management policy in light of the global health crisis

The global spread of the COVID-19 virus has not only affected the health of Ecuadorians, but has also had an economic, productive, and social impact. This has forced the country to prioritize the use of resources to meet increasing domestic needs, especially of the most vulnerable sectors of society. The Government of Ecuador is facing this humanitarian crisis with a comprehensive and strategic plan where collaboration of all internal and external actors will be necessary.

This Administration's 4 priorities are: health, food, production, and financial stability.

Ecuador has made decisions to ensure prudent debt management, that allows us to free up resources to deal with the increasing financing needs resulting from the impact of the crisis and, at the same time, keep the sources of financing open, necessary to face the hard times that Ecuadorians are experiencing.

The Republic of Ecuador has decided to enter in the short-term into a debt re-profiling process:

- This week, Ecuador was scheduled to pay USD 538 MM corresponding to the debt service of capital and interest of the 2020, 2022, 2025 and 2030 bonds.
- Today we made the payment of USD 324 MM corresponding to the capital and interest on the 2020 bonds.
- However, we have decided to exercise our right to a 30-day grace period for the payment of interest on the international bonds, USD 197 MM in value. These resources will be allocated to the needs of the emergency.
- Ecuador's commitment, like that of Ecuadorians, will always be to fulfill its obligations. In this exceptional situation, such as the global crisis we are experiencing today, we have decided to enter in the short-term into an orderly and amicable process with our international creditors in order to achieve mutually binding agreements in the future.
- The executed payment allows us to keep open the doors of international financing to face, in a better position, this humanitarian crisis. This means that today's payment will allow more than USD 2,000 MM to enter Ecuador in the short term:
 - We have requested a Rapid Financing Instrument (RFI) from the International Monetary Fund for close to USD 500 MM.
 - We will receive USD 500 MM distributed among the World Bank, IDB and CAF.
 - We will continue negotiations with China of at least USD 1,000 MM through bilateral financing with China.
- Additionally, we are working on successor program (Extended Fund Facility) to the one we currently have with the IMF to strengthen public finance and enhance competitiveness.

Therefore, the Government expects to enter into conversations in the short-term with commercial and bilateral creditors to negotiate a consensual re-profiling of outstanding liabilities. This will allow Ecuador to address the country's urgent humanitarian needs and keep Ecuador's finances on a fully sustainable track.