



goodliving
NATIONAL PLAN
2013 • 2017

A better world for everyone

SUMMARIZED VERSION



*good***living**
NATIONAL PLAN
2013 • 2017

A better world for everyone



National Secretariat
of **Planning**
and **Development**

**REPUBLIC OF ECUADOR
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National Development Plan / National Plan for Good Living, 2013-2017. Summarized Version
ISBN-978-9942-07-493-5

© National Secretariat of Planning and Development (Senplades) 2013
Quito, Ecuador (first edition, 4 500 copies)

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This Plan was prepared under Senplades' leadership as the Technical Secretariat of the National Decentralized Participatory Planning System, pursuant to the General Public Planning and Finance Code, and submitted by President Rafael Correa for the revision and approval of the National Planning Council. The National Development Plan, which for this term of government is titled the National Plan for Good Living, 2013-2017, was approved in the 24 June 2013 session by Resolution No. CNP-002-2013.

This publication names the current authorities of the institutions comprising the National Planning Council.

This version has been published on the basis of the text approved by the National Planning Council and may have undergone some changes in editing and layout for publication.

Senplades

Juan León Mera No. 130 at Av. Patria, Quito - Ecuador
PBX: (593 2) 3978900. Fax: (593 2) 2563332
www.planificacion.gob.ec
senplades@senplades.gob.ec

Also available in digital at www.buenvivir.gob.ec

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1. Foreword

“The document is firmly based on recognizing the importance of increasing productive capacity in the economic development process, which is reflected in its evaluation indicators... At the same time, nor does the document lie at the other extreme, which establishes that economic growth is development. It maintains a broader view in which nature, culture and social evolution each play a key role. This balanced approach ought to be highly commended.”

Ha-Joon Chang, one of the most important heterodox economists in the world.

Good Living cannot be improvised, it must be planned. Good Living is the style of life that enables happiness and the permanency of cultural and environmental diversity; it is harmony, equality, equity and solidarity. It is not the quest for opulence or infinite economic growth.

1. Foreword

On February 17th, 2013, the Ecuadorian people chose a Government Program to be applied during the new term of the Citizens' Revolution, pursuant to the Constitution of Montecristi. That Program is directly reflected in the 2013-2017 National Plan for Good Living, which represents a clearly-defined political position and sets the governance principles to which the country aspires and will implement during the coming four years. This is the direction we want to give to this Plan, which must become a practical document, such as a map, with very clear guidelines to avoid losing our way, or venturing out on an untracked path leading to a dead end.

Good Living cannot be improvised—it must be planned. Good Living is the style of life that enables happiness and the permanency of cultural and environmental diversity; it is harmony, equality, equity and solidarity. It is not the quest for opulence or infinite economic growth.

Following this guiding principle, planning for Good Living is the opposite of improvisation, which would multiply costs for a society that has scarce resources. If we know where we are going, we will get there faster, because we will know how to overcome any obstacles that arise. In Ecuador, we are emphasizing planning to avoid duplicating efforts and wasting resources, as occurred and so damagingly held us back during the neoliberal period. Planning was neglected and minimized during that period. Those governments ignored planning because of their ideology, but also because of their economic interests, as was the case in the privatization of public enterprises. This later led to the worst crisis in the country's history, which left an indelible mark in the memories of the citizens. This occurred in our country just a decade and a half ago.

However, in the present we are aware that capitalism is provoking cyclical crises all over the international sphere, although the current slump goes beyond purely economic aspects. The current crisis of civilization includes society and Nature, and it is out of control. This imbalance manifests itself in the crumbling of institutional foundations, because they no longer meet humankind's needs. It is conveyed by questions of a way

of life, a system of outrageous consumerism, institutions that are no longer functional in contemporary society, and an international system that is unable to solve the planet's problems.

Latin America and the regional South are living through a decisive period in their history. More than mere stakeholders, we are now witnesses of the northern countries' crisis. The old civilization is staggering. Its foundation based on individual interest predominates within the global community, which is paradoxically collective in spirit by nature. The South cannot continue to act as the accomplice for a way of life that is now failing in the North. Several of our countries have already experimented with neoliberalism and – after receiving its terrible thrashing – we have learned our lesson.

It is too late now to keep imitating fiascos. That is the direction of those who blindly trudge on, following the same old prescriptions that, at the end of the day, deny them their own future and deprive their people. Latin America and the South aspire to see ourselves in a mirror, exactly as we are. We are not living in an illusion, but instead seeing the reality that surrounds us, as hope supplants fear.

Today, we are all proud to be Ecuadorian. We have a government that has achieved unprecedented progress in Ecuador's history. Our neoliberal past has been left behind. We are following the example of President Eloy Alfaro's Liberal Revolution and consolidating our revolution—with rights, ideas, values and works completed.

We are a result of the people's will. This is shown in the "Government Program" (PAIS Alliance Movement, 2012)—under the slogan of governing to make deeper changes—which made proposals understood by all citizens in order to build the Socialism of Good Living.

The situation in Ecuador has changed since 2007, when the Citizens' Revolution led by the current President Rafael Correa won the elections by proposing to recover our national dignity and transform the economy and the sense of politics in our country. Now, more than ever, Ecuador has managed to build, with its democratic process and experience, the strength to participate in the construction of Latin America's identity and unity.

Ecuador has changed its style of governance. Up until 2006, we see clear expressions of disregard and the appeasement of certain sectors (petroleum funds, management of the external debt, willingness to negotiate free trade agreements by each passing government, subordination to the International Monetary Fund and the World Bank, the US military base in Manta). The list of the actions and behavior by the participacy* continues on. Since 2007, we have seen the self-determination and political will to find our own way, and a non-submissive attitude that drives us onwards, without thought of retreat.

If Brazilian aviator Alberto Santos Dumont – the pioneer of world aviation – had paid attention to the advice of the old motorists that told him to keep applying the brakes, he would have crashed. Nor has the Citizens' Revolution heeded the “prudence” of the antiquated neoliberals. Contrary to what they have always recommended (a small or minimal State), we have constructed a State that plans and regulates. The neoliberals have maintained their obsession for economic profits, while we have given preference to distributing resources. They have blindly served the free market, while we have established a regulated market that serves us without oppression. Their focus was on economic growth (growth in numbers), while ours is vital – that of Good Living. The neoliberals believed in free trade, while we have sought intelligent insertion in global markets. They demanded that political power be concentrated in the hands of just a few, while we have imposed the people's interest as the supreme standard. In sum, we have done the opposite of what “prudence” suggested. That is how we have triumphed, on all fronts.

Now, we have one of Latin America's most dynamic economies. We are not the only ones that recognize it – the rest of the world does, as well. Our growth favors the poorest people. This growth becomes activities and projects that promote production, employment and better income. We have achieved this by nearly tripling tax collection without increasing taxes, but by simply collecting from the wealthiest.

One of the pillars of our sovereignty is to defend Ecuador's natural resources. In the past, transnational companies operating in our

*Translator's note: “Government run by political parties as their own private business”. Coinage by the Citizens' Revolution.

country kept almost all the profit, because the giveaway governments let them do so. Now, the petroleum is for us all!

We have achieved one of the world's most successful debt renegotiations, saving USD 8 billion. Ecuador is the only country that dared to audit its external debt sponsored by the State. Renegotiating petroleum contracts meant USD 2.5 billion in additional revenues for public investment. Our savings were fattening up the coffers of foreign banks. We have repatriated over USD 2 billion for production. For the first time in this country, we have distributed part of the banks' profits and not their losses, such as in the case of the bank vacation.

Since our principles place human beings over capital, our priority now is to repay the social debt, rather than the external debt. We have channeled the liberated resources towards the largest public investment in our history: more schools, more hospitals, and more highways.

Public investment is a key variable to achieve economic growth, for four conjunctural and structural reasons. First of all, public investment increases the economy's aggregate demand and, through Keynesian fiscal multipliers, promotes short-term growth. Secondly, public investment also increases the capital in an economy, expanding the frontiers of production possibilities and enhancing economic growth. Thirdly, public investment creates public assets that increase the economy's systemic productivity, generating complementary investment and, thus, increasing growth. Finally, public investment seeks to guarantee rights, by generating and building human capacities, the corollary of which is improving human talent.

During the first term of the Citizens' Revolution, income was redistributed and poverty was reduced (one million fifty thousand Ecuadorians ceased to be poor in terms of income between December 2006 and December 2012). According to the report “Social Panorama of Latin America 2012”, published by the Economic Commission for Latin America and the Caribbean (ECLAC, 2012a), Ecuador is the country that reduced inequalities the most in Latin America between 2007 and 2011 (by eight percentage points). Reducing income differentials is a significant achievement, in a region that has the planet's greatest social inequalities (UNDP, 2013).



This fundamental change in political governance originated in Montecristi with the new Constitution in 2008. This was not a happy ending, but the starting-point that cleared the field for political action. When the model of industrialization by import substitution ran aground in the early 1980s, the “world order” had a hard time changing its ways of thinking and international and national institutions for at least a decade, and then moved from the “Fordist pact” to the deregulated neoliberal trend that did so much damage to the Ecuadorian State and society.

The new Constitution granted full rights (including social and economic) to all citizens, and also obliged the State to give priority to repaying the social debt, above any other obligation.

Ecuador, as an Andean country, constructs its human, economic, social, cultural and environmental rights on a concept and worldview born in the ancient societies of the South American Andes: Good Living is *Sumak Kawsay*.

This social idea of solidarity and redistribution is different from the Aristotelian ideal of the Good Life. Good Living is a mobilizing social idea, which goes beyond the concept of development – as it currently exists in the Western tradition – because it is associated with a broader notion of progress. This is not a new development paradigm, but a social, liberating alternative, which proposes other priorities for social organization, unlike the mere economic growth implicit in the traditional development paradigm. Economic growth is desirable in a society, but its distributive and redistributive patterns matter, too.

To achieve Good Living, the Government shouldered the commitment from the very outset, to defend the people’s right to live in a healthy environment and respect the rights of Nature. These rights were enshrined in our 2008 Constitution, which made Ecuador a benchmark, being the first country on Earth to recognize Nature’s rights in its national constitution.

One of the primary tools in Ecuador’s political process has been its planning. The Constitution links planning directly with building citizens’ rights. The National Decentralized Participatory Planning System (SNDPP) was created in the 2008 Constitution (Article 279)

and comprises the National Planning Council, its technical secretariat (Senplades), the sectorial public policy councils of the executive branch, national equality councils, planning councils of decentralized autonomous governments, citizens’ sectorial councils and other mechanisms for participation. The basic units for participation in the system are communities, communes, hamlets, neighborhoods and urban parishes (Article 248). The system is governed by the 2008 Constitution, the General Public Planning and Finance Code (COPFP - 2010), the General Law on Citizen Participation (2010) and the General Code on Territorial Organization, Autonomies and Decentralization (COOTAD - 2010).

Sectorial policy agendas focus national planning on each area of government intervention, and agendas for equality consolidate policy guidelines to include women, persons with disabilities, indigenous peoples and nationalities, children, elderly adults and persons in situations of mobility, among others.

The planning instruments we now have include a map of the population with the greatest needs in this country: the Atlas of Inequalities (Senplades, 2013b), which reflects Ecuador’s progress regarding economic and social rights. The Atlas answers these questions: Who has been left out or left behind in exercising their rights? Where are they located within our national territory? What are the structural causes of the gaps encountered? This tool analyzes such dimensions as poverty, education, health and nutrition, employment, housing, social security, productive assets, land tenure, gender-based violence and time usage. The Atlas of Inequalities is a monitor of these inequalities. This instrument generates warning flags so that the public administration can take the necessary actions.

Priority-setting for budget resources is an exercise in political economics and reflects power relationships within a society. In Latin America –victim of the misnamed “Washington Consensus” that privileged financial capital (Falconí and Muñoz, 2012) – Ecuador has transformed its budget allocation pursuant to constitutional mandates: now social investment is a higher priority than servicing the foreign debt. On the world’s most unequal continent, Ecuador stands as a State of rights and justice, with the primary duty of guaranteeing human

rights. Priority is given to investing in generating capacities and narrowing social and territorial gaps. To reduce the structural vulnerability in terms of trade that Ecuador shares with the rest of Latin America, public investment strives to “plant petroleum” and *create a productive structure for the knowledge society*. By this we mean that those investment projects that are prioritized are those that make the State more efficient, as well as those projects in highly profitable strategic sectors, which makes the economic system sustainable. While the developed world is coping with fiscal cutbacks and mounting unemployment as preached by neoliberal orthodoxy – which Latin America and our own country have already experienced – the Citizens’ Revolution in Ecuador is applying “counter-cyclical” fiscal policies, favoring labor over capital, especially in times of crisis.

When one speaks of revolution, we are accustomed to thoughts of noise and violence, such as when a dam collapses, causing trembling and uproar. However, there is another type of revolution, which begins like the thawing of an icecap, forming a creek that then grows as it descends the mountain, becoming a mighty river. This is the “silent revolution”, a term coined in 1977 by US researcher Ronald Inglehart. In Ecuador over the last six years, the institutions have been transformed; their functions have acquired order and celerity, and their personnel are more efficient. This silent revolution is unstoppable; fortunately, these institutions will never be the same again.

We have a stable government and democracy. It turns out that the un-governable ones were the useless people who were governing us before. We are changing power relationships. Transformation of the State is seen as an appropriate distribution of power, through the decentralization that is part of democratization.

We now have access to services – security, education and health – in all territories, through planning in districts and circuits. Districts are planning and service provision units comprising several cantons joined together. It is possible to find the same State services in each, but planned for an approximate population of ninety thousand. Throughout Ecuador, 140 districts have been formed. There are also localities that integrate quality public services within a smaller planning area: circuits are a parish or a group of parishes. There are 1134 circuits comprising a population of approximately 11 thousand each.

Starting in 2007, the 2007-2010 National Development Plan was implemented (Senplades, 2007). This proposal for change, defined in the “Government Program” presented to the citizens in the 2006 elections, was pursued until 2008. After the mandate received from the Montecristi Constitution in 2008, the 2009-2013 National Plan for Good Living (Senplades, 2009) posed new challenges. This first effort achieved its aims, and they are there for everyone to see.

The 2013-2017 National Plan for Good Living is our third nationwide plan. It is enriched by the experience of the two previous plans, and we are certain that we can achieve it full. We are profoundly motivated by our past experience and by the majority approval of the citizens at the polls on February 17th, 2013.

The Plan is an array of goals that shows our will to continue Ecuador’s historic transformation. Its aims are: To consolidate democratic governance and construct the people’s power. To foster social and territorial equality, cohesion, inclusion and equity in diversity. To improve the quality of life of the population. To strengthen citizen capacities and potential. To build spaces for social interaction and strengthen national identity, diverse identities, pluri-nationality and interculturality. To consolidate transformation of the judicial system and reinforce comprehensive security, with strict respect for human rights. To guarantee the rights of Nature and promote environmental sustainability globally. To consolidate the social and solidary economic system, sustainably. To guarantee dignified work in all its forms. To promote transformation of the productive structure. To ensure the sovereignty and efficiency of the strategic sectors for industrial and technological transformation. To guarantee sovereignty and peace, enhancing strategic insertion worldwide and Latin American integration.

The National Plan for Good Living is supported by a monitoring and evaluation system that will make it possible to ascertain the impacts of public action and raise timely warning flags for decision-making. This system is based on making comparisons between programming and achievements, on the basis of national planning and the realistic formulation of indicators and targets.



The Plan's indicators involve basic criteria of quality. The indicators are: (i) precise and relevant, to measure changes that can be attributed to public policies; (ii) reliable and transparent, since different evaluators obtain the same findings; (iii) periodic, to gather and evaluate trends over time; and (iv) for impact, because they show changes in the people's well-being. The goals proposed in the Plan are also defined in terms of quantity, quality and timing. They are clear, precise, realistic, quantifiable and achievable within the timeframe established. Goals are constructed technically, according to the indicator's trends, international standards, the fiscal efforts to attain goals, and analysis of public interventions (including the analysis of assumptions). Final validation of goals happens in the political sphere to determine the commitment made by each party to the governmental effort. It is based on models of macroeconomic consistency, fiscal effort and optimization.

Our National Plan for Good Living goes beyond the goals set by the United Nations in the "Millennium Development Goals" (UN, 2011). Therefore, Ecuador is surpassing the expectations of this global body, always striving to go beyond these "minimum goals" and set our own "social maxima", deciding to pursue irreversible, rapid, profound, radical change in this country.

The word "transition" implies progressive movement. Transition implies temporary movement towards something, but is not a goal in itself. Any social, economic or cultural transformation requires a transition. Otherwise, it would be necessary to destroy everything and start from scratch. Without a transition, a transformation is very costly and too painful.

To achieve the Socialism of Good Living –especially in a society with neoliberal past– preliminary steps must be taken to start the transition. This is not just a question of changing production relationships, but mainly to change the ways that citizens think.

The application of the Plan for Good Living requires a process of different kinds of new beginnings, which are the driving force behind the country's transformation and represent a coherent result of the Government's programmatic principles.

These new beginnings and programmatic inputs under the Plan are grouped as follows:

Equity, it is a moral imperative to eradicate poverty. Early childhood integral development recognizes it. If we fail to generate capacities from the time of birth, we are condemning society to failure.

The Cultural Revolution, which generates new concepts and values in citizens, to build a critical, enterprising, creative, solidary society. Cultural industries and democratization of speech are fundamental. This also implies an educational revolution to create capacities in citizens to think differently, with well-grounded values, with ethics and with self-esteem. Good Living means, above all, to have a country whose people have plenty of self-esteem and collective confidence.

Territory and the Urban Revolution are identified with equity, cohesion and physical planning of the territory. Governmental goals operate through territories. For the first time, a sustained effort is being made to accomplish this, with all the necessary instruments provided.

The Agrarian Revolution, which cannot be postponed, and entails the redistribution of land, availability of credit, technical assistance, fair trade and access to irrigation.

The Knowledge Revolution proposes innovation, science and technology, as the foundations for changing the productive structure in order to design a different way to produce and consume. This transition will bring the country from a phase of dependence on limited resources to one of unlimited resources, such as science, technology and knowledge.

Excellence, which is a principle and guiding spirit of our socialism, by which we will create efficient foundations to change power structures.

The 2013-2017 National Plan for Good Living is the road map for public action to construct people's rights. This Plan constitutes a reference for all Latin America, because the region is witnessing concrete results in Ecuador's progress. The Government's success depends on following that road map without fail, even in the face of certain obstacles.

We have constructed a new country, and we continue to build it day by day. The transformation can be seen in concrete statistics

and outcomes and confirmed by international agencies. We have shown Ecuador and the world what is possible when political power is an instrument at the people's service, and not for just a privileged group.

We have recovered our Nation's sovereignty. Now our gaze is to the South, our historical South. There are no more foreign military bases. In Ecuador the international bureaucracies no longer give the orders. We no longer sign humiliating letters of intention. We are leaders in Latin American integration. Quito is the headquarters for Unasur. Ecuador is an example for the world as an international place

of refuge. Now, our migrants dream of returning home. The day when we can all join in a great fraternal embrace is ever nearer.

Only if we are united can we build a world in which everyone's rights are respected. And not only the people's rights, but also the rights of the Earth; as Frantz Fanon put it: "The Earth will not only give us bread - above all, the Earth will give us dignity" (Fanon, 1963).

Fander Falconí
National Planning and Development Secretary



2. The Socialism of Good Living

“I should recognize my full intellectual convergence with the National Plan for Good Living proposal, in which I see many concerns and sensibilities that have motivated me for decades: the necessity to link the political, economic, social, territorial and sustainability spheres..., in order to develop policies that are more integrated and better-adapted to the modern reality.”

Edgar Morin, political scientist and philosopher.

Sumak Kawsay strengthens social cohesion, community values and encourages the active involvement of individuals and collectives in major decision-making processes in order to construct their own destiny and happiness.

2. The Socialism of Good Living

The concept of Good Living presents the world with a substantial alternative to conventional development models. It surpasses the limitations of these conventional models, which reduce the concept to only economic growth and, instead, aims to achieve a more just society.

Since post-war times, conventional development models have driven our national public policies, as well as the actions of international agencies and, although they have yielded some positive results, they have also demonstrated their inherent structural constraints.

The first problem presented by these models is that the benefits of growth have not been equitably shared. Social inequity among the world's households is at its most severe in recent history. In 2000, the world's wealthiest 10% controlled over half of the world's total income (54%), while almost three quarters (74%) of the wealth was owned by just 20% of the population. The poorest half of the world's population received only 8% of its total income. The world's Gini coefficient that year was 0.68 (Dikhanov, 2005).

The second problem is that national economic growth indicators have not been matched by substantial improvements in quality of life for a large portion of the global population. In the United States, for example, the household income of the wealthiest 10% rose by 61% from 1983 to 2011, reaching an average of USD 254,000, whereas the income of the remaining 90% shrunk by 1% over the same period (Institute for New Economic Thinking, 2013).

The third problem, and perhaps the most severe, is that the economic growth achieved until now is ultimately not sustainable. Although the world economy continues to grow 3% or more annually, this growth is not sustainable. Since 1978, the footprint of human activity has been outgrowing the planet's natural capacity to support us.

2.1. A Mobilizing Concept

Good Living, or *Sumak Kawsay*, is a mobilizing concept that offers alternatives to humankind's current problems.

Sumak Kawsay strengthens social cohesion, community values and encourages the active involvement of individuals and collectives in major decision-making in order to construct their own destiny and happiness.

The notion of Good Living has existed among native societies throughout the world, as well as within Western civilization. Its essence is universal, and it has been a constant human aspiration throughout history.

In Ecuador, the Government of the Citizen's Revolution, combining proposals by the Andean and Amazonian peoples, made the concept of Good Living the defining purpose of public policy. The first Government Program, presented in 2006, PAIS Alliance Movement began the discussion on Good Living. In 2007, and for the first time in an official Ecuadorian government document, Senplades used the concept of Good Living as the basis for the National Development Plan of 2007-2010 (Senplades, 2007). The creation of the new Constitution of the Republic in 2007 and 2008 took the concept to its next height. Enriched by the enormous social debate generated in Montecristi, the concept became the backbone of the Constitution, which was approved in a referendum by majority vote of the Ecuadorian citizens.

The debate over *Sumak Kawsay* has flowed over Ecuadorian and Latin American borders, driving global policy-makers, political leaders, and scholars and contributing in the development of social movements. The concept is still undergoing construction and refinement¹.

¹ To cite just a few contributions on this topic, see the following authors: Ramírez, with his works "Happiness as a measure of Good Living in Ecuador: Between material and subjective measures" (Ramírez, 2008), "Socialism of *Sumak Kawsay* or biosocialism for the Republic" (Ramírez, 2010), "(Good) Living as the Wealth of Peoples: Toward a political socio-ecology of time" (Ramírez, 2012). Larrea contributes "Dispute over the meanings of Good Living as a counter-hegemonic process" (Larrea, 2010), with "Good Living in Ecuador's Constitution" (Larrea, 2011a) and with her book "Mode of development, territorial organization and constitutional change in Ecuador" (Larrea, 2011b). León compiles the work of several authors in her book "Sumak Kawsay/ Good Living and civilizing changes" (León, 2010); as do compilers Lang and Mokrani in their book "Beyond Development" (Lang and Mokrani, 2011). Muyolema contributes his article "Poetry of *Sumak Kawsay* against a global horizon" (Muyolema, 2012). Another book is by Le Quang and Vercoutere "Good Living and eco-socialism" (forthcoming) (Le Quang and Vercoutere, un-dated), on the state of the art regarding Good Living, proposing three currents. Closer to the ancestral vision are articles by Macas, "Sumak Kawsay: Life in its fullness" (Macas, 2010), and by Choquehuanca, "Toward reconstruction of Good Living" (Choquehuanca, 2010). Regionally, this discussion is informed in Bolivia, by Prada Alcoreza (Alcoreza, 2010), the speeches of the Vice President of Bolivia —García-Linera— (Linera, 2013) and the articles compiled in the book by Arkonada "Transitions toward Good Living, or constructing a new political



The political horizon of the Citizens' Revolution is the Socialism of Good Living. The ultimate goal of Socialism for Good Living is to *defend and strengthen society, work and life in all its forms*. The first step is to guarantee equitable access to goods, opportunities and conditions of life, in order to ensure that individuals, communities and future generations enjoy lives of dignity without causing irreparable harm to nature. Good Living is a day-to-day effort. It demands the construction of a plurinational people's state that protects the interests of the majority, and which has the capacity to govern itself and change the current model of capitalist domination.

Socialism for Good Living questions the dominant pattern of hegemonic accumulation, i.e., neoliberal models of production, growth and distribution. We propose a transition toward a society in which life is the supreme asset. This demands a deep democracy and the constant involvement of its citizens in the country's public affairs. It is based on the pursuit of the common good and individual happiness, rather than excessive accumulation and consumption.

Our political proposal does not depend on our ways of viewing the world, or a region, or a people or nationality. Today's Ecuadorians, men and women, indigenous, *cholos**, Afro-Ecuadorians, whites, *mestizos* and *montubios* – we will all build the Socialism for Good Living, together. This is our goal. This is the Utopia that beckons us onward. We may falter, but we can never lose sight of the principles driving our quest.

2.2. Principles and orientations

A radically just society seeks:

- *Social and economic justice as the foundation for liberty.*

project in the pluri-national State of Bolivia” (Arkonada, 2013). Other authors such as De Sousa Santos (2006 —above all Chapter I— 2010a and 2010b), Gudynas (2009, 2011a and 2011b), Hidalgo (2011), Houtart (2012) and Walsh (2010) have also contributed to this debate.

* Translator's note: Cholos and mestizos are terms used to describe men and women of mixed European and indigenous origin. Montubio is a term for some self-identified ethnic communities on the Ecuadorian coast.

- *Participatory democratic justice.*
- *Inter-generational justice.*
- *Transnational justice.*
- *A society with liberating work and time to be creative.*

The starting-point for the potential freedom generated by work is that citizens will be able to guarantee their basic necessities and their autonomy.

An egalitarian social agenda equitably distributes the burdens of labor (whether it be wage-earning, self-employment, domestic and community work) and not only those occupations that receive salaries. In an emancipating sense, this entails transforming existing social relations, finding a new equilibrium for time dedicated to socializing and abolishing the male-female division of labor. The goal is to reduce the pressure of work in order to benefit the other dimensions of our social existence: creative leisure time, art, eroticism, sports, democratic participation, festivities, taking care of others and of Nature and participating in community activities.

An egalitarian, equitable society

Privileges, hierarchies and forms of subordination must be eliminated; this will permit more fluidity in social relations. The production and distribution of public assets must be expanded, and the distribution of services should be improved.

A society with full capacities, emancipation and autonomy

Expanding the capacities of all citizens, affirming their individual and collective identities, and enabling the free development of all women and men, are all indispensable processes for an emancipated society that seeks to not just survive, but to live fully and with dignity: a society that expands its capacities, creates, that exercises its role as a political actor, and does not merely settle for meeting its basic needs.

A solidary society

Society must create citizens that acknowledge each other's needs and interests, who accept justice and the Constitutional State of justice and fundamental rights, who respect institutions, who

recognize the importance of wealth redistribution, and who promote social equality. We seek to eradicate selfish personal development, which is characteristic of a free-market society.

A proactive society of shared responsibility

Shared responsibility is a proactive attitude of commitment by all members in order to find solutions to issues important to the entire community and also to limit or stop any situations that cause harm to members. We must strike a balance between the responsibility of the State, and that of institutions and citizens.

A society in harmony with Nature

The recognition of the rights of Nature and the guarantee of a healthy, sustainable environment, as established by the Constitution. This demands the respect of Nature, as well as limiting human activity to those that fall within the biophysical limits of local ecosystems and taking responsibility for the well-being of future generations. Bio-knowledge and the acknowledgement of the importance of the ecosystem to humankind provide a bridge between our national heritage and human talent, research, technology and innovation.

Primacy of superior goods

Superior goods are fundamental in order to achieve good living and should be provided by the State—not sold as commodities—as stated in our Constitution.

A society of excellence

Socialism is constructed on the basis of excellence, as well as the individual and collective efforts to improve each and every day. Excellence must be practiced in all walks of individual and social life. It must be the foundation for Ecuadorian society as a whole, its State, its citizen, and as a factor of identity, of self-esteem and for the exercise of responsibility in one's family, at work and in community life for the public at large. This must be multiplied through education and daily practice by the entire society.

A pluralistic, participatory, self-determining society

A democratic, participatory government requires the active participation of citizens

and strong social movements working in open networks to address both local and national issues. Participatory democracy aims for a sort of equality that enables reciprocity among its members. This will integrate the different stakeholders in a process of dialogue in which conflicting interests and goals are assessed and ranked according to an array of criteria defined publicly among peers.

Sovereignty and integration of peoples

A multipolar world requires the active participation of regional economic and political blocs that integrate the communities of the Southern Hemisphere and of Latin America's nations, strengthen horizontal relations and democratize the institutions of global governance. This is why we promote the political, cultural and economic integration of the Andean Region, of South America and of Latin America.

A democratic, pluri-national, and secular State

Creating a pluri-national, mega-diverse, plural State demands its de-colonization, the political recognition of ethnic, religious and sexual diversity, and the creation of a society with collectively-owned rights: language, culture, justice and territory. Recognizing the differences in equality of opportunity within the society opens up the possibility to guarantee equality by providing more equal opportunities. Central to this challenge are inter-cultural relations, recognizing that we are all different in origin, practices, customs, and knowledge. A secular State is indispensable in order to guarantee full freedom of conscience and social pluralism in all its forms.

Strengthening society

The goal is to promote the construction of a society that enjoys an ever-deeper level of democracy and increase its ability to provide equality of social and material conditions. The empowerment of the society requires promoting the development of freedom and the capacity to reflect critically and cooperatively, for each individual, each person and each collective.

These postulates propose a radical break away from instrumental, utilitarian visions of human beings, society, and our relations with Nature. We are building a society of free, solidary

individuals, of men and women with the capacity to forge their own destinies according to their beliefs.

2.3. Towards new metrics

Using new metrics of well-being means applying an innovative approach to human beings, to holistic citizenry, in which people are active participants in their own transformation and are able to recuperate their human values, as opposed to those that are floundering and suffering in societies that still use obsolete methods of measuring well-being. The capitalist system has profoundly influenced the types of metrics with which we evaluate our economic and social systems. These metrics put constraints on the dimensions and availability of information, and can never achieve the sort of programmatic challenge posed by striving to achieve Good Living.

The need for new metrics has long been a discussion within Ecuadorian academic and political circles. Ecuador has been a pioneer in developing theoretical and practical proposals.

For example, there is currently a proposal to go beyond the simple monetary indicators of development (i.e. GDP), and to instead utilize biophysical analyses using a multi-criteria perspective (Falconí, 2002); to apply the dynamics of material flows to assess the true dynamics of economic processes and their environmental sustainability (Vallejo, 2010); and to consider time as an indicator of individual's satisfaction with life in society (Ramírez R., 2012). There has already been strong debate within the country, and alternative methods of economic, social, and environmental assessment have been proposed since the 1980s. These measures have

laid the foundations for our future efforts to radically change how we conceive of and what instruments we use to measure development.

In order to achieve this, we must develop a radically new measurement system that considers new indicators and reorders their importance, so that society is no longer subordinate to the economic system and so that Good Living can become the organizing principle for the planning and implementation of public policies (Senplades, 2009).

We propose six basic dimensions in order to structure the planning, monitoring and evaluation of the process towards achieving Good Living in Ecuador:

1. Diversifying production and economic security.
2. Universal access to superior goods.
3. Social equity.
4. Social participation.
5. Cultural diversity.
6. Sustainability.

The challenge for this new government term is to develop new metrics that bring these dimensions together and to evaluate the results of public projects geared towards the Socialism of Good Living. This entails adjusting statistical information systems and administrative records, as well as the instruments used to gather information. This Plan establishes the public policy guidelines necessary in order to achieve this².

² The present Plan establishes public policies to generate new metrics during the 2013-2017 period, for goals 1, 2 and 7.



3.

National Planning

“The National Plan represents a tremendous effort to rescue the State’s authority through the improvement of its planning and coordination capacities; it is an integrated project of national development. The incorporation of the economic and social aspects –as part of an accumulation, distribution and redistribution proposal-, is an innovative and important challenge for Ecuador”.

