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Poverty in Ecuador and international cooperation interventions for its reduction

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Abstract

This article examines the potential of international cooperation incorporated into trade agreements to reduce poverty in Ecuador from a conceptual and empirical perspective. Based on a systematic and narrative literature review and a descriptive analysis of official poverty indicators for 2010–2023, the cooperation architecture and its level of implementation are evaluated. The results show: i) persistent urban-rural gaps (income poverty of 18.4% in urban areas versus 46.4% in rural areas in 2023); ii) high sensitivity of poverty to external shocks (pandemic, price volatility, energy crises); and iii) limited implementation and monitoring of cooperation programs. Drawing on the theoretical frameworks of Sen (2001), Banerjee & Duflo (2004), Sachs (2005), and the institutional literature, it is argued that cooperation is not a sufficient condition without complementary policies, inclusive institutions, and binding targets with monitoring. A territorially based cooperation architecture is proposed, with verifiable indicators and institutional strengthening, prioritizing education, primary healthcare, digital connectivity, and financial inclusion in rural areas. The contribution is a policy-ready roadmap to align cooperation commitments with measurable development outcomes over time, offering actionable guidance for governments and development partners.

Keywords: Multidimensional poverty; international cooperation; trade agreements; inequality; governance.

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Pobreza en Ecuador e intervenciones de la cooperación internacional para su reducción

Resumen

Este artículo examina el potencial de la cooperación internacional, integrada en los acuerdos comerciales, para reducir la pobreza en Ecuador desde una perspectiva conceptual y empírica. A partir de una revisión sistemática y narrativa de la literatura y un análisis descriptivo de los indicadores oficiales de pobreza para el período 2010-2023, se evalúa la arquitectura de la cooperación y su nivel de implementación. Los resultados muestran: i) brechas persistentes entre zonas urbanas y rurales (pobreza de ingresos del 18,4% en zonas urbanas frente al 46,4% en zonas rurales en 2023); ii) alta sensibilidad de la pobreza a las perturbaciones externas (pandemia, volatilidad de precios, crisis energéticas); y iii) implementación y seguimiento limitados de los programas de cooperación. Con base en los marcos teóricos de Sen (2001), Banerjee y Duflo (2004), Sachs (2005) y la literatura institucional, se argumenta que la cooperación no es una condición suficiente sin políticas complementarias, instituciones inclusivas y metas vinculantes con seguimiento. Se propone una arquitectura de cooperación territorial, con indicadores verificables y fortalecimiento institucional, priorizando la educación, la atención primaria de salud, la conectividad digital y la inclusión financiera en las zonas rurales. Esta contribución consiste en una hoja de ruta lista para su implementación política, que permite alinear los compromisos de cooperación con resultados de desarrollo medibles a lo largo del tiempo, ofreciendo orientación práctica para los gobiernos y los socios para el desarrollo.

Palabras clave: Pobreza multidimensional; cooperación internacional; acuerdos comerciales; desigualdad; gobernanza.

Introduction

In recent decades, poverty levels in Ecuador have been influenced by economic, political, and social factors, many of which have generated external shocks such as economic crises and the COVID-19 pandemic. According to Andrade et al. (2023), despite some progress in socioeconomic development, Ecuador has experienced an increase in poverty and inequality in recent years, highlighting the need to implement effective policies that reduce social gaps and promote inclusive growth. This interaction between macroeconomic performance and well-being is consistent with the literature documenting that growth can reduce poverty, but its effects depend on initial inequality and distribution channels (Ravallion, 2001; Dollar & Kraay, 2002; Reyes-Ortiz & Martin-Fiorino, 2025).

Additionally, in the context of global transformations, the new era of globalization and trade integration processes have reconfigured the architecture of trade

agreements, which have evolved beyond their traditional objectives of trade liberalization. In this context, international cooperation has expanded beyond traditional aid, including dimensions such as trade, investment, and technology, and incorporating modalities such as South-South cooperation and triangular cooperation, which seek horizontality and complementarity (Ayllón, 2012; Quiroz et al., 2022). Furthermore, from an evidence-based perspective, the relationship between trade and poverty typically operates through multiple channels, such as employment, prices, productivity, and social protection, and cannot be assumed automatically (Winters et al., 2004; Goldberg & Pavcnik, 2007).

Trade agreements have evolved into a new generation of agreements that incorporate elements aimed at promoting sustainable development. In this context, international cooperation chapters have emerged as a key discipline that, through well-executed actions, can improve the quality of life for the population, particularly by reducing poverty. According to Cesar et al. (2024), the inclusion

of sustainable development chapters in trade agreements reflects a cooperative approach based on shared values, seeking to integrate the economic, social, and environmental dimensions of development in a balanced way. Furthermore, the Sustainable Development Goals framework reinforces the goal of eradicating poverty in all its dimensions, which requires cooperation policies and instruments with verifiable results (United Nations [UN], 2025).

