

PRODUCTIVE AND SOCIAL INCLUSION IN ECUADOR

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Abstract

Poverty can be reduced in two ways: via income generation or via increased access to public goods and services. The aim of this paper is to propose a methodology for quantifying the percentage of the population that live in double inclusion, namely, in productive and social inclusion in Ecuador during the 2009-2017 study period. The results obtained indicate an asymmetry between social and productive progress. The advances made in education, housing, and basic services stand in contrast to the challenge to secure dignified employment, a situation made worse in rural areas. In 2017, the national level of double inclusion was recorded at 35.3%, non-productive social inclusion at 31.8%, non-social productive inclusion at 6.8%, and exclusion at 26%.

Keywords: productive inclusion; social inclusion; income poverty; multidimensional poverty; inequality.

1. INTRODUCTION

Poverty is a complex phenomenon, a fact which manifests itself in several ways and has various causes. The complex nature of poverty is evidenced by the diversity of the ways in which it is conceptualized. Analyzing poverty from a monetary perspective, the concept of income poverty defines poverty as the lack of the financial resources necessary to satisfy minimum living standards in a society, and seeks to identify the population's ability to satisfy a set of basic food and non-food needs at market prices (Simmel, 1965 cited in Spicker *et al.*, 2009; Ringen, 1988 in Spicker *et al.*, 2009; ILO, 1995).

An important criticism of the concept of income poverty is that it is a circumstantial measure and, as such, does not stay constant over time. Rather, it fluctuates depending on the population's employment situation and wage levels, conditions that in turn are influenced by the macroeconomic environment. Unlike income poverty, the basic needs perspective is not concerned with determining whether individuals have sufficient income to satisfy basic needs as defined for a specific social group and at a specific time, but rather with establishing if these needs have actually been met (Vic George, 1988 in Spicker *et al.*, 2009; Max Neef, 1993; Fresneda, 2007).

From a capacity perspective, poverty is more than the lack of sufficient resources and the non-fulfilment of basic needs. Rather, poverty is measured in terms of a lack of abilities. Here, abilities are understood as effective freedoms that allow people to achieve or do what they value (Sen, 1984, 1999). The capacity perspective has prompted the debate regarding individualistic considerations of well-being, highlighting the fact that individuals choose lifestyles in accordance with their individual values while neglecting the impact these may have on the community (Nelson, 2004 in Dubois, 2008). The need to introduce the forgotten notions of democracy, respect, and friendship to Sen's proposal has also been identified (Gasper and van Staveren, 2003, p.141). In addition, the importance of a more objective conceptualization of capacity identification has been pointed out, one which is applicable to all sections of the population and can be used to design public policies which will create a just society (Gasper and van Staveren, 2003, p.141; Nusbaum, 2011).

From a multidimensional rights-based perspective, poverty consists of being simultaneously deprived of several facets of well-being. The strength of this approach lies in its usefulness for designing public policy responses to combat the causes of poverty (Deleeck *et al.*, 1992; Santos, 2013; Bourguignon and Chakravarty, 2003; Alkire and Foster, 2007).

This approach has been accepted in recent years due to its flexibility at the operational level and its usefulness in the design and monitoring of public policy.

In sociological terms, poverty can be related to exclusion. In this sense, the European Union claims that "people, families and groups of people whose material, cultural, and social resources are so limited that they are excluded from the minimum acceptable lifestyle for the Member State in which they live will be considered poor" (EEC, 1985, in Spicker *et al.*, 2009, p. 299). On the other hand, Spicker *et al.* (2009, p.299) assert that: "Social exclusion affects individuals, people, and geographic areas. It cannot be seen purely in terms of income levels, but as also being linked to factors such as health, education, access to services, housing, and debt."

Meanwhile Subirats *et al.* (2005, p.13) point out that: "Exclusion can be addressed using values, collective action, institutional practice, and public policies."

Working from a public policies perspective, Martínez and Sánchez (2012) propose the notion of double incorporation, as opposed to exclusion. This notion encompasses both incorporation into the market and social incorporation. For these authors, "incorporation to the market refers to the participation of people in the cash nexus, which in turn requires the creation of a sufficient number of well-paid public and private jobs," while, "social incorporation refers to people who ensure their welfare independently of the cash nexus, namely, in a non-commercialized way" (Martínez and Sánchez, 2012, p.1).