Sonia Fleury, social researcher, FGV-EBAPE.

Among the central elements comprising the new Ecuadorian social contract, there are five main pillars: a) the establishment of constitutional justice and the rule of law; b) a deep institutional transformation; c) the configuration of a social and solidary economic system; d) the establishment of a territorial organization ensuring the elimination of local asymmetries; and e) the recovery of popular, economic, territorial, food, energy and international affairs sovereignty.

3. National Planning

3.1. Constitutional setup

The 2008 Constitution is part of the new wave of Latin American constitutionalism that began with new constitutions in Colombia, Venezuela and Bolivia. These have all emerged in response to the need to *guarantee human rights* vis-à-vis public or private power, which have increasingly become homogenizing forces and are driven by a liberal / bourgeois approach to power.

Among the central elements comprising this new Ecuadorian social contract, there are five main pillars:

Constitutional State of justice and fundamental rights

When Art. 1 of the Constitution of the Republic defines the Ecuadorian State as a constitutional State of Justice and fundamental rights, aims to *place human beings at the center* of all State actions. Accordingly, guaranteeing the rights of citizens acquires fundamental importance, becoming the primary duty of the State. Therefore, Article 11, section 9 states that: “the highest duty of the State consists in respecting and enforcing the rights guaranteed in the Constitution”.

So, without precluding the principle of the hierarchical equality of rights, the new constitutional order emphasizes social rights and puts them in relationship with the Andean - Amazonian notion of *Sumak Kawsay*, or Good Living (Grijalva, 2011). As a consequence, one responsibility of each member in the society is to *promote the common good and place general interest before individual interest*, i.e. which realize the primacy of collective values over individual values (Constitution of the Republic of Ecuador, 2008: Article 83).

This can be seen, for example, in the section on communication, which “in this Constitution is no longer viewed instrumentally or governed by market rules...The right to communicate is recognized as part of the rights for Good Living, i.e., as something one needs to lead a life of holistic dignity” (Acosta, 2010:161).

Another transformative paradigm within the Constitutional State of justice and fundamental rights framework is the development of jurisdictional guarantees,, which imply that any

person, group of persons, community, people or nationality should be guaranteed the freedom to exercise them and which demand that each regular judge be competent to hear such cases. Within this new constitutional definition, the role of judges acquires great importance, As they “assume an active, essential role in the process of Establishing law, and they become the material creators of constitutional values and principles” (Montaña, 2011: 83).

Ultimately the idea of the Constitutional State of justice and fundamental rights lay in the center of its justification: the rights and guarantees of the people. This which means that, on one hand, the power of both public and de facto authorities is legally limited and, on the other hand, that there are political and legal guarantees for individual, social and cultural rights.

Institutional transformation

Ensuring the Constitutional State of justice and fundamental rights within Ecuador requires the creation of constitutional guarantees in order to enable the enjoyment of these rights. Therefore, public policy plays a fundamental role in fulfilling constitutional rights. The State recovers its authority to plan, steer, regulate and inspect; forbids the corporatization of regulatory and supervisory agencies; creates a planning system and makes the National Development Plan mandatory - all in order to achieve the goal of Good Living.

Similarly, governmental agencies with legislative and norm-setting powers must subordinate their activities in order to ensure that they comply with the definitions of human rights established in the Constitution and in international treaties (Silva, 2008).

The economic system and social and solidary accumulation regime

The 2008 Constitution reaffirms the dominant position of human beings over capital, by establishing a social, solidary economic system. This model seeks to meet human needs by using knowledge, science and technology, all while respecting Nature, and which opposes the principles of capitalism. “The system aims to integrate all forms of public, private, combined, popular and solidary economic organization, in order to encourage production, productivity and competitiveness, ensuring food and energy sovereignty, incorporating value added

with maximum efficiency and promoting full employment and respect for workers' rights, fair, complementary trade in goods and services on transparent markets, equitable, solidary distribution of the benefits of production and socially and environmentally-responsible consumption" (Castro, 2008:118).

Territorial equity

Guaranteeing rights calls for providing good public services, but also for public policies that will ensure conditions of territorial equity. Therefore, the Constitution created a National System of Competencies, designed to organize the exercise of each specific competency in each of the different levels of government.

The new Constitution recognizes the political, administrative and financial autonomy of Decentralized Autonomous Governments within a unitary decentralized State, under the principles of *solidarity, subsidiarity, inter-territorial equity, integration and citizen participation*. This model was established to provide efficient, participatory public governance and in order to create a new equilibrium between territories through the enhancement of their capacities, using the criteria of complementarity and reciprocity.. Accordingly, "the mandate for all levels of government, from national to local, is to adjust its institutions" in order to achieve this goal (Arias, 2008: 240).

Constructing different territorial polarities is an effective way to challenge the profound regional and urban-rural asymmetries, and the unidirectional concentration of power caused by globalizing capital (Falconí, 2012).

A plurality of sovereignties

The Montecristi Constitution incorporates a plurality of sovereignties: it discusses the people's sovereignty (Articles 1 and 96), national sovereignty (Articles 3, 158, 276, 290 and 423), food sovereignty (Articles 13, 15, 281, 284, 304, 318, 334, 410 and 423), economic sovereignty (Chapter IV), energy sovereignty (Articles 15, 284, 304 and 334) and sovereignty within international affairs (Article 416).

The Ecuadorian Government is no longer the pawn of decisions made outside of its borders and is now a State driving regional conversations, the principles of which are grounded in independence and legal equality among States and which reject

the interference and intervention by some States in the domestic affairs of others.

The new Constitution establishes that the country's international affairs will reflect the Ecuadorian people's interests, to whom they are held accountable. It also condemns all forms of imperialism, colonialism and neocolonialism, recognizing peoples' right to resistance and freedom from all forms of oppression, and demands the democratization of international agencies, with equitable participation by all States in them. It promotes the formation of a multi-polar global order, actively involving regional economic and political blocs, and strengthening horizontal relations in order to build a fair, democratic, solidary, diverse, intercultural world.

3.2. Decentralized, participatory planning

The National Decentralized Participatory Planning System (SNDPP) comprises the array of processes, entities and instruments that enable different social and institutional stakeholders to interact in order to organize and coordinate development planning at all levels of government (COPFP, Article 18, 2010).

In addition to the National Plan for Good Living, the SNDPP provides subsidiary planning instruments for the implementation of the Plan, through sectorial public policies throughout the nation. These instruments are coordinated three different ways: a) *Substantively*: as planning and finance instruments that orient public institutions in their mandatory compliance with guarantees and rights; b) *Vertically*: establishing the hierarchical ranking of the different levels of government; and c) *Horizontally*: establishing processes for public entities at each level of government.

In addition to the national planning agency, whose primary tool is the National Plan for Good Living, there are three other planning instances that guarantee coordination and coherence:

- a. Territorial coordination
- b. Inter-sectorial coordination
- c. Institutional coordination

Figure 3.1.

Coordination of the National Participatory Planning System



Source and prepared by: Senplades

Additionally, SNDPP elicits input from the National Agendas for Equality and Citizen Participation. The function of SNDPP is laid out in Article 279 of the Constitution: *organizing planning for the country's development.*

3.3. Active citizenry

Participation in planning

Recovering the State and its role in planning, administrating, executing, distributing and redistributing has also been vital to guarantee and open up opportunities for participation by persons, communities, peoples and nationalities in order to formulate, implement, evaluate and oversee public policies and public services (Article 70).

This establishes the participatory nature of planning as a precondition to achieving Good Living (Articles 275, 276, 278 and 279). It is stated that: *all persons, collectives, and organizational forms should participate in the phases and spaces of public governance, as well as in planning national and local development and in implementing and overseeing the performance of development plans, encouraging participation and social oversight, while recognizing the diverse national identities and the promotion of their*

equitable representation in all phases of public governance.

Citizen participation has an expansive effect at all levels of the State. Locally, citizen participation takes the form of citizen planning councils - in municipalities and prefectures - and local assemblies, which carry out participatory assessment and programming exercises. Regionally, participatory mechanisms with territorial stakeholders design zonal agendas, and zonal citizen sectorial councils work with the National Planning and Development Secretariat (Senplades); in other regions, oversight mechanisms and observatories for public policies have been implemented. Nationally, citizen participation is present in different ministries through sectorial citizen councils. The first Pluri-National, Intercultural Assembly for Good Living was also held, in order to construct this Plan.

Citizen participation for the National Plan for Good Living, 2013-2017

This Plan has an enormously participatory basis. First, it was created in part under a government program that was constructed collectively. Nearly five thousand people contributed their ideas, which are distilled into this document. At a second stage, nearly 8200 people took part in over 100 public events and

virtual meetings to construct the new National Plan for Good Living.

- *Dialogues for Good Living* (5160 participants).
- *Workshops, thematic and focal groups* (1071 participants).
- *Oversight mechanisms and observatories* (605 participants).
- *Participatory forecasting workshops at the zonal level* (240 participants).
- *Meetings with delegates from national social organizations, sectorial councils and local assemblies* (276 participants).
- *International seminar* (780 participants).
- *Radio marathons and virtual meetings* (100 participants).

Challenges in citizen participation

Enormous progress has been made in citizen participation. However, the challenge lies in changing the attitudes of citizens, which are still persistently passive. This culture of a citizenry passively dependent on State guardianship must be limited.

A citizenry capable of participating in the challenge of changing the productive structure in each region must be developed. In other words, the citizenry must aspire to be able to contribute not only raw materials to the world, but also knowledge, services and goods made in Ecuador. Ecuador needs a citizenry that will not rest until they have bridged the gaps that differentiate and separate Ecuadorian men and women.

This qualitative leap forward, from citizens *wishing* for rights to citizens *exercising* their rights, is a break away from the power of the market, as well as the domination and accumulation incrustated into social structures. Constructing an active, committed, and thoughtful citizenry demands a more profound institutional reform of the State, so citizen participation can influence public governance. It also requires creating the conditions and capacities necessary to promote, sustain and assure citizen-led processes to promote Good Living, and to institutionalize a constructive dialogue that generates egalitarian, solidary, free, dignified, and responsible actions, in harmony with Nature and respectful of the world-views that comprise our pluri-national State.

Citizen participation must drive creative, innovative, identity-affirming processes that will permit the nation to continue progressing towards Socialism of Good Living.



4. Ecuador around the world

“It will be a privilege for the international community to accompany Ecuador through the purposes established in the National Plan. Since 2007, working together with the government of Ecuador has made it possible for the UNDP and the United Nations system to enjoy an intense and fruitful learning process. It has also generated a reserve of innovative knowledge that we hope to make available for other countries, as a part of our shared responsibility to create a more equitable world where the ideal of Good Living can be realized.”

Rebeca Gryspan, UN Under-Secretary-General and
UNDP Associate Administrator.

Just as modern medicine takes into account the patient’s social circumstances when making a diagnosis or prescribing treatment, the National Plan for Good Living cannot assess the situation in Ecuador or create policies without examining the international economic context.

4. Ecuador around the world

4.1. The international crisis

Just as modern medicine takes into account the patient's social circumstances when making a diagnosis or prescribing treatment, the National Plan for Good Living cannot assess the situation in Ecuador or create policies without examining the international economic context. The current world crisis has caused a recession that threatens to become chronic. The United States and the European Union are seemingly not able to achieve their previous prosperity, whereas Latin America – including Ecuador – has made great strides to grow, produce and keep employment high.

Financial crises under capitalism have occurred every ten years for the last century, waning only during periods of strong regulatory policies for financial systems, such as during the post-war period (1945-1971).

The current crisis was triggered in 2008 in the United States by the financial sector and then spread to the real estate sector and affected US production and employment. This seriously altered the dynamics of the world's economies, and now much of Europe is now suffering the consequences.

Steve Keen, an Australian economist, says that the main factor triggering the US crisis was the high level of private indebtedness in that country in 2008. He continues that, as a percentage of GDP, such a high level of private debt had not been seen since the Great Depression in 1929 (Keen, 2012).

Economics is one the main culprits responsible for the current crisis (Stiglitz, 2010). The dogma of economic thinking that has prevailed since the 1990s has become a blindfold, shielding our eyes to the imminent economic collapse. The greatest flaw in neo-classical economics are its beliefs that markets are self-regulating, behave rationally, and that economic agents have perfect information in order to make their decisions, that perfect information exists, and that it is equally available for everyone (Stiglitz, 2010).

Why did the United States' financial and economic crisis become a worldwide problem?

- Because the US dollar is the world's main reserve asset.
- Because major US, European and Asian banking corporations are closely intertwined.
- Because the levels of the US debt and the highly complex financial operations performed with these assets are immediately transmitted to and directly impact world financial markets.
- Because the liberal governments in those countries are not interested in regulating the international financial markets.

The result of this crisis has had serious consequences for the world. The United States will grow by only 1.4% in 2013, and 2.2% for 2014. US unemployment is at 7.7%. Europe, in turn, saw its economy decrease by 0.6% in 2012; it will decrease again by 0.3% in 2013, and barely grow 1.4% for 2014. The Japanese economy decreased by 0.6% in 2011 and will grow by only 1.2% in 2013 and 0.7% in 2014 (IMF, 2013; and Eurostat, 2013).

Moreover, the international credit agencies and international institutional design have further entrenched the effects of the crisis. The global financial governance system aims to maintain orthodox economic policies, such as privatization, that tighten structural adjustment programs, cause cut backs in social spending and the well-being of people around the globe. These efforts aim to ensure “market confidence” and repay States' debts to the banking sector.

Such policies have had terrible consequences for a large part of the population in both Latin America and in Asia for most of the population. However, they are still being promoted and applied to this day.

4.2. State autonomy

The political consolidation of the political movement *Alianza PAIS** and the electoral decline of the conservatives opened up the

* Translator's note: *Alianza PAIS (Patria Altiva Soberana)* roughly translates as the Proud and Sovereign Fatherland Alliance.

possibility for the Ecuadorian government to develop with relative autonomy from neoliberalism, power groups and the country's major corporate interests. However, autonomy to govern does not depend solely on the governing force's political / electoral progress. It also requires a combination of progressive institutional reforms and radical decisions that make it possible to unravel political blockades and regulatory frameworks that have granted enormous veto power to certain independent, *de facto* powers regarding the establishment of a public agenda that can be responsive to majority interests. This situation creates confrontation and conflict with local, national and transnational sectors that have taken over the public agenda and institutions for their own purposes.

Four lines of government decision-making and a new institutional regulation have had particular importance:

- a) *An array of measures oriented towards the national governance – without interference from global capital – of a substantial portion of the revenue surplus yielded by strategic resources.*
- b) *A series of options geared towards breaking down the conveyor belts of financial capital's decisions about the nation's economy.*
- c) *A series of measures oriented towards reinforcing the central nature of tax policy and the State's capacity to collect taxes, with emphasis on progressive taxation³ and the political need to contain the historical "tax dodging" by elites and major economic power groups.*
- d) *Pursuit of state institutional reform.*

Although the effects of this phalanx of decisions have been uneven, they have positioned the Government to better uphold the State's central role – and, in some cases, the legitimacy of State intervention – in determining the nation's public agenda.

The return of the State, its increasing political resources and governmental decision-making capacity has opened up a range of conflicts within the country.

³ The share of direct taxes in total tax collection increased by 7 points during this current government administration: from 35% to 42% of total revenues collected from 2006 to 2011. (SRI, 2011).

The field of influence of the political / economic coalitions that pushed the neoliberal approach has been curtailed by the above governing decisions. In view of their impact on policies for financial deregulation and fiscal prudence, hallmarks of liberal orthodoxy, it was particularly important to displace groups associated with banking and speculative capital from the governing structure and from public policy networks, which have had great impact on past governments' economic decisions.

4.3. The new public agenda

During the 2007-2012 period, the Ecuadorian society and nation used their State as a fundamental agent to kick off a heterodox development strategy based on the principles of Good Living, from the rebuilt fulcrum of political sovereignty.

To understand this process, it is necessary to describe the central vectors and overall direction of this transformation.

Recovering public planning. The Constitution placed planning functions at the center of the construction of the new system for development and Good Living. That is why it makes the creation of a "decentralized participatory planning system" mandatory, setting the overall guidelines for development and priorities for public budgeting and investment⁴. This has resulted in the National Planning and Development Secretariat taking the leading role in setting the agenda for social transformation and State reform.

Affirming the State's role in promoting development. As opposed to the orthodox discourse of external savings and foreign investment as the main mechanisms to finance development, the Government has prioritized domestic capital and in-country savings, as a means to drive national development dynamics. Accordingly, the Citizen's Revolution issued the Public Planning and Finance Code, which expands budgetary instruments for public action and dismantles the intricate regulations pushed through in past decades, which diminished the possibilities of making

⁴ The Planning Code, the Citizen Participation Law and the Code for Physical Planning, Autonomies and Decentralization, approved by Parliament in 2009 and 2010, are the three laws comprising the new architecture underpinning planning.

dynamic public expenditures to almost null⁵. We have also chosen to repatriate and mobilize resources from the Freely Available International Monetary Reserve – which had been on deposit in foreign banks – to use for productive investments and the invigoration of public banking. Similarly, resources held by the Ecuadorian Institute of Social Security (IESS) have been used to finance strategic national projects and promote housing expansion policies. The use of domestic savings had been condemned by the orthodox policies of the past as jeopardizing fiscal prudence. However, the Constitution states that fiscal policy cannot be separated from the creation of incentives for productive investment. In sum, this is a cycle in which the State's emphasis on promotion and the financing of development have been driving factors across different sectors of the national economy.

Economic regulation. Amidst ongoing conflict with the banking and financial sectors, the Government has proposed diverse initiatives to regulate and control finance and banking, to lower interest rates, bring back reserves from deposits abroad, make the productive system more dynamic, and bolster public banks and cooperatives. The financial deregulation of the 1990s has been reversed. It Central to this has been the new regulations issued by the Legislature eliminating Central Bank autonomy and determining the Executive Branch's central role in setting monetary policy. Orthodox discourse has always presented central banks' independence as fundamental to gaining the confidence of markets. In regulating banks' power, the Constitution also stipulates that they can only concentrate ownership shares in activities related to banking. Furthermore, a market power control law (the "anti-monopoly law") was enacted to penalize abuse by large firms, granting the Executive powers, in certain cases, to set pricing policies in delicate areas for public consumption.

Trade policy and the new regional integration. In a dollarized country unable to devalue its local currency – which neighboring countries did during the global crisis in 2009 – an active

⁵ For example, the General Law on Responsibility, Stabilization and Fiscal Transparency and other regulations were repealed that imposed rigid constraints on public spending and borrowing and called for stabilization funds deposited in international banks to repurchase debt and hold public reserves against potential external shocks.

trade policy is a critical resource to drive national production and safeguard the national economy from payment imbalances. The national Government has striven to create an agenda in this direction, but it has not been an easy task. In addition to refusing to sign a free trade treaty with the United States and opposing the signing of a similar one with Europe, the Government has worked to diversify products and destinations for Ecuadorian exports.

Moreover, at the lowest ebb of the capitalist crisis (2008-2009), the Government went beyond injecting resources into the economy and created an active trade policy by supporting certain production sectors and by applying import safeguards. This measure caused tension with some neighboring countries – especially Peru – that would promote further market liberalization. Applying these safeguards favored certain sectors of Ecuadorian industry, slowed imports, and held back the foreign currency drain. Once the crisis passed, the safeguards were reinstated to regulate import flow and confront trade balance issues.

In this complex situation, the Government's active trade policy has prioritized expanding Ecuador's geopolitical relations and accelerating regional integration processes. In addition to strategic agreements with Venezuela and financing for strategic projects with Brazil, China, Iran and Russia, Ecuador is actively promoting UNASUR (headquartered in Quito) and the Bolivarian Alternative for the Americas (ALBA).

Between the realism about the power of the international system and the prospects of transforming it through counter-hegemonic prospects, the Citizen's Revolution has taken pragmatic measures such as expanding Ecuador's consular presence globally and radical decisions such as quitting the Agreement on Settlement of Investment Disputes (ICSID) and bilateral investment treaties (BITs).

Ecuador has also led innovative proposals for a new regional financial architecture: the Bank of the South and the Common Reserve Fund of the South. Ecuador has supported the Unified System for Regional Compensation (SUCRE). SUCRE proposes using electronic allocations to minimize regional trade transaction costs, keeping them unhindered by the conditions placed on using the US dollar or some other such currency.



Labor policy. During the constitutional process, the Government pronounced that outsourcing jobs would be illegal, and then proposed the public oversight of companies, to stem such mechanisms of labor flexibilization. The universal social security policy was also redesigned, in order to affirm the mandatory nature of employee affiliation to Social Security and, thereby, avoid all forms of precarious working relations⁶. From 2007 to 2012, the percentage of full-time employees affiliated to Social Security rose from 39% to over 62% (INEC, 2012a).

Salary policy. Between 2009 and 2012, the Government has declared several raises in the minimum wage for workers. Comparing annual averages, in 2008 the actual wage was USD 198.90; the average rose in 2009 to USD 206.60; in 2010 it rose again to USD 219.60; and in 2011 the real wage was USD 231.10. Government policies have helped maintain and even increase households' purchasing power (BCE, 2013). Whereas in 2007, the average household income covered 67.1% of the basic commodity basket, in 2012 this ratio rose to 91.5% (INEC, 2012b).

The new Constitution also significantly contributes to reversing gender inequality, which is one of the biggest social issues facing the nation. It also differentiates between productive work from domestic and reproductive work (Palacios, 2008). The Constitution also recognizes unpaid work for self-employed workers or care-givers and guarantees progressive Social Security for people performing unsalaried labor (who are overwhelmingly women). Regulatory frameworks must still be reorganized, as they not only fail to encourage but often even impede the collective organization of work.

Distributive policies. In order to consolidate a rights-based society, the constitutional text lays significant groundwork towards positioning the State as a distributing agent. Its capacity to do so depends on the society's capacity to obtain resources and on which allocation policies are implemented. There has been significant pressure to change the former since 2007. At the same time, social investment rose from 27% of the national budget during the 2001-2006 cycle to an average of 40% during

⁶ One of the questions on the May 2011 Referendum was whether employers who fail to affiliate their workers to Social Security should be prosecuted: 55% of the population voted in favor of the measure.

the current government term⁷. There are three main lines of distribution processes being used (Ramírez, F. 2013):

- **Direct transfer and subsidies policies.** The human development bonus – a program to benefit poor and extremely poor households – increased from USD 15 to 35 (2007), and then from USD 35 to 50 (2012). This program has been one of the State's main projects for over a decade. The Government introduced an innovation that turned those receiving the bonus into potential borrowers from the financial system. Along the same lines, the housing bonus doubled from USD 1800 to USD 3600, and a bonus was created for people who care for persons with disabilities. The Government has also defended the continuation of the nationwide subsidy for cooking gas and gasoline and has enacted differentiated rates for public services.
- **Universalist policies.** This involves eliminating barriers to education and public health care in order to achieve universal coverage. The former charge of USD 25 to register students in primary and secondary schools has been eliminated, schoolbooks have been distributed free of charge, as well as uniforms to students in rural schools. Within healthcare, the costs for doctors' visits have been eliminated, access to essential free medicines has been expanded, and the workday has been standardized to include eight hours open to the public. For these two sectors, the number of budget lines available (for example, to increase the number of teachers and physicians) has been increased, as well as investment in basic infrastructure. With the same goal of achieving universal access, the Constitution has made public university education free of charge.
- **Production factors.** The distribution of production factors is also covered by the Constitution. The Government has made progress in transferring and granting titles of ownership to government-owned land not being used for production, and has sold stock in various seized companies to its workers. Nevertheless,

⁷ Prior to 2007, the resources used to repay the foreign debt were twice social investment. Now it is the other way round.

most agrarian reform has yet to be completed. The Water Resources Law will be an important instrument to facilitate distribution of water.

With regard to these last policies, the limits of the State's relative autonomy are evident: certain power groups and certain bureaucratic rings still maintain substantial veto power. Aside from the above, there is also the partial isolation of the Government from social organizations, which impedes progress in decision-making about the distribution of production factors, and influences the relationship between wages and capital.

Even under such conditions, if we assume that the public spending structure at least partly expresses a society's correlation of forces, we find that in the 2007-2011 cycle the material foundations of social reproduction were

reconfigured and that the public agenda and redistribution priorities were reoriented.

Redistribution policies create a new social inclusion structure (protection of purchasing power, continued subsidies, a combination of universal-coverage and targeted social protection policies, and greater rights) that is based on the imperative of reducing poverty and striving for greater equality⁸. Social wealth benefits a broad array of sectors, strata and social classes. Amidst pressures for greater fiscal prudence, the demands of the people, unmet for so long, are now being satisfied institutionally, which is enhancing citizen trust in the public sector. This trust is being developed towards the State in general and is not merely tied to the current political leadership.

⁸ Since 2006, the national poverty level, as measured by income, has dropped from 37.6% to 28.6% in 2011, while the Gini coefficient has dropped from 0.54 to 0.47 at the national level during that same period (Senplades, 2012b: 59).



5. Planning our future

“The variety of productive forms that currently exist should not be strengthened, yet again, in order to support the technological dictatorship of capitalist industrialization. This is a pivotal Ecuadorian and Latin American innovation, which opens up the possibility of breaking our chains and seeking our own path. I feel that this Plan is one of the most powerful and educational instruments guiding the epistemological and material route towards Good Living.”

Ana Esther Ceceña, National Autonomous University of Mexico.

As Godet (2012:49) would say: “dreams fertilize reality”. This prospective planning exercise rigorously analyzes key variables and situations, but also develops a multi-disciplinary proposal to guide public policy towards implementing a project – a dream: the society of Good Living.

5. Planning our future

Forecasting acts as a guide designed not to predict the future, but to help us take strategic actions in the present that will enable us to attain optimal results in the medium- and long-term (Godet *et al.*, 2000; Godet, 2012; Pinto, 2008; Miklos *et al.*, 2010). Forecasting applies quantitative models and constructs possible scenarios (Godet, 2012; Mietzner and Reger, 2005). Although quantitative models are necessary for this exercise, it is more important to combine rigor, imagination, rationality and emotional knowledge. This forward-looking study rigorously analyzes key variables and situations, but also develops a multi-disciplinary proposal to guide public policy towards implementing a project – a dream: the society of Good Living. Because “without reason, passion is blind; without passion to carry out a project, reason will lead nowhere” (Godet, 2012: 49).

The long-term vision defines where and how the next steps must be taken in order to reinforce the new model of accumulation, distribution and redistribution through 2030. The strategy aims to turn an economy based on finite natural resources into one based on infinite resources, through scientific, economic and industrial appropriation of the knowledge that will build the Ecuadorian people’s capacities. A new society requires a

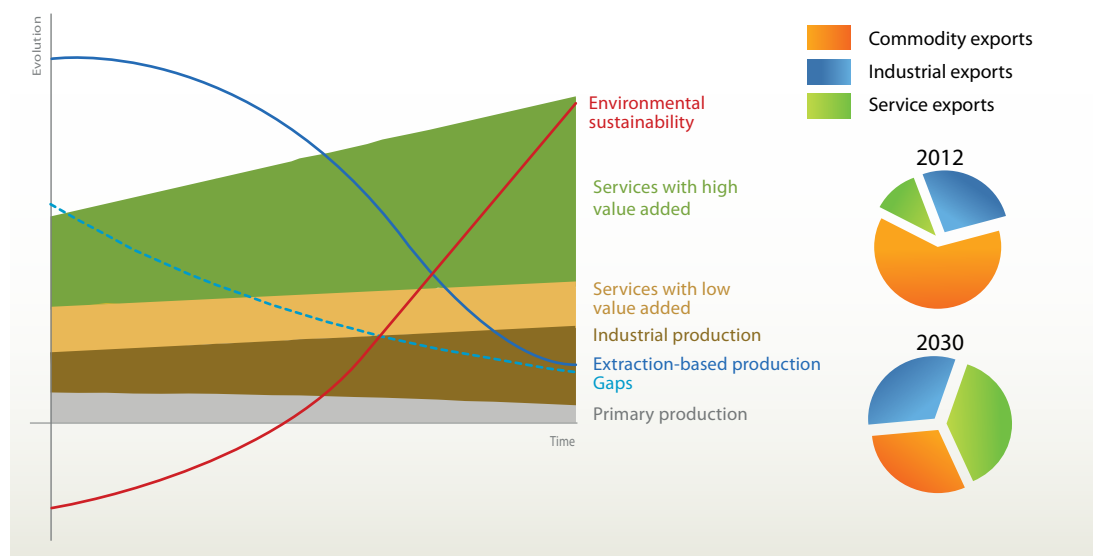
different State capable of breaking free of the structures and power relationships inherited from the old State. The Government of the Citizen’s Revolution has already made headway in recovering the State for its citizens. Deepening this process requires democratizing the State starting in each of its territories.

Changing the productive structure and democratizing the State would not be emancipating if top priority were not given to strengthening the society. The goal is to promote the construction of a society that will deepen the quality of its democracy and broaden its opportunities to alter conditions of social and material equality. It is necessary to empower society rather than the market – as it happened before with neoliberalism –. It must also empower society over the State, such as in “real socialism”. Empowering society is promoting the development of freedoms and capacities to reflect critically and cooperatively, for each individual, each person and each collective.

The strategy of accumulation, distribution and redistribution has four axes, which interact with and complement each other in the long term: a) *narrowing inequity gaps*; b) *technology, innovation and knowledge*; c) *environmental sustainability*, and d) *productive structure and strategic sectors*.

Figure 5.1.

Long-term Strategy of Accumulation, Distribution and Redistribution



Source and prepared by: Senplades.

5.1. Strategy of long-term accumulation, distribution and redistribution

The strategy calls for simultaneous, progressive changes in production dynamics as the basis for the new productive structure, in order to create a diversified, inclusive economy based on knowledge and social and technological innovation. This transition means that our *current dependence on extracting non-renewable natural resources will be temporary and decreasing*, apace with the requirements to finance the emergence of a new, sustainable socio-economic configuration, which will assure a steady, sustainable improvement and Good Living for all Ecuadorians.

This gradual process of transforming the productive structure entails constructing better-coordinated institutions that can create more solid links between the economic, social and environmental dimensions of the nation. *The new productive structure creates a respectful, solidary relationship between the economy, society and Nature.* It seeks to strengthen a growing trend of industrial production and value-added services through the expansion of *scientific and technological knowledge*, based on *environmental sustainability* in the context of a decreasing process of extraction of natural resources, thus closing the inequality gaps, for the benefit of future generations.

5.1.1. Closing inequity gaps

Despite the major progress achieved in meeting needs in education, health, employment, housing and the reduction of social inequality, significant shortages still persist that must be resolved in the long term.

To give some examples illustrating the social gaps between the country's rural and urban areas: in 2010 the illiteracy rate for people over 14 years of age in urban areas was 3.7%, whereas in rural areas that figure was 12.9%, over four times higher. Average schooling among persons over age 24 was 10.9 years in urban areas, but only 7.2 years in rural areas (INEC, 2010a). Indigenous women have the most critical illiteracy rate, 27% (Senplades, 2013a).

The main social goals for 2030 include eradicating extreme poverty and reducing the current poverty rate by at least 80%⁹. Another highly prioritized goal is to reduce social inequity, measured by the Gini coefficient, of personal income. This coefficient, which dropped from 0.55 in 2007 to 0.48 in 2012, must be no higher than 0.36 by 2030 (INEC, 2012a).

In the medium term, universal access to quality education is one of the most effective instruments for sustainably improving people's quality of life and diversifying production. The fundamental education goals are to expand coverage to achieve universal access to secondary schooling, and extending and diversifying access to higher education, in addition to improving the quality and relevance of the educational system at all levels. *Health policies will promote quality of life practices and preventive and holistic medicine, not just curing diseases.* Universal access to primary health care and expanded quality and coverage will also be pursued. As a result, the life expectancy at birth is expected to increase from its current level of 76 years to 79.5 years by 2030, and child mortality under age five (which was 26 children per 1000 live births from 2005 to 2010) is expected to decrease to between 15 and 23 children under age five per 1000 (UN, 2011).