From a structural perspective, Ecuador, as a dollarized country with a diverse productive and socioeconomic structure and inequality gaps, is a case study that allows us to analyze the importance and context in which international trade, cooperation, and poverty reduction develop and are linked. In this regard, the commitments assumed through new-generation trade agreements represent an opportunity to align international integration policies with sustainable development goals. Therefore, it is necessary to answer a key question: Can the cooperation chapters of trade agreements overcome the historical disconnection between economic growth and social equity in countries like Ecuador? Comparative evidence on institutions suggests that, without state capacity, the translation of commitments into results often fails (Acemoglu et al., 2001; Rodrik et al., 2004).

This article presents a critical perspective on the transformative potential of international cooperation linked to trade, provided it is implemented correctly with institutional coordination and in accordance with the needs and realities of the population. In this context, Zabala (2022) mentions that the institutional design of international cooperation should be part of the socioeconomic development strategy and not be viewed as an isolated set of incentives. Furthermore, regional evidence suggests that trade can contribute to poverty reduction only when accompanied by coherent public policies and distributive measures (Durán et al., 2011; Sorzano et al., 2021), which aligns with high-impact reviews on liberalization and poverty (Winters et al., 2004).

1. Theoretical foundation

1.1. Evolution of the concept of poverty: Towards a multidimensional measurement

The concept of poverty was initially defined as the lack of income to satisfy basic human needs. However, this concept has evolved toward a more comprehensive view that recognizes the complexity of this phenomenon. From a conceptual standpoint, Sen (2001); and Sorzano et al. (2021) argue that poverty should not be understood solely as a lack of income, but rather as a deprivation of the development of capabilities that would allow human beings to lead a dignified life. This conceptual shift aligns with the tradition of economic poverty measurement that established foundations for ranking and aggregation (Sen, 1976) and with metrics widely used in social policy evaluation (Foster et al., 1984).

According to the World Bank (2023); and Ramírez et al. (2023), poverty is a multidimensional condition that includes, in addition to income, a lack of access to basic services such as education, health, housing, and employment. This perspective incorporates human development metrics and is part of the Sustainable Development Goals (SDGs), where combating poverty occupies a key place among the main objectives set for 2030 (UN, 2025).

Table 1 presents a structured synthesis of the main theoretical and empirical contributions that have shaped contemporary thinking on economic development and poverty reduction. From the macroeconomic foundations of the welfare state and active fiscal policy to multidimensional approaches that integrate capabilities, inequality, institutional frameworks, and rigorous public policy evaluation, theories have evolved. Contributions from international organizations, academics, and policymakers show that poverty cannot be understood solely as insufficient income, but rather as a complex phenomenon requiring more

technical measurement and robust institutional frameworks, which have redefined concepts and methodological tools.

Table 1
Main contributions to economic development

Author / Institution	Main contribution	Methodology / Approach	Year (approx.)
John Maynard Keynes	Theoretical foundation of the welfare state and active fiscal policy to reduce unemployment and poverty.	Theoretical and empirical macroeconomic analysis focused on aggregate demand, employment, and investment.	1936
William Beveridge	Proposal for a comprehensive social security system (modern welfare state) to combat “mass poverty”.	Public policy report based on social and economic studies of the United Kingdom.	1942
World Bank	Definition of international poverty lines (e.g., USD 1.90 per day) and comparative measurement of extreme poverty.	Statistical analysis, household surveys and construction of income and consumption indicators.	Since 1990
Amartya Sen	Capabilities approach: poverty as deprivation of real freedoms and basic capabilities.	Economic and philosophical theory; normative and empirical welfare analysis.	1970–1990
Mahbub ul Haq / UNDP	Creation of the Human Development Index (HDI), integrating income, health and education.	Construction of composite indicators with national statistics and a multidimensional approach.	1990
Tony Atkinson and others	Development of tools to measure inequality and poverty (Atkinson index, distributional analysis).	Econometrics, inequality theory, and income data analysis.	Since 1970
Peter Townsend	Concept of relative poverty and social exclusion in developed countries.	Sociological studies; extensive surveys and qualitative and quantitative analysis of living conditions.	1979
Esther Duflo, Abhijit Banerjee and Michael Kremer	Use of randomized controlled trials (RCTs) to evaluate poverty reduction policies.	Randomized field experiments and evidence-based impact assessment.	Late 1990s
Joseph Stiglitz and others	Criticism of structural adjustment policies and advocacy of a more inclusive post-Washington approach.	Economic and institutional analysis; evaluation of IMF and World Bank policies; case studies.	2002
Jeffrey Sachs	“Big push” strategy to achieve the Millennium Development Goals and reduce extreme poverty.	Development models, national diagnoses and proposals for massive investment in social sectors.	2005
UN – Millennium Development Goals (MDGs)	Global agenda with specific goals to reduce extreme poverty and other deprivations.	International policy agreement and monitoring through statistical indicators.	2000–2015
UN – Sustainable Development Goals (SDGs)	Agenda 2030 to eradicate poverty in all its dimensions with a comprehensive approach.	Framework of global goals, indicators and partnerships between governments, the private sector and civil society.	2015–2030
Sabina Alkire and James Foster	Multidimensional poverty methodology (Alkire-Foster method) and basis of the Multidimensional Poverty Index (MPI).	Development of a formal method for identifying and aggregating multiple deprivations.	2007–2011