Building on this framework, Angulo and Gómez suggest measuring double inclusion in terms of: "household's access to formal, non-precarious employment, together with the absence of multidimensional deprivation" (2014, p. 14). The importance of the link between social and productive incorporation is recognized by the Economic Commission for Latin America and the Caribbean (ECLAC), who consider these concepts as simultaneously constituting two necessary conditions of sustainable development.

With these antecedents, this paper analyzes poverty from the monetary and multidimensional perspectives, with a view to quantifying and expounding the evolution of social and productive inclusion trajectories in Ecuador. In Section 2, the performance of the two principal national measures of poverty will be measured: income poverty and multidimensional poverty. In Section 3, the methodology for measuring double-inclusion in Ecuador will be defined. In Section 4 the results will be presented and conclusions offered.

2. INCOME AND MULTIDIMENSIONAL POVERTY IN ECUADOR

Ecuador has defined poverty as "a situation of violation of or non-exercise of the rights established in the constitution, which constitute an end as well as a means in itself for capacity building and expanded opportunities" (Mideros, 2012 in SENPLADES, 2014, p. 14). According to Wilson Santiago Albuja Echeverría, the

National Strategy for Equality and the Eradication of Poverty, "Work and decent income, as well as the meeting of basic needs, are fundamental to attaining both *Buen Vivir* (Good Living) and the elimination of all forms of social segregation and exploitation" (SENPLADES, 2014, p. 14).¹

One of the global objectives of the 2030 Sustainable Development Goals (UN, 2016) is to end poverty. Additionally, the national priorities as established in the National Plan for Development (2017-2021) include the following goals: "to eradicate the incidence of extreme income poverty, reducing it from 8.7% to 3.5%", and "to reduce the rate of multidimensional poverty from 35.1% to 26%" (SENPLADES, 2017, p. 50).

Analyzing both the temporal and spatial evolution of poverty, as well as the explicatory factors that could harbor public policy solutions to it is equally as important as having a definition of poverty and its quantification (Feres and Mancero, 2001). In order to perform this analysis, the performance of income and multidimensional poverty in Ecuador during the period 2009–2017 will be expounded. In both cases, the data source used is the National Survey of Employment, Unemployment and Underemployment (ENEMDU) carried out by the National Institute of Statistics and Census (INEC), conducted in December of each respective year (INEC, 2018). 2009 was chosen as the starting point as information for analysis is available from this year, making calculating multidimensional poverty possible.

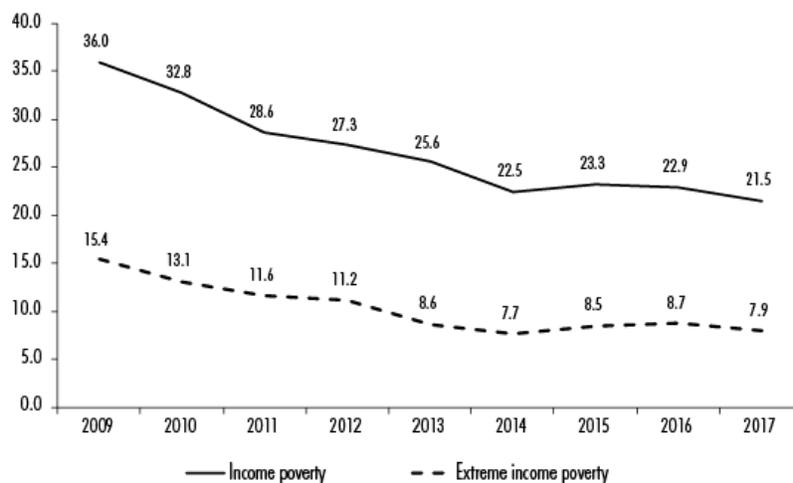
Income Poverty

The income poverty estimation is based on the FGT indices methodology, which allow the incidence, disparity, and severity of both income poverty and extreme income poverty to be calculated (Foster *et al.*, 1984). The most widely-used measure of poverty is the percentage of the population living in situations of poverty and extreme poverty compared with the rest of the population. The estimation is based on aggregated monthly household incomes, calculated using wages, remittances, money transfers, and capital inflows. The aggregate income is divided by the number of household members, thus obtaining per capita income.