Two current problems deserving special attention are 1) chronic undernutrition in children under five, and 2) teen pregnancy. Child undernutrition, currently affecting almost one out of every four children under five, and causing an irreversible reduction in their school performance and their future working life, will be substantially reduced by an integrated set of food fortification and supplementation policies. The target will be to reduce undernutrition by 40% by 2030, with special attention to the indigenous people in the sierra, or Andean highlands, currently the most afflicted demographic¹⁰.

⁹ The poverty rate in Ecuador, measured by income, has dropped from 44.6% in 2004 to 27.3% in 2012, with an average decline of 2.16% a year. If this trend continues for the next 17 years, it will be feasible to reduce the poverty rate to 5.5% by 2030 (a relative reduction of 80%). This decline will also entail an average reduction of poverty by 1.2% a year (INEC, 2012a). Figures on extreme poverty, dropping from 16.9% to 11.2% from 2006 to 2012, show that it can be eradicated before 2030 (INEC, 2012a).

¹⁰ Eliminating chronic undernutrition in children under age five is a long-term goal, so the proposal is to eliminate chronic undernutrition in children under age two by 2017. The prevalence of chronic child undernutrition in children under age five, according to the Living Conditions Survey (SLC) was 32.5% in 1998, and 26% in 2006 (INEC, 2006); the intention is to reduce this to 15% by 2030.

In the long term, Ecuador will achieve relative food self-sufficiency, importing increasingly less food and guaranteeing the internal production of basic staple foods by working with small farming families.

Nutritional policy goals include: *promoting a balanced diet* with higher intake of proteins and micronutrients. This will require a change in the current average diet, which is too rich in carbohydrates and saturated fats and which leads to obesity when accompanied by sedentary lifestyle patterns. Physical exercise will be promoted as a central component of a healthy lifestyle.

For teen pregnancies, a 15% reduction in the fertility rate for girls aged 15-19 by 2030 is the goal, which shall be met through integrated programs of sex education, generating job opportunities for adolescents and through measures aimed at fighting discrimination.

Regarding *labor*, the fundamental efforts will be to expand dignified employment, reduce structural under-employment, and progressively expand the purchasing capacity of workers' income, by strengthening the social and solidary economic system and diversifying production by investing in knowledge and technology. The proposed goal is to reduce the under-employment rate by 40% from its current

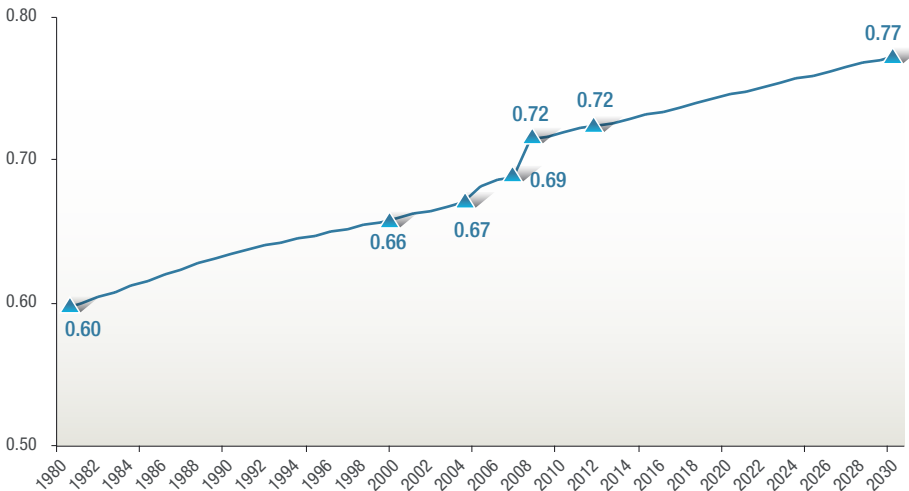
level¹¹. It is critical to accompany these strategies with policies that strengthen micro, small and medium enterprises in strategic areas in terms of creating employment, productive links and innovation capacity. In the rural sector, this strategy will be complemented by territorial policies aimed at expanding access to land and to water sources for small and medium producers, in order to regenerate the soil and combat erosion, while expanding access to sustainable alternative technologies based on agroforestry and agro-ecology. Areas of action include a substantial increase in Social Security coverage, with a particular focus on youth under-employment and on senior citizens with access to retirement benefits.

In the *housing* sector, the current qualitative deficit is high in terms of the water supply and sewer coverage¹². As of 2010, just over half the country's homes have at least one of these services (INEC, 2010a). The goal is to increase current coverage by at least 40%. It will also be critical to narrow gaps between urban and rural areas, and to improve these services' quality and reliability. Homebuilding for the low-income buyer should be bolstered

¹¹ As of December 2012, under-employment was nearly 51% of the EAP (INEC, 2012a).

¹² Water supply is understood to mean household access to water treated for human consumption; sewage entails disposal of sewage by a public sewage network, i.e., not counting septic tanks.

Figure 5.2. Human Development Index evolution (1980 - 2030)



Source: UNDP, 2012.
Prepared by: Senplades.



by incorporating domestically-sourced, raw materials. This will be promoted by research and development into the appropriate technologies, which will be adapted according to the different environmental conditions and local cultures. Treatment of sewage and solid wastes is also insufficient, and expanding access is a top priority. Improving living conditions in medium and large cities will require the promotion of efficient public transport systems with low environmental impact.

The Human Development Index (HDI) pulls together several components of a country's economic and social development, mainly education, health and *per capita* income. Ecuador's HDI has risen from 0.59 in 1980 to 0.65 in 2000 and now to 0.72 in 2012 (UNDP, 2012) (Figure 5.2.). The goal for 2030 is to increase the HDI to at least 0.82¹³.

Demographically, the desired growth rate would put Ecuador's population at 17,893,000 by 2030, with annual population growth rates declining from their current level of 1.35% to 0.76% by 2030. The Working-Age Population (WAP) will remain relatively stable at two-thirds of the total; the share of the population under age 15 will decline; and the population

¹³ An inertial scenario would bring Ecuador's HDI by 2030 to 0.77, as shown in Figure 5.2.

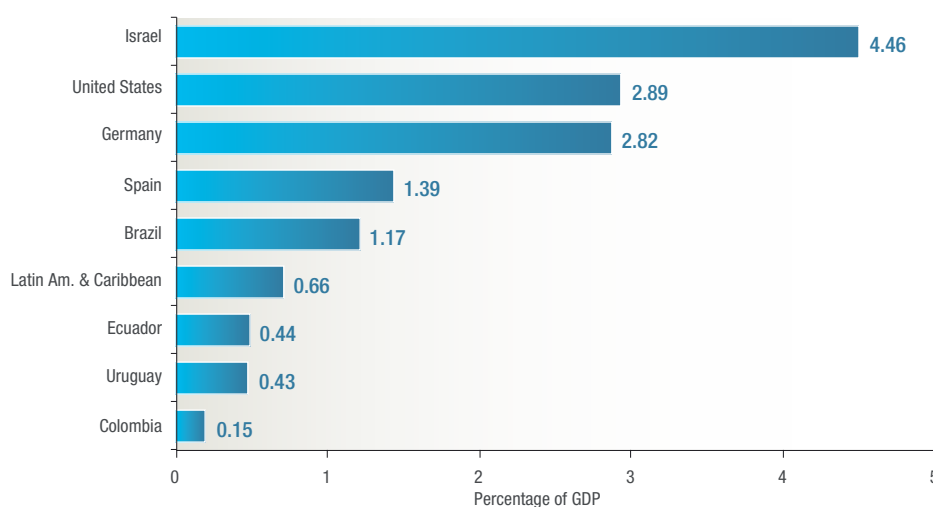
of persons 65 and over will almost double, reaching 10.9% in 2030 (UN, 2011).

The high proportion of WAP to the total population is an advantage, called the *demographic bonus*, which will keep the ratio between the Economically Active Population (EAP) and the total population high, i.e., the number of persons each worker is supporting will be relatively low for a period. However, the increase in the senior citizen population is significant - reaching approximately two million by 2030 (UN, 2011) - and will demand greater financial effort by the Social Security System. In the stages after the transition, the demographic bonus will decrease and the number of persons per worker will tend to increase.

5.1.2. Technology, innovation and knowledge

Under the strategy of accumulation, distribution and redistribution, production factor development will focus on educating human talent and generating knowledge, innovation, new technologies, good practices and new production tools, with emphasis on bio-knowledge and its applications for

Figure 5.3.
Comparative spending on R+D+i (2009)



Source: UNESCO, 2012; MCCTH, 2013.

Prepared by: Senplades.

producing ecologically sustainable goods and services. These processes are oriented towards meeting the country's needs and, therefore, entail developing priority production sectors in order to transform the productive structure in the medium- and long- term.

The possibility of achieving a productive structure based on technological knowledge will largely depend on investment in research, development and innovation (R+D+i). In Ecuador, this investment in 2007 was 0.23% of the GDP, whereas two years later, in 2009, it rose to 0.44% of the GDP (MCCTH, 2013)— a considerable growth in a short period. However, as the graph shows (Figure 5.3.), this investment is lower than the regional average of 0.66% and much lower than countries such as Brazil and Spain, which invest over 1% of their GDP, or countries such as Germany and the United States, which invest nearly 3%.

The Experimental Technology Research University, *Yachay*, will develop train human talent with ethical and solidary values that will be able to respond to the requirements of their environment. The lines of research at *Yachay* will be the Life Sciences, Nanoscience, Information and Communication Technologies (ICTs), Renewable Energy and Climate Change, and Petrochemistry (Senescyt, 2013).

In coordinating the knowledge and education sector with the production sector, one immediate challenge will be to consolidate inter-sectorial institutions and to develop efficient mechanisms to translate knowledge into the generation of new products and means of production (PAIS Alliance Movement, 2012).

For innovation in production and marketing, in-depth training will be provided for workers who can create and market these new products or provide those services that will emerge from technological and productive development. This will make it possible to construct a more diversified productive and sustainable agricultural sector. This will include small and medium rural and agro-industrial producers in agricultural production chains and will create solidary, innovative companies.

For international trade, priority must be given to exporting goods and services derived from bio-knowledge to those countries with deficits in such products. Similarly, sustained improvement in the quality of the educational

system will generate not only human talent, but also holistic human beings for whom knowledge is primarily a mechanism for emancipation and creativity.

Sustained development of the labor force in a normative framework will help to (re)distribute production factors and wealth and must aim towards progressively increasing efficiency in meeting needs and generating increased productivity. This will make it possible to progressively shorten the workweek (35 hours a week is a modest long-term target) and enjoy increasing free time.

Empowering bio-knowledge

Applied bio-knowledge will be added to the productive structure and into the national and world economy, improving conservation and sustainability in the use of natural goods. Research into, cataloguing of and encoding of ancestral knowledge must be promoted, in partnership with other mega-diverse countries in order to ensure that they retain the status of public goods. Empowering applied bio-knowledge will improve the sustainable management of Nature for production, increasing overall productivity.

5.1.3. Environmental sustainability

The strategy of accumulating wealth through sustainable productive activities calls for a *transformation of the productive structure while respecting the rights of Nature and promoting inter-generational justice*. Although accumulation of wealth will depend initially on commodity extraction, the strategy will be to promote new non-polluting industries and diversify exports based on bio-products and ecological services, which will significantly relieve pressure on the environment in the long-term.

Available information suggests that mainland Ecuador's climate in 2013 is significantly different from that in 1963. First of all, surface temperatures have risen almost everywhere in the country. The Ministry of the Environment (MAE, 2011) reports a 0.8°C increase in the mean annual temperature, in the absolute high temperature of 1.4°C and in the absolute low temperature of 1.0°C from 1960 to 2006, in a sampling from 39 weather stations. Cornejo

(2007) estimates that Ecuador's average sea level will rise by nearly a meter during this century. Foreseeable impacts include reduced water supplies in the northern Andes and the Amazon region; flooding on the central and northern coast; widespread changes in production capacity and, therefore, in food prices; the spread of tropical diseases and pests, and changes in the biological stock and balance of environmental services (MAE, 2011; Sierra *et al.*, 2009). National emissions of carbon monoxide (CO) from stationary sources rose by nearly 5% a year and from moving sources by 15% a year from 2006 to 2010 (MAE, 2012b).

To efficiently manage the conditions created by climate change, by 2030 the country will have developed a mechanism to track regional climate change trends and their effects on key elements of territorial management, such as water balances, levels of risk, productivity, etc. This will provide the basis for a national program of mitigation and adaptation, which will then provide the necessary incentives for the implementation of measures similar to those currently used for mitigation, such as clean development mechanisms.

In general, urban environmental conditions do not comply with part or all of the environmental quality criteria for air, surface water or soils. From 2000 to 2010, Ecuador's automotive fleet

grew by nearly 81% and, if proper measures are not taken, could grow by another 62% from 2010 to 2030 (Figure 5.4.).

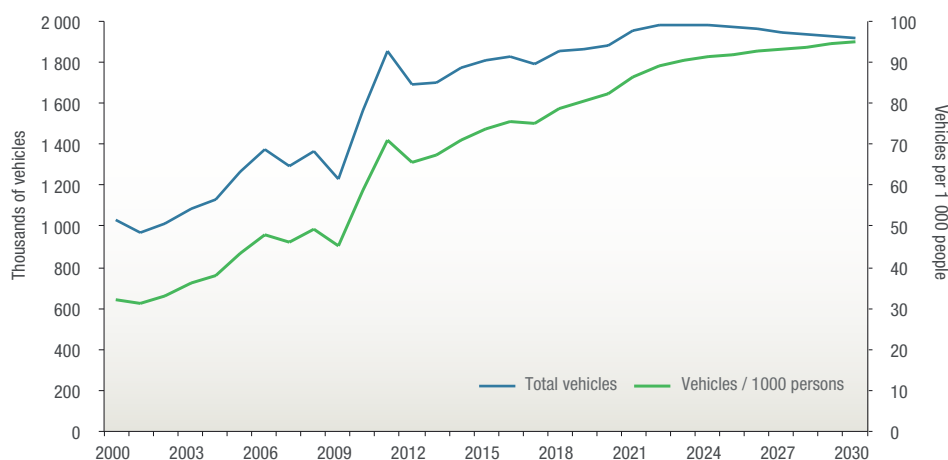
Available information on the physical, chemical and bacteriological conditions of the country's surface water suggests that the trend is worsening. The main sources of water pollution in Ecuador are untreated domestic, industrial and agricultural wastewater. As of 2010, six out of every ten municipalities in the country had no treatment for their sewage, and only 13% were doing any monitoring of their raw sewage discharges (INEC-Senplades, 2010). Without implementing the proper measures, the surface water conditions in Ecuador can be expected to worsen in the medium- and long-term.

Solid waste generation in Ecuador increased from 7423 ton/day of garbage in the 1990s (PAHO, 2002) to approximately 10,283 ton/day in 2010 (Espinoza *et al.*, 2011)¹⁴—a 160% increase. In the 1990s, approximately 49% of these solid wastes were collected (PAHO, 2002), rising by 2010 to 56.5% (Espinoza *et al.*, 2011). Per capita solid waste generation in Ecuador doubled during that period, from 0.33 (PAHO, 2002) to 0.71 kg/person/day (Espinoza

¹⁴ The volume of solid wastes was estimated for 2010 on the basis of per capita solid waste generation studies by Espinoza et al.(2011) multiplied by Ecuador's population at the time.



Figure 5.4. Automobile use forecast (2000-2030)



Source: INEC, 2010f; INEC, 2011d; BCE, 2013a; MICSE, 2012a
Prepared by: Senplades.

et al., 2011). Solid waste management is almost totally done without sorting at the source (< 8% by volume), and disposal is in open-pit dumps or by burning and dumping in watercourses and gullies (INEC, 2010c).

The environmental problems involving air, water and soil management require the creation of decentralized environmental management capacities. Therefore, by 2030, all local governments in Ecuador will have the ability to independently monitor compliance with public environmental policies, as stated in the Constitution: *water, air, security, and governance in order to implement the norms to enforce these guidelines*. In the long term, many cities in Ecuador will be “eco-cities,” implementing principles of environmental justice and incorporating the minimum criteria for resource use and conservation, in both production activities and consumption patterns.

According to the Ministry of the Environment (MAE, 2010), Ecuador has approximately 4450 species of vertebrates, nearly 600 thousand species of invertebrates, and over 17 thousand vascular plants. Out of these vertebrate species, 30.1% are endangered to some degree. Some 21% are considered vulnerable, 15% are endangered and 7% are critically endangered (MAE, 2010). The main cause of conservation problems for species and populations is the destruction of their habitats. Deforestation accelerates as the economy grows and even as inequity in income distribution is reduced (Sierra, 2013).

By 2030, Ecuador will have a national inventory of vascular plant groups, vertebrates, and land and aquatic macro-invertebrates. Ecuador will have recovered all species considered in danger of extinction and ensured biodiversity conservation at every level: ecosystems, species, populations and genes. That is why priority areas for conservation will be included in the National System of Protected Areas (SNAP) on the basis of the representative, complementary and precautionary principles. By 2030, Ecuador will also have a germplasm bank or management program, which will include all species considered to be useful at the time. This accumulation of knowledge must be led by the country’s research institutions, especially its universities, and in coordination with the Biodiversity Institute of the Ministry of Environment of Ecuador.

5.1.4. Productive structure and strategic sectors

In 2012, 44% of the nation’s production was comprised of primary goods, industrial goods or services with little value-added, whereas the other 56% was high value-added services¹⁵. Moreover, 72% of exports are commodities, followed by industrialized goods at 21%, and only 7% in services (BCE, 2013).

The change in the productive structure must be based on providing support for strategic sectors, redefining the composition of the supply of goods and services and orienting them towards productive diversification based on adding value, on promoting exports and expanding products and destinations, on import substitution, on the inclusion of stakeholders, on de-concentrating production towards the territories, and on ongoing improvement of productivity and competitiveness, mainstreamed through all sectors of the economy.

Supply of goods and services

By 2030, Ecuador will be exporting *40% services*, mostly with high value-added and related to tourism, *30% industrialized goods* and *30% commodities*.

Production progressively demands relatively less use of natural resources, while gradually increasing the share of knowledge and human talent required. Considering this, the production array takes into consideration the country’s vast inventory of biodiversity in order to identify potential inputs for the development of bio-products, while characterizing and organizing native genetic resources using the “character bank” concept. The products generated on the basis of biological and genetic information help diversify and significantly contribute towards the country’s exports (bio-prospection, bio-production and bio-commerce).

Energy is the lifeblood of the production system, so it is essential to increase the share of energy obtained from renewable sources, reinforcing the national non-renewable energy *stock* and adequately managing energy demand, in

¹⁵ This calculation methodology considers that commerce and domestic services are low value-added services.

order to achieve long-term sustainability and minimize risk in the energy supply.

From 1990 to 2011, the *per capita* energy demand increased at an average annual rate of 2.1%, whereas the *per capita* GDP rose at a yearly average of 1.25%, and population grew annually by 1.94%. If this trend were to continue over the 2013-2030 period, the average annual energy demand should increase 2%. That figure is slightly lower than for the 1990-2011 period, due to a lower population growth rate (1.3%), even though the *per capita* GDP averages a yearly increase of 3.1%.

In Figure 5.5, we can also see that, as of 2010, the *per capita* demand was 5.7 BOE/person/year (MICSE, 2012). In a future scenario without energy demand management policies, it would rise to 8.7 BOE/person/year in 2030 (MICSE, 2012), nearly the average *per capita* consumption for South America in 2010 (9 BOE/person/year).

In order to achieve economic and environmental sustainability, the worldwide trend is to tap into renewable sources in order to generate electricity¹⁶. In 2030, efforts to manage energy demand will focus on implementing measures to enhance equity in

¹⁶ Ecuador's Constitution recognizes the rights of Nature and the right of citizens to live in a healthy environment (Constitution of the Republic of Ecuador, 2008).

access to and affordability of energy products and services, as well as energy savings, efficient energy consumption¹⁷ and progressive substitution based on criteria of economic efficiency and environmental sustainability, and with emphasis on cargo transport and electrification in the industrial and residential sectors¹⁸.

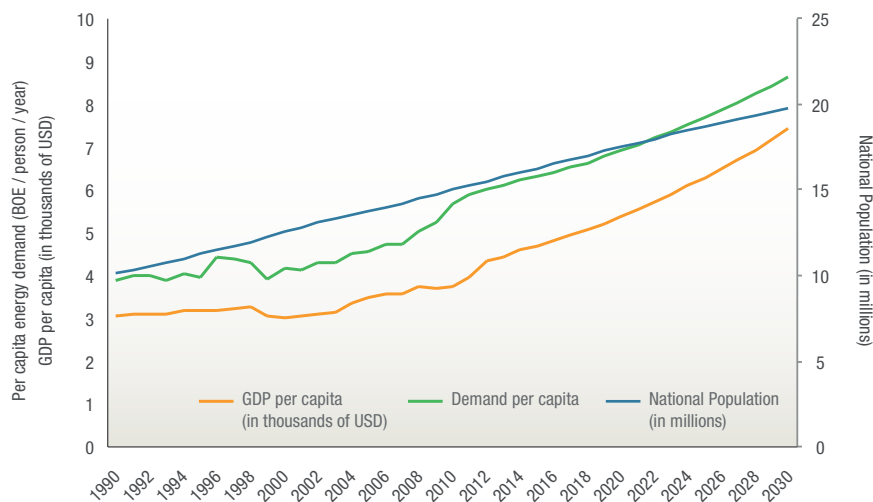
The decrease in petroleum production volume in the highest-producing, or mature, fields forces us to prepare for a future in which petroleum resources run out and to seek energy alternatives. Along with the implementation of large hydropower projects, the electricity supply in 2030 will be complemented by implementing small energy generation projects using renewable sources – such as photovoltaic, wind, biomass and hydropower – in zones near consumers, and with participatory management by the Decentralized Autonomous Governments, community organizations and the private sector.

To move beyond the focus on extraction, the mining industry must not repeat the devastating errors of the petroleum age. That is

¹⁷ Secondary energy consumed in Ecuador is mainly electricity, diesel oil, gasoline / naphtha and liquefied petroleum gas.

¹⁸ During the 2013-2030 period, the average annual *per capita* energy demand is expected to increase by 1.7%, rather than 2.0%, at the desired rate of population growth, in addition to applying public policies on efficiency and substitution of energy products and services.

Figure 5.5.
Evolution of Energy Demand (1990-2030)



Source: MICSE, 2012; INEC, 2010c.
Prepared by: Senplades.

why the economic, social and environmental effects of mining must be identified, especially in relation to the priority areas of conservation and fragile ecosystems, such as in the *páramos*, or high altitude regions¹⁹.

Import Substitution

As the transformation progresses, the non-petroleum trade balance will reach an equilibrium due to consolidation in the import substitution process.

Furthermore, developing the hydrocarbon refining system in order to obtain derivatives for domestic consumption to re-structure the energy matrix will drastically reduce fuel imports. The situation report by the Central Bank of Ecuador (BCE, 2012b) states that fuel and lubricant imports were over USD 5 billion FOB in 2011.

Along the same line, developing the mining industry will reduce imports of mineral derivatives by increasing production through technology transfer, by building local capacities, paying royalties in kind, and promoting industries to process and produce intermediate and final goods within Ecuadorian territory.

Inclusion of stakeholders and the territorial de-concentration of production

The inclusion of new stakeholders in productive processes that generate value-added will improve the distribution of wealth, since participation in the formal economy by law provides salaries and employee benefits.

Therefore, those territories left under-served due to bio-physical disadvantages or under-tapped productive activities will receive stimulus in order to develop capacities and to better coordinate between communities and regions. In order to achieve this, the public services that contribute to production, such as information and communication technologies and energy, will be integrated and made more inclusive, relevant and top-quality in both urban and rural areas.

The just, equitable distribution of land and water will reinforce small family farming and

¹⁹ If no measures are taken to protect the *páramos*, a significant decrease in their area is expected to occur that could result in the loss of some 134,042 hectares.

diversify agricultural production within the popular and solidary economy. Sustainable management of forests and other fragile ecosystems such as *páramos*, mangroves and wetlands will have a participatory model of environmental governance that provide protection measures under the precautionary principle.

Productivity and competitiveness

Application of energy efficiency measures in production sectors increases their competitiveness, directly reducing their energy costs and yielding economic and environmental benefits, while moderately easing pressure on the environment.

In the long-term, the consolidation of digital cities and territories²⁰, in addition to enhancing enjoyment of constitutional rights²¹ and increasing public service transparency and efficiency, will increase productivity and competitiveness by activating the productive sectors' use of new technologies and generating new opportunities for growth and inclusion.

Moreover, the demographic bonus will provide a palliative measure to continue increasing the nation's production, wealth and distributional equity. First, labor norms will be updated according to existing forms of economic productive organization, in order to ensure that labor rights are being guaranteed. Based on this, the mean productivity of the Ecuadorian economy will progressively increase, incorporating more skilled labor and generating bountiful employment in all productive processes.

²⁰ Digital or intelligent cities or territories use information and communication technologies and collective intelligence, while working towards sustainable territorial development. The main advantages are a cleaner, protected, stable environment; a cleaner, streamlined, safe system of mobility; a cleaner, efficient, decentralized system of electrical energy; greater security; automation of business activities; access to more and better communication services (AHCJET, 2012).

²¹ This generates equal opportunities, enhances education, provides timely, adequate mechanisms for health, encouraging citizen participation, reforming inter-cultural relations, strengthening our pluri-national identity, promoting environmental conservation and reinforcing overall security.



6. National Objectives for Good Living

“When the present challenges us to seek out novel ways to establish a solidary and equal society, when the future requires us to establish a distinct proposal for the economy, politics, social relations and the conservation of life, the past gives us, without any expiration date, the premises for Good Living, for Sumak Kawsay... Congratulations for the Ecuadorian Good Living, framed within the Citizens’ Revolution, and for its inspiring power that encourages us and that is crossing borders in our Patria Grande.”

Alicia Bárcena, ECLAC Executive Secretary.

The development regime and the social and solidary economic system are, according to Ecuador’s Constitution, instruments to achieve Good Living. Planning is the means to attain this goal. One of the State’s duties is to “plan national development, eradicate poverty, and promote sustainable development and equitable redistribution of resources and wealth, in order to achieve Good Living”.

6. National Objectives for Good Living

This chapter presents the twelve national objectives for Good Living, their policies, lines of strategy and goals for the 2013-2017 government period, which are the heart of the National Plan. The objectives are organized into three areas: 1) change in power relationships in order to *construct the people's power*; 2) *rights, liberties and capacities* for Good Living; and 3) economic and productive transformation based on *changing the productive structure*.

Power to the people: Changing power relationships

The structural transformations proposed for the 2013–2017 period will be possible only if, at the same time, power relations are being transformed, because constructing Good Living is an eminently political process that demands not only a more radical political democracy, but also a socio-economic democracy. Therefore, the bourgeois State must be dismantled in order to construct a People's State, representing all of the citizens' interests with a preferential tendency towards helping the poorest.

Collective action is essential to solve shared social problems and to coordinate collective endeavors in order to achieve socially desirable aims: one of Ecuador's most important objectives is to *overcome historical processes of inequality and oppression*.

The main agent for collective action is undoubtedly the State, but it is not by any means the only one. The Ecuadorian Government seeks to recover the State for its citizens and to foster collective action by the society itself. Starting with respecting the autonomy of social organizations, the State has a role in promoting social and citizen participation. This will build a stronger society and will strengthen the State. That is why the new Constitution makes strengthening society a precondition for community Good Living. This will promote the construction of genuine power for the people (Senplades, 2011). Recovering the State as the *main agent for social collective action and, thus, reinforcing the social linkages and society's role in this transformation* are processes that go hand-in-hand, nourishing and complementing one another.

To achieve a Good Living society, we have to transform the State's institutional foundations and principles of action. "Recovering the meaning and value of public affairs is the foundation to transform the State" (PAIS Alliance Movement, 2012: 53), and entails holding collective interest above particular or group interests. That is, it attempts to keep *de facto* powers from driving society's decision-making.

The squalid governmental structures left as neoliberalism's legacy to the country have clearly impeded the productive reactivation of the economy and access by the majority of the population to better living conditions. Therefore, the Ecuadorian Government's strategy for transformation aims to recover the main capacities of State action (leadership, planning, regulation and supervision) in order to implement an efficient, decentralized, participatory management model.

The objective is to democratize State-society relations. This includes consolidating a modern, results-oriented, meritocratic civil service sector, and creating a planning system that can coordinate local and national affairs while maintaining a long-term vision of the whole process (Senplades, 2011). Recovering the State for the citizens also entails establishing adequate territorial coordination. "Strengthening the State is not centralizing the State. On the contrary, it is constructing a strong State, with multiple centers: de-concentrated and decentralized" (Senplades, 2011: 14).

One of the most innovative, revolutionary processes within the Ecuadorian Government's transformation and consolidation has been its territorial reorganization, which has the ultimate objective of *building territorial equity and cohesion*. This break from centralization of resources and power (and bi-centralization between Guayaquil and Quito) brings the State and public services closer to citizens (PAIS Alliance Movement, 2012).

Objective 1: "To consolidate democratic governance and construct the people's power" establishes the policies and strategic guidelines necessary to radicalize the transformation of the State and strengthen popular and citizens' power.

From "rights-based" planning to planning for Good Living

The 2008 Constitution, approved by a majority of the Ecuadorian people in a referendum,

establishes a breakthrough point for national planning, creating a new relationship between public policy, the guarantees of rights and development objectives.

With the new Constitution, Ecuador has become a “constitutional State of rights and justice,” which surpasses the traditional concept in the 1998 Constitution of Ecuador as a “social State of law”. Not merely a semantic change, this has profound implications for the State’s role, for the concept and exercise of human rights and Nature’s rights, and for national planning.

Constitutional guarantees are expanded because, in addition to the normative and judicial guarantees already present in the 1998 Constitution, public policy is incorporated as a duty-bearer to guarantee rights (Article 85). Public workers become fundamental agents for the full exercise of citizens’ rights (Article 11.9).

Human rights, once viewed as an obstacle to exercising public power, are now the core of the public, the very reason for having a State: “the highest duty of the State consists in respecting and enforcing the rights guaranteed in the Constitution” (Article 11.9). “Rights will be directly and immediately enforceable by and in appeal to any public servant, administrative or judicial, ex officio or at the interested party’s request ... To exercise constitutional rights and guarantees, prerequisite conditions or requirements will be set that are not established in the Constitution or the Law” (Article 11.3).

The Ecuadorian Government’s main instrument for public policy design is the National Plan for Good Living. The above changes in the Constitution make it an instrument for rights-holding and duty-bearing, going beyond the perspective of a “rights-based” plan. Human rights and Nature’s rights are the foundation of the Plan, its purpose, essence and reason for being. Therefore, rights are the substantive part of the plan and not just “an approach”.

Public services cease to be merely social services and, instead, are the means to guarantee rights. Exercising human rights and Nature’s rights is inseparable from national planning. First, because public policy guarantees these rights, according to the Constitution of Ecuador and, second, because they are, in and of themselves, mainstays of the Good Living society.

The development approach and the social, solidary economic system are, according to Ecuador’s Constitution, instruments to achieve Good Living. Planning is the means to attain this goal. One of the State’s duties is to “plan national development, eradicate poverty, and promote sustainable development and equitable redistribution of resources and wealth in order to achieve Good Living” (Article 3.5).

Inequality and poverty are the greatest barriers to exercising rights and achieving Good Living. “Living in poverty is more than just not having enough income to purchase goods and services to cover basic needs; being poor also means social exclusion. Ultimately, poverty is to withhold people’s rights, a denial of citizenship” (Bárcena, 2010).

Poverty is an expression of inequality, which is a structural problem of capitalism. Therefore, the eradication of poverty demands public policies for more equal distribution of wealth, until the economic system becomes one in which production itself can ensure equitable distribution of resources.

Objective 2 of the National Plan for Good Living: “To foster social and territorial equity, cohesion, inclusion and equality in diversity”, addresses the problems of poverty and inequality from a multi-dimensional perspective, enhancing the enormous wealth of Ecuador’s diversity in its varied expressions in order to achieve equality in diversity.

This objective is the first in the second programmatic area of the National Plan: *rights, liberties and capacities to construct Good Living*. This Section covers the following objectives:

Objective 2: “To foster social and territorial equity, cohesion, inclusion and equality in diversity”.