Cont... Table 1

Muhammad Yunus / Grameen Bank	Microcredit and microfinance for poor people excluded from the traditional financial system.	Institutional and financial innovation; evaluation through impact studies and international expansion.	1970s
Cash transfer organizations (governments, NGOs)	Conditional and unconditional cash transfer programs to reduce poverty.	Design and evaluation of social programs using household surveys, RCTs and quasi-experiments.	Since 1997
Thomas Piketty	Historical analysis of inequality and its relationship with the concentration of wealth and the persistence of poverty.	Long-term historical series, tax databases and statistical analysis of income distribution.	2013–2014

Source: Own elaboration, 2026.

This approach focuses the analysis on people's freedom to develop their potential, access opportunities, and actively participate in society (Sen, 2001). The operationalization of this concept is embodied in the global Multidimensional Poverty Index (MPI), developed by Alkire & Foster (2007), which identifies concurrent deprivations in health, education, and standard of living. As demonstrated by Alkire et al. (2020), the MPI provides a fundamental tool for designing public policies that address the specific

deprivations affecting households, going beyond income. This perspective is crucial for evaluating the real impact of international cooperation.

Table 2 shows the evolution of monetary poverty in Ecuador between 2010 and 2023, differentiating between national, rural, and urban sector. The data show a sustained reduction between 2010 and 2017, followed by a significant increase in 2020 because of the health and economic crisis, and a slight recovery in subsequent years.

Table 2
Monetary poverty

Period	Poverty	Rural poverty	Urban poverty
2010	32.76	52.96	22.45
2011	28.64	50.89	17.36
2012	27.31	49.07	16.14
2013	25.55	42.03	17.63
2014	22.49	35.29	16.43
2015	23.28	39.33	15.68
2016	22.92	38.18	15.74
2017	21.46	39.28	13.18
2018	23.22	40.02	15.34
2019	25.04	41.75	17.22
2020	33.04	49.24	25.45
2021	27.69	42.36	20.79
2022	25.23	41.04	17.84
2023	26.01	42.2	18.45

Source: Own elaboration, 2026 prepared with information from Instituto Nacional de Estadística y Censos (INEC 2024).

The analysis of income poverty (see Table 2) also reveals a clear rural-urban

gap and a high sensitivity to shocks such as the COVID-19 pandemic. However, this

perspective is insufficient. In 2023, the extreme poverty threshold adjusted for purchasing power parity (PPP) was set at USD 2.15 per day, recognizing the need to periodically update this indicator based on changes in the global cost of living.

This concept has direct implications for the design and implementation of public policies and international cooperation programs. Generating economic growth is no longer sufficient; it is essential to ensure that the benefits of that growth reach the most vulnerable sectors in a sustainable manner. In this context, cooperation chapters in trade agreements play a fundamental role, providing institutional frameworks for allocating resources toward programs with defined socioeconomic development objectives.

1.2. Proposed analytical framework: The “Virtuous Triangle” for effective cooperation

The complexity of multidimensional poverty and the specific nature of modern trade agreements necessitate an integrated analytical framework. To address this, we propose the ‘**Virtuous Triangle**’, a framework structured around three core vertices:

Vertex A: New Generation Trade Agreements. These instruments have evolved from facilitators of trade flows to comprehensive regulatory frameworks that include chapters on sustainable development, economic and technical cooperation (Bastiaens & Postnikov, 2020). Their potential lies in creating binding commitments and spaces for ongoing political dialogue. High-level evidence on trade and poverty recommends avoiding linear assertions, prioritizing mechanisms and context (Winters et al., 2004; Goldberg & Pavcnik, 2007).

Vertex B: Multidimensional Poverty (MPI). This constitutes the ultimate goal and the central metric for success. Focusing on the MPI requires going beyond income and diagnosing specific deprivations in specific territories and populations (Alkire et al., 2020).

Vertex C: Inclusive Institutional Framework and Subnational State Capacity. This is the critical, often overlooked vertex. The literature has established that the quality of local institutions is a key determinant of translating resources into effective development (Acemoglu & Robinson, 2013). Subnational “state capacity”—the ability of local governments to implement policies—is the glue that binds trade agreements to poverty reduction.