Households and their members whose per capita income is below the poverty and extreme poverty line are considered poor and extremely poor, respectively.²

Between 2009 and 2014, a significant reduction in the incidence of income poverty and extreme income poverty was recorded, falling from 36% to 22.5% and from 15.4% to 7.7% respectively (See Figure 1). The external shocks which took place between 2015 and 2016 effected economic conditions in Ecuador. The drop in oil prices which occurred during these two years, coupled with the appreciation of the dollar, made non-oil exports more competitive, resulting in a contraction in the economy. This can be demonstrated by analyzing the GBP growth rate, which peaked at 3.8% in 2014, 0.1% in 2015 and -1.6% in 2016 (ECB, 2017).

Figure 1. Incidence of Income Poverty and Extreme Income Poverty (in percentages)



Source: Compiled by the author using data from the National Survey of Employment, Unemployment and Subemployment (INEC, 2018).

As a consequence of the low economic cycle, labor indicators suffered a setback and the tendency towards falling rates of monetary poverty slowed down. By 2017, GBP growth had reached 3% (ECB, 2017). An improvement in poverty reduction was also observed, with the poverty rate at 21.5% and extreme poverty at 7.9%.

After applying the decomposition growth-redistribution methodology to income poverty, 64.5% (9.5 percentage points) of the poverty reduction between 2009 and 2017 can be explained as a result of economic growth, while 34.6% (5 percentage points) as a result of redistribution. Meanwhile, 67.7% (5 percentage points) of extreme poverty reduction is due to growth, with 32.3% (2.4 percentage points) being due to redistributive policies (see Table 1) (Gasparini *et al.*, 2013).

Table 1. Decomposition Growth-Redistribution of Income Poverty and Extreme Income Poverty (in percentages)

	<i>Poverty</i>	<i>Extreme Poverty</i>
2009	36.0	15.4
2017	21.4	7.9
Difference	-14.5	-7.5
Growth	-9.5	-5.1
Redistribution	-5.0	-2.4

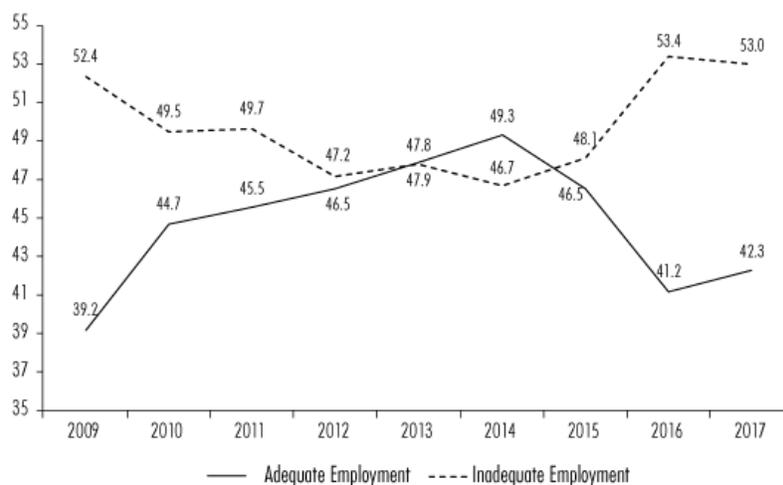
Source: compiled by the author using data from the National Survey of Employment, Unemployment and Subemployment (INEC, 2018).

Despite the significant reduction in poverty indicators, the trajectories diverge significantly at the geographical region level. This is evidence of persistent differences that must be taken into account in order to apply effective public policy. In 2017, poverty in rural areas was at 39.3% compared with 13.2% in urban areas, while the extreme poverty rate in rural areas (17.9%) was more than four times higher than in urban areas (3.3%). Income poverty reduction was accompanied by inequality reduction. Between 2009 and 2017, the Gini co-efficient fell from 0.504 points to 0.459 points.

Based on the application of the proposed World Bank methodology (2013) for estimating poor, vulnerable, medium, and high social strata, a significant increase in the average stratum from 23% to 34.8%, along with a reduction of poverty, can be observed between 2009 and 2017, (see Annex 1).³ It is worth noting that the significant section of the population located in the vulnerability stratum reached 42.2% in 2017, compared to 39.7% in 2009. Due to the characteristics of this section of the population, it is at high risk of falling into poverty. In respect to geographic area, in urban areas 42.7% of the population was in the vulnerable stratum and 42.2% in the middle stratum in 2017, while in rural areas vulnerability was at 41.2% and the middle stratum at 19.1% for the same period.