Objective 3: “To improve people’s quality of life”.

Objective 4: “To strengthen citizen capacities and potential”.

Objective 5: “To build spaces for social interaction and strengthen national identity, diverse identities, pluri-nationality and interculturality”.

Objective 6: “To consolidate the transformation of the judicial system and reinforce comprehensive security, with strict respect for human rights”.

Objective 7: “To guarantee the rights of Nature and promote environmental sustainability globally”.

From a commodity-based country to a socialist knowledge-based Society

To sustainably ensure the exercise of rights and freedoms and the development of the population’s capacities demands an adequate material foundation, not just the economic, productive and financial support for Good Living, but also that which will enable human beings to flourish, individually and collectively, and become sources of creativity, initiative and personal and collective self-realization.

In Ecuador, constructing this new economic system must necessarily entail a change in the way the people train for production and achieve insertion in the world. Since its origins as a republic, Ecuador has produced commodities with low or no value-added, creating an incipient proto-industrial textile industry in colonial sweatshops. The country’s insertion in the worldwide capitalist system accentuates this pattern of accumulation based on exploiting the country’s huge natural wealth, and encourages rentist, non-innovative behavior among the economic groups that have dominated the country. This historical situation has placed Ecuador in a highly vulnerable situation of external dependence.

The national Government has undertaken the task of breaking the country free from this historical and economic legacy and to transform the country’s productive structure. The strategy that has been designed will take Ecuador from a commodity-exporting economy to a knowledge economy.

Ecuador’s structural change requires enormous investment, both public and private, and also demands a major cultural change: the knowledge economy is associated with excellence. In terms of investment, the national Government aims to *use the extraction of raw materials in order to stop the extraction of raw materials*: to make true the motto, “planting petroleum”, and to face head-on the post-petroleum stage under radically different

structural conditions.

Great strides have been made in restoring Ecuadorians’ dignity and self-confidence, and raising their self-esteem are the next steps in the stairway to excellence during this process of cultural change. Transforming the educational system, universal access to basic education and ongoing improvement of educational quality at all levels, in this new stage in the Citizens’ Revolution, requires us to drive a transformation of the productive structure and build the socialist Knowledge Society.

This is why the new regionalism is so strategically important, constructing our “Patria Grande”^{*}.

“During recent decades, the backbone of regionalization processes in Latin America has been trade integration. By contrast, post-neoliberal regionalism calls for multi-dimensional integration consolidating the region’s autonomy and increasing its relative power internationally, on the basis of its huge potential and capacities. From this perspective, shared positions are promoted to reinforce South America’s presence in the world and defend its interests internationally”. (Larrea, 2013: 148).

The third structural theme of the National Plan for Good Living is to *transform the economic system to effectively make it social and solidary*, so the market economy, the public economy and the popular and solidary economy converge. The center and the ultimate aim of the new economic system are human beings, privileging labor over capital and striving to change the productive structure . This area covers the following objectives:

Objective 8: “To consolidate the social and solidary economic system, sustainably”.

Objective 9: “To guarantee dignified work in all forms”.

Objective 10: “To promote transformation of the productive structure ”.

Objective 11: “To ensure the sovereignty and efficiency of strategic sectors for industrial and technological transformation”.

^{*}Translator’s note: “Patria Grande” refers to a model of sub-regional integration in Latin America. It can be roughly translated as the “Larger Fatherland”.

Objective 12: “To guarantee sovereignty and peace, enhancing strategic insertion worldwide and Latin American integration”.

From the strategic vision to action

The objectives of the National Plan for Good Living - 2013-2017 synthesize the experience accrued during six and a half years of the Citizens' Revolution government. They incorporate exercises of collective reflection to construct the new government program, *Governing to make deeper changes: 35 proposals for the Socialism of Good Living*, and propose a new programmatic horizon based on the achievements reached through May 2013, which demonstrates, once again, consistency among thinking between thought, discourse, speech and action (PAIS Alliance Movement, 2012).

The present Plan incorporates two new objectives to construct the Socialism of Good Living, in order to accelerate Ecuador's structural change. These objectives are:

Objective 10: “To promote transformation of the productive structure”.

Objective 11: “To ensure the sovereignty and efficiency of strategic sectors for industrial and technological transformation”.

Objective 1 combines *building the people's power and recovering the State*, because both processes, although different and with their own particular features, are an integral

part of building a radically democratic State that is responsive to the needs of the great majorities and not co-opted by economic and political power groups.

Given the importance that integrated security has had in public policy during these six and a half years of government, rather than presenting it piecemeal, scattered through several objectives, it is coordinated in the present Plan with transformation of the justice system and is a substantial part of Objective 6: “To consolidate transformation of the judicial system and reinforce comprehensive security, with strict respect for human rights”.

The twelve national objectives on which we elaborate below present the thinking that guides the Government's actions and establish the policies required to achieve them. Each policy is disaggregated into strategic guidelines leading to public action. The idea is to clearly establish how the proposed policies are going to be achieved.

Finally, each objective presents an array of goals for ongoing monitoring and evaluation of the public policy. These are outcome-oriented goals. Pursuant to Article 2 of Resolution N° CNP-001-2013 by the National Planning Council, the National Plan for Good Living - 2013-2017 includes structural and territorial goals that Senplades will monitor, as well as inter-sector goals to be monitored by the coordination ministries.



Objective 1

To consolidate democratic governance and construct the people's power

The main agent for collective action is undoubtedly the State, but it is not by any means the only one. The Ecuadorian Government seeks to recover the State for its citizens and to foster collective action by the society itself. Starting with the respect to the autonomy of social organizations and the recognition of the State role in promoting social and citizen participation.

To consolidate democratic governance and construct the people's power

Recovering and transforming the State is the political bedrock of the Citizens' Revolution. We have recovered public authority and its essential powers to serve the country, to move toward democracy and the Socialism of Good Living. The Ecuadorian Government has begun getting free of the liberation of the State from interest and pressure groups; public institutions have been transformed to serve the place them at the citizenry's service; the State has (re)appropriated resources and recovered its relative autonomy; and citizen participation mechanisms and processes have been fostered.

A new term of government calls upon us to continue dismantling the bourgeois State and create a democratic citizens' State, a people's State for Good Living. This obliges us to deepen the programmatic State transformations and make them irreversible. It requires us to consolidate democratic, effective institutions, lend vitality to citizen mobilization, stimulate to social organization, and keep the constitutional power alive, which is the basis of the people's sovereignty.

Strengthening the mode of social regulation is required both to transform the system of accumulation and to construct the system for Good Living. A new mode of regulation implies legal, regulatory and institutional transformations, as well as changes social action and in the behavior of society's diverse stakeholders, and measures to reduce the distortions generated by capital accumulation. Consolidating the mode of regulation has required recovering and constructing new public institutions and a new normative framework pulling together and laying the programmatic groundwork for transformations. These normative changes, begun with and deriving from the new Constitution, become the means for profound transformations.

The new Constitution has paved the way to recover public authority and reconstitute the State and its regulatory role, and structure an intercultural, pluri-national constitutional State of rights and justice, governed in a deconcentrated, decentralized manner. The constitutional text also provides for recovering State capacities and establishes that planning national development is one of the State's top-priority duties (Article 3). This planning will be participatory, decentralized, deconcentrated and transparent, and will foster social and territorial equity, promoting consensus-building (Article 275). Additionally, the State's role is established as the supplier of public services and as a duty-bearer guaranteeing that services, public or private, will be mandatory, general, uniform, efficient, responsible, universal, accessible, regular, continuous and good-quality (Article 314). Another transcendent element is to recover institutions in the strategic sectors, by creating public enterprises.

Title IV of the Constitution establishes citizens as protagonists in decision-making, in planning and in public affairs, recognizing this as a right. It also sets forth a series of mechanisms for State-society relations, in different areas of public governance, and recognizes the expressions of the people's sovereignty and collective organization.

Additionally, the Government Program for 2013-2017 structures the endeavors of the Citizens' Revolution, for the coming period, to carry forward a major transition to achieve a major transformation. Regarding the present objective, we have to work to: 1) consolidate a democratic State for Good Living in the territories; and 2) strengthen and consolidate citizen participation, develop the people's power and a participatory civic culture (PAIS Alliance Movement, 2012). The aim is to construct more democracy in two directions: consolidating State and also societal institutions, and constructing and giving meaning to public, common affairs – to community. So, getting the country back involves recovering the State and strengthening society.

The Ethical Revolution of the Government Program for 2013-2017 expresses the will to build a citizenry that will live in harmony and respect the common good, as well as reinforcing the practices of accountability, societal oversight and the fight against corruption. The Political and Constitutional Revolution strives toward State decentralization and de-concentration, by consolidating efficient, effective, participatory public administration, that will satisfy the people's demands by building the pluri-national, intercultural State, by promoting and recognizing societal organization, associative life and active citizenship, ensuring power for the people.

Constructing the pluri-national, intercultural State fits in with the quest for alternatives to overcome structural racism, institutionalized in the colonial matrix of the State's norms, legitimized in power relationships and domination of some cultures over others. The State must be transformed with recognition of the principles of political plurality and democracy, based on recognition of diversities, cultural self-determination and people exercising their own forms of government. This must not affect the unity of the State, but does entail institutional, territorial, cultural, political and governance transformations.

Policies

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| <ul style="list-style-type: none"> 1.1 To deepen State presence in the national territory, guaranteeing citizens' rights. 1.2 To guarantee public service provision with quality and human warmth. 1.3 To reinforce the institutions of the democratic State for Good Living. 1.4 To improve the State's regulatory and oversight power. 1.5 To reinforce inclusive, timely, efficient, effective public governance with excellence. 1.6 To strengthen public enterprises as agents in productive transformation. 1.7 To strengthen the National Decentralized Participatory Planning System, with a rights-based approach. | <ul style="list-style-type: none"> 1.8 To construct the pluri-national, intercultural State for Good Living. 1.9 To consolidate citizen participation in public policy-making and State-society relations. 1.10 To promote dialogue as a way to coexist democratically and a mechanism to transform conflicts. 1.11 To promote electoral participation and consolidate democratic system of parties. 1.12 To encourage social self-organization, associative life and construction of active citizenship valuing the common good. 1.13 To strengthen mechanisms of societal oversight, transparency of public administration and prevention of and the fight against corruption. |
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Goals

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| <ul style="list-style-type: none"> 1.1 To achieve 100.0% de-concentrated operational entities, created at the district level. 1.2 To achieve 100.0% of all districts with at least one inter-sector intervention. 1.3 To achieve 50.0% of the GADs carrying out at least one institution-building program. 1.4 To achieve 100.0% of governmental public decision-making bodies free of corporate influence. | <ul style="list-style-type: none"> 1.5 To increase the index of regulatory institutional capacity to 7 points. 1.6 To achieve 14.0% of Afro Ecuadorian, indigenous and <i>montubio</i> people employed in the public sector. 1.7 To increase the index of perceived quality of public services to 8 points. 1.8 To establish 100.0% of Sector Citizen Councils (CSC). |
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OBJECTIVE 1
2013-2017

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Objective 2

To foster social and territorial equity, cohesion, inclusion and equality in diversity

Recognition of equal rights for all individuals implies consolidating policies for equality to prevent exclusion and encourage social and political coexistence. The challenge is to advance toward full equality within diversity, without exclusion, to achieve a life of dignity, with access to health, education, social support, specialized care and special protection.

To foster social and territorial equity, cohesion, inclusion and equality in diversity

Recognition of equal rights for all individuals implies consolidating policies for equality to prevent exclusion and encourage social and political coexistence. The challenge is to advance toward full equality in diversity, without exclusion, to achieve a life of dignity, with access to health, education, social support, specialized care and special protection.

Among the foremost duties of the State are the guarantee, without discrimination, of the effective enjoyment of rights, the eradication of poverty and the equitable redistribution of resources and wealth (Constitution, Article 3). In addition, the Constitution establishes the principle of equality and non-discrimination, as well as the guarantee for exercising, promoting and enforcing rights, individually and collectively (Article 11). Furthermore, affirmative action is recognized as a means for fostering genuine equality by favoring those facing inequality. Formal equality, material equality and non-discrimination are defined as rights of freedom (Article 66). Consequently, the public policy is guided by the principles of equity and solidarity, which function as (re-) distributive mechanisms that generate equality (Article 85).

The National System for Social Inclusion and Equity is the “coordinated, interacting array of systems, institutions, policies, norms, programs and services ensuring exercise, guarantee and enforcement of the rights established in the Constitution” (Article 340), linked with the National Development Plan and the National Decentralized Participatory Planning System. Its principles guide this System to be universal, equal, equitable, progressive, inter-cultural, solidary and non-discriminatory, operating under criteria of quality, efficiency, effectiveness, transparency, responsibility and participation.

The State will generate, through specialized systems, “the conditions for holistic, lifelong protection of its inhabitants, ensuring their rights and principles under the Constitution, particularly equality in diversity and non-discrimination, and prioritizing their action toward those groups requiring special consideration because inequalities, exclusion, discrimination or violence persist, or because of their age, health or disability status” (Article 341)

The Social Revolution under the 2013-2017 Government Program calls for the strengthening of policies geared toward the generation of capacities and opportunities and the guarantee and protection of rights. Rights are not favors or privileges. The change of era in the country calls for the guarantee of equality in diversity and the progressive eradication of the conditions of poverty, as these are multi-dimensional phenomena of unacceptable deprivation, violence and inequality.

On the basis of the progress made in the last six and a half years of government (presented below), for the 2013-2017 period, it is proposed to reinforce genuine equality and make progress in eradicating poverty, by guaranteeing rights, economic and social inclusion, (re-)distributing wealth, democratizing the means of production and consolidating mechanisms for comprehensive lifelong protection throughout the life cycle.

Policies

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| <p>2.1 To generate conditions and capacities for economic inclusion, social promotion and progressive eradication of poverty.</p> <p>2.2 To guarantee true equality in access to quality health-care and education services for people and groups requiring special consideration because of inequalities, exclusion and discrimination persist.</p> <p>2.3 To ensure solidary, equitable (re-) distribution of wealth.</p> | <p>2.4 To democratize the means of production, generate equitable conditions and opportunities and foster territorial cohesion.</p> <p>2.5 To foster social inclusion and cohesion, peaceful coexistence and the culture of peace, eradicating all forms of discrimination and violence.</p> <p>2.6 To ensure universal, quality special protection, lifelong, for people whose rights are vulnerable.</p> |
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- 2.7 To guarantee protection and encourage economic and social inclusion of people involved in human mobility, as well as their diverse types of families.
- 2.8 To guarantee specialized lifelong care for priority people and groups, throughout the national territory, with co-responsibility shared among the State, society and families.
- 2.9 To guarantee holistic development in early childhood for girls and boys under age five.
- 2.10 To guarantee lifelong protection and social security regardless of the person's employment status.
- 2.11 To guarantee rural Good Living and overcome social and territorial inequalities, with harmony between rural and urban settings.
- 2.12 To promote creation of a national poly-center structure of human settlements, fostering territorial cohesion.

Goals

- 2.1 To reduce the incidence of poverty measured by income to 20.0%, and eradicate²² extreme poverty.
- 2.2 To reduce the Gini coefficient to 0.44.
- 2.3 To reduce the ratio between the wealthiest 10% and the poorest 10% to a factor of 20.
- 2.4 To make the net rate of attendance universal²³ in basic middle-school and basic high-school education.
- 2.5 To attain a net attendance rate for high school of 80.0%.
- 2.6 To achieve universal coverage²⁴ of early childhood programs for girls and boys under age five living in poverty, and achieve 65.0% nationwide.
- 2.7 To reduce illiteracy among the indigenous and montubio population from ages 15 to 49 to 4.0%.

²² Eradicating extreme poverty means reaching 3% or less, which is the sampling measurement error of the ENEMDU and could be interpreted as errors due to exclusion from public policy.

²³ Universal attendance means a net rate of 95% or higher.

²⁴ Universal coverage means a rate of 95% or higher.



Objective 3

To improve people's quality of life

Improving the people's quality of life is a grand challenge that demands the consolidation of the achievements of the last six and a half years, by strengthening inter-sectorial policies and consolidating the National System for Social Inclusion and Equity.

To improve people's quality of life

Living with dignity requires universal, uninterrupted access to superior goods, as well as a healthy environment, in order to achieve personal and collective goals. Quality of life begins by fully guaranteeing the rights of Good Living—water, food, health, education and housing—as a prerequisite for individual and social development.

The Constitution, in Article 66, establishes “the right to a life of dignity, where health, food and nutrition, water supply, housing, environmental sanitation, education, work, employment, rest and leisure, physical culture, clothing, social security and other necessary social services are all guaranteed”. Therefore, improving the quality of life of the population is a multi-dimensional, complex process.

The Constitution establishes the rights necessary to improve quality of life, they include access to water and food (Article 12), the right to live in a healthy environment (Article 14), to a safe, healthy habitat, to dignified housing regardless of one's social and economic status (Article 30), to exercise the “right to the city” (Article 31) and to good health (Article 32). Furthermore, quality of life is framed within the Good Living regime in the National System for Social Inclusion and Equity (Article 340), in order to guarantee good-quality social services for health, exercise and free time, habitat and housing, transport and risk management.

Article 358 establishes the National Health System to “develop, protect and recuperate people's abilities and skills under the principles of bio-ethics, sufficiency and inter-cultural understanding, with consideration of gender and generational differences”, including services of promotion, prevention and holistic care. Article 381 establishes the State's obligation to protect, promote and coordinate physical culture as sports, physical education and recreation, in order to guarantee integrated education and development. In turn, the Habitat and Housing System establishes that the State must guide planning, regulation, oversight, financing and policy-making (Article 375). It is the State's responsibility to protect persons, collectives and Nature from natural and human-caused disasters by assessing risks, mitigating disasters and recovering and improving social, economic and environmental conditions in order to minimize vulnerability (Article 389). Finally, Article 394 establishes that the State will guarantee freedom of transport, without unfair privileges of any kind, and that it will promote public mass transit.

The 2013-2017 Government Program proposes the de-commoditization of well-being, making rights universal, recuperating the links between social and economic affairs and the shared social, familial and personal responsibility for people's quality of life. Health must become a means of achieving Good Living, by intensifying policy efforts for prevention and by creating a healthy environment. The Urban Revolution is grounded on the construct of a “right to the city” and to democratic city governance, as well as the guarantee of social and environmental uses of urban spaces and their equilibrium with rural areas, which is necessary to fully exercise citizenship and construct collective life.

This entails recovering public spaces and guaranteeing dignified housing, to protect the universality of urban services. Generating safe, sustainable mobility requires breaking away from corporate and sectorial interests within transportation, building planning, regulation and control of mobility and roadway safety; encouraging the use of safe, dignified, sustainable public transport; and promoting un-motorized mobility.

During the 2013-2017 period, a rediscovery of Nature will be promoted, in order to live in healthy, pollution-free environments. There will be greater territorial planning with the objective of sustainable human settlements in both urban and rural areas. Risk management is a transversal pillar in the National Strategy for Climate Change, which aims to improve practices in preparation, response and recovery.

Improving the people's quality of life is a grand challenge that demands the consolidation of the achievements of the last six and a half years, by strengthening inter-sectorial policies and consolidating the National System for Social Inclusion and Equity. This objective attempts to improve both the

quality and emotional warmth of social services, guaranteeing the health of the people by generating healthy environments and practices; reinforcing territorial planning by considering carrying capacity and the urban-rural balance in order to ensure access to adequate habitat and dignified shelter; advancing in integrated risk management and fostering sustainable, safe mobility.

Policies

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| <p>3.1 To promote improvement of quality in providing service within the National System for Social Inclusion and Equity.</p> <p>3.2 To expand health prevention and promotion of services to improve people's living conditions and habits.</p> <p>3.3 To guarantee universal provision, free of charge, of holistic health care services.</p> <p>3.4 To strengthen and consolidate intercultural health care, incorporating ancestral and alternative medicine into the National Health System.</p> <p>3.5 To guarantee effective access to holistic sexual and reproductive health services, as a component of people's right to sexual freedom.</p> <p>3.6 To promote, among the public and society, habits of eating nutritious, healthful foods to enjoy physical, emotional and intellectual development according to one's age and physical conditions.</p> | <p>3.7 To encourage active use of leisure, devoting free time to physical, sports and other activities contributing to improving people's physical, intellectual and social conditions.</p> <p>3.8 To encourage adequate conditions for access to safe, inclusive habitat.</p> <p>3.9 To guarantee access to adequate, safe, dignified housing.</p> <p>3.10 To guarantee universal, uninterrupted, sustainable, quality access to safe water and to basic sanitation services, with territorial, environmental, social and cultural relevance.</p> <p>3.11 To guarantee integrated preservation and protection of the cultural and natural heritage and the citizenry against threats and risks of natural or human origin.</p> <p>3.12 To guarantee access to inclusive, safe, sustainable local and in-country transport services and mobility.</p> |
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Goals

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| <p>3.1 To reduce the maternal mortality rate by 29.0%.</p> <p>3.2 To reduce the infant mortality rate by 41.0%.</p> <p>3.3 To eradicate²⁵ chronic under-nutrition in children under age two.</p> <p>3.4 To reverse the trend of obesity and overweight in children ages 5 to 11 down to 26.0%.</p> <p>3.5 To reduce mortality from acute dengue fever to 2.0%.</p> <p>3.6 To increase to 64.0% the prevalence of</p> | <p>exclusive breastfeeding in the first six months of life.</p> <p>3.7 To eliminate HIV infections in newborns.</p> <p>3.8 To reduce the percentage of homes with crowding to 7.0% nationwide and 8.0% in rural areas.</p> <p>3.9 To reduce the quantitative national housing deficit to 9.0%, and the rural deficit by 5.0 percentage points.</p> <p>3.10 To achieve 95.0% of homes in rural areas with an adequate system for sewage disposal.</p> <p>3.11 To achieve 95.0% of homes with access to public water supply networks.</p> |
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²⁵ Eradication means lowering under-nutrition to a prevalence of 3% or lower.



Objective 4

To build citizen capacities and potential

For the 2013-2017 period, our aim is to establish holistic education to achieve the socialist knowledge-based society and leap forward from an economy of finite (material) resources-based economy to an economy based on infinite resources (knowledge). Efforts must focus on guaranteeing the right to education, under conditions of quality and equity, placing human beings and localities at the center. We will bolster the role of knowledge by promoting scientific and technological research responsible with society and Nature.

To strengthen citizen capacities and potential

Individual and social freedoms require the emancipation of our thought. Knowledge must be viewed as an ongoing day-to-day process, oriented toward understanding specific, diverse expertise in an unceasing dialogue. Therefore, knowledge must not be seen as a means of unlimited individual accumulation, nor as an asset that generates differentiation and social exclusion. “This knowledge, more than a means for knowing, is an instrument for individual freedom, for social emancipation and for good living and good coexistence. That is, to find freedom, meet needs, guarantee rights, change the pattern of accumulation and redistribution, live in harmony with Nature and coexist in a democratized, quality democracy”. (PAIS Alliance Movement, 2012: 99).

Knowledge is reinforced throughout life, starting at birth, through everyday life and through formal and non-formal education. Human talent is also nourished from existing kinds of knowledge, from daily life, from inquiry and from a constant feedback of new knowledge. In this model, educating becomes a constant dialogue in which learning and teaching are continuous practices for social actors. The quality of teachers and students is not the only factor to take into account, but the quality of society as well.

Knowledge as a collective heritage is, in addition, a catalyst of economic and productive transformation. Therefore, the processes of creation, accumulation, specialization and knowledge transfer towards the productive sectors must be established. Meeting this challenge also involves emphasizing intellectual property rights and the property rights of ideas, in public action.

When generating knowledge, the relationship of science with technology is complemented by art, social and human sciences, critical thinking and solidarity. In this relationship, generating wealth is oriented toward collective Good Living, social justice and society’s sharing in the fruits of the economic model.

The Constitution is a major milestone by viewing education and training as holistic improvement of the people’s capacities, increasing their opportunities for social mobility: “Education is people’s lifelong right and an unavoidable, inexcusable duty of the State. It is a priority area for public policy and for public investment, to guarantee equality and social inclusion, as a prerequisite for Good Living. People, families and society have the right and the responsibility to participate in the educational process”. (Article 26)

Education is not an end in itself, but an ongoing process in the public interest, integrating all levels of learning. The National Education System – from initial and basic schooling through high school – (Article 343) and the Higher Education System (Article 350) – are called upon to consolidate the people’s capabilities and opportunities and to train people academically and professionally, under a scientific, humanistic that includes our people’s traditional knowledge and cultures. These two systems are complemented by ongoing training and vocational education.

The 2009-2013 National Plan for Good Living addressed issues ranging from the importance of a good nutrition starting in the early years of life, continuing through schooling, and even including the enjoyment of culture and sports. The achievements are visible: substantial improvement in access to education, reduced illiteracy, improved quality of higher education, and more research, among others. Nevertheless, ethnic, gender, age, disabilities, human mobility and territorial gaps persist.

For the 2013-2017 period, our aim is to establish holistic education to achieve the socialist knowledge-based society and leap forward from an economy of finite (material) resources-based economy to an economy based on an infinite-based resource: knowledge. Efforts must focus on guaranteeing the right to education for all, under conditions of quality and equity, placing human beings and localities at the center. We will bolster the role of knowledge by promoting scientific and technological research responsible with society and Nature. We will construct emancipating knowledge, expand coverage and enhance quality at all levels of education. We will reinforce research to ensure scientific and technological innovation.

Policies

- 4.1 To achieve universal access to initial, basic and high-school education, and democratize access to higher education.
- 4.2 To promote completion of studies at all educational levels.
- 4.3 To promote non-formal and ongoing education to spaces knowledge and wisdoms for a learning society.
- 4.4 To improve educational quality at all levels and modalities, for the generation of knowledge and holistic training of creative, solidary, responsible, critical, participatory and productive people, under principles of equality, social and territorial equity.
- 4.5 To empower the role of teachers and other educational professionals as key actors in constructing Good Living.
- 4.6 To promote reciprocal interaction among education, the productive sector and scientific and technological research, for the transformation of the productive structure and satisfaction of needs.
- 4.7 To promote adequate management of the use and dissemination of knowledge locally produced.
- 4.8 To promote intercultural dialogue as the backbone of the pedagogical model and the use of educational spaces.
- 4.9 To promote training in non-traditional areas of knowledge that contribute to constructing Good Living.
- 4.10 To reinforce the vocational training of artists and sports players of highly competitive caliber.

Goals

- 4.1 To increase the percentage of people from age 16 to 24 who have completed basic schooling to 95.0%.
- 4.2 To increase the percentage of people from age 18 to 24 who have graduated from high school to 78.0%.
- 4.3 To reduce the dropout rate in the 8th year of basic schooling and the first year of high school to 3.0%.
- 4.4 To increase Internet access in schools to 90.0%.
- 4.5 To increase enrollment in higher education to 50.0%.
- 4.6 To increase enrollment in technical and technological institutes to 25.0%.
- 4.7 To achieve 80.0% rate of students in higher education who complete their degrees.
- 4.8 To achieve 85.0% rate of university professionals who have graduate degrees.



Objective 5

To build mechanisms to bring together and strengthen national identity, diverse identities, pluri-nationality and inter-cultural living

The State's commitment is to promote policies that ensure the conditions to express diversity in equality. Constructing a national identity in diversity requires constant circulation of the symbolic elements that represent us: collective and individual memories and tangible and intangible cultural heritage.

To build spaces for social interaction and strengthen national identity, diverse identities, pluri-nationality and interculturality

Collective construction of public spaces, as a shared space of encounter, is fundamental to replace authoritarian, violent forms of coexistence with other ways of living together that can overcome societal conflict and build a free, peaceful culture of intercultural dialogue. Cultural rights reflect a fundamental problem: domination. Social domination has a strong cultural component, marked in the Ecuadorian context by racism inherited from colonial times, the class-based marginalization inherent to capitalism and its market logic, a predatory individualism promulgated by neoliberal capitalism, patriarchal *machismo* conveyed through diverse vernacular traditions and an emerging xenophobia that undermines the construction of a universal, intercultural citizenry.

The Constitutional Mandate addresses culture in two major fields: cultural principles and rights, and the National Culture System, designed to guarantee effective enforcement of the two (Article 377). These rights embrace a contemporary vision of culture, understood as a dynamic social that is in constant transformation and generates new content, modifying and recreating cumulative knowledge. This way, regular citizens, peoples and ancestral nationalities, as well as contemporary cultural collectives, become cultural rights-holders and no longer the objects of “civilization”, indoctrination and colonial submission.

Public space – physical, media and symbolic – shaped by the clear eliciting of participation, interaction, deliberation, respect and diverse expression, provide the place where culture of democratic, intercultural and creative coexistence among agents who recognize and respect each other reciprocally, as equals, is possible (Article 23). All people are entitled to the right to develop our creative capacity, to exercise cultural and artistic activities with dignity in a sustained way (Article 22) and to participate in the community’s cultural life (Article 24).

The State’s commitment is to promote policies that ensure the conditions to express diversity in equality possible (Articles 16 and 17). Constructing a national identity in diversity requires constant circulation of the symbolic elements that represent us: collective and individual memories and tangible and intangible cultural heritage. Protection and circulation of these elements are promoted through policies encouraging research, museums, libraries, archives, and specialized sites and collections (Article 380).

In addition to archaeological and monumental assets and intangible traditions, such as traditional music and cuisine, the national identity taps into contemporary concepts of heritage. Here, cultural industries make it possible the construction of alternative symbolic contents that subvert the hegemony of dominant and dominating ideologies. A country seeking to rebuild its economic structure must ground this change in its ability to erect the country symbolically, in an environment that protects the circuits that circulate contents (PAIS Alliance Movement, 2012: 163-165). This also entails a democratic governance of the broadcasting spectrum (Articles 16 and 17).

In this process being at stake, our bodies become the battlefield. We want to live in a world in which desires, affections and sexualities are experienced from the standpoint of personal freedom and respect, in which the diverse forms of coexistence chosen by each will meet with no discrimination. Our patriarchal societies have constrained the range of possibilities for women, but also for transsexuals and trans-gendered people (PAIS Alliance Movement, 2012: 45).

This objective proposes strategies to strengthen the pluri-national, intercultural identity, by preserving and revitalizing heritage and the diverse collective and individual memories, as well as by promoting cultural industries with diverse and inclusive contents. By contrast, to foster appropriation of public spaces and free expression, strategies are introduced for the democratization and societal oversight of media domains, encouragement of free, diverse construction of contemporary social memories, and the democratization of time and public spaces. Ensuring the wholeness of these processes entails setting strategies for cross-cutting promotion of intercultural interaction in the public policy cycle – in all sectors – and in the framework of regional intercultural integration.

Policies

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| <p>5.1 To promote democratization of the enjoyment of time and public spaces, building solidary social relations among diverse people.</p> <p>5.2 To preserve, value, foster and give new meaning to the diverse collective and individual memories and democratize their access and dissemination.</p> <p>5.3 To promote cultural creation in all its forms, languages and expressions, for both individuals and diverse collectives.</p> | <p>5.4 To promote cultural and creative industries and undertakings, as well as their contribution to transforming the productive structure .</p> <p>5.5 To guarantee the exercise of people's right to communicate freely, interculturally, inclusively, responsibly, diversely and participatory.</p> <p>5.6 To promote intercultural integration in counter-hegemonic regional integration.</p> <p>5.7 To promote inter-cultural understanding and cultural policy, mainstreamed through all sectors.</p> |
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Goals

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| <p>5.1 To increase the generational transmission of native languages to 90.0%.</p> <p>5.2 To reverse the trend in citizen participation in cultural, social, sports and community activities to over 13.0%.</p> <p>5.3 To increase the percentage of the population self-identifying as indigenous who speak their native language to 83.0%.</p> | <p>5.4 To increase the number of nationally produced audiovisual works to 18.</p> <p>5.5 To increase the number of independent cinematographic works produced / co-produced in Ecuador, shown in commercial movie theaters, to 15.</p> |
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Objective 6

To consolidate the transformation of the judicial system and reinforce comprehensive security, with strict respect for human rights

The 2013-2017 Government Program directly aims, within its revolutions, to deepen the transformation of justice and reinforce citizen security and coexistence. Therefore, these mainstays are substantial elements for the process of State planning. We must improve citizen trust in the administration of justice, by respecting human rights. We must also adopt and reinforce public policies to progressively and effectively reduce citizen insecurity in local territories.