The central thesis of this article is that international cooperation will only reduce multidimensional poverty if it activates and strengthens synergies within this virtuous triangle. In other words, the resources and knowledge of international cooperation (Vertex A) must flow through robust local institutions (Vertex C) to directly impact the dimensions of the Multidimensional Poverty Index (Vertex B). In this model, cooperation ceases to be a specific transfer of resources and becomes a catalyst for endogenous capabilities.

1.3. Multidimensional poverty in Ecuador: A structural and territorial perspective

Ecuador has experienced changes in its poverty indicators over the last decade, influenced by both internal factors and external crises, including the COVID-19 pandemic. Poverty is measured across multiple dimensions: income, consumption, unmet basic needs, and multidimensional poverty. This comprehensive approach has been key to highlighting structural deprivations beyond income. As Banerjee et al. (2004) indicate, poverty in developing countries is not solely due to low income, but also to structural failures in credit, insurance, governance and markets.

This is further supported by the argument that these failures are perpetuated by inefficient resource allocation and persistent constraints that limit well-being in disadvantaged areas (Banerjee & Duflo, 2004). Furthermore, evidence from development economics shows

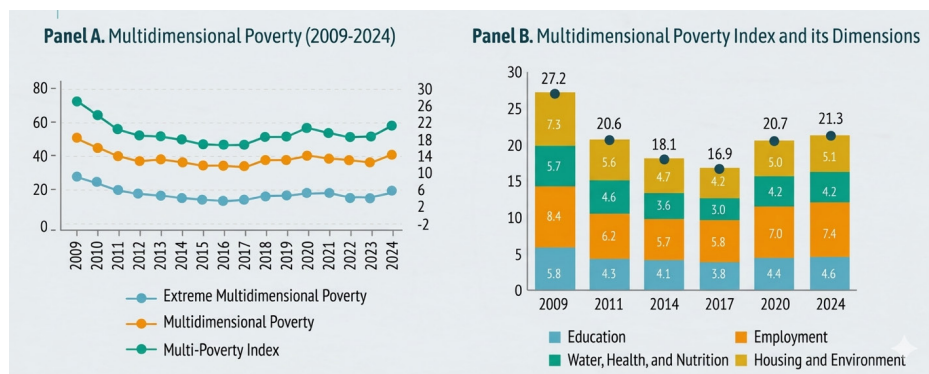
that, in rural contexts, credit constraints, uninsured risks, and market failures sustain poverty traps, so intervention must be specific and verifiable (Miguel & Kremer, 2004).

In 2022, multidimensional poverty and extreme multidimensional poverty rates fell to 38.1% and 16.6%, respectively, returning to their pre-pandemic levels. That same year, the multidimensional poverty index stood at 18.8%, 1% lower than the index recorded in 2019 (Grupo Banco Mundial, 2025).

The National Survey of Employment, Unemployment, and Underemployment (ENEMDU-2024) (INEC, 2024) reveals that in 2023, the national rate of moderate multidimensional poverty was 37.3%, and the extreme rate was 16.1%, with a marked contrast between urban (23.0%) and rural (67.9%) areas. This territorial gap reflects what Banerjee et al. (2004) identified in their studies regarding the inefficient allocation of resources and the coexistence of high and low returns within the same country's economy, highlighting institutional deficiencies and

limited access to financing. Furthermore, it indicates that the territorial gap is not explained solely by income, but also by simultaneous deprivations in education, health, employment, and living conditions, reinforcing the usefulness of formalized multidimensional approaches for public policy (Alkire & Foster, 2011; Ramírez et al., 2023).

Figure I presents the evolution of multidimensional poverty in Ecuador between 2009 and 2024, as well as the contribution of its main dimensions. Panel A shows a downward trend until the middle of the last decade, followed by a significant deterioration in 2020 due to the health crisis and a partial recovery in subsequent years, reflecting vulnerability to external shocks. Panel B, on the other hand, allows for the disaggregation of the index into its components such as education, employment, water, health and nutrition, and housing, demonstrating that deprivations related to employment and living conditions continue to have a significant impact on the structure of poverty.



Source: Own elaboration, 2026 based on data from the World Bank (2025).

Figure I: Multidimensional poverty in Ecuador

According to the INEC (2023), while the national MPI was 37.3% in 2023, the territorial disparity was abysmal: 23.0% in urban areas compared to 67.9% in rural areas. The evidence suggests that this gap transcends income levels, emerging instead from structural

imbalances in access to capital, insurance mechanisms, and ineffective territorial management, as identified by Banerjee & Duflo (2012) in similar contexts. The concentration of deprivations in education, access to health services and adequate standard of living in

rural and Amazonian areas demonstrates the need for targeted interventions that address these specific dimensions.