The performance of monetary poverty is mainly influenced by remunerations received by members of the household, which in turn mainly depend on their educational level and occupation category. In contrast and despite the fact that in 2017 unemployment at the national level reached 4.6%, one of the lowest rates in the region, the level of adequate employment fell by 7% to 42.3% from its peak in 2014 of 49.3%.⁴ This means that more than half of the EAP (53%) is in inadequate employment which is evidence of a deterioration in labor indicators (see Figure 2).⁵

Figure 2. Adequate and Inadequate Employment (%)



Source: compiled by the author based on data from the National Survey on Employment, Unemployment, and Subemployment (INEC, 2018).

As a consequence of Ecuador's economic downturn, the percentage of the population in inadequate employment increased remarkable. For example, unemployment was recorded at 5.8% in urban areas in 2017, adequate employment at 50.4% and inadequate employment at 43.6%. Meanwhile in rural areas, unemployment reached 2.1%, adequate employment 25.1%, and inadequate employment 72.8%, thus demonstrating the precariousness of employment in rural areas.

On the other hand, the percentage of EAP affiliated with or covered by social security increased from 29.9% in 2009 to 44.3% in 2014, later decreasing to 40.8% in 2017. In 2017, the rate of EAP affiliated with social security was at 44% in urban areas, compared with 34.1% in rural areas.

The ILO (1999) puts forth the concept of decent work, which claims that worker's rights must be guaranteed. This belief is manifest in the notion that decent work: "Is productive work in which rights are protected, which generates an adequate income, with adequate social protection." This concept of decent work also claims that: "Decent work is the converging focus of all its four strategic objectives: the promotion of rights at work; employment; social protection; and social dialogue."

Based on the information available, the EAP with adequate employment, affiliated with contributory social security, was used as the definition with which to estimate decent work in Ecuador. Using adequate employment, the population with income equal to or above the unified basic salary is determined. Using social security affiliation, it was also possible to determine rate of the population with coverage against potential labor risks, retirement pension, and access to health services in the Ecuadorian Institute of Social Security (IESS).

Social security affiliation is defined as receiving the benefits established according to Ecuadorian law.⁸ Accordingly, in 2009 the population with decent employment rose to 20.5% nationwide, and reached 8.5% at the rural level, as well as 26.4% at the urban level. Meanwhile, in 2017 the population with decent employment was 30% nationally, 16.1% at the rural level, and 35.9% at the urban level. These figures are alarming when factoring in the fact that less than half of the EAP registers adequate employment and only one of every three workers has decent employment, thus demonstrating the precariousness of employment.

Multidimensional poverty

The concept of *Buen Vivir* as established in the Ecuadorian Constitution sets out a framework for understanding notions of social justice and development. It also guarantees that the State will play a fundamental role in protecting the rights on which various dimensions of wellbeing are founded. In 2016, Ecuador adopted multidimensional poverty as the official measure of poverty (INEC, 2016), based on the contributions made by Alkire and Foster (2007, 2011). The methodology consisted of deliberating on the selected dimensions and indicators of poverty. In this case, the rights which make up *Buen Vivir* constitute the four dimensions that will be used to categorize the indicators which make up official multidimensional poverty:

1) education, 2) work and social security, 3) health, water, and nutrition, and 4) home, housing and healthy environment (Constitution of the Republic of Ecuador, 2008, art. 12-34).

Table 2 presents the 12 indicators which comprise official multidimensional poverty, grouped according to the four dimensions previously mentioned. According to the methodology applied in the Health, water and food dimension, extreme income poverty is measured as proxy of the household's capacity to cover the minimum nutritional needs of its members. In relation to health, however, insufficient information was available.