To consolidate the transformation of the judicial system and reinforce comprehensive security, with strict respect for human rights.

The progress in transforming justice and strengthening citizen security are two major milestones in the current political process in Ecuador. Although Ecuador is a country of peace and coexistence, free of the levels of violence that some other territories have, a society in which impunity and insecurity reign, deepens social inequities and injustices and will delay our efforts to attain Good Living.

According to Article 1 of the Constitution, Ecuador is a constitutional State of rights and justice, whose fundamental purpose is to protect and guarantee citizens' rights. Similarly, Article 3, subsection 8, says that one purpose of the State is to guarantee its inhabitants' right to a culture of peace and holistic security. For this reason, access to impartial and independent administration of justice and life in a setting free of threats, violence and fear are fundamental public assets to achieve people's integrated development, improve their quality of life and achieve full exercise of their democratic rights and liberties, all while strictly abiding by national and international human rights principles.

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The 2011 referendum broke free, to construct a judicial system that is accessible, timely and efficient to ensure the possibility for everyone to gain equal, specialized access to justice, to reduce impunity. No less important is the recognition that other judicial systems exist, such as indigenous justice (Article 171), regional, interregional and universal law, as well as the human rights-based approach (Article 172), which have been used to restructure the judicial function.

The concept of integrated security in the Constitution enables us to break free of the traditional reactive, police-based approach to problems of insecurity. Although in this approach, the Police, the judiciary and social rehabilitation are fundamental pillars of citizen security, we also recognize that its origins are multi-causal, and the answers, multi-agential. An integrated approach to citizen security will enable us to address the problem of insecurity from a preventive and timely manner.

This objective will address justice within four policies, in order to focus on the main issues limiting citizen security. Regarding justice, the topics to be explored are access to and consolidation of legal pluralism, modernization and transformation of justice, the struggle against impunity and improvement of the Social Rehabilitation System. Under citizen security, the main conflicts that affect society collectively will be identified, such as common, organized and transnational crime; roadway insecurity; gender-based violence in all its forms; violence against boys, girls and adolescents; finally, deterioration of citizen coexistence.

OBJECTIVE 6
2013-2017

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Policies

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| <p>6.1 To promote optimal access to justice, under the principle of equality and non-discrimination, eliminating economic, geographical and cultural barriers.</p> <p>6.2 To improve and modernize the administration of justice.</p> <p>6.3 To combat and eradicate impunity.</p> | <p>6.4 To consolidate the transformation of the Social Rehabilitation System.</p> <p>6.5 To prevent and control common and organized crime.</p> <p>6.6 To improve roadway security.</p> <p>6.7 To prevent and eradicate gender-based violence in all its forms.</p> |
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6.8 To promote a social culture of peace and citizen coexistence in diversity.

6.9 To combat and eradicate violence and abuse against girls, boys and adolescents.

Goals

6.1 To reduce the percentage of people who are victims of crime to 2.2%.

6.2 To reduce mortality from traffic accidents to 13 casualties per 100,000 inhabitants.

6.3 To reduce the homicide rate to 8 murders per 100,000 inhabitants.

6.4 To reduce the percentage of murders using firearms to 50.0%.

6.5 To reduce crowding in jails and prisons to 40.0%.

6.6 To reduce the femicide rate to 2 women murdered per 100,000 women.

6.7 To reduce rate of congestion to 1.69.

6.8 To reduce the rate of cases pending trial to 0.69.

6.9 To increase the rate of resolution to 1.12.

6.10 To increase the rate of judges to 12 per 100,000 inhabitants.

6.11 To increase the rate of prosecutors to 8 per 100,000 inhabitants.

6.12 To increase the rate of public defense attorneys to 5 per 100,000 inhabitants.



Objective 7

To guarantee the rights of Nature and promote environmental sustainability globally

With the 2008 Constitution, Ecuador took the lead worldwide in recognizing the rights of Nature, as a decisive response to Nature's current status, orienting its efforts toward integrated respect for Nature's existence, its maintenance and the regeneration of its life cycles and evolutionary processes.

To guarantee the rights of Nature and promote environmental sustainability globally

Ethical responsibility toward current and future generations and toward all other species is a fundamental principle underlying human development. The economy depends on Nature and is part of a larger system, the ecosystem, which supports life as a supplier of resources and waste disposal (Falconí, 2005). Ecuador, considered one of the world's 17 mega-diverse countries, has major natural resources, but has also suffered terrible impacts from activities extracting such resources, and pressures to meet the people's urgent needs. The greatest comparative advantage of Ecuador is its biodiversity, so it is fundamental to tap it adequately, conserving and using it sustainably.

With its 2008 Constitution, Ecuador took the lead worldwide in recognizing the rights of Nature, as a decisive response to Nature's current status, orienting its response to an integrated respect of its existence, its maintenance and the regeneration of its life cycles and evolutionary processes (Articles 71-74). This proposal is framed within a context in which governance is oriented by the principles and rights of Good Living or Sumak Kawsay (Article 14). Among these principles and rights, inter-cultural understanding and harmonious coexistence with Nature are fundamental, which allows a shift in the predominant vision of Nature, usually seen solely as the provider of resources, to a more holistic Life-centered approach, in which Nature is defined as "the place where Life happens" (Article 71).

The 2013-2017 Government Program, in the section on the Ecological Revolution, strives for productive transformation under an eco-efficient model with greater economic, social and environmental value. Accordingly, priorities include conservation and sustainable use of the Natural Heritage and its natural resources, insertion of environmentally clean technologies, application of energy efficiency and a greater share of renewable energies, as well as pollution prevention, control and mitigation and sustainable production, consumption and post-consumption (PAIS Alliance Movement, 2012).

Public environmental policy promotes conservation, valuing and sustainable use of the Natural Heritage, of ecosystem services and biodiversity. This calls for effective protection and penalty guarantees, norms, standards and procedures to enforce Nature's rights. Interventions in environmental management in territories must also increase efficiency and effectiveness in managing and administering the National System of Protected Areas (SNAP) and recovering ecosystems.

Ecuador intends to continue leading internationally in universalizing Nature's rights and consolidating innovative environmental proposals to address climate change, with emphasis on principles of co-responsibility, such as the Yasuní-ITT Initiative, mechanisms of net emissions avoided, and the Daly-Correa tax (PAIS Alliance Movement, 2012).

The present objective proposes the *citizen right to live in a healthful environment, pollution-free and sustainable, and the guarantee of Nature's rights*, through comprehensive planning to conserve habitats, efficiently manage resources, thoroughly repair and set up life systems in genuine harmony with Nature.

OBJECTIVE 7
2013-2017

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Policies

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| <p>7.1 To ensure promotion, enjoyment and full enforcement of Nature's rights.</p> <p>7.2 To know about, value, conserve and sustainably manage the natural heritage and its terrestrial, mainland aquatic, marine and coastal biodiversity, with fair, equitable access to their benefits.</p> | <p>7.3 To consolidate sustainable forest management, within the forest governance model.</p> <p>7.4 To promote generation of bio-knowledge as an alternative to producing commodities for export.</p> |
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- 7.5 To guarantee biosecurity, safeguarding the health of people, other living beings, and Nature.
- 7.6 To manage water heritage sustainably and taking into account participation of people, using a watershed and ecological flow approach to ensure the human right to water.
- 7.7 To promote efficiency and greater involvement of sustainable renewable energies, as a measure to prevent environmental pollution.
- 7.8 To prevent, control and mitigate environmental pollution in extraction, production, consumption and post-consumption.
- 7.9 To promote conscious, sustainable, efficient consumption patterns with a criterion of sufficiency within the planet's limits.
- 7.10 To implement climate change mitigation and adaptation measures to reduce economic and environmental vulnerability with emphasis on priority groups.
- 7.11 To promote consolidation of the Yasuní-ITT Initiative.
- 7.12 To strengthen environmental governance of the special system for the Galapagos Archipelago and consolidate holistic planning for the Amazon region.

Goals

- 7.1 To increase the proportion of mainland territory under environmental conservation or management to 35.90%.
- 7.2 To increase the mainland marine-coastal territory under environmental conservation or management to 817,000 hectares.
- 7.3 To increase the cumulative area of forest restoration to 300,000 hectares.
- 7.4 To increase biocapacity to 2.50 global hectares per capita.
- 7.5 To increase the percentage to 60.0% of sources of pollution of the hydrocarbon industry eliminated, remedied and endorsed by the National Environmental Authority.
- 7.6 To increase the percentage of households who sort their wastes: organic to 32.0%, plastics to 45.0%, and paper to 32.0%.



Objective 8

To consolidate the social and solidary economic system, sustainably

The world economic system must renew its fundamental concepts, granting priority to equality in power relationships – both among countries and within them–, to (re)distribution and to human beings, over economic growth and capital (Senplades, 2009). This new concept will materialize such aspects as the economic and social inclusion of millions of people, transformation of the mode of production of the South, strengthening of public finance, regulation of the economic system, and justice and equality in workplace conditions.

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The popular and solidary economy, the social and economic bedrock, are the country's largest employer and involve millions of partners. The popular and solidary economy employed 64% of the nation's people with employment in 2009 (MIES, 2011), a palpable example showing that an economic system emphasizing human beings over capital is possible. Therefore, it is fundamental to insist on the urgency of changing individual behaviors (consumer patterns), which provoke and accelerate the medium-term un-sustainability of capitalist consumption, albeit the key to short-term profits for capital.

The foundation underpinning capitalism is accumulation, regardless of the means used to achieve its ends. "With that unstoppable aspiration, production is intensified to the utmost and consumption spreads like wildfire. Nature and its resources (as production factors) are simply inputs operating to favor accumulation of capital which, in its worldwide growth and domination, sweeps away all it encounters, above all generating poverty and inequality among human beings and accelerating deterioration of the environment" (Falconí, 2013: 1-2). Ecuador's Constitution establishes the State's primary duty to promote sustainable development and equitable redistribution of resources and wealth to access the Good Living; within a social and solidary economic system, and defines economic stability as the highest level of level of production and employment, in a framework of fiscal, external, monetary and biophysical sustainability.

The State's instruments for this transformation are mainly public resources and economic regulation. The State must orient public and private resources sustainably to generate economic growth and employment, reducing poverty, while improving equity and economic inclusion. Through direct actions and regulation, the State must minimize the economy's systemic risk. Additionally, Ecuador's international strategic insertion must refocus on constructing regional economic sovereignty to mitigate the impact of external crisis scenarios.

The social and solidary economic system "in addition to establishing a series of principles and guidelines for social interaction, seeks alternatives for accumulation, redistribution and regulation, and new forms of democratic coordination for society" (PAIS Alliance Movement, 2012: 46). "From this perspective, the economic system does not automatically come first; on the contrary, it is subordinated and serves the lives of human beings and Nature" (Senplades, 2009: 329).

Consolidating the social and solidary economic system sustainably means placing human beings above capital, which means granting priority to building human capacities and complementarities. For this purpose, in the context of the continuing crisis of the capitalist system, these mechanisms are proposed for Good Living: adequate regulation of the State to delimit, orient and enhance public spaces; expansion of international cooperation through regional integration and particularly the New Financial Architecture, to reestablish global power balance, develop production chains and foster our peoples' sovereignty; change the national production array by "transforming the productive structure, combining new policies to encourage local production, diversification of the economy and intelligent insertion in the world economy" (PAIS Alliance Movement, 201: 48); subjecting capital to the people's needs by implementing "a series of policies, with a territorial approach, to modify schemes of accumulation, distribution and redistribution" (PAIS Alliance Movement, 2012: 48); and as a central thrust, decentralization and reorganization, adequate investment of public resources to enhance capacities, strategic sectors and the promulgation of popular and solidary economies.

“Recognition that there is a real crisis of the magnitude we now face entails addressing it globally, with an open, generous attitude, collective and full of hope for humankind. This is an approach like the one proposed by Rifkin (2010), who places human altruism above the selfishness driving the capitalist market” (Falconí, 2013: 3).

Policies

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| <p>8.1 To invest public resources to generate sustained economic growth and structural transformations.</p> <p>8.2 To consolidate the State’s role driving production and regulating the market.</p> <p>8.3 To strengthen sustainable management of public finance.</p> <p>8.4 To reinforce progressive, efficient taxation.</p> <p>8.5 To reinforce sustainability of the balance of payments.</p> | <p>8.6 To maintain the biophysical sustainability of economic flows.</p> <p>8.7 To guarantee adequate management of liquidity for development and to administer the current monetary scheme.</p> <p>8.8 To minimize the economy’s systemic risk.</p> <p>8.9 To deepen the State’s relations with the popular and solidary sector.</p> <p>8.10 To coordinate relations between the State and the private sector.</p> |
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Goals

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| <p>8.1 To increase tax contribution to 16.0%.</p> <p>8.2 Not to surpass 12.0% in the non-petroleum current account deficit.</p> <p>8.3 Not to surpass 25.0% imported component of the aggregate supply.</p> | <p>8.4 To increase the share of public investment over the GDP to 15.2%.</p> <p>8.5 To increase self-reliant revenues of GADs by 25.0%.</p> |
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Objective 9

To guarantee dignified work in all forms

The principles and orientations for the Socialism of Good Living grant that human work's supremacy over capital is unquestionable. This establishes that work cannot be viewed as just another production factor, but as a key element of Good Living and as a basis for unfolding people's talents.

To guarantee dignified work in all forms

If we forget that *work* is synonymous with *human*, the market subjects labor to the interplay of supply and demand, treating it as a simple commodity (Polanyi, 1980). The capitalist economic system conceives of work as a means of production to be utilized, to be whittled away at until it is precarious, and even considers it dispensable. Work, defined in that way, is subordinated to the expedience of whoever owns the capital, only serving production and, therefore, remote from workers' families or personal development.

By contrast with that concept, pursuant to the principles of the Good Living, Article 33 of the Constitution of the Republic establishes that work is a right and a social duty. Work, in its different forms, is fundamental for an economy's healthy development, a source of personal self-realization, and a prerequisite for living life fully. Recognizing work as a right, at the highest level of national legislation, reflects a historic struggle waged by societal organizations and political transformations in this country and the world.

The principles and orientations for the Socialism of Good Living grant that human labor's supremacy over capital is unquestionable. This establishes that work cannot be viewed as just another production factor, but as a key element of Good Living and as a basis for unfolding people's talents. From a forward-looking standpoint, work must aim for personal self-realization and happiness, and constitute a mechanism for social integration and interaction in social and economic spheres.

The Constitution explicitly establishes that the development system must be based on dignified, stable work, enabling workers to exercise their rights (Article 276). This requires public policy efforts, in addition to promoting economic activities generating employment, to guarantee fair wages, healthful working environments, job stability and the total absence of discrimination. A society seeking justice and dignity as fundamental principles must be judged not only by the amount of work it generates, but also by the degree to which guarantees are met and the conditions and quality with which this work is done. It must also guarantee the principle of equal job opportunities and eradicate most emphatically any precarious working arrangements that jeopardize human dignity.

The above also implies considering the State's direct intervention in providing work as an employer—especially as the employer of last resort—to ensure people's access to work who are economically vulnerable, and guarantee total application of the constitutional concept of work as a right.

Similarly, State actions must guarantee generation of dignified employment in the private sector, including those forms of production and work that have historically been kept invisible and devalued as a function of power relations and interests. In both urban and rural areas, many production and service provision processes are based on small and medium family units, associations or individual working for subsistence rather than accumulation. Pursuant to the Constitution of the Republic, recognition and support for these different forms of work, especially self-supporting and human care, household and neighborhood reproduction and survival must be deepened (Articles 319 and 333).

To achieve this objective, we must generate work under dignified conditions, seeking full employment, granting priority to historically excluded groups, to reduce informal work and to guarantee enforcement of workers' rights. Self-supply and subsistence activities, as well as human care activities, must be assured sustainability, with a rights-based and gender approach. Strengthening occupational education and training requires coordination with the world of work and productivity.

Policies

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| <p>9.1 To promote economic activities that can generate and conserve dignified jobs, and contribute to achieving full employment, with priority for historically excluded groups.</p> <p>9.2 To promote work for young people under dignified, emancipating conditions that enhance their capacities and knowledge.</p> <p>9.3 To deepen access to dignified working conditions, progressively reduce informal</p> | <p>work and guarantee enforcement of workers' rights.</p> <p>9.4 To establish and guarantee sustainability of self-supply and subsistence activities, as well as human care activities with a rights-based and gender approach.</p> <p>9.5 To strengthen occupational education and training in coordination with the world of work and increased productivity.</p> |
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Goals

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| <p>9.1 To achieve 55.0% of the Economically Active Population (EAP) with full employment.</p> <p>9.2 To reduce under-employment in the EAP to 40.0%.</p> <p>9.3 To reduce youth unemployment by 15.0%.</p> <p>9.4 To reduce informal work to 42.0%.</p> <p>9.5 To eradicate child labor (ages 5 to 14).</p> | <p>9.6 To achieve 21.0% of workers trained.</p> <p>9.7 To increase the EAP affiliated to Social Security and making contributions to 60.0%, and for rural employment to 50.0%.</p> <p>9.8 To increase by 10 points the percentage of households who can afford the Basic Basket of staples.</p> |
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Objective 10

To promote transformation of the productive structure

Current challenges must be oriented toward setting up new industries and promoting new and diverse sectors with high productivity, competitive and sustainable, which ensure a territorial vision and drive economic inclusion in its production chains. Financial and non-financial resources must be strategically managed, deepening public investment to generate conditions for systemic competitiveness, promoting public procurement and private investment.

To promote transformation of the productive structure

Production based on the socialist Knowledge Economy, to promote transformation of production structures, has long been a historical aspiration. Eloy Alfaro-Delgado already mentioned this over one hundred years ago:

If we look for the cause of the prodigious increase in industries in the Great Republic, we will find that it is none other than the protectionist system, sheltering to lend vigor and multiply industrial activity, and making the most beautiful longings of patriotism come true, to enrich the wealth of nations. Even in the European peoples who are fully developed, where industries are perfected, such as in France, for example, we still observe some prudent protectionism; an economic system which cannot be completely removed, in any event, without some harm to the country's industrial interests (Paz y Miño, 2012: 283).

The commitment of the Government of the Citizen's Revolution is to build a democratic, equitable, and solidary society. Incorporating knowledge, organized action by an economic system and transforming productive structures to promote import-substitution and productive diversification can reverse the current capital accumulation²⁶ process that is concentrated and exclusionary²⁷.

The Constitution establishes construction of a "fair, democratic, productive, solidary, sustainable economic system, based on equal distribution of the benefits of development" (Article 276), orienting the elements of productive transformation as incentives for national production, systemic productivity, systemic competitiveness, accumulation of knowledge, strategic insertion in the world economy and complementary production within regional integration; to ensure food sovereignty; to efficiently incorporate added value within the biophysical constraints of Nature; to achieve well-balanced, integrated development of the territories; to foster fair trade on markets and fair access to productive resources; and to avoid dependence on imported foods (Article 284).

The 2013-2017 Government Program (PAIS Alliance Movement, 2012) defines changes in the productive structure to diversify the economy, dynamically drive productivity, guarantee national sovereignty in domestic production and consumption, and arise out of dependence on commodity exports. Forming new industries and strengthening production sectors with economic inclusion in their chains, supported by public investment²⁸, new private investment, public procurement, incentives for production (ECLAC, 2012b), and sane utilization of biodiversity²⁹ (Senplades, 2009), will boost national industry, substitute for imports and lessen external vulnerability.

Polarized accumulation of capital³⁰ heightens the power of economic elites who concentrate the benefits of growth within a minority (SRI, 2012), making it urgent to change the current pattern of accumulation. Such a pattern blocks structural changes in present-day productive systems, especially those oriented toward transforming the productive structure. Since international division of labor began, Ecuador and Latin America were defined as suppliers of commodities, both agricultural and from mining and other extraction. Consequently, the resources generated by these production activities enabled imports of industrial manufactured goods, with higher added value, knowledge-intensive, compared to what our region has produced, so this requires the incorporation of knowledge.

Transforming the productive structure assumes interaction with the scientific and technological cutting edge, yielding structural changes to address traditional processes and the current productive

²⁶ This produces a type of growth that impoverishes and re-commoditizes the economy, with unequal access to means of production and concentrating wealth with a few individuals.

²⁷ Exclusion reinforces intermediation in the productive process, to the detriment of market and trade access for micro, small and medium producers.

²⁸ Public investments generates conditions to encourage systemic competitiveness: upgrading human talent, product and process innovations, supporting infrastructure expansion and improvement (highways, connectivity, and logistics, among others).

²⁹ "The country's greatest comparative advantage is its biodiversity and, undoubtedly, the greatest competitive advantage it could have is to know how to utilize it properly, through conservation and by construction the country's own bio- and nanotechnology industries. Accordingly, the medium- and long-term strategy is to build a society of bio-knowledge and community eco-tourism services. Biodiversity is synonymous with life and therefore with information" (Senplades, 2009).

³⁰ This implies appropriating capital gains from an economy's production processes by one segment of society, which concentrates productive assets.

structure, advancing toward new ways of producing that promote productive diversification in new sectors, with more knowledge-intensive, under considerations of technological asymmetries between countries (Schumpeterian efficiency and with rapid growth of domestic and external demand, promoting employment (Keynesian, growth-driven efficiency). This combination is known as dynamic efficiency, because it entails high rates of growth and a narrowing of the technological gap. Structure is transformed to redefine external insertion and the nature of employment, as the number of quality jobs in the economy increases. Another element to consider is to find synergy between social equality and economic dynamics for productive transformation, because they are complementary (ECLAC, 2012b). Therefore, we must move toward coordination of private accumulation systems with the State economy and that of popular organizations which, although scattered, are working for development and to reproduce societal and territorial life (MIES, 2011)³¹.

Current challenges must be focused on setting up new industries³² and promoting new sectors³³ with high productivity, competitiveness, sustainability, and diversity, while providing for the needs of the entire territory and economic inclusion throughout the production chains created. Financial and non-financial resources must be created, deepening public investment to generate conditions for systemic competitiveness, promoting public procurement and private investment. This will help replace imports, disaggregate and transfer technology, constructing endogenous knowledge, and granting priority to diversified national production, with a long-term vision in the international context.

³¹ The territorial dimension must be incorporated with a vision of highly complex productive systems interconnecting local economies, adding value and developing the foundations for competitiveness associated with quality of life (Coraggio, 2011: 123).

Policies

- 10.1 To diversify and generate greater value added in national production.
- 10.2 To promote technology-intensive commodity, intermediate and finished good production.
- 10.3 To diversify and generate greater value added in priority sectors providing services.
- 10.4 To promote production and productivity sustainably, encouraging inclusion and redistributing production factors and resources in the agricultural, aquacultural and fishing sectors.
- 10.5 To strengthen the popular and solidary economy (EPS) and micro-, small-, and medium enterprises (MSMEs) within the productive structure.
- 10.6 To enhance diversified, sustainable commercial processes in the framework of productive transformation.
- 10.7 To promote public investment and procurement as strategic State elements in transforming the productive structure.
- 10.8 To coordinate raising of financial and non-financial resources to transform the productive structure.
- 10.9 To promote conditions for competitiveness and systemic productivity as necessary to enable transformation of the productive structure and consolidation of more equitable structures to generate and distribute wealth.

Goals

- 10.1 To increase the share in exports of high, medium and low-technologically intensive products based on natural resources to 50.0%.
- 10.2 To reduce non-petroleum imports of commodities and those based on natural resources by 40.5%.
- 10.3 To increase the share of manufacturing industry to 14.5%.
- 10.4 To achieve 20.0% participation by skilled labor.
- 10.5 To reduce the concentration of irrigated farmland by a factor of 60.
- 10.6 To reduce commerce intermediation for small and medium producers by 33%.
- 10.7 To reverse the trend of the share in imports of agricultural produce and meats down to 5.0%.
- 10.8 To increase income from tourism to 64.0% of total service exports.
- 10.9 To reduce to 12 days the time required to start up a business.

OBJECTIVE 10
2013-2017

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Objective 11

To ensure the sovereignty and efficiency of strategic sectors for industrial and technological transformation

Ecuador has an historic opportunity to exercise its economic, industrial and scientific governance of strategic sectors with sovereignty. This will generate wealth and raise our people's overall standard of living. The Citizens' Revolution Government views this conversion of governance in strategic sectors as the spearhead of the country's technological and industrial transformation, which is a central element of breaking away from the past.

To ensure the sovereignty and efficiency of strategic sectors for industrial and technological transformation

Ecuador has the historic opportunity to exercise its economic, industrial and scientific governance of strategic sectors with sovereignty. This will generate wealth and raise our people's overall standard of living. The Government of the Citizen's Revolution views this conversion of governance in strategic sectors as the spearhead of the country's technological and industrial transformation, which is a central element of breaking away from the past.

The Montecristi Constitution defines strategic sectors as those that, because of their transcendence and magnitude, have a decisive economic, social, political or environmental influence on the country, and are oriented toward full development of citizens' rights and general public interest (Article 313). Strategic sectors are those involving the use of non-renewable natural resources, such as hydrocarbons and mining, and renewable natural resources such as water, biodiversity and genetic heritage. Other strategic sectors are energy in all forms, telecommunications and the broadcasting spectrum. The Constitution states that "the State reserves the right to administer, regulate, oversee and manage strategic sectors, pursuant to principles of environmental sustainability, precaution, prevention and efficiency". (Article 313)

Our 2013-2017 Government program (PAIS Alliance Movement, 2012) states that the country must manage its strategic resources within the framework of international insertion, so the current technological cycle based on automation, robotics and microelectronics can contribute to an overall increase in well-being for its inhabitants. This will be achieved by an array of policies for import substitution, technology transfer, generating local value added, industrializing for export, redistributing wealth and implementing industries to produce intermediate and final goods, within national territory.

Regionally, we have huge advantages to negotiate and set prices for our natural resources, because of the high degree of vulnerability and dependence by hegemonic countries regarding many strategic resources of Latin America. Faced with the market expansion strategy imposed by multinational companies from the hegemonic countries, our countries must make a sound counter-proposal, breaking out of the international division of labor that has kept us supplying these countries with their raw materials.

This objective will address policies and guidelines to transform the productive structure, industrialize mining activity, democratize access to telecommunications services, strategically manage water and the sea for production and research, and promote the chemical, pharmaceutical and foods industry.

Policies

- 11.1 To restructure the energy matrix under criteria of transforming the productive structure, inclusion, quality, energy sovereignty and sustainability, increasing the share of renewable energy.
- 11.2 To industrialize mining activity as the basis of the transformation of the productive structure, in the framework of strategic, sustainable, efficient, sovereign, socially just and environmentally sustainable governance.
- 11.3 To democratize public telecommunications service provision and information

and communication technologies (ICTs), including radio and television broadcasting and the radioelectric spectrum, enhancing universal usage and access.

- 11.4 To manage water resources, under a constitutional framework of sustainable, participatory management of watersheds and marine spaces.
- 11.5 To promote the chemical, pharmaceutical and foods industry, through sovereign, strategic, sustainable use of biodiversity.

Goals

- 11.1 To achieve 60.0% renewable installed power.
- 11.2 To achieve 76.0% secondary energy sufficiency.
- 11.3 To increase the installed capacity for electrical generation to 8741 MW.
- 11.4 Identify mineral resource availability in 100.0% of the nation's territory.
- 11.5 To achieve a rate of digitization of 41.7.
- 11.6 To achieve a rate of e-government of 0.55.
- 11.7 To reduce digital illiteracy to 17.9%.
- 11.8 To increase the percentage of people using ICTs to 50.0%.



Objective 12

To guarantee sovereignty and peace, enhancing strategic insertion worldwide and Latin American integration

The international order is undergoing profound dynamic transformations, so Ecuador's position, pursuant to its Constitution (Article 423), aims to break away from existing realities, by consolidating mechanisms of integration of the "South" countries, particularly Latin Americans.

To guarantee sovereignty and peace, enhancing strategic insertion worldwide and Latin American integration

The agendas and interests of the most powerful stakeholders in economic, military and political terms are advantageously imposed on the immense majority of societies. In this scenario, the countries of Latin America and the Caribbean require policies that enhance their capacities for insertion into the structurally asymmetrical international arena.

According to Ecuador's current Constitution, Article 380 stipulates that *the State's basic task is to sustain and preserve national institutions and their capacities to regulate and enact policies that solve its society's problems*. Strengthening sovereignty is a prerequisite for integration, not an obstacle for it, because it enables Nation States in their capacity to undertake commitments. Sovereignty implies the principle of self-determination (Article 416), which is grounded in Latin American context through the enforcement of a democratic scenario, and that supposes the principle of participation of society in the decision-making processes, as well as the construction of an institutional body that ensures the accountability and responsibility of its leaders.

The international order is undergoing profound dynamic transformations, so Ecuador's position, pursuant to its Constitution (Article 423), aims to break away from existing realities, by consolidating mechanisms of integration of the "South" countries, particularly Latin Americans. In this framework and in a context of diverse development models and ways of inter-relating, new options appear for political integration, such as the Bolivarian Alliance for the Peoples of Our America (ALBA), the Union of South American Nations (Unasur) and the Community of Latin American and Caribbean States (Celac).

Ecuador adopts this logic of integration that aims to sustain the sovereignty of Latin American States, while improving their economic and social exchanges and enhances the region internationally. Integration is a principle of foreign policy and not exclusively an instrument of international commercial exchanges. It is a mechanism for the construction of peaceful and solidary relations in the region; as well as it sets up a space that allows a shared infrastructure, fair and complementary trading regimes that enhance the capacities for the integrating Nations.

Domestically, promoting peace, sovereignty and integration means building a favorable international context to achieve national development objectives. In this sense, Ecuador needs to diversify its destination markets and the exportable supply, to break free from the economic dependence that has characterized its republican history. This requires promoting fair international institutions, responsive to societies' interests rather than conditioned by private corporate ones or by the hegemonic interests of the principal powers. These new institutions are necessary at every dimension of the international governance, especially in regard to the rule of democratic order in the region and of human, social and collective rights for all peoples as well as the rights of Nature. Therefore, relations of cooperation are complementary to the sovereign action of the State.

Ecuador's bilateral relations seek to articulate border societies into shared dynamics for the Good Living, guaranteeing full respect for their rights, laws and institutions, in the territories of the country and neighboring States through bi-national co-responsibility. It supposes constructing borders as places for complementarities with relations of peace and non-conflict (Constitution of the Republic of Ecuador, 2008: Articles 7, 57 and 423).

The Ecuadorian Constitution (Article 416) proposes the basic principles for the country's international affairs, which center upon pursuing the Nation's interests as a priority, recognizing the rights of peoples and the global society organized by the logics of legal equality, self-determination, peace-seeking and the rejection of external interference, as well as the use of force as an instrument of foreign policy. Ecuadorian principles assume a critical attitude regarding the way that the world order is organized and power is distributed and exercised. Ecuador seeks to

transform the international context, especially of any situation that supposes the domination and exploitation of some societies over others.

We need to deepen Ecuador’s insertion in international society and promote, as the most suitable instrument, the institutionalization of Latin American unity, with the aim of constructing politically and economically significant, relevant blocs, for their internal interaction and with the rest of the world.

Policies

- 12.1 To deepen solidarity and complementarity integration processes , with Latin America and the Caribbean.
- 12.2 To promote the construction of a new democratic multilateralism, on the basis of solidary, sovereign, peaceful relations among States.
- 12.3 To deepen strategic and sovereign trade policy, articulated upon the economic and social development of the country.
- 12.4 To consolidate the New Regional Financial Architecture.
- 12.5 To preserve the State’s territorial integrity and its sovereignties, within the strict respect for human rights.
- 12.6 To reinforce borderline relations geared to ensuring the peoples’ full exercise of their rights.
- 12.7 To consolidate a sovereign management of international cooperation, in line with transformation of the productive structure and strengthening of South-South cooperation.