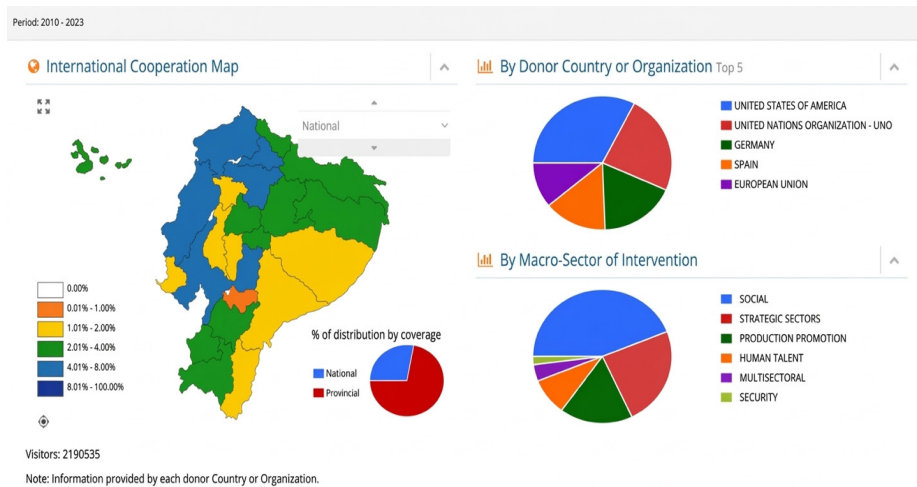
1.4. International Cooperation
Interventions as a Contribution to
Socioeconomic Development

According to information from the Ministerio de Relaciones Exteriores y Movilidad Humana de Ecuador (MREMH, 2026), between 2010 and 2023, international cooperation in Ecuador showed a differentiated territorial distribution and a high concentration of projects with national scope. A total of 6,597 projects were carried out, with an approximate value of US\$4,049.12 million. The map shows that the provinces with the greatest cooperation coverage are located primarily in the Coastal and Amazonian regions, highlighted in blue (more than 8% of the national total). In contrast, some areas have a share of less than 2%, reflecting disparities in the reach of aid programs. Considering overall coverage, national projects represent

the majority compared to provincial ones, indicating a cooperation orientation toward comprehensive policies and programs, rather than interventions focused on specific territories.

Regarding cooperating partners, the main countries and organizations that have contributed resources and assistance are the United States, the United Nations, Germany, Spain, and the European Union (MREMH, 2026). These actors account for most of the official development assistance in the country.

Furthermore, in sectoral terms, as shown in Figure II, cooperation has focused predominantly on the social sphere (44.44%) and strategic sectors (24.24%), followed by the promotion of production (16.16%), human talent (9.09%), and multisectoral actions (4.04%). This reveals a strategy aimed at strengthening social welfare, promoting sustainable productive development, and consolidating institutional and human capacities that contribute to achieving the Sustainable Development Goals (SDGs).



Source: Taken from the website of the Cooperation Map of the MREMH (2026).

Figure II: Destination of international cooperation

Moreover, the geographical distribution of these resources shows a marked decentralization, with 72.09% of cooperation managed at the provincial level, compared to 27.91% at the national level. This territorial focus is largely driven by a diverse portfolio of donors, led by the United States (32.57%) and the United Nations (23.98%), followed by Germany (17.79%), Spain (14.64%), and the European Union (11.02%). The diversity of actors (donors) and the emphasis on subnational execution suggest a move towards a more localized cooperation architecture, although challenges remain regarding the alignment of these funds with local institutional capacities.

From a public policy perspective, international cooperation alone does not guarantee poverty reduction; complementary policies and strong institutions are required. As Vos & De Jong (2003) argue, economic growth without equity does not translate into social well-being. This assertion is consistent with the empirical literature on aid and growth, which finds heterogeneous results and, at times, effects conditioned by policies and institutional capacity (Burnside & Dollar, 2000), as well as with contemporary evaluation approaches that prioritize causal traceability and rigorous impact measurement (Duflo, 2001). This suggests that international cooperation is a fundamental instrument for complementing the programs and efforts undertaken by a state. Consistent with macroeconomic and fiscal records, the sustainability of these efforts also depends on the capacity for financing and prioritization of public spending, especially during periods of adjustment and external shocks (Banco Central del Ecuador [BCE], 2023).

A key contribution to the analysis of the link between international cooperation and poverty comes from the studies by Banerjee & Duflo (2012) due to their experimental approach to reducing global poverty. In this context, international cooperation is not only a transfer of resources but also an evidence-based intervention strategy that, when properly channeled, generates impact. They also

emphasize that many well-intentioned policies fail to achieve the expected success because they do not reflect the decision-making logic of poor people and their realities. Additionally, trials and experimental evaluations in health and education have shown that focused interventions can produce measurable improvements in well-being and capabilities, provided there is adequate design and rigorous follow-up (Miguel & Kremer, 2004).