Table 2. Dimensions and Indicators Used to Calculate Official Multidimensional Poverty

<i>Dimension</i>	<i>Indicator</i>	<i>Population</i>
Education	Non-attendance of basic education and high school (8.3%)	Age 5 to 17
	No access to higher education due to economic reasons (8.3%)	Age 18 to 29
	Incomplete educational achievement (8.3%)	Age 18 to 64
Work and social security	Non-contribution to pensions system (8.3%)	Age 15 and up
	Child and adolescent labor (8.3%)	Age 5 - 17
	Unemployment or inadequate work (8.3%)	Age 18 and up
Health, water, and nutrition	No access to public water system (12.5%)	Entire population
	Extreme income poverty (12.5%)	Entire population
Home, housing, and healthy environment	Overcrowding (6.3%)	Entire population
	Housing deficit (housing made from inadequate materials or in a state of disrepair) (6.3%)	Entire population
	Without access to sanitation services (6.3%)	Entire population
	Without Access to garbage disposal services (6.3%)	Entire population

Source: INEC (2016, p. 11).

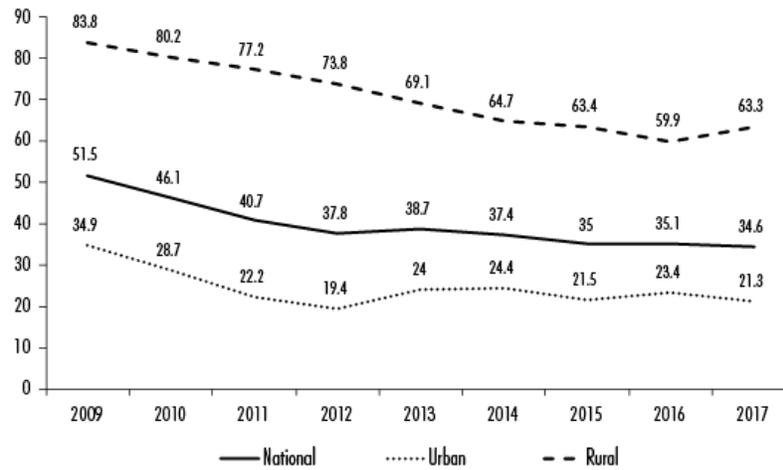
In the words of the INEC, given the characteristics of the data source, "one of the advantages of working with the ENEMDU (Employment, Underemployment and Unemployment Survey) is that, starting from 2009, it allows the indices to be reconstructed. One of the limitations of the data source, however, is the lack of health rights (access to health services) indicators, as well as of certain vulnerable groups (children, people with disabilities, the elderly)" (INEC, 2016, p.5).

As all rights are equally important, each dimension is weighted equally and, within each dimension, all indicators used to assess deprivation are weighted equally. It is also assumed that if one member of a household is deprived according to an indicator, then all members are deprived according to that same indicator.

Next, the multidimensional poverty threshold was determined, which defines the extent of deprivation a household must experience in order to be considered poor. Having done so, it was established that, in Ecuador, a household must score as deprived according to at least one third (33.3%) of the measures described to qualify as poor.

National multidimensional poverty fell from 51.5% to 35% in 2015, and was at 34.6% in 2017. At the urban level, poverty fell from 34.9% in 2009 to 21.5%, and from 83.8% to 61.4% at the rural level during the same period. In 2017, urban multidimensional poverty reached 21.3%, while rural multidimensional poverty reached 63.3% (see Figure 3). The reduction in multidimensional poverty between 2009 and 2017 is predominantly due to the expansion of basic water and sanitation services, as well as the increase in basic education and high school attendance. However, its stability between 2015 and 2017 can be explained by the fact that this metric incorporates indicators that have been affected by economic downturn: extreme income poverty, unemployment and inadequate employment, non-contribution to the pensions system, and child and adolescent labor (see Annex 2).

Figure 3. Multidimensional Poverty Rates (%)



Source: compiled by the author based on data from the National Survey of Employment, Unemployment, and Underemployment (INEC, 2018).

From a social investment perspective, the reduction of the multidimensional poverty rate during the period studied can be seen as an effect of the increase in social spending as a percentage of GDP, which rose from 7.8% to 10.2%. In per capita terms, this constitutes a growth in social investment from \$330 USD per inhabitant to \$626 USD. At a sectorial level, the largest variations in social spending per capita were in the health sector, increasing from \$63 USD to \$199 USD, while in education spending rose from \$191 USD to \$296 USD. On the other hand, per capita investment in social wellbeing, urban development and housing, and employment remained at around \$60 USD, \$12 USD, and \$3 USD, respectively (Sices, 2017).