Goals

- 12.1 To reduce export destination concentration by 37.0%.
- 12.2 To reduce export product concentration by 15.0%.
- 12.3 To increase the share of non-traditional exports (among non-petroleum exports) by 7 percentage points.
- 12.4 To increase to 1.12 the ratio of industrial non-petroleum exports over non-petroleum commodities.
- 12.5 To reduce poverty (by unmet basic needs, UBN) in the rural sector along the northern border by 8 percentage points.
- 12.6 To reduce poverty (by UBN) in the rural sector along the southern border by 5 percentage points.

OBJECTIVE 12
2013-2017

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7. The National Territorial Strategy

During the formulation of this national planning instrument, the break up elements have constituted an important progress among which: a) a participative process to elaborate country's assessment; b) A national right-based and causal analysis policy-making, c) Establishment of technical strategic guidelines with a intersectoral, territorial and functional criteria; d) the establishment of a technical National Territorial Strategy focus on national priorities; e) the implementation of mechanisms that guide the allocation of resources and public action management to attain optimal national objectives; f) The implementation of a public institution mapping in charge of contributing to attain national objectives. The National Plan is a reference document that exceeds Ecuadorian borders as it pursues the guaranty of human beings and nature rights.

National Territorial Strategy considers the territory as a dynamic and multidimensional social construction. It allows to uphold consistency with national public policy by analyzing each territory's conditions and characteristics (mainland, marine and islands). The territorial guidelines for territorial planning attempt to regain territorial balance and to reduce economic, social, infrastructural and environmental inequalities to achieve good living.

7. National Territorial Strategy

7.1. Introduction

Pursuant to Articles 10 and 53 of the General Code on Public Planning and Finance (COPFP), National Territorial Strategy (ETN) is complementary to the National Plan for Good Living to uphold consistency with national public policy by analyzing each territory's conditions and characteristics.

The National Territorial Strategy contains guidelines on physical planning for the territory and its natural resources, major infrastructure, spatial development, economic activities, equipment, as well as the protection and conservation of natural and cultural heritage. This is formalized through processes of de-concentration and decentralization of the State. It is articulated in the territory through the nine Zonal Agendas that synthesize de-concentrated public action by the Central Government with the decentralized levels of management.

7.2. Rationale

The country has made several efforts and had numerous experiences in processes of territorial planning and regulation. However, the main problems with achieving the proposed development plans have included separation between the objectives and the realities, potentials, and limitations in the territories. Furthermore, there is a lack of coordination among levels of government, and no national policy on physical planning that sets the limits and actions in general terms for other stakeholders, both at the sectorial and territorial level.

Territorial planning returned with the Government of the Citizens' Revolution and the legal frameworks enacted under the 2008 Constitution. The National Plan for Good Living of 2009-2013 already innovatively incorporated a first version of the National Territorial Strategy and developed a proposed territorial model creating guidelines for land-use and strategic interventions that were aligned with a national proposal.

However, there are still unilateral visions that do not view the territory holistically.

That's why this new term of government will concentrate efforts to more deeply coordinate and integrate territories, with a holistic, systemic approach. There will be clear guidelines for territorial planning, coordinated with national development objectives, in order to guarantee effective coordination among levels of government for territorial governance, promoting de-concentration and decentralization.

Priority sectors for coordination involve the development of roadways, energy and connectivity; endogenous development; the rights of Nature and environmental quality; urban development and universal coverage by basic public services.

The National Territorial Strategy and Zonal Agendas were constructed on the basis of four main priorities³²: human settlements³³, environmental sustainability, transforming the productive structure and closing inequality gaps.

7.3. Methodology

Phase 1: Territorial Analysis

Involves gathering and processing various kinds of data and secondary information, including biophysical and socio-economic indicators, or information about infrastructure and natural threats, which are then used to define the territorial synthesis units³⁴. Fourteen territorial synthesis units were defined for the mainland³⁵:

³² Resolution No. CNP-001-2013, published in Official Gazette No. 950, on 9 May 2013. Article 1.- Setting the Ecuadorian Government's priority for the 2013-2017 period: building the knowledge society, changing the productive structure, closing gaps to eradicate poverty and achieve equality, environmental sustainability, social peace and implementing districts and circuits. Consequently, the National Development Plan and its complementary instruments must be prepared according to these priorities.

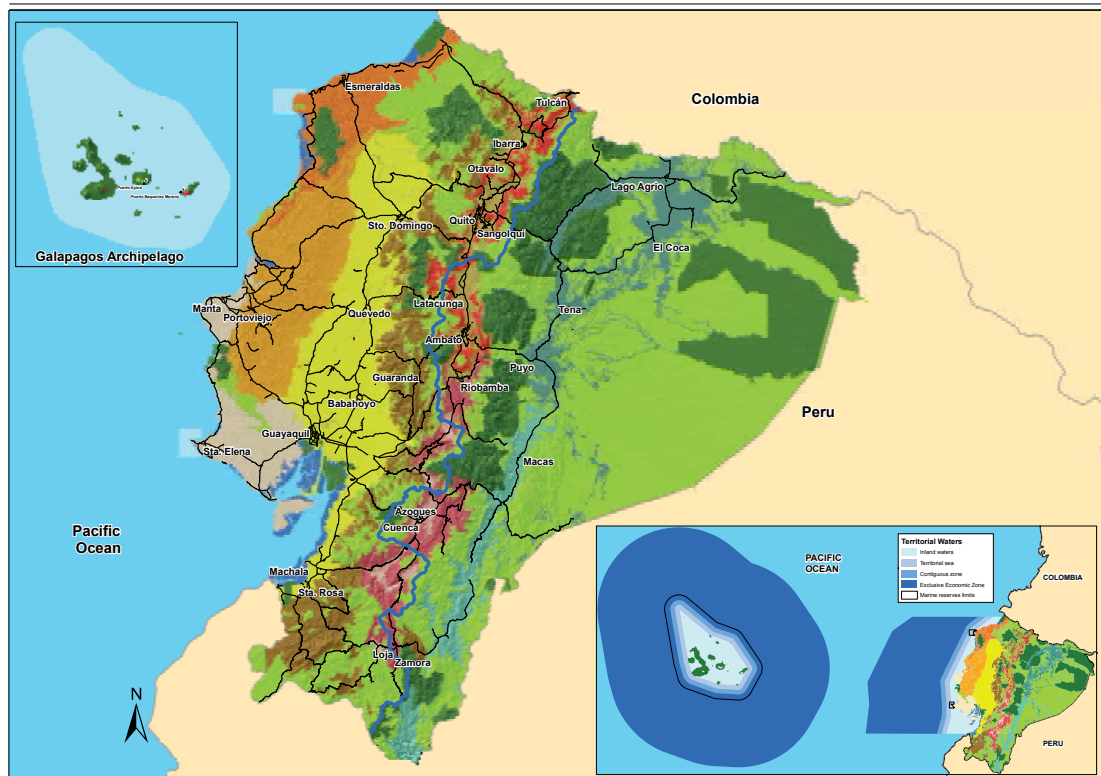
³³ In the case of the Zonal Agendas, this area is analyzed as a transversal theme throughout the other three.

³⁴ Territorial synthesis units were created by analyzing landscapes nationwide, starting with the natural regions, until the spaces were relatively homogenous in terms of terrain, plant coverage, land use, roadway infrastructure, natural hazards, vulnerability, risk estimates and extraction of geological resources.

³⁵ The terms used to name the territorial synthesis units in this document are based on productive relationships or similar biophysical characteristics to label them as corridors, springs, coastal zones or the lower inter-Andean watershed. We feel these labels are adequate to characterize these units.

- Agricultural corridor of Santo Domingo-Quevedo-Guayaquil-Machala;
 - Tropical dry forest corridor of Bahía-Manta-Salinas-Puná;
 - Mountainous corridor of the Northern Coast;
 - Mountainous corridor of the Central Coast;
 - Coastal zone, marine-coastal transition;
 - Lower northern inter-Andean basin;
 - Internal slopes of the northern inter-Andean basin;
 - Lower southern inter-Andean basin;
 - Internal slopes of the southern inter-Andean basin;
 - External slopes of the Andes range that have had human intervention;
 - Lago Agrio-Tena-Puyo northern Amazonian corridor;
 - Macas-Zamora Amazonian corridor;
 - Natural areas that do not have protected status; and
 - Zones that are Federal Natural Heritage Areas (PANE).
- In the island territories, in addition to the National Park areas, zones were defined for areas that have had human intervention and for the Marine Reserve. For the marine territory, zoning followed the provisions of the Convention of the Sea: inland waters, territorial sea, and the exclusive economic zone. The location of these territorial synthesis units is shown in Figure 7.1.

FIGURE 7.1.
Territorial synthesis units, nationwide



Territorial Synthesis Units

- | | |
|--|--|
| <p>Coast</p> <ul style="list-style-type: none"> Tropical dry forest corridor of Bahía-Manta-Salinas-Puná Mountainous corridor of the Central Coast Mountainous corridor of the Northern Coast Coastal zone, marine-coastal transition Agricultural corridor of Santo Domingo-Quevedo-Guayaquil-Machala <p>Highlands</p> <ul style="list-style-type: none"> External slopes of the Andes range that have had human intervention Internal slopes of the southern inter-Andean basin Lower southern inter-Andean basin Internal slopes of the northern inter-Andean basin Lower northern inter-Andean basin | <p>Amazon Basin</p> <ul style="list-style-type: none"> Macas-Zamora Amazonian corridor Lago Agrio-Tena-Puyo Amazonian corridor <p>Natural areas</p> <ul style="list-style-type: none"> Natural areas that do not have protected status Zones that are Federal Natural Heritage Areas (PANE) Marine reserves <p>Landscape elements</p> <ul style="list-style-type: none"> Major roadways Boundary of Hydrographic Systems: Pacific - Amazon |
|--|--|

Source: MAGAP, 2002; IGM, 2012; MAG – ORSTOM, 1989; Senplades, 2013c; Senplades, 2013d; Convemar, 2012.

Prepared by: Senplades.

Complementary to this information, the structure of the human settlements system was analyzed. These are linked mainly by overland roadways³⁶, human dynamics and commercial relationships, the flows of people mobilized by tourism, and social and administrative services. To describe and analyze the network of human settlements, 110³⁷ localities were selected that have a population over 10,000 inhabitants (Senplades, 2012a). First, the settlements' functional hierarchy³⁸ was defined according to the range of services each offers.

To complement this ranking of human settlements, the functional economic specialty of each was determined. This analysis was constructed using the activities of the Economically Active Population (EAP) as an indirect way to interpret the economic role of a city in the context of its economic network and its location³⁹.

The "Atlas of Socio-Economic Inequalities of Ecuador"⁴⁰ was used as a secondary

³⁶ For the purposes of this analysis, priority was given to human settlements linked by overland roadways. However, within Ecuador, there are also relationships, channels and mobility that are linked by air and waterways.

³⁷ The selection criteria used to analyze human settlements are: a) human settlements that by 2010 had an urban population organized by city blocks, with at least 8800 to 9900 inhabitants. It was assumed that two years after the last census, they probably will have reached or exceeded 10,000 inhabitants, according to growth dynamics; b) localities with city blocks undergoing conurbation; c) localities with city blocks that are closer than 1 km to a first-rate highway, which are considered as conurbation processes; d) the provincial capital of Galapagos.

³⁸ One of the main variables to rank human settlements was the equipment and services identified in the study on "Costos para el Buen Vivir" (Senplades, 2012d), that seeks universal coverage for education, health, social protection, security and justice, among others. The contents is listed below in greater detail: I) Health: Health posts, health sub-centers, basic hospitals, general hospitals, specialized hospitals and hospital specialties. II) Education: early education and high schools, crafts centers, art centers and universities. III) Social protection: family reception centers, gerontology centers, family houses, child centers for Good Living and rights protection centers. IV) Communication: bus stations, 3G cell-phone coverage, fixed telephone services (CNT), civil airports and postal agencies. V) Support for production: markets, warehouses, silos, Agrocalidad agencies and agencies of the National Development Bank (BNF). VI) Finance: private banks, savings and loan cooperatives, automatic teller machines, insurance agencies and SRI offices.

³⁹ The Nelson index is used to obtain the functional economic specialty of human settlements and identify their hierarchical ranking. The economic specialty by sector of activity is an indirect way to measure the economic role of a human settlement, understood as the predominance of one or more sectors of economic activity, measured by the occupations of the EAP. Findings indicate the levels of specialization and/or functional diversification of each locality in the urban system (Palacio *et al.*, 2004).

⁴⁰ The main sources of information for the Atlas were the Population and Housing Censuses for 1982, 1990, 2001 and 2010, the National Household Surveys from 2005 to 2011, the Living Conditions Surveys of 1995 and 2006 and the National Survey on Family Relations and Gender-Based Violence against Women, conducted in 2011 by INEC (Senplades, 2013a).

information source for gap reduction. This document examines the progress of and prevailing inequalities in the country, especially by analyzing education, health and nutrition, employment, housing, poverty and social inequity indicators.

Phase 2: Assessment and definition of the current territorial model

The current territorial model shows the interrelationship between social and economic processes currently taking place in the country, as well as articulation and mobility mainly through road networks, which link human settlements.

In agreement with the territorial analysis, spatial considerations (represented by territorial synthesis units) have been combined with functional considerations (which have to do with articulation and mobility between human settlements via communication networks). This has made evident the problems, potentials and opportunities for each of the territorial synthesis units.

Phase 3: Defining the desired territorial model and guidelines for territorial planning

With the analysis developed in the previous phases, it was possible to construct a desired territorial model. This shows the efforts needing to be done in each area in order to improve land use, territorial occupation and natural conservation. Territorial planning guidelines are models for reducing economic, social, infrastructural and environmental inequalities, by properly managing natural resources and controlling urban boundaries. These guidelines attempt to regain territorial balance by taking short-, medium- and long-term action.

7.4. Synthesis of the territorial model

7.4.1. Network of human settlements

Human settlements reflect the historical economic and social development of the territory.



Ecuador's population has grown from 3.2 million in 1950 (Conade- INEC - Celade, 1993) to 14.5 million in 2010 (INEC, 2010a). By the year 2025, the population is predicted to be 18.6 million (INEC, 2013), and will be settled mainly in urban areas. The land has been occupied chaotically, affecting the territory's reception capacities. This has generated environmental and social conflicts, degraded natural assets, and increased the people's exposure and vulnerability to natural phenomena and problems of access to basic services in towns.

"Over history, two cities have developed more dynamically than the rest of the country: Quito and Guayaquil. Each has its own identity: Quito is the capital city and political center, and Guayaquil is the international harbor and economic engine" (Senplades, 2009: 376). At present, the human settlements of Guayaquil and Quito, with their respective conurbations⁴¹, contain 44.23% of the nation's urban population, with 24.89% (2,338,539 inhabitants) and 19.34% (1,816,506 inhabitants), respectively (INEC, 2010a). This dual center generates problems in access to goods and basic public services, pollution of rivers and water sources, urban sprawl over land that used to produce food, and other phenomena associated with urban expansion. These contradictions demand a re-equilibrium in the network of human settlements and greater organization of growth by the metropolises, in order to correct these imbalances and find solutions for these problems.

Furthermore, urban concentration is occurring with lesser magnitude in the 17 largest human settlements following the conurbations of Quito and Guayaquil: Cuenca - Ricaurte - Baños - San Joaquín - Sayausi - Turi - Nulti (3.74%), Manta - Montecristi - Jaramijó (2.96%), Santo Domingo of the Tsáchilas (2.89%), Machala (2.48%), Durán (2.46%), Portoviejo (2.2%), La Libertad - Santa Elena - Salinas (2.04%), Ambato - Izamba - Pinillo - Atahualpa - Martínez - Huachi Grande (1.99%), Loja (1.81%), Sangolquí - Conocoto - San Carlos (1.79%), Esmeraldas - Vuelta Larga (1.71%), Riobamba - Licán (1.64%), Quevedo (1.61%), Milagro (1.44%), Ibarra (1.43%), Babahoyo (0.96%), Latacunga (0.68%) and Otavalo - San Pablo - Espejo - Agato - Peguche

⁴¹ a) Conurbations of Guayaquil: Guayaquil - Los Lojas - La Puntilla - Petrillo - La Aurora; b) Conurbations of Quito: Quito - La Joya - Zambiza - Cutuglahua - Llano Chico - Nayón - Pomasqui - Calderón.

(0.63%). Other processes of population concentration reflecting imbalances in the national network surround the cities and conurbations of Atacames - Tonsupa - Súa (0.29%), Macas - Sevilla Don Bosco (0.23%) and Bahía de Caráquez (0.22%).

To strengthen this analysis, the current hierarchy of 110 human settlements was ranked by functional complexity, in terms of the array of equipment and services available there. Six hierarchical categories correlate this range of goods and services with the population attraction generated by their presence. Complementarily, the Economically Active Population (EAP) was analyzed to determine the economic activities of these settlements' inhabitants and their level of specialization.

The network of human settlements is structured mainly in four major roadway corridors: the main Amazonian highway, interlinking the Amazon region from Lago Agrio down to Zamora; the Pan-American Highway, crossing the Ecuadorian Highlands from north to south; the Santo Domingo - Machala highway, which mainly includes the Guayas river basin; and the northern portion of the Spondylus Route, which goes from San Lorenzo to Anconcito and connects most of Ecuador's coastal region. The country also has networks for international and bi-national connection, a logistical system of ports and airports that are being improved and optimized to strengthen the human settlements system.

A poly-centric, inter-coordinated, complementary, synergistic network of human settlements can be created by improving population distribution. Poly-centric networks of human settlements will entail a more balanced distribution of the population among the different human settlements comprising the network.

Two fundamental elements will make it feasible to construct the desired human settlements model. The first is the need to provide universal access to basic public goods and services by forming administrative districts and circuits. The second will better distribute the population through growth incentives for medium-sized settlements, through interventions that will strengthen their economic specialties in order to take better advantage of territorial resources.

The desired human settlements model entails an analytical shift towards understanding human settlements as part of a whole or a network.

In addition to the national network of human settlements, it is essential to consider that these regions extend into neighboring countries in order to consolidate complementary and co-responsible bilateral development. Of special importance are border crossings, and the creation or consolidation of integrated corridors among territories at the international level in order to improve the flow of goods and services and reinforce trade links in border zones. Figure 7.2 shows the proposed network of human settlements.

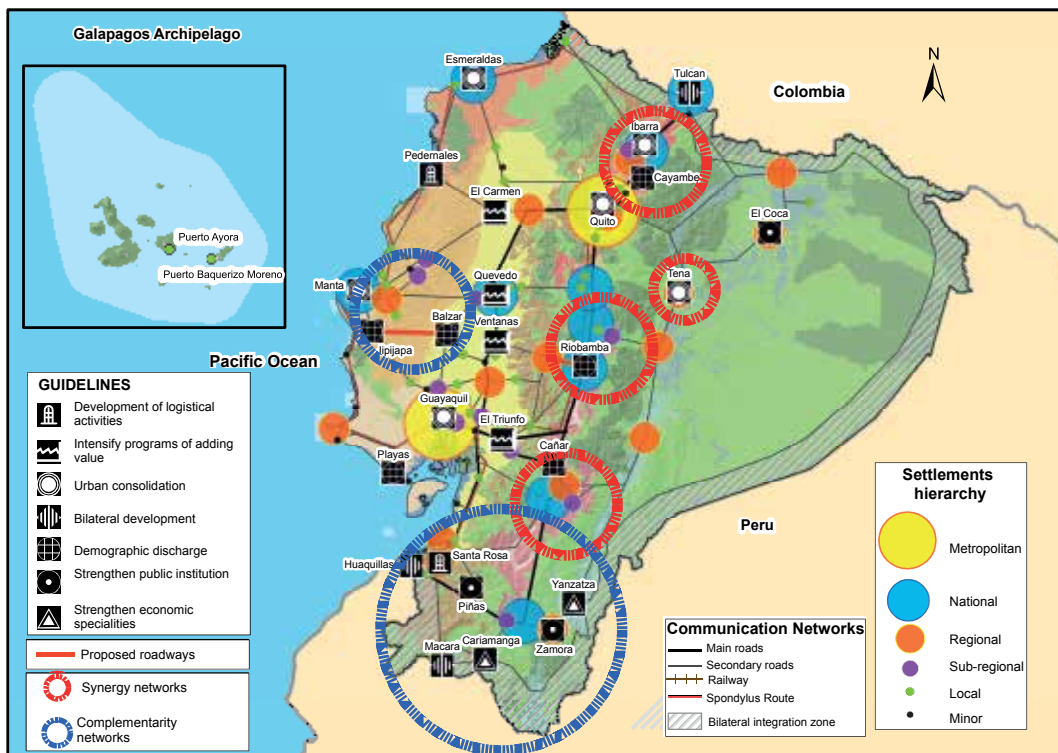
These ecosystems are being subjected to severe pressures by humans: deforestation, expansion of the agricultural frontier, deforestation, overgrazing, extraction of natural resources and construction of roadways, which lead to the destruction and fragmentation of habitats, degradation of resources, soil erosion, landslides and mudslides. One of the main problems in the Protected Natural Areas (included in the PANE) is the change in plant coverage in surrounding areas, due to pressure by human economic activities. The most serious cases on the mainland, with the greatest amount of human intervention, are the Los Illinizas Ecological Reserve, the Mache Chindul Ecological Reserve, the Sangay National Park and the Podocarpus National Park.

The national territory is characterized by a division between its two main hydrographic systems, or waterways: the Pacific and the Amazonian (Figure 7.3.). The Pacific watershed contains 80% of the population (11.5 million, approximately), with 27% of the natural vegetation coverage, about 16.5% of which is legally protected. These conditions and pressure by the population on resources have made socio-environmental conflicts more frequent and intense in this watershed.

7.4.2. Environmental sustainability

Due to its natural conditions, geographical location and high biodiversity Ecuador has several fragile ecosystems, such as the *páramos*, cloud and highland forests, the high Andean forests (*ceja andina* forests), tropical rain forests, and dry forests both on the mainland and islands.

FIGURE 7.2.
Desired Territorial Model: Human settlements



On the other hand, the Amazonian hydrographic system contains 73% of the country's natural vegetation coverage, and over 80% of the PANE is located in this watershed. This system also contains most of the *páramos*. Only 20% of the population (2.75 million, approximately) lives on this side.

In the island territory (Galapagos), most of which is a National Park, the greatest problems are the introduction of invasive exotic species that affect both terrestrial and marine ecosystems and biodiversity, environmental deterioration in the areas with human intervention, rapid, disorderly population growth that is expanding urban boundaries, an increasing "floating" population due to tourism, and the deficient treatment of solid wastes and liquid effluents.

In the marine territory, inland waters have the greatest problems, as they receive sediments from the misuse of natural resources in the Pacific hydrographic system and sewage, industrial and agro-industrial wastes from human settlements located on the Coast.

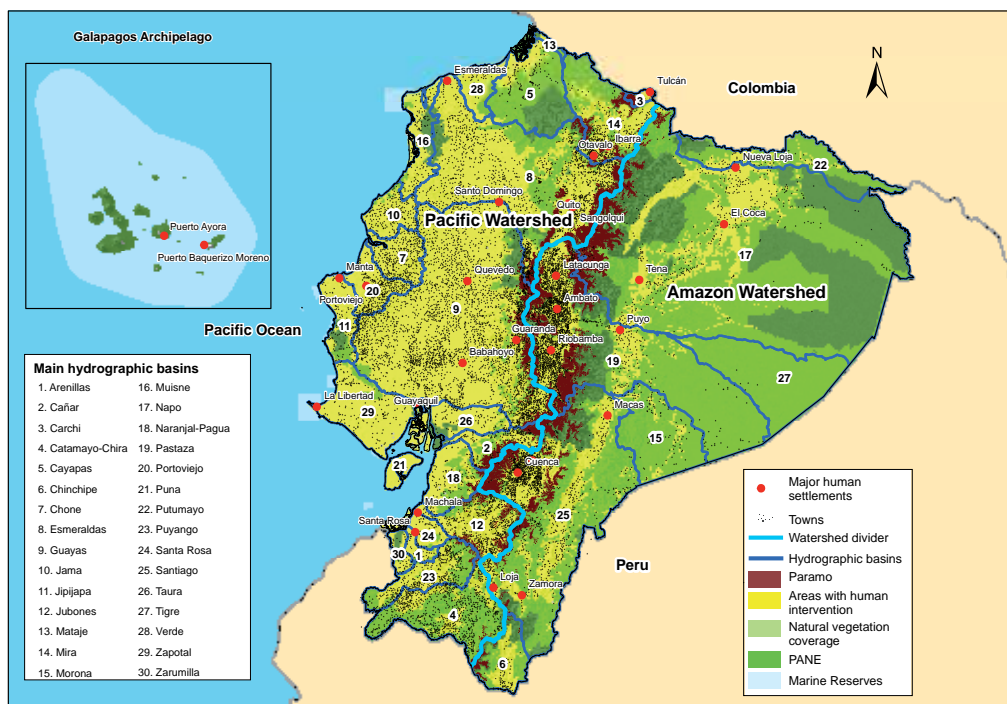
Considering that societies, in all their different styles and standards of living, depend on natural resources, it is imperative to protect, conserve and recover degraded ecosystems. Figure 7.4 shows the desired territorial model from an environmental sustainability standpoint.

7.4.3. Productive structure

Considering that the country is now transforming its productive structure, which requires incorporating and developing new uses for land, it is critical to reformat the inter-relationships between the natural and human systems. Therefore, it is important to consider the land's reception capacity, which determines whether it is compatible or not with a certain productive use, as well as its natural resources.

The great natural wealth in this country, which is tied to its incredible diversity, must be used sustainably. Urban agglomerations create advantages for productive activities;

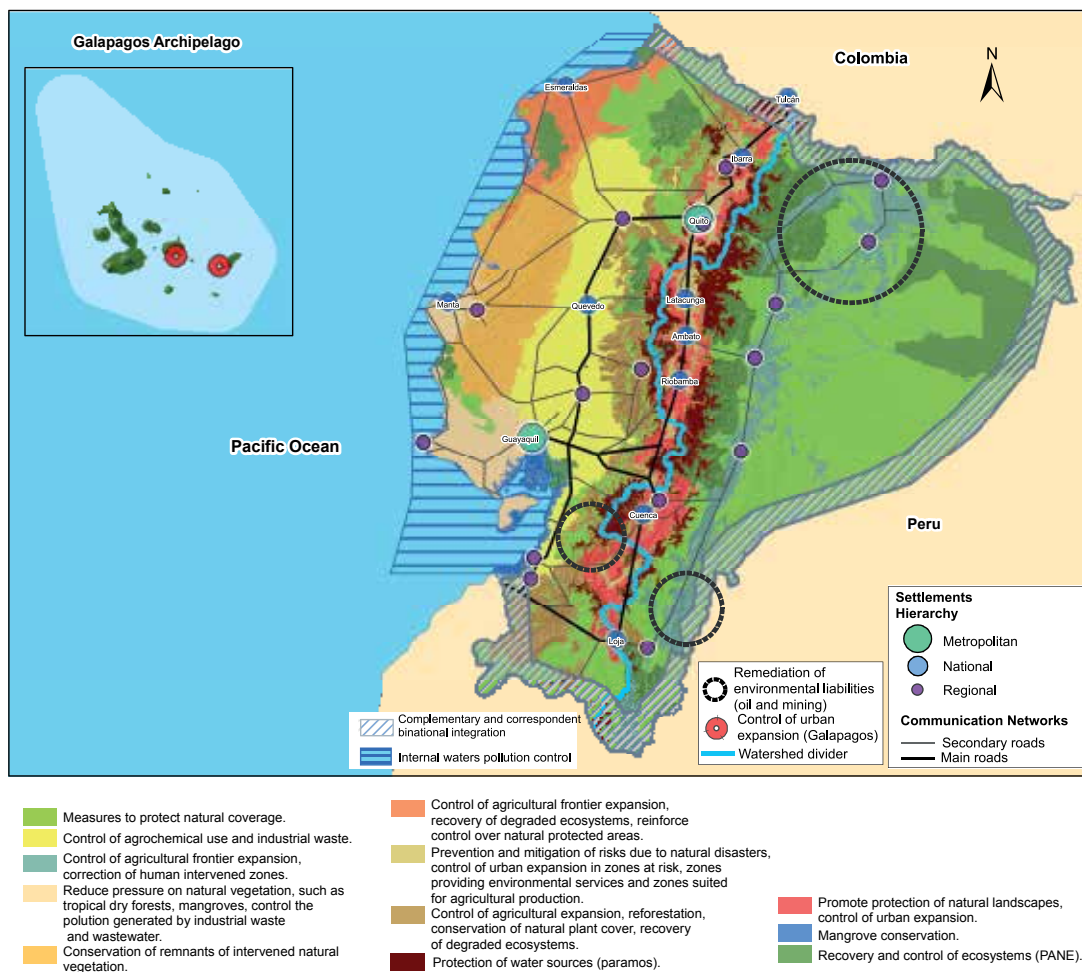
FIGURE 7.3.
National Water Division and Primary Watersheds



Source: MAE, 2012c; IGM, 2012; MAG-IICA-CLIRSEN, 2002; MAE, 2008.
Prepared by: Senplades.

FIGURE 7.4.

Desired Territorial Model: Environmental sustainability



Source: MAGAP, 2002; IGM, 2012; Senplades, 2013c; Senplades, 2013d; TNC, 2005; MAE, 2008; MAE, 2012c.

Prepared by: Senplades.

these advantages and hierarchies between human settlement networks and when they promote stronger networks for complementarity⁴² and synergy⁴³.

Of the 110 human settlements in the Ecuadorian national system, 54, or 49%, were found to have some degree of specialization⁴⁴. Out of these 54 human settlements, 19 (17%) are specialized in primary-sector activities

⁴² Complementarity networks arise among human settlements that have different specialties that complement each other.

⁴³ Synergy networks arise among human settlements with similar specialties or productive emphases, limiting the level of competition between territories and favoring cooperation.

⁴⁴ The degrees of specialization used for this analysis are: a) first-tier specialization, "specialized" (when above the average by one standard deviation); a) second-tier specialization, "very specialized" (when above the average by two standard deviations); a) third-tier specialization, or "polarized" (when above the average by three standard deviations).

and five are specialized at a second-tier level. In the secondary sector, there are 14 human settlements (13%) with specialties, six with second-tier specialization and one, San Antonio de Ibarra, with third-tier specialization. Finally, in the tertiary sector, there are 21 human settlements (19%) with a first-tier specialization. Seven of the 110 human settlements have no functional economic specialty⁴⁵, which does not imply that they do not play an important role in the context of the network (Senplades, 2013c).

To complement the functional economic specialty analysis, the National Territorial Strategy considers each of the distinct strategic sectors

⁴⁵ Settlements with no specialty, by order of their population are Pasaje, Santa Rosa, La Concordia, Naranjal, San Lorenzo, Cumandá-Bucay and Virgen de Fátima- General P. J. Montero.





and their future potential within the context of the productive structure transformation, to establish strategies to make their proposals viable and ensure their sustainability over time.

In the electrical sector, 43.6% of the total generation capacity comes from hydropower. It is predicted that by 2021 (MEER – Conelec, 2012) hydroelectric generation will be approximately 67% of total installed power.

The hydrocarbon industry, in turn, has historically been developed in northern Ecuador, where there are two clearly differentiated industrial centers, linked by the three main oil pipelines: SOTE, product pipes and OCP, the first transporting oil as a raw material, mainly from the provinces of Sucumbíos and Orellana, and the second involving refining of crude oil in the province of Esmeraldas.

Approximately 70% of the areas with the largest amount of geological and mining information available at present are located in the provinces of Azuay, El Oro, Loja, Morona Santiago and Zamora Chinchipe, which account for about 56% of the areas with probable presence of metal ore deposits, 78% of current metal mining concessions, and the five national strategic mining projects.

As for water resources, as mentioned in the section on sustainability, plant cover removal in the highlands is negatively affecting the reserves of water resources, both the surface runoff and underground water. Therefore, integrated basin management is very important to maintain current water reserves, as an indispensable element in transformation of the productive structure. Maintaining underground water reserves is also important to cover demand.

The country's rich natural wealth, especially its diversity of biological resources, complements the transformation of the nation's productive structure towards the development of bio-knowledge. That is why fundamental projects are underway, such as the Yachay knowledge city and the Amazon regional university, Ikiam.