In this context, experimental evaluations in microfinance have shown effects that are not always widespread or uniform, necessitating a refinement of assumptions, segmentation, and theory of change (Banerjee et al., 2015). Therefore, program design must begin with a thorough diagnosis and empirical validation of hypotheses regarding changes in quality of life. This perspective offers key lessons for international cooperation interventions, which must be linked to the specific territorial realities of each country.

From a policy perspective, Sachs (2006) mentions the need for a comprehensive development architecture that combines economic growth, investment in human capital, and international cooperation. Furthermore, he argues that extreme poverty can be avoided by linking national strategies with multilateral commitments that channel resources toward sectors such as health, infrastructure, education, and technology. His approach emphasizes the need for institutional frameworks that allow for the sustainable scaling up of good practices.

Other authors, such as Stiglitz (2003), warn about the asymmetries of international trade and the risks that liberalization without compensatory policies will exacerbate existing inequalities. The literature has also highlighted the importance of institutional frameworks for the effectiveness of cooperation. In parallel, institutional literature argues that the quality of the state and its rules of the game are crucial for transforming resources into sustainable capabilities and outcomes (Acemoglu et al., 2001; Rodrik et al., 2004). According to Acemoglu et al. (2014), inclusive institutions have been shown to be key determinants

of sustainable development. In this regard, new-generation trade agreements should include chapters that acknowledge inequalities between countries and outline specific actions to address them.

1.5. Critical Analysis of International Cooperation and Proposal of a “Dashboard”

According to information from the MREMH (2026), between 2010 and 2023, 6,597 cooperation projects were implemented, totaling USD 4,049.12 million. However, as Castro & Zamora (2013) point out in their analysis of development aid in Andean countries, the main challenge is not always the volume, but rather the alignment, ownership, and impact measurement. This aid has also been heavily influenced by donors’ foreign policy agendas, limiting its alignment with national development priorities and its transformative potential. This concern is consistent with high-impact evidence suggesting that effectiveness depends on incentives, institutional capacity, and verifiable accountability mechanisms, rather than on the financial execution itself (Burnside & Dollar, 2000).

Analysis of the Cooperation Map reveals an uneven territorial distribution, with coastal and Amazonian provinces receiving greater coverage, while others have less than 2% participation. Furthermore, the predominance of “national” projects hinders territorial targeting and accountability at the local level.

To overcome these limitations, the creation of a “Territorial Impact Dashboard” is proposed, explicitly linking cooperation projects to the reduction of the Multidimensional Poverty Index (MPI). This dashboard would operate under the principles of Results-Based Management (RBM) and would be fed by disaggregated data. The objective is to move from the logic of “activities carried out” to “demonstrated impact” on dimensions of poverty, aligning with evaluation standards where causal measurement and the clarity of indicators are conditions for credibility (Duflo, 2001; Miguel & Kremer, 2004).

This approach allows us to shift from a logic of “activities carried out” to one of “demonstrated impact” on the dimensions of poverty. Implementing this dashboard, in turn, requires strengthening local data systems and promoting rigorous impact evaluations, using experimental or quasi-experimental methods to attribute causality, as promoted by the evidence revolution in development economics.

Table 3 systematizes the operational components of the proposed Dashboard to link cooperation chapters with specific reductions in multidimensional poverty. This tool is structured based on the official dimensions of the Multidimensional Poverty Index (MPI) of the National Institute of Statistics and Censuses (INEC), and translates each dimension into specific project objectives, verifiable impact indicators, and institutionally recognized data collection sources.

Table 3
Components of dimensional poverty

IPM dimension (INEC)	Objective of the Project	Impact Indicator	Collection Method (Source)
Education	Improve access to and quality of rural secondary education.	Net rate of attendance at secondary education in intervened parishes.	ENEMDU, specific surveys.
Health and Social Security	Strengthen primary health care.	Percentage of children under 5 years of age with a complete vaccination schedule in the territory.	Records from the Ministry of Public Health.
Standard of Living (Housing)	Promote financial inclusion for housing and micro-enterprises.	% of households with access to a financial product (account, credit, insurance).	Household surveys, financial system data.

Cont... Table 3

Work and Social Security	Generate quality employment with social protection.	Rate of formal employment in the economically active population of the area of influence.	ENEMDU.
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Source: Own elaboration, 2026.