Social Protection Floor in Ecuador

It is already known that inequality and exclusion have negative implications for societies at both the social and economic level in the short, medium, and long term. It is therefore pertinent to discuss the options available to states when seeking to implement policies oriented towards reducing inequality and closing social gaps. Among these options are social protection floors, understood here as a set of basic provisions to guarantee the minimum income necessary to avoid poverty and vulnerability, which give equal importance to both contributory and non-contributory social security, as well as ensuring access to social services and employment regulation (Cecchini and Martínez, 2011; ILO, 2012).

The Constitution of the Republic of Ecuador defines the National System of Social Equity and Inclusion as “an articulated and coordinated set of systems, institutions, policies, norms, programs and services that ensure the exercise, guarantee, and enforceability of the rights enshrined in the Constitution and the achievement of the objectives of the development plan” (art. 340). In view of this, there exists a economic inclusion and social mobility policy composed of two elements: “Universal, non-contributory healthcare against various risks, such as falling into poverty; and secondly, guaranteed access to a basic set of needs and capacities satisfiers to ensure autonomy” (MIES, 2018).

Within the non-contributory system, there are four targeted programs across the Registro Social (Social Register), which is a socioeconomic registry of households and their members which allows social programs to identify their target populations (Sices, 2017). The Human Development Voucher (BDH) transfers \$50 USD every month to households in extreme poverty, conditional on the fulfilment of health and education requirements. The Assistance Pension for Seniors provides \$50 USD every month to people over the age of 65 who live in poverty. The Assistance Pension for People with Disabilities provides \$50 USD every month to people who qualify as 40% disabled and live in poverty. Additionally, the Joaquín Gallegos Lara Voucher provides \$240 USD every month to carers of people living in poverty who qualify as 80% disabled.

At the contributory level, the constitutional framework defines social security as a universal right, including for those persons who perform unpaid work in the home, those who are self-sufficient, and the unemployed (Constitution of the Republic of Ecuador, 2008, art. 34). The Ecuadorian Social Security Institute (IESS) administers four insurance plans: individual and family health, general work risks, infirmity, old age and death, and agricultural work (social security law art. 345 and 362). These mechanisms, therefore, can be seen as universal in nature, and include early education services, basic general education and high school, and the public national health system.

The national economic inclusion and social mobility policy contains similarities with various programs implemented in the region, which are also testament to the introduction of the social protection floor. Examples include such as the conditional money transfer programs (*Red Unidos* in Colombia and *Chile Solidario*), the minimum income in old age and disability programs (*Pensión para Adultos Mayores* in Mexico, *Programa Especial de Transferencia Económica a los Adultos Mayores* in Panama), as well as programs for low income and unemployed workers (employment insurance in various countries, *Seguro de Capacitación y Empleo* in Argentina, among others) (CELAC, 2018). This is evidence of the existence of mechanisms at the regional level which engage in poverty reduction and provide support to children, seniors, and to people with disabilities via contributory and non-contributory social security. Therefore, the biggest challenge facing these countries is financing the coordination of public policy, institutions and interventions in order to achieve prompt, efficient, and sustainable service provision, while minimizing the impact of economic contractions.

3. MEASUREMENT OF DOUBLE INCLUSION

Methodological proposal

In accordance with the Martinez and Sanchez's (2012) conceptual proposal of double inclusion and following Angulo and Gomez's operative proposal for measuring social and productive inclusion in Columbia, the methodology for its operationalization in Ecuador will now be presented.

Social inclusion

The indicator for social inclusion is the adjusted official multidimensional poverty rate in Ecuador (INEC, 2016). The modification made to the way poverty is calculated consists of maintaining the dimensions of Education, Water and nutrition, and Home, housing and healthy environment (see Table 3), while discounting the indicators associated with income generation, as these belong to the field of productive inclusion. Namely, these discounted indicators are: extreme income poverty, unemployment and inadequate employment, non-contribution to the pensions system, and child and adolescent labor.

In contrast to official multidimensional poverty, the adjusted multidimensional poverty rate was calculated giving equal consideration and importance to each indicator. All rights were also given equal rank, as not all dimensions of *Buen Vivir* are taken into account. In fact, as the dimension of Water and nutrition only has one indicator, it is therefore weighted three and four times more heavily than the dimensions of Education and Home, Housing and Healthy Environment, respectively. The aggregation method was retained, namely, if one member of a household is deprived in an indicator then all members of the household are considered deprived in the same indicator. Additionally, the poverty threshold of complying with one third of the measures of deprivation described was maintained (see Table 3). Therefore, the population who are not deemed to be living in multidimensional poverty will be counted as being socially included.

Table 3. Dimensions and Indicators Used to Calculate Adjusted Multidimensional Poverty

<i>Dimension</i>	<i>Indicator</i>	<i>Population</i>
Education	Non-attendance of basic education and high school (11.1%)	Age 5 to 17
	No access to higher education for economic reasons (11.1%)	Age 18 to 29
	Incomplete educational achievement (11.1%)	Age 18 to 64
Water and nutrition	No access to public water system (11.1%)	Entire population
Home, housing, and healthy environment	No access to excreta-disposal sanitation systems (11.1%)	Entire population
	No access to garbage disposal service (11.1%)	Entire population
	Overcrowding (11.1%)	Entire population
	Housing deficit (11.1%)	Entire population

Source: compiled by the author using data from the National Survey of Employment, Unemployment, and Underemployment (INEC, 2018).

Productive inclusion

This indicator constitutes an adaptation of Angulo and Gomez's (2014) methodological approach. According to this approach, households are in productive inclusion when they simultaneously fulfil the following three criteria: 1) not living in income poverty, 2) at least one member has decent work within the employment system, and 3) there is no incidence of child labor within the household. For the purposes of this research, a person is considered to have decent work when they are in adequate employment and are affiliated with or covered by social security. In contrast to Angulo and Gomez's (2014) proposal, the non-existence of child or adolescent labor within the household is also included as a criterion of productive inclusion. This consideration is based on the fact that children and adolescents are incorporated into the labor market in order to overcome a lack of resources within the household. On this subject, Vasconez *et al.* (2015, p. 4) state that "it has been robustly confirmed that child labor has negative repercussions on human development, and perpetuates the situation of poverty for the households that are forced by a lack of resources to resort to child labor."

For households in which there are no members under the age of 65 belonging to the working age population (WAP), the second criterion, decent employment, is substituted for social security affiliation or coverage for at least one of the persons aged 65 or older. ² This is based on the fact that belonging to the labor system is essential for seniors in the same way that social security affiliation or contribution is, as social security affiliation and contribution are directly linked to the retirement pensions that guarantee a minimum subsistence income. A household will be considered to be in weak social inclusion when it is not in a situation of poverty, but does not satisfy both the criteria of at least one of its members having decent work or there being no child or adolescent labor in the household.

The combination of social and productive inclusion measures produces four categories of analysis: 1) Households in double inclusion; 2) households in non-productive social inclusion; 3) households in non-social productive inclusion, and 4) households in double exclusion.

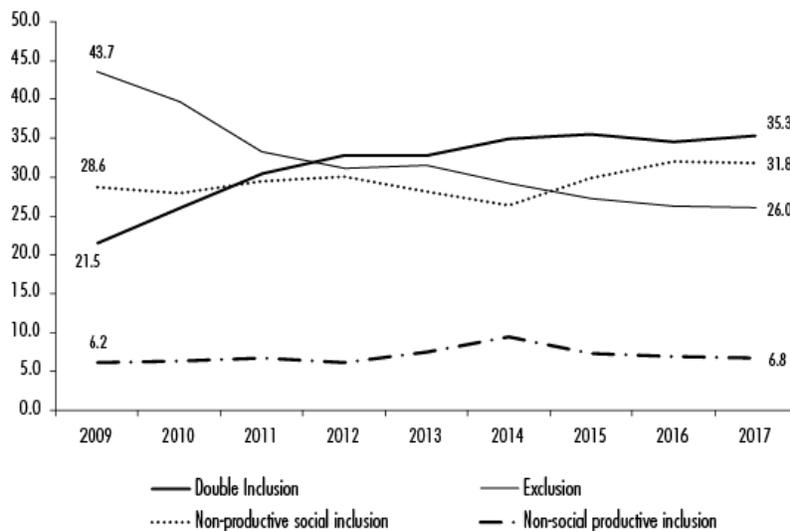
Analysis of results

The estimates for social and productive inclusion in Ecuador for the period 2009-2017 will now be presented (for further details on the estimates at the national level and by area, see Annexes 3 and 4).