As part of the strategy to transform the productive structure and based on the importance of the strategic sectors, the central government is promoting several national projects of a strategic nature, including: Pañacocha and Pungarayacu hydrocarbon projects; Mirador, Fruta del Norte, San Carlos –Panantza, Río Blanco and Loma

Larga mining projects; Chone, Dauvin, Bulubulu and Baba multi-purpose projects; and Coca Codo Sinclair, Toachi-Pilatón, San Francisco-La Unión, Sopladora, Mandariacu, Quijos, MazarDudas, Termoeléctrica Esmeraldas II and Termo Gas Machala electrical generation projects, to list the main ones.

Knowing the economic functional specialty of human settlements and the potential of the physical environment, we must transform the productive structure in order to encourage territorial balance by distributing and planning future infrastructure and economic activities, according to the territorial reception capacity. Figure 7.5 presents a summary of the desired model to transform the productive structure.

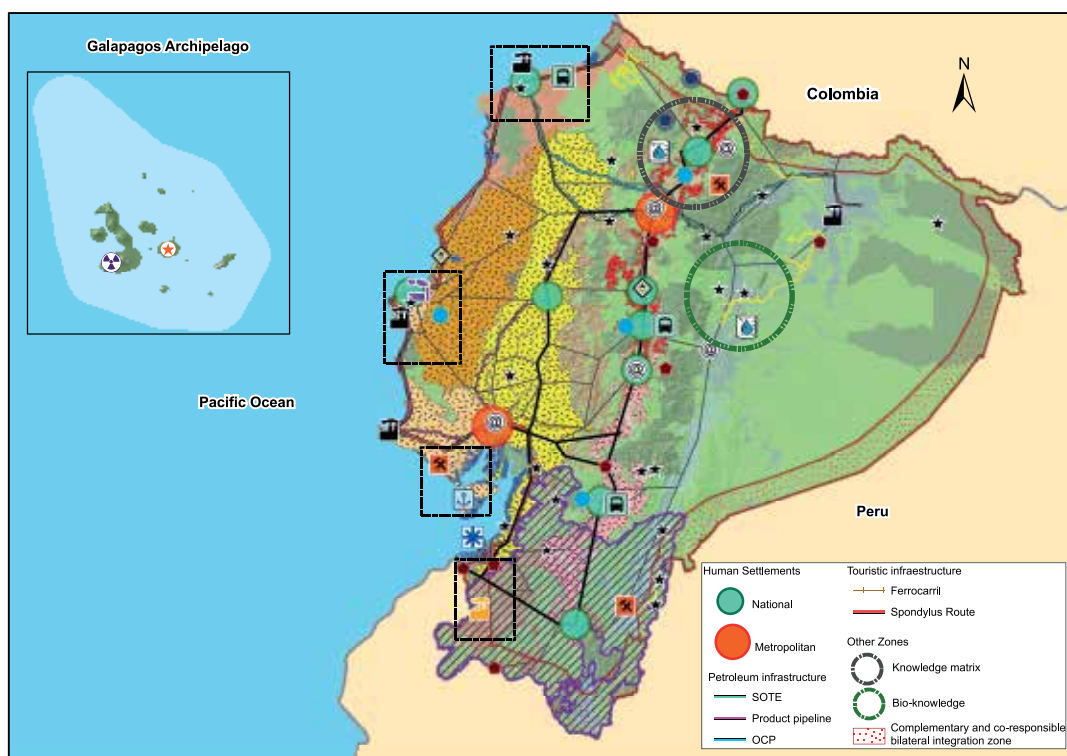
7.4.4. Closing Inequality Gaps

In order to analyze trends in Ecuador's primary social indicators, the comparative social index has been strengthened to assess social progress during the two periods between censuses. Constructed using 19 social indicators for Ecuador's parishes in 1990, 2001 and 2010, the index uses the mathematical method of principal components, which maximizes representativeness⁴⁶ (Senplades, 2013a). Nationally, the index rose from 55.2 in 1990 to 60.4 in 2001 and to 68.1 in 2010.

The behavior of the comparative social index between censuses is shown in Figure 7.6. The trend shows relatively better social conditions, but territorial gaps persist and limit people's advancement. In particular, the comparative social index for urban areas (72.8 in 2010) is 1.3 times higher than for rural areas (57.0 in 2010). An analysis of the differences in the index between areas and with the national average shows asymmetries in the coastal and rural Amazon regions. Galapagos and the urban highlands have higher indicators, although in the Central Highlands there are pockets of

⁴⁶ The comparative social index is constructed using the principal components method. The indicators used to construct this index are: schooling, illiteracy, net rates of school attendance (elementary, secondary and higher), rate of access to higher education, differences by sex in illiteracy and schooling, health personnel, child mortality for mothers aged 15 to 49, percentage of women in the EAP, percentage of homes with water supply, sewerage, garbage collection, electricity, appropriate walls, appropriate floor, percentage of homes with fewer than three person per room and percentage of homes with their own exclusive toilet facility. The indicators have been standardized, and the index has been ranged on a scale from 0 to 100 points. The comparative social index captures 50.5% of the total variance of the 19 indicators comprising it.

FIGURE 7.5.
Desired Territorial Model: Transforming the productive structure



Strategic Sectors and Industries

Alternative energies

- Wind
- Geothermal
- Tidal
- Solar

Other Industries

- Garments and Footwear
- Metal mechanics
- Pharmaceutical
- Technology
- Autos & vehicles
- Construction
- Transport and logistics
- Fresh and processed foods

Strategic Industries

- Shipyard
- Petrochemical
- Refinery
- Iron and steel, and metallurgy
- National strategic projects
- Alluvial metal mining development zone
- Metal mining industry development zone

Source: MAGAP, 2002; IGM, 2012; Senplades, 2012h; Senplades, 2013c; Senplades, 2013d.
Prepared by: Senplades.

low growth rates. Low social development and high poverty in these areas has contributed to the over-extraction of natural resources and, consequently, to progressive environmental deterioration.

The territorial analysis seeks to enable implementation of public policy in territories through service provision to reduce social and territorial gaps and eradicate poverty.

Public service provision in districts and circuits is based on the “Costs to achieve Good Living in the territories”⁴⁷ (Senplades, 2012d). The

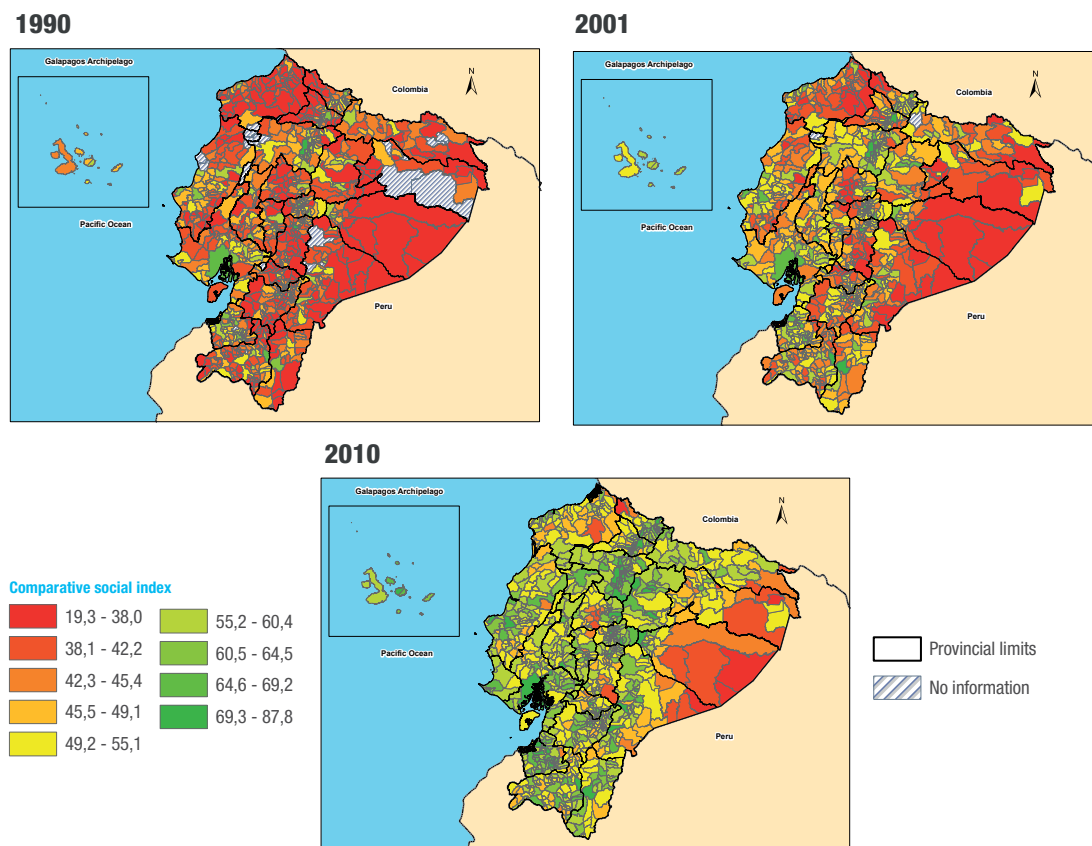
⁴⁷ The “Costs to achieve Good Living in the territories” (Senplades, 2012d) establishes the investments required from 2013 to 2021 to guarantee rights for Good Living, including de-concentrated services of security, justice and social development. The “Costs to achieve Good Living in the territories” total USD 47 billion in investments and 7.5 billion in recurring expenditures (from 2013 to 2021).

model implemented to narrow coverage gaps in sectorial public services works by optimizing annual territorial investment.

The optimization process sets priorities each year from 2014 to 2017 for interventions in districts in each of the sectors. Optimization has been completed for six sectors, using an objective function based on sectorial indicators and two restrictions: budget feasibility and territorial coherence. This proposes a road map indicating where, in what sector and at what time to do interventions.

The model prioritizes annual investments in each of the 140 districts, optimizing the closing of inequality gaps. The investment per year averages USD 2.348 billion. From 2014 to 2017, the investment will be USD 9.391

FIGURE 7.6.
Comparative Social Index (1990, 2001, 2010)



Source: Senplades, 2013b.
 Prepared by: Senplades.

billion, equivalent to 58.02% of the investment necessary according to the estimate in the study “Costs to achieve Good Living in the territories”, which establishes the investment to close inequality gaps by 2021⁴⁸. Of this investment, 32.01% is for water and sewage, which function under the decentralized autonomous governments. It is important to indicate that optimization is done with reference to budget ceilings and investment costs and that the closing of inequality gaps could accelerate in each sector, according to its public policy priorities. This establishes a territorial planning that is based on an initial scenario but that permits adjustments according to sectorial and micro-planning (Figure 7.7).

⁴⁸ The costs to achieve Good Living in the six sectors analyzed total USD 20.250 billion (43.10% of the total). This model distributes only the investment in infrastructure at the district and sector level, amounting to 16.186 billion of the costs to achieve Good Living (Senplades, 2012d)

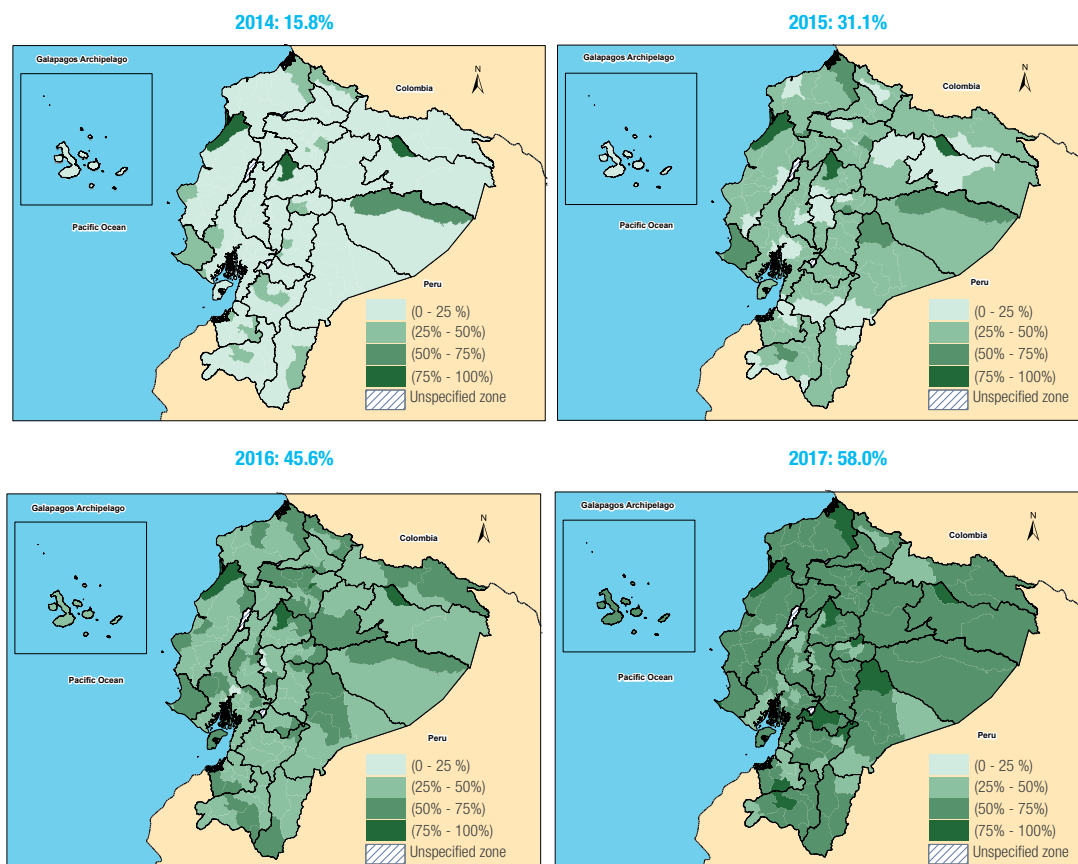
7.5. The State in Local Territories

The National Plan for Good Living and the National Territorial Strategy, as well as the planning instruments that Ecuador has in the present, were all constructed largely thanks to the in-depth recovery and transformation of the State promoted and implemented by the National Government.

The National Territorial Strategy provides specific guidelines that support the construction of a poly-centric, well-balanced country. It provides holistic, inter-sectorial guidance for public policies and government action. Implementing the National Territorial Strategy and other public policies within the territory requires effective, efficient, de-concentrated, streamlined institutions, as well as adequate coordination with the decentralized autonomous governments, which are also responsible the construction of a territorially just, equitable country.

FIGURE 7.7.

Closing investment gaps by time periods for all sectors (%)



Source: Senplades, 2013e.
Prepared by: Senplades.

De-concentration seeks to achieve a substantial change in the traditional bipolar model that concentrated the Executive Branch and most infrastructure, equipment and services in the country’s metropolises.

De-concentration leads to new scenarios of power and new inter-relationships between stakeholders and institutions in a broad, diverse territorial and spatial framework. This policy was implemented by the National Government in 2008 to help guarantee citizens’ rights by providing efficient, empathetic and quality public services.

Throughout this process, the Executive has sought to make sectorial public policies viable and effective in each territory, while holistically balancing the national vision with local realities. That is why 9 zones, 140 districts and 1134 circuits have been

defined as planning units, covering the entire national territory and respecting the political administrative division established in the Constitution.

De-concentration offers a new model of governance to strengthen the Executive’s presence in the territories, identifying two main pillars: 1) institutions and 2) public services.

Decentralization, by contrast, seeks to solidify the role of decentralized autonomous governments, under the new obligatory, progressive, subsidiary, solidary and equitable model established in the Constitution.

As the level of government closest to the citizens, territorial equity implies that decentralized autonomous governments must exercise their competencies and powers

to guarantee the effective enjoyment of individual and collective rights by citizens; access to safe, healthy habitats; participatory planned development; promotion of the popular and solidary economy to eradicate poverty and generate conditions ensuring integrated protection systems for the people.

Within the national system, the Constitution established competencies for each level of government, and it is necessary to support this transfer of power with the appropriate resources. This is a true paradigm shift in Ecuador's history as a republic.

7.6. Managing implementation

In order to guarantee the territorial planning vision set forth in this National Plan and to fulfill the guidelines established in the National Territorial Strategy, they must be implemented by each Sectorial Public Policy Council along with the other programmatic

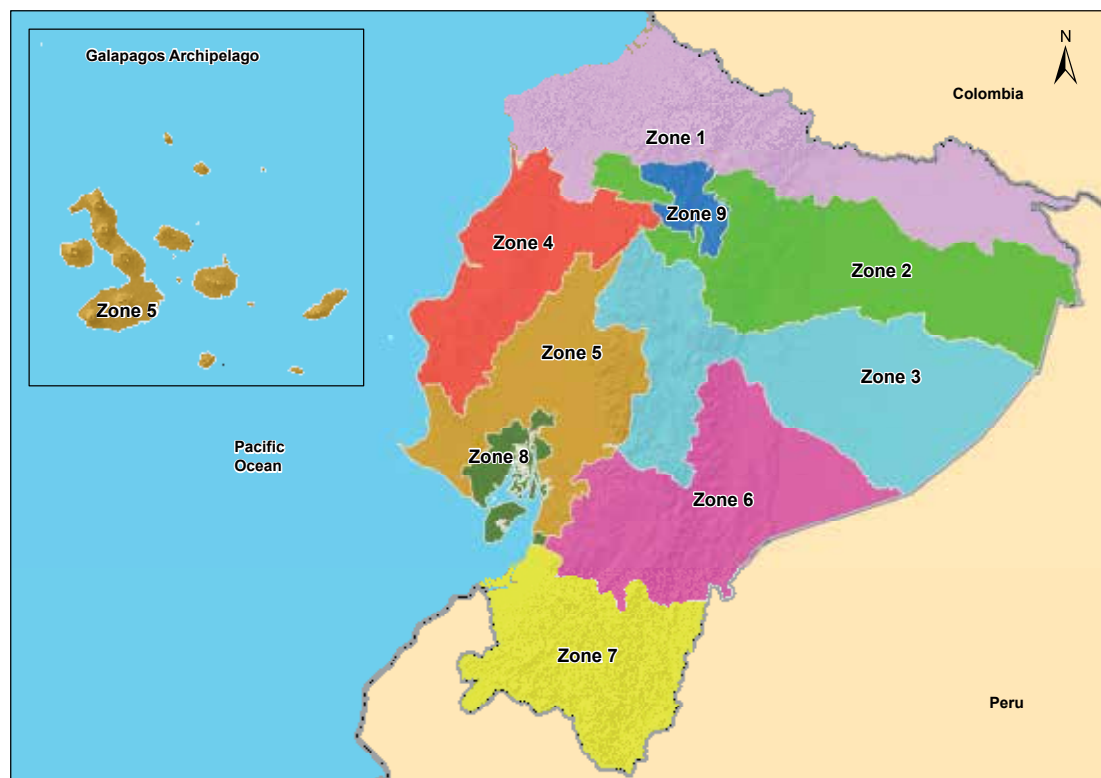
elements of this Plan, and then further developed as sectorial public policy, with intervention strategies, programs and projects for each guideline.

Similarly, the contents of Zonal Agendas will be incorporated for implementation in sectorial public policy-making and in intervention strategies for these public policies.

Part of implementation is actively and continually involving decentralized autonomous governments and the federations representing them as strategic partners for the implementation of these instruments, which will guarantee coordinated efforts.

In view of the dynamic nature of planning, processes must be flexible enough to receive and incorporate feedback from these instruments, from the perspectives of different sectors and stakeholders, and from citizen participation for effective territorial governance.

FIGURE 7.8.
Planning Zones



Source: INEC, 2010e.
Prepared by: Senplades.

7.7. Zonal agendas

To reinforce and improve coordination among levels of government, the Executive began de-concentration and decentralization in 2008. Accordingly, administrative zones⁴⁹ were set up as follows (Figure 7.8.):

- **Zone 1:** Provinces of Esmeraldas, Carchi, Imbabura and Sucumbíos.
- **Zone 2:** Provinces of Pichincha (except the canton of Quito), Napo and Orellana.
- **Zone 3:** Provinces of Pastaza, Cotopaxi, Tungurahua and Chimborazo.
- **Zone 4:** Provinces of Manabí and Santo Domingo of the Tsáchilas.
- **Zone 5:** Provinces of Guayas (except the cantons of Guayaquil, Durán and Samborondón), Los Ríos, Santa Elena, Bolívar and Galápagos.
- **Zone 6:** Provinces of Azuay, Cañar and Morona Santiago.

⁴⁹ Executive Decree No. 878, published in Official Gazette No. 268 on 8 February 2008, formed seven administrative regions, and they were modified by Executive Decree No. 357, published in Official Gazette No. 205 of 2 June 2010, calling them “Planning Zones”, and also creating zones 8 and 9.

- **Zone 7:** Provinces of El Oro, Loja and Zamora Chinchipe.
- **Zone 8:** Cantons of Guayaquil, Durán and Samborondón.
- **Zone 9:** Metropolitan District of Quito.

Constructing a new model of the State, emphasizing these de-concentrated zonal structures, poses four major challenges: territorializing public policy to meet specific local needs; planning and ordering use and occupancy of territory; recognizing and acting to encourage territorial dynamics contributing to materializing the National Plan for Good Living (PNBV) and fostering endogenous development and a new administrative structure coordinating zonal public interventions (adapted from Senplades, 2009).

Accordingly, the Zonal Agendas are constructed as instruments for coordination and interaction between national and local levels. These instruments impact the territory’s integrated development, as a reference for planning and zoning by decentralized autonomous governments, favoring territorial cohesion and integration.



8. Guidelines for investment of public resources and economic regulation

I have never seen a Plan so detailed and so well based as this one. I would suggest it be referred to the different Latin-American and Caribbean governments, political forces and social movements in order to promote the emulation of an exemplary governance methodology.

Atilio Boron, prominent critical Latin-American thinker.

The substantial changes in the management of public investment and finance have positively influenced the country's economic growth, even during the international recession. Counter-cyclical policies have consisted on increasing public investment to buffer the possible negative impacts of the crisis, enabling the nation's economy to grow in 2009 and 2011, respectively, protecting employment and local production.

8. Guidelines for investment of public resources and economic regulation

The prioritization of budget resources reflects power relationships within a society. Unlike Latin America in general, which for decades favored investment to serve financial capital, Ecuador has transformed the allocation of its budget, pursuant to the 2008 Constitution mandate: now *social investment is a higher priority* than servicing the foreign debt.

This section presents the criteria that orient the investment of public resources and economic regulations for the 2013-2017 period.

8.1. Guidelines for public investment

8.1.1. Theoretical elements

Public investment is a key instrument for generating positive macroeconomic and social impacts, for four reasons of a situational and structural nature. First of all, public investment increases the economy's aggregate demand and promotes short-term employment and growth (Zalduendo, 1998). Secondly, public investment increases the capital circulating in the economy, potentially expanding the boundaries of its production possibilities and economic growth. Thirdly, public investment creates and improves public assets, increasing the economy's systemic productivity, generating complementary investment and therefore increasing growth. Finally, and this is the most important reason, public investment helps guarantee rights, by generating and strengthening human capacities in the medium term and, consequently, helping to redistribute economic growth.

8.1.2. Assessment of public investment during the six years of the Citizens' Revolution

Public investment in Latin America has gone through two clearly differentiated periods in the last three decades. The first period, from

1980 to 2003, resulted in the privatization of numerous public enterprises and "diverse stakeholders became involved in providing public goods" as a result of neoliberal policies (ECLAC, 2012c: 87). In this stage, public investment lost relevancy, shrinking from 6.7% to 4% of the GDP. This smaller share was not offset by private investment, so there was a lack of the public infrastructure necessary to promote development.

The second period began in 2003, when the largest countries in the region⁵⁰ applied Keynesian fiscal policies, increasing public investment to an average of 5.7% of the GDP in 2011 (ECLAC, 2012c).

Before 2007, as a traditional element of Ecuadorian economic policy, most measures only focused on meeting macrofiscal goals. These included the so-called *trusts to service the foreign debt*, disguised as "savings and stabilization" funds, letters of intention with multilateral agencies such as the IMF, illegitimate debt and a series of pre-allocations that constrained the capacity for action of public resources, and legally limiting growth in investment.

In Ecuador, 2007 was a turning point in the evolution of public investment, which rose to a record level of 14.5% of GDP in 2011 (Figure 8.1), leading the rankings of public investment in Latin America (ECLAC, 2012c).

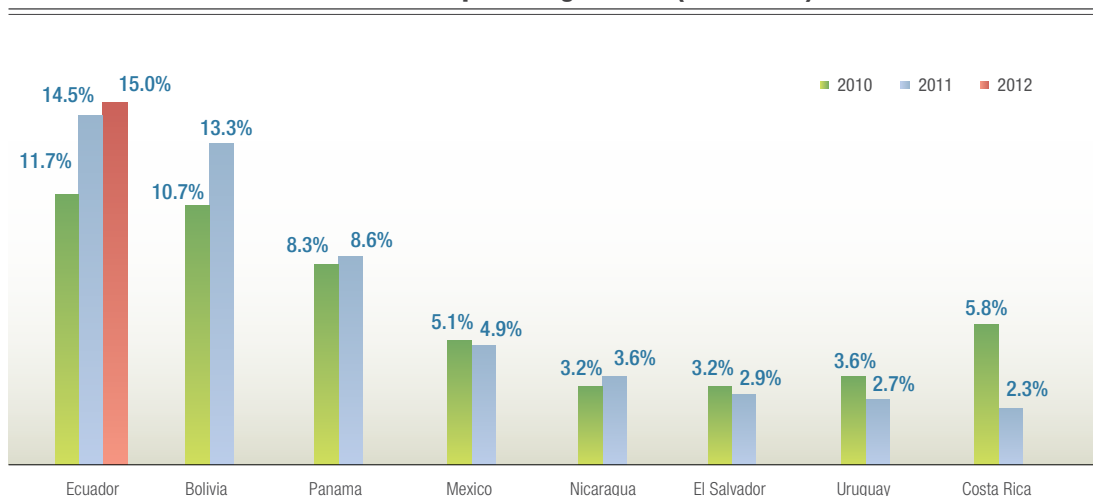
During the Government of the Citizens' Revolution, over USD 24.55 billion have been invested, far more than during the previous six years (2001-2006), in which a total of USD 4.467 billion was invested (BCE, 2013b). These levels have caused a considerable improvement in the degree of implementation of public investment (Figure 8.2). From 2001 to 2006, budget implementation averaged only 57% (Ministry of Finance, 2013).

Investment by the central government to improve capacities and create opportunities rose from USD 436 million in 2006 to USD 2.038 billion, in 2012, and investment for capital accumulation in productive sectors and value generators rose from USD 374 million in 2006 to USD 2.786 billion in 2012 (Ministry of Finance, 2013).

⁵⁰ In Brazil, the Government of Luiz Inácio Lula da Silva; in Argentina, the Government of Néstor Kirchner; and in Venezuela, Hugo Chávez' Government.

Figure 8.1.

Public investment in Latin America as a percentage of GDP (2010-2012)



Note: Figures estimated by ECLAC with information as of September 2012, prior to Ecuador's updating of national accounts in 2007. Data for 2012 are projected.

Source: ECLAC, 2012c; BCE, 2013

Prepared by: Senplades.

The substantial changes in the management of public investment and finance have positively influenced the country's economic growth, even during the international recession. Counter-cyclical policies have consisted on increasing public investment to buffer the possible negative impacts of the crisis, enabling the nation's economy to grow by 1% and 8% in 2009 and 2011, respectively, protecting employment and local production (Figure 8.4). If the public investment trend of previous

governments had been maintained during the international recession, the nation's economy would have shrunk by 3.5% in 2009, and two years later it would have grown by only 2.6% (Castro and Sáenz, 2012).

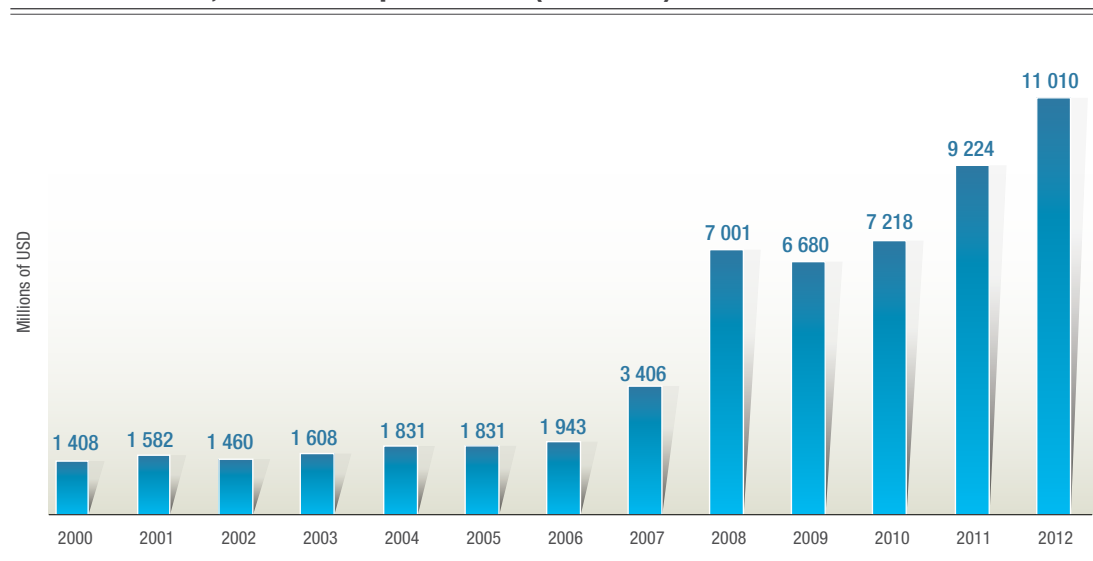
8.1.3. Guidelines

The criteria orienting the allocation of public resources and investment are also applied to



Figure 8.2.

Public investment, non-financial public sector (2000-2012)



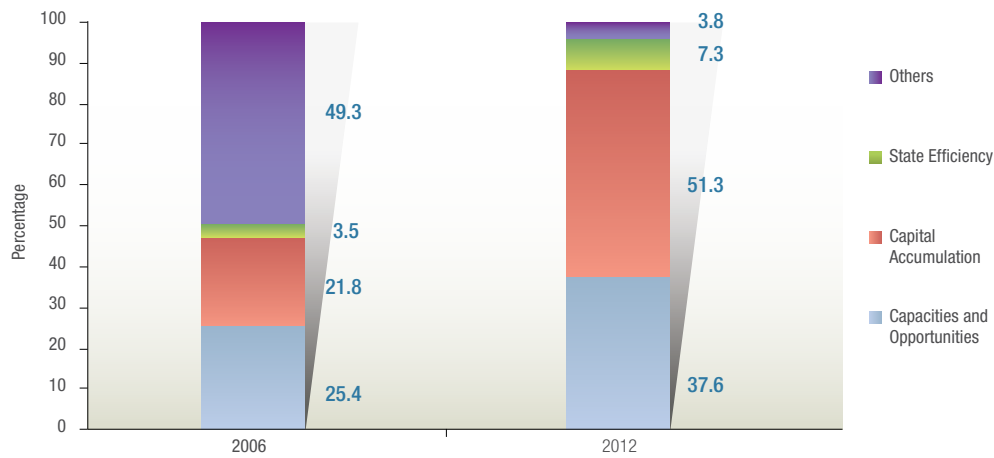
Note: Data presented from 2008 to 2012 are provisional.

Source: BCE, 2013.

Prepared by: Senplades.

Figure 8.3.

Distribution of public investment by the central government (2006 and 2012)



Source: Ministry of Finance, 2013.
Prepared by: Senplades.

the investment policy for public enterprises, by entities in the Social Security System, by universities and polytechnic schools, by the public financial system, by private entities owned by the State, and by decentralized autonomous governments.

social capacities. In order to achieve this, public resources and investment must be oriented toward closing socioeconomic gaps, eradicating poverty and satisfying basic needs such as nutrition, education, healthcare, housing, basic sanitation infrastructure, protection and Social Security.