2. Methodology

This research employs a mixed-methods approach, combining a systematic and critical narrative literature review with a descriptive analysis of the poverty indicator to examine the main academic and conceptual contributions related to international cooperation and its connection to poverty reduction. This process is based on an analysis of both primary and secondary sources. The methodological approach draws on the work of Hernández et al. (2014), who emphasize that documentary

research facilitates the identification of relevant sources for constructing a robust theoretical framework.

Table 4 systematically presents the phases of the methodological process followed for the literature review, the construction of the theoretical framework, and the formulation of an applied proposal. It details the specific objectives of each stage, the search strategies and selection criteria used, the main results obtained, and their contribution to the conceptual development of the study.

Table 4
Research Methodology

Phase	Objective	Strategy and Criteria	Key Findings	Theoretical Contribution
1. Identification	Map the conceptual evolution of poverty measurement.	Scopus/WoS search: “multidimensional poverty”, “capability approach”, “poverty measurement”. Seminal works and reviews (1990–2023).	Two dominant strands identified: capability approach (Sen) and multidimensional measurement (Alkire & Foster, 2007).	Positions multidimensional poverty as the core analytical concept.
2. Trade–Development Nexus	Examine links between trade agreements and development.	Keywords: “trade agreements”, “sustainable development chapters”, “international cooperation”. Empirical and theoretical studies (2010–2023).	Trade agreements function as governance instruments incorporating cooperation mechanisms (Bastiaens & Postnikov, 2020).	Frames trade agreements as institutional channels for development-oriented cooperation.
3. Cooperation Effectiveness	Assess determinants of aid effectiveness.	Keywords: “aid effectiveness”, “institutional capacity”, “local governance”. Impact and institutional studies (2005–2023).	Effectiveness depends on alignment with national priorities, local capacity, and accountability (Briggs, 2021).	Identifies institutional capacity as a key mediating variable.
4. National Evidence (Ecuador)	Contextualize empirically the Ecuadorian case.	Official data (INEC, World Bank, ECLAC); policy reports (2010–2024).	Persistent urban–rural disparities and fragmented aid allocation.	Provides empirical grounding and reveals structural gaps in aid distribution.

Cont... Table 4

5. Integrative Framework	Develop a unified analytical model.	Thematic synthesis across prior phases.	Proposal of the “Virtuous Triangle”: trade agreements, multidimensional poverty, and local capacity.	Establishes an original analytical framework linking the three dimensions.
6. Implementation	Translate framework into policy tools.	Literature on RBM, theory of change, and impact metrics.	Design of a territorial dashboard aligned with MPI dimensions.	Converts theory into an actionable evaluation instrument.

Source: Own elaboration, 2026.

Furthermore, according to Flick (2018), a systematic literature review not only organizes the available evidence but also allows for the articulation of theories, policies, and empirical findings, facilitating a comprehensive analysis of the factors that influence poverty reduction. In this regard, the empirical component used official data from the INEC (National Institute of Statistics and Censuses) covering the period 2010–2023.

3. Results and discussion

Documentary analysis allowed for the integration of theoretical and empirical contributions on the relationship between international trade, cooperation, and poverty. The historical behavior of these indicators confirms that poverty reduction in Ecuador is highly sensitive to external factors such as the volatility of international oil prices, dependence on primary exports, and health and climate crises (World Bank, 2023).

This demonstrates that progress achieved during periods of economic boom tends to be reversed in adverse contexts, reflecting both the structural fragility of the economy and the limited resilience of the institutions responsible for social policy. Empirical data suggests that economic growth alone does not guarantee the well-being of the population if it is not accompanied by appropriate policies and effective international cooperation (Vos & De Jong, 2003).

Furthermore, it is confirmed that urban

and rural disparities exist that contribute to poverty. In 2023, income poverty was 46.4% in rural areas and 18.4% in urban areas, while extreme poverty reached 22.6% in rural areas. Additionally, poverty indicators are highly sensitive to external shocks. During the COVID-19 pandemic, the national poverty rate increased to 33% in 2020, compounded by the effects of international price volatility and energy crises that impacted the country’s economic situation.

On the other hand, international cooperation has not maximized its use and impact monitoring, and inequality is observed in resource allocation across different provinces and programs. While interventions include technical assistance and rural development and sustainability programs, their practical implementation still requires greater integration with national policies and monitoring to measure their impact on poverty reduction.

In summary, poverty in Ecuador maintains a structural and multidimensional character, which is accentuated in crisis contexts. As Verduga & Bravo (2025) point out, the persistence of poverty is linked not only to situations such as unemployment, but also to the lack of effective public policies and regional inequalities that require sustainable responses. This confirms the need for differentiated and binding interventions, in which the cooperation chapters of trade agreements become strategic tools for focusing external resources on reducing multidimensional poverty, with an emphasis

on programs tailored to local realities and on institutional strengthening.