Social inclusion

After applying the methodology described above, it was found that in 2017, 67.2% of the population was in social inclusion as opposed to 50.2% in 2009 (see Figure 4). In the same period, the rate of social inclusion in urban areas rose to 79.7% from 67.2%, while rising to 40.4% from 17.4% in rural areas. This demonstrates that significant advances were made in access to public services and reflects improvement in the population's structural conditions.

Figure 4. National Double Inclusion Typology (%)



Source: compiled by the author based on data from the National Survey of Employment, Unemployment, and Underemployment (INEC, 2018).

Productive inclusion

At the national level, the percentage of people in productive inclusion rose from 27.2% in 2009 to 42.1% in 2017, while urban areas saw productive inclusion rise from 36.2% to 50.2%, with rural areas seeing productive inclusion grow from 10.9% to 24.7% during the same period, respectively. After relaxing the decent work criteria of non-existence of child and adolescent labor, the percentage of the national population in weak productive inclusion was at 78.7% in 2007, and was at 86.9% and 60.9% in urban and rural areas, respectively. This demonstrates that, in spite of the advances made in income poverty reduction, labor formality constitutes one of the main challenges to achieving productive inclusion in Ecuador. It is therefore crucial to attain employment which guarantees minimum conditions of labor income and working hours, along with access to social security.

With that in mind, and with a view to understanding the social and productive inclusion rates among Ecuadorian households, the results of the bidimensional analysis will now be presented.

- Households in double inclusion.** Close to one-third of the population is in double inclusion, which rose from 21.5% in 2009 to 35.3% in 2017. In the same period, double inclusion in urban areas rose from 30.1% to 44.2% and from 4.6% to 16.2% in rural areas. Double inclusion in urban areas was more than double that of rural areas, simultaneously demonstrating the territorial gap related to social and productive progress. At the national level, the percentage of the population in weak double inclusion grew from 41.4% in 2009 to 59.5% in 2017 (see Annex 4). We can see, therefore, that double inclusion was 24.2 percentage points lower than weak double inclusion. In 2017, weak double inclusion in urban areas reached 72.4% and 31.8% in rural areas.
- Households in non-productive social inclusion.** In 2017, the percentage of the population in non-productive social inclusion was at 31.8% nationally, 35.4% in urban areas, and 24.2% in rural areas. When viewed through the lens of weak productive inclusion, non-productive social inclusion was at 7.7% nationally, 7.3% in urban areas, and 8.6% in rural areas.
- Households in non-social productive inclusion.** The percentage of the population in non-social productive inclusion was at 6.8% nationally, 5.9% in urban areas, and 8.5% in rural areas. When considering only non-income poverty criteria, non-productive social inclusion was at 19.2% nationally, 14.5% in urban areas, and 29.2% in rural areas.
- Households in double exclusion.** At the national level, a significant reduction in the percentage of the population in double exclusion took place, falling from 43.7% in 2009 to 26% in 2017. During the same period, the population living in double exclusion in rural areas fell from 27.2% to 14.4%, falling from 76.3% to 51.1% in rural areas. When non-income poverty criteria are considered as part of productive inclusion, double exclusion at the national level fell to 13.6% in 2017 from 26.6% in 2009, from 14.4% to 5.8% in urban areas, and from 50.7% to 30.4% in rural areas.

The results obtained display many similarities with the trajectories of social and productive inclusion estimates in Colombia between 2008 and 2012, which also display disparities between social and economic progress (Angulo and Gomez, 2014). According to this study, the majority of the Colombian population fell into the non-productive social inclusion category, which is evidence of the emphasis on increasing social services coverage and the challenges of formal employment creation in public policy. Additionally, the social and productive inclusion estimates in Latin America and the Caribbean made by CEPAL (2017), reveal that in 2015 less than three in ten households in the region qualified as being in the basic levels of double inclusion, with formalization of employment presenting the biggest challenge. These discoveries highlight the importance of the State's role in promoting conditions favorable to quality job creation in order to ensure that the population can earn sufficient incomes. This, combined with social service provision, will assure sustained alleviation of poverty.