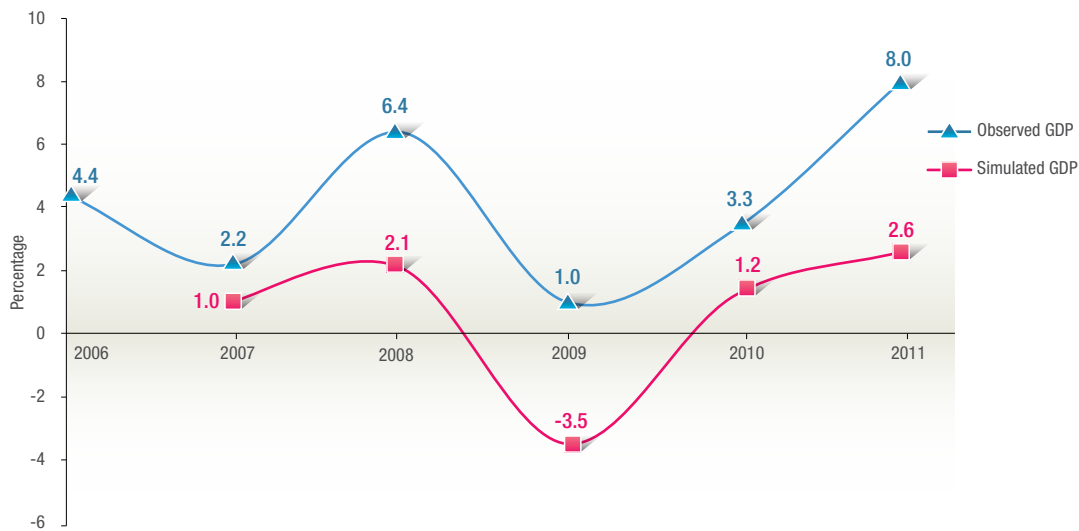
8.1.4. Generating capacities

Satisfying basic needs within a framework of equity is a prerequisite for strengthening

Guaranteeing access to a safe water supply and sanitation for the entire population is crucial due to its multiple benefits: social, economic, environmental and public health.

Figure 8.4.

Comparison of variation in the actual GDP and the simulated trend in the GDP (2006-2011)



Source: BCE, 2013; Castro and Sáenz, 2012.
Prepared by: Senplades.



Housing must feature three essential aspects: access to land and to housing; availability of basic services, including water supply and sanitation, electricity, sewage and solid waste management; and, finally, public spaces and equipment – such as transport systems or multi-functional places for play-based activities – must be available to integrate with homes.

Access to opportunities

Access to opportunities depends on the principle of justice in society, based on guaranteeing equal freedoms and rights under the Constitution. To reverse the historical lack of decentralized access to opportunities, the State must invest in order to fill in the gaps, granting all constitutional rights in districts and circuits.

The capacities generated will enable access to opportunities by redistributing wealth and means of production, which entails improving “access to credit for production, strengthening associative, cooperative and solidary initiatives, constructing public infrastructure for production, protecting autonomous forms of work, of self-support and of human care” (Senplades 2009: 406).

Accumulating capital

The third guideline emerges in response to the need to focus public investment on those sectors that can generate the greatest value added, improving the country’s competitiveness and systemic productivity. This will be accomplished by increasing the use of installed productive capacity and promoting and complementing private investment.

This focus will make it possible to change the productive and energy structure, with environmental sustainability oriented towards production, domestic consumption, employment and diversification of exports. Capital accumulation in value-generating production sectors will be promoted by the Executive Branch in coordination with the decentralized governments and the private sector, in order to change the commodity extraction model that concentrates wealth with the wealthy, adds little value, and is vulnerable to external shocks (CIES, 2012).

Public resources and investment to accumulate capital in value-generating productive sectors are disaggregated into:

Infrastructure to support systemic productivity, “increasing competitiveness and reducing production costs, expanding commercial activity, private investment and accumulation of capital” (Cipoletta, 2010: 10).

Specialization of the installed capacity. This will involve building the knowledge society, developing science, technology, research and innovation, and making them public assets.

Selective incentives for those industries and sectors that are priorities for the country, by changing the relative sectorial profitability. The state will provide the support for the development of the following basic industries and their production chains: refinery, shipyards, petrochemicals, metallurgy (including smelting ores) and iron and steel. Additionally, certain specific activities with great economic potential must be promoted: tourism, fresh and processed foods, renewable energies, pharmaceutical and chemical products, biotechnology, biochemicals and biomedicine, environmental services, metalworking, technology, *hardware* and *software*, plastics and synthetic rubber, garment-making, clothes and footwear, automotive vehicles, auto bodies and parts, transport and logistics, construction, sustainable forestry and processed timber products.

Aggregate demand

The aggregate demand is the total goods and services acquired during a given period, by households, by companies and by the Government. The guideline for promoting aggregate demand seeks to encourage an economic circuit, favoring employment generation, injecting liquidity into the economy, optimizing and multiplying the money circulating in the domestic economy and economic growth, which boosts the sustainability of the nation’s macroeconomy.

Requirements for entrepreneurial behavior

Public investment in the next four years requires certain conditions for its implementation. Criteria for eligibility and performance in public contracts can contribute to regulating the behavior of State suppliers and, consequently, many economic agents. These contracts will contribute to the creation of public policy for dignified working conditions, the reinvestment of profits from

private investment, the subcontracting of local suppliers, the commitment to gradual import substitution, disaggregation and technology transfer, the maximization of transparency and the recirculation of liquidity in the economy, among other elements.

Territory

This guideline seeks to maintain and enhance the effectiveness of investment in territories. The Constitution makes it a fundamental duty of the State to promote equitable, solidary development throughout the Ecuadorian territory. The General Public Planning and Finance Code (COPFP, 2010) organizes territorialized planning of public spending. The specific actions that the national Government is promoting to comply with these provisions on public investment include:

- *Territorialization of public investment to coordinate national policies with local development and generate territorial equity.*
- *Implementation of planning districts and circuits, as well as administrative and financial de-concentration, according to the levels of territories and typologies of de-concentration.*
- *Generating information mechanisms to coordinate public investment between the central government and other levels of government, which is fundamental for reducing territorial asymmetries.*

Analysis of decisions

This guideline is to improve capacities for decision making, to increase efficiency and effectiveness in applying public policies. This demands applying the right tools and techniques, keeping in mind all the biophysical, budgetary and timing restrictions.

The decision-making tools include: cost-benefit analysis, decision trees, marginal analysis, multi-criteria analysis and information systems - for Ecuador, specifically, the National Information System (SNI) - which is the organized set of inputs that enable interaction between stakeholders, to access, gather, store and transform data as relevant reports for development planning and public finance.

8.2. Public enterprises

The Constitution required for the creation of public enterprises to manage strategic sectors, public service provision, and sustainable use of natural resources or of public goods and the pursuit of other economic activities (Article 315), making them key stakeholders in the system of accumulation.

Public enterprises to provide public services

Public enterprises must strive to provide efficient public services with social equity, with universal and obligatory access in a uniform, efficient, accessible, reliable manner and with quality, continuity, safety, equitable pricing and responsibility (General Law on Public Enterprises, 2009: Articles 2 and 3). Investment by public enterprises must consider that:

- Investment must be channeled towards technical improvements ensuring self-management, sustainability and financial profitability.
- They must meet quality parameters, regulations and mechanisms, generating improvements in collection systems and reducing operating costs.
- They must demonstrate, in addition to meeting parameters of efficiency and quality, the enterprises' economic profitability but with preeminent emphasis on social profitability. For these enterprises, the State can provide subsidies and investments to ensure public service continuity or coverage (General Law on Public Enterprises, 2009: Article 40).

Public enterprises to manage strategic sectors, sustainably use natural resources or public goods and pursue other economic activities

These public enterprises promote the State's economic activities through:

- Efficiency, rationality, profitability and societal oversight regarding exploration, extraction and industrialization of renewable and non-renewable natural resources, and marketing their products



and services, with emphasis on preserving the environment.

- Developing public enterprises' autonomy and sustainability in terms of current expenses, and reinvesting to capitalize them and keep them competitive, generating surpluses to contribute, transparently, to the General Budget of the Nation (GEP) to then redistribute according to policies set in the National Plan for Good Living.
- Public investment in strategic sectors, especially those involving extraction of natural resources, must utilize a rate of extraction that maximizes income but that accounts for the size of the resource's reserves, its natural rate of depletion, a cost-benefit analysis of extraction to depletion, and the potential externalities.
- To promote the creation of public enterprises to prevent, regulate or correct monopolistic behaviors, or actions distorting conditions for users' supply of or access to certain sensitive goods and services.
- To promote State investment in public enterprises promoting integrated, decentralized, de-concentrated sustainable development, and acting as agents of productive transformation, technology transfer and human capacity-building, and protecting sectors that are labor-intensive and generate employment.
- To promote, by combined public-and-private enterprises, initiatives from the popular and solidary economy, and from sectors sustaining the country's food sovereignty, as part of the strategy to change the productive structure.

8.3. Public financial institutions

The Constitution of the Republic establishes that "financial activities are a public service and may be performed, upon prior authorization by the State and according to the Law; they shall have the fundamental purpose of safeguarding deposits and meeting

financing needs to achieve the country's development goals" (Article 308).

Accordingly, public financial institutions are a subsector of the National Financial System that play a leading role in economic policy, as stated in the Constitution (Article 310):

The public financial sector shall have the purpose of providing sustainable, efficient, accessible, equitable financial services. The credit it grants shall be oriented preferentially toward increasing production sectors' productivity and competitiveness, to achieve the development plan's objectives and serve the least-favored groups and to actively include them in the economy.

Under this normative framework, the State must move forward in consolidating public financial institutions as a whole. These new institutions have three areas of intervention:

- *Inclusive financing.* Micro and small production units.
- *Financing for production sectors.* To provide credit for innovative initiatives that have high levels of risk or have long payback periods.
- *Financing for balanced territorial development.* Financing decentralized autonomous governments to provide goods and services related with satisfying rights.

To ensure that institutional structure is sustainable over time, holistic financing policies must include *ex ante* eligibility criteria, and requirements for *ex post* entrepreneurial behavior for borrowers, with emphasis on increasing national production and ensuring technology transfer for any imported components. The National Financial System is not just a lender, but also an agent of public policy.

8.4. Public efficiency of Decentralized Autonomous Governments

The administrative structures and operating capacities of decentralized autonomous governments must be sufficiently effective

to improve living conditions for people and collectives in their territory, by enhancing public services' quality and coverage (CNC - Senplades, 2012).

Another aspect related to decentralized autonomous governments' actions is their capacity to raise resources to multiply their efficiency, sustainably exercising their competencies (Balaguer, Prior and Vela, 2003).

Decentralized autonomous governments can federate among each other to enhance their competencies and favor territorial integration through federations and/or joint enterprises. This mechanism has proven to be efficient for service provision when local governments are excessively fragmented (Riera *et al.*, 2005) or when these services require scale economies to operate efficiently, in such services as water supply, sanitation or garbage collection.

8.5. Guidelines on economic regulation

The economic liberalization imposed since the late 1980s, along with State downsizing policies, generated catastrophic social and financial results, while helping to "create an ideal environment for avoiding and evading

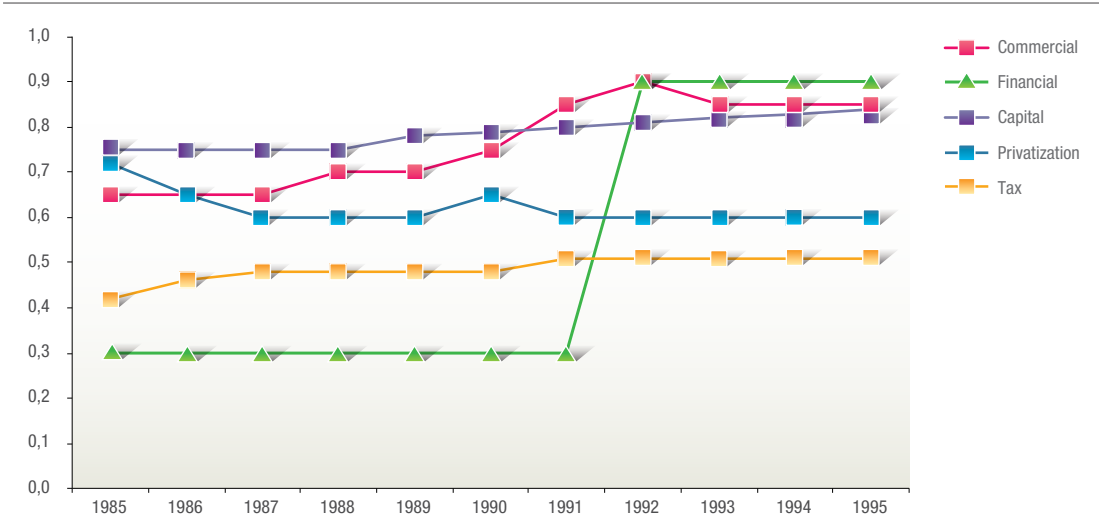
taxes, circumventing regulations, concentrating credit and related operations within the financial group" (Páez, 2004: 12-16).

Therefore, regulation is the foremost instrument for governmental action to guarantee the rights set forth in the Constitution. "Regulation" means creating rules to govern the economic and social activities of a society's stakeholders.

When governmental intervention is designed and evaluated, efficiency must be redefined, because "being efficient in radical social transformation, without being effective in reaching the intended aims, could deepen the social injustice which is precisely what we are trying to leave behind" (Ramírez, 2013). In fact, efficiency of regulations, and all measures adopted to attain Good Living, require going beyond exclusively monetary measurements, incorporating multi-criteria perspectives (Falconí, 2002) as already used to analyze the Yasuní-ITT Initiative (Vallejo *et al.*, 2011). A new metric can incorporate, for example, time used as a unit of value (Ramírez, R., 2012) and material flows to assess sustainability (Vallejo, 2006).

The Government has the right and the obligation to intervene when interaction by economic agents fails to generate benefits in terms of social well-being.

Figure 8.5. Index of liberalization and structural reforms (1985-1995)



Source: ECLAC in Páez, 2004.
Prepared by: Senplades.



8.5.1. Structural economic transformation

The Ecuadorian economy achieved an average annual GDP growth rate between 2007 and 2012 of 4.1%, raising the nation's wealth and income. This growth, hardly normal in times of crisis, is partly due to the Government's counter-cyclical policies. Additionally, much of this growth can be explained by the dynamic non-petroleum sector, which has generated the most employment (BCE, 2010). Nevertheless, Ecuador's productive structure has not varied substantially. This transformation must be addressed in various dimensions, including:

- Redefining the public domain (visual spaces, environment, tax exemptions, etc.) to optimize subsidies on private consumption and impose restrictions on direct pollution of these spaces (Jackson, 2011).
- Regulating and monitoring prices for the basic basket of goods to satisfy the right to food.
- Economic regulation must guarantee working conditions with dignity. Governmental incentives –especially in, but not limited to, tax breaks – must be subject to meeting the performance requirements for private investment, such as imports substitution, local production chains, dignified national and local employment, technology transfer and disaggregation, and reinvesting profits.
- For the State to actually guarantee constitutional rights, it must have sources of revenue, so the regulation must minimize tax evasion and avoidance practices.
- The regulation must minimize the economy's systemic risk, by the following actions: define un-justified enrichment as a crime, implement harsher restrictions for agents who do business with tax havens and secretive jurisdictions, and reinforce international fiscal enforcement through mechanisms to monitor transfer prices.
- A new approach to the economy requires a new approach to accounting. The regulations must establish their

minimum requirements, particularly in regard to quantifying environmental costs and liabilities. These dimensions must include the effects of inequality, disaggregation by social strata and measurement of non-market activities (Stiglitz, Sen and Fitoussi, 2009).

- Capital drives competition between countries – the “race to the bottom” – above all through economic deregulation. Genuinely strategic international insertion requires generating regional integration instruments ensuring regulation and the coordination of conditions – salaries, environmental concerns, taxes and direct, speculative capital from outside the region, including alternative dispute resolution mechanisms.

8.5.2. Liquidity for development

Dollarization poses a challenge for managing monetary policy. Financial regulations must encourage channeling savings toward productive long-term, territorially de-concentrated and socially responsible investments. The norms must require financial entities to expand rural finance services in order to keep endogenous the capital gains of popular and solidary economy stakeholders and generate liquidity for credit within the territory. It is also advisable to generate incentives so that credit can be oriented towards the production or consumption of goods produced in this country.

It is necessary that regulations enacted upon financial institutions, establish complementary responsibilities to those of the State, recognizing the role that these institutions perform to generate and distribute liquidity throughout the system. In particular, regulations must establish obligations that guarantee the balance between incoming and outgoing foreign exchange, by applying prudent macroeconomic measures.

8.5.3. Regulation for redistribution

One of the State's primary duties is to promote the equitable redistribution of resources and

wealth. To establish fair trade conditions and reduce intermediation in popular and rural production, regulations must enable the State to control prices paid to producers, selling prices to consumers, and terms of trade that incorporate ecological criteria for these last few.

Regulations on intellectual property cannot generate technological dependence. On the contrary, they must provide the State with the tools to eliminate obstacles to developing national technology, establishing sectors and institutions with preferential access, by mandatory licenses, recovering the role of intellectual property for national development, rather than using it as a tool for capitalist enrichment.

8.5.4. The popular and solidary economy sector

The Constitution calls for particular preferential regulations specifically for the popular and solidary economy, whose stakeholders must have preferential conditions for credit, both in terms of access and in the interest rate. Public procurement must operate with norms ensuring priority for local production chains, including subcontracting. Regulations must provide tools for popular and solidary associations in order to ensure fair negotiation in the different production chains involved in their activities.



9. Multi-Year Public Investment Plan, 2013-2017

The Multi-Year Public Investment Plan (PPIP), with funding included in the National Budget (GEP), includes programs and projects by State entities, to be implemented during the next four years. These investments are aligned with the planned objectives and consistent with annual plans. In this way, the PPIP becomes an instrument of public action needed for an efficient results-oriented budget system implementation (Gómez and Martínez, 2008).

9. Multi-Year Public Investment Plan, 2013-2017

9.1 Background

The Multi-Year Public Investment Plan (PIIP) includes programs and projects by State entities, to be implemented during the next four years, with funding included in the National Budget (GEP). These investments are aligned with the planned objectives and consistent with annual plans (Gómez and Martínez, 2008).

The Constitution (Article 294) determines that the Executive Branch must prepare the annual draft budget every year, with four-year budget programming.

9.2. Results obtained

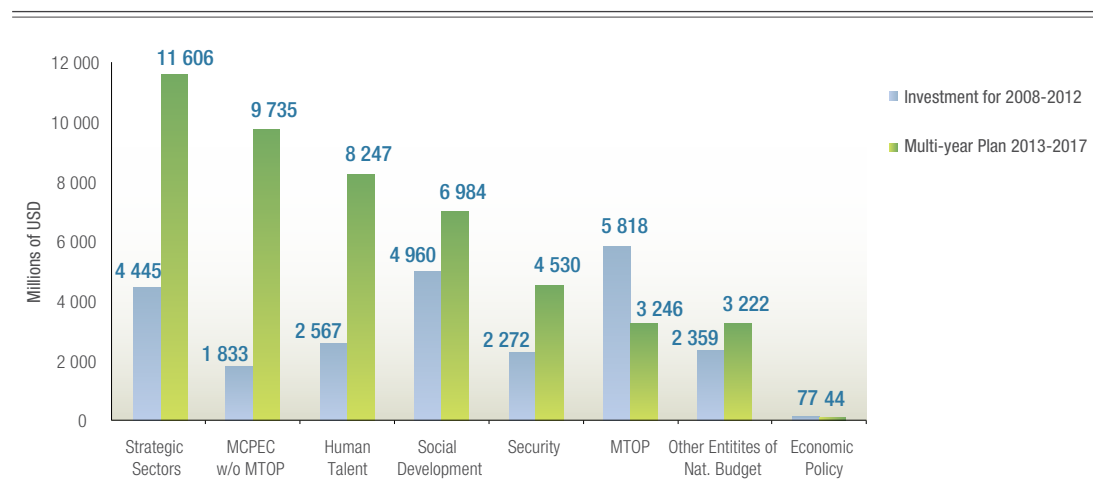
During the 2008-2012 period, public investment has been oriented mainly toward infrastructure and social development, with visible results. In the 2013-2017 period, investment will especially target the transformation of the production and energy matrix and the development of human capital, without neglecting social spending with the necessary costs to achieve Good Living (Figure 9.1).

Greater investment in production sectors and in developing human talent will generate capacities in the national economy to further produce and innovate. Specifically, investment⁵¹ by the non-financial public sector in nominal terms grew by USD 40.514 billion in the 2008-2012 period, to investment projected at USD 73.225 billion for the 2013-2017 period. This represents a variation for the overall economy from 11.5% to 14.4% of the GDP. Investment for the central government doubled from USD 24.330 billion from 2008 to 2012, to USD 47.612 billion from 2013 to 2017 (Figure 9.2.).

Table 9.1 shows the Multi-Annual Investment Plan by sectorial cabinets. The cumulative multi-annual shows the sector of production, employment and competitiveness with the most programmed resources, a total of USD 12.980 billion. This reflects the Government's decision to bolster the changing productive structure and consolidate the new energy matrix during the 2013-2017 period. This is reflected in the second-largest sector in projected resources (strategic sectors), with nearly USD 12.203 billion. Human talent is in third place.

⁵¹ Public investment comprises all the non-permanent expenditures of public resources to maintain or increase society's and the State's wealth and capacities, to fulfill planned objectives. Permanent spending for the 2013-2017 period scheduled by the Ministry of Finance is USD 147 billion. The comparable amount for 2008-2012 was USD 92 billion.

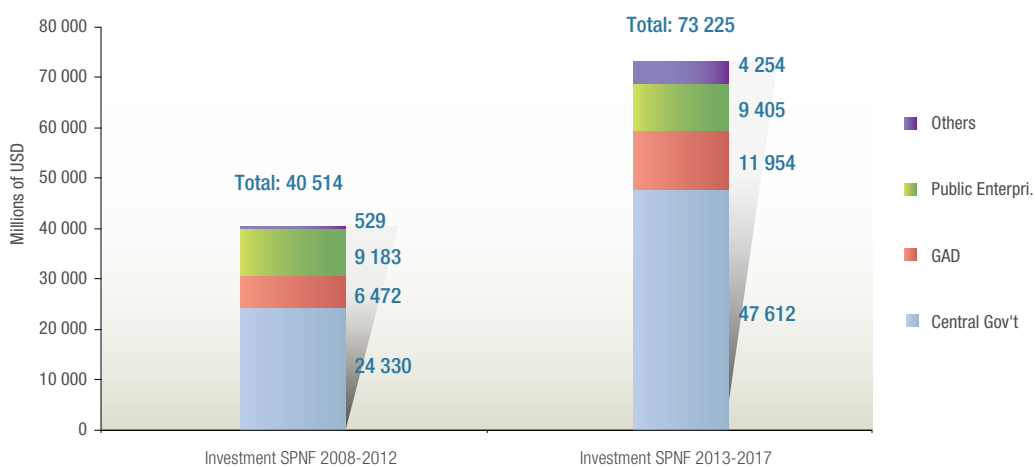
Figure 9.1.
Central Government Investment (2008-2012) vs. Multi-Year Investment Plan (2013-2017) by sectorial cabinet



Note: From 2014 onwards, the amounts presented are indicative.
Source: Senplades, 2013e; INP, 2013; Ministry of Finance, 2013.
Prepared by: Senplades.

Figure 9.2.

SPNF Investment (2008-2012) vs. Forecast SPNF Investment (2013-2017)



Note: From 2014 onwards, the amounts presented are indicative. SPNF Investment 2013- 2017 is forecast.

Source: Senplades, 2013e; INP, 2013; Ministry of Finance, 2013.

Prepared by: Senplades.

Table 9.1.

Multi-Year Investment Plan by Sectorial Cabinet (2013-2017)

In millions of USD

Sectorial Cabinet	2013	2014	2015	2016	2017	2013-2017
Social Development	1 998	1 563	1 406	1 158	859	6 984
Economic Policy	20	5	3	6	9	43
Production, employment and competitiveness	2 284	2 086	2 668	2 952	2 990	12 980
Strategic Sectors	2 778	3 120	2 177	2 045	2 083	12 203
Security	745	1264	856	735	929	4 529
Knowledge and human talent	1 095	1 064	1 659	2 153	2 275	8 246
Other functions of the State	178	475	163	93	58	967
Other insitutions of Excecutive Branch	407	281	237	304	431	1 660
Overall Total	9 505	9 858	9 169	9 446	9 634	47 612

Note: From 2014 onwards, the amounts presented are indicative.

Source and prepared by: Senplades.

10. Abbreviations and acronyms

Agrocalidad	Ecuadorian Agency for Agricultural Quality Assurance.
ALBA	Bolivarian Alliance for the Peoples of our America.
AP	PAIS Alliance Movement. BCE: Central Bank of Ecuador. BEDE: Bank of the State.
BNF	National Development Bank.
Celac	Community of Latin American and Caribbean States.
Celade	Latin American and Caribbean Demography Center.
CEPAL	Economic Commission for Latin America and the Caribbean.
CIES	Center for International Economic Studies.
CNC	National Competencies Council.
CNP	National Planning Council.
CNT	National Telecommunications Council.
Conade	National Development Council.
Conaie	Confederation of Indigenous Nationalities of Ecuador.
Conelec	National Electricity Council.
Convemar	United Nations Convention on the Law of the Sea.
COOTAD	General Code on Territorial Organization, Autonomy and Decentralization.
COPFP	General Code on Planning and Public Finance.
DP	Popular Democracy.
EFSSF	European Financial Stability Facility.
EPS	Popular and Solidary Economy.
Eurostat	European Statistics.
FMI	International Monetary Fund. FOB: Free On Board.
I + D + i	Research + Development + Innovation.
ID	Democratic Left.
HDI	Human Development Index.
IESS	Ecuadorian Institute of Social Security.
IGM	Military Geographic Institute.
IICA	Inter-American Institute of Cooperation for Agriculture.
INEC	National Statistics and Census Institute.
INP	National Pre-investment Institute.
ITT	Ishpingo-Tambococha-Tiputini.
MAE	Ministry of the Environment of Ecuador.
MAG	Ministry of Agriculture and Livestock (former name, prior to State reform).
MAGAP	Ministry of Agriculture and Livestock, Aquiculture and Fishing
MCCTH	Coordinating Ministry of Knowledge and Human Talent.
MCPEC	Coordinating Ministry of Production, Employment and Competitiveness
MEER	Ministry of Electricity and Renewable Energy.
MIES	Ministry of Economic and Social Inclusion.
MSMEs	Micro, Small and Medium Enterprises.

MPD	Democratic People’s Movement.
MTOP	Ministry of Transport and Public Works.
OCP	Heavy Crude Oil Pipeline.
WTC / OMC	World Trade Organization.
ONU / UN	United Nations.
ORSTOM	French Research Office for Foreign Cooperation.
OXY	Occidental Petroleum Corporation.
PANE	State Natural Heritage Areas.
PEA	Economically Active Population.
PET	Working-Age Population.
PGE	General Budget of the Nation. GDP: Gross Domestic Product.
PK	Pachakútik Pluri-National Unit.
PNBV	National Plan for Good Living.
UNDP	United Nations Development Program.
PPIP	Multi-Annual Public Investment Plan.
PRE	Ecuadorian Roldos Party.
PRIAN	Party to Renew National Institutional Action.
PSC	Christian Social Party. PSP: Patriotic Society Party.
Senescyt	National Secretariat of Higher Education, Science, Technology and Innovation.
Senplades	National Development Planning Secretariat.
SNAP	National System of Protected Areas.
SNDPP	National Decentralized Participatory Planning System.
SNI	National Information System.
SOTE	Trans-Ecuadorian Pipeline System.
SPNF	Non-Financial Public Sector. SRI: Internal Revenue Service of Ecuador.
SUCRE	Unified System for Regional Payment Compensation.
BITs / TBI	Bilateral Investment Treaties.
ICTs	Information and Communication Technologies
FTA / TLC	Free Trade Agreement.
TNC	The Nature Conservancy.
Unasur	Union of South American Nations.
UNESCO	United Nations Educational, Scientific and Cultural Organization.

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Publication credits

PREPARATION OF THE NATIONAL PLAN FOR GOOD LIVING, 2013-2017

National Development Planning Secretariat

Fander Falconí

Under-Secretariats-General of Senplades

Ana María Larrea, Pabel Muñoz

National Under-Secretariats of Senplades

Edison Cárate, Ana Lucía Badillo, Andrés Arauz,
Natalia Cárdenas, Oscar Uquillas, Gustavo Bedón

Zonal Under-Secretariats of Senplades

Oscar Chalá, Jilmar Capelo, Soledad Dueñas,
Katuska Miranda, Carla Zambrano,
María Caridad Vázquez, Kevin Jiménez, Jaime Roca.

Coordination of Preparation and Management of the PNBV, 2013-2017

Carolina Báez

Drafting and formulation of contents (teams led by):

Socialism of Good Living: Fander Falconí
National Planning System: Diego Almeida, Pablo Medina
With Ecuador around the world: Franklin Ramírez
We plan the future: Tania Dávila, Dilo Quispe
Objective 1: María Alejandra Peña
Objective 2: Andrés Míderos
Objective 3: Xiomara Chávez
Objective 4: Daniela Ruesgas
Objective 5: Isabel Estévez
Objective 6: Daniel Pontón, Pablo Medina
Objective 7: Tania Dávila, Dania Quirola
Objective 8: Andrés Arauz
Objective 9: José Rosero
Objective 10: Juan Carlos Parra
Objective 11: Santiago Vásquez
Objective 12: Marisela Rivera
National Territorial Strategy: María José Montalvo
Investment Guidelines: Andrés Arauz, Jorge Solano

Collaboration in drafting the Zonal Agendas

Teams from the nine Planning Zones of Senplades

Collaboration by national and international experts

Alicia Bárcena, Ana Esther Ceceña, Atilio Borón,
Edgar Morín, Rubén A. Reynaga Valdez, HaJoon Chang,
Jorge Máttar, Mario Giro, Mónica Bruckmann,
Rebeca Grynspan, Sonia Fleury, Mark Weisbrot,
Oscar Oszlak, Rodrigo Sierra, Adrián Bonilla, Luis Fierro,
Lena Lavinas, Abelardo Morales, Carlos Sojo,
Gloria del Castillo, Gemma Ubasart, Francisco Bárbaro,
Roberto Follari, Virginia Fontes, Fernando Mayorga,
Eduardo Ramírez Cedillo, Roberto Gomelsky,
Juan Arturo Guillén, Carlos Larrea, Miguel Acosta,
Guillaume Long, Ernesto Vivares, Santiago Ortiz,
Héctor Rodríguez, Juan Ponce, Rafael Burbano.

Facilitation of the participatory process

Team of the General Coordinating Office for Citizen
Participation led by Franklin Yaselga

Editorial Review

Fander Falconí, Ana María Larrea, Pabel Muñoz,
Edison Cárate, Carolina Báez

Statistical and geographical information

National Information System (SNI)

Communication and image

Directorate of Communication - Senplades

Photography

Directorate of Communication - Senplades
National Communication Secretariat (Secom)

Contributions by the technical teams of:

Coordinating Ministries
Ministries and Secretariats of State
National Pre-investment Institute (INP)
National Statistics and Census Institute (INEC)
National Institute of High-Level Studies (IAEN)
National Councils for Equality
Decentralized Autonomous Governments
Societal organizations, peoples and nationalities,
production sectors.
Citizenry and civil society in general who participate in
oversight mechanisms, workshops and committees to
discuss the Plan.

Translation: EP Traducciones

Edition: Erica Weyer

Printed by: El Telégrafo

Those of us who have the immense responsibility of directing the National Secretariat of Planning and Development (Senplades) wish to express our special thanks to all Senplades staff for their efforts and contributions to constructing the National Plan for Good Living, 2013-2017. This collective, serious, open, plural and democratic work has enjoyed great technical quality and profound political commitment. We reiterate our gratitude to the citizens who contributed to this process leading up to the preparation of the Plan. Their invaluable participation makes us even more deeply engaged with this new commitment to Good Living in Ecuador.



GOBIERNO NACIONAL DE
LA REPUBLICA DEL ECUADOR

ISBN 978-9942-07-493-5



9 789942 074935