3.1. Towards a New Architecture of Trade Cooperation

The findings confirm that the potential of international trade-linked cooperation is far from being realized. Subnational institutional weakness (Vertex C) acts as a bottleneck, preventing the benefits of agreements (Vertex A) from translating into a reduction in multidimensional poverty (Vertex B).

The suggestion to implement a Dashboard aligns with the recent surge in literature demanding greater transparency and effectiveness in development aid. As Duflo (2012); and Briggs (2021) argue, accountability and a focus on empowering specific groups, such as women, whose expanded capacities have a multiplier effect on development, are essential for external interventions to be sustainable and inclusive. In the Ecuadorian context, this implies:

- a. Negotiate binding targets, including in the cooperation chapters of trade agreements specific targets for reducing the MPI in priority territories, with clear deadlines and indicators.
- b. Obtain competitive funds for subnational governments, for which financing mechanisms must be designed that reward local governments that present the best projects aligned with the Dashboard and with demonstrated execution capacity.
- c. Incorporate learning and adaptation clauses into projects, allowing for the reallocation of resources based on the results of interim impact assessments and fostering a culture of innovation and learning.

The results show that poverty reduction in Ecuador is conditioned not only by the evolution of national income and economic cycles, but also by structural factors that limit territorial equity. In this sense, Latin American studies demonstrate that simply creating jobs is not enough; rather, the true impact on poverty reduction is achieved through quality employment with social protection and job

stability (González et al., 2021). This reaffirms the importance of having public policies that provide well-being to the population.

This approach is reinforced by the contributions of Banerjee & Duflo (2012), who argue that cooperation programs should be designed based on rigorous empirical diagnoses and impact evaluations that identify which interventions generate significant effects on household well-being. The results confirm the relevance of targeted interventions in areas such as rural secondary education, digital connectivity, primary healthcare, and financial inclusion for rural microenterprises all areas where international cooperation can be integrated with national policies.

Furthermore, it highlights the crucial role of strong institutions in achieving sustainable development. In Ecuador, institutional weakness explains why progress made during periods of prosperity tends to be reversed during crises. International cooperation presents an opportunity to strengthen institutional capacity through binding commitments, targeted funding for local governments, and transparency mechanisms.

The findings from the Ecuadorian case reaffirm that international cooperation has still had a limited impact on poverty reduction due to the lack of complementary mechanisms that ensure that the benefits are distributed equitably and are measured. As Andrade et al. (2023) mention, the persistence of inequality and the lack of effective policies reinforce the need for new generation trade agreements to incorporate cooperation chapters with clear goals and monitoring mechanisms.

In terms of public policy, cooperation programs should be designed with three fundamental principles: territorial targeting, the definition of binding indicators with verifiable baselines, and institutional strengthening. Despite progress, limitations in data availability persist.

Poverty in Ecuador requires a comprehensive approach that combines economic growth with effective public policies, institutional strengthening, and

territorially targeted international cooperation. In this sense, Sánchez et al. (2020); and Muñeton et al. (2019) highlight that the transformation of the concept of poverty towards a multidimensional approach poses a challenge for the social sciences, as it requires integrating structural factors such as education, health, housing and social participation in the design of public policies.

Furthermore, Moreira (2025) emphasizes that addressing multidimensional poverty requires comprehensive approaches that bring together the State, civil society, academia, and international organizations—an essential condition for cooperation to have a sustainable impact on development. In this context, new-generation trade agreements offer a suitable framework for integrating these elements, provided their cooperation chapters are designed with goals and monitoring mechanisms. Only under these conditions can international cooperation become a catalyst for socioeconomic development with a direct impact on poverty reduction.

Conclusions

International cooperation within the framework of trade agreements can be a powerful engine for combating multidimensional poverty in Ecuador, but not under the current model. Its effectiveness depends on a profound re-engineering that positions it as the catalyst for the “Virtuous Triangle” between agreements, institutions, and poverty. Indeed, poverty in Ecuador constitutes a structural and territorially differentiated phenomenon that requires context-specific interventions, appropriately assessed through instruments such as the Multidimensional Poverty Index (MPI). In addition, the current architecture of international cooperation exhibits significant limitations in targeting, impact monitoring, and alignment with local institutional capacities.

This highlights the need for the proposed “Dashboard”, which offers a practical mechanism for linking projects to the

reduction of specific deprivations, promoting transparency and accountability. It is urgent that the Ecuadorian State negotiate more ambitious and binding cooperation clauses in its trade agreements, prioritizing the strengthening of subnational government capacities. These tools should consider variables such as the degree of budget execution, alignment with national priorities, the number of direct and indirect beneficiaries, and the estimated impact in terms of human development, productivity, and sustainability.

Future research should focus on impact assessment of pilot programs designed under this new paradigm and on comparative analysis of the effectiveness of cooperation chapters in different trade agreements in the region.

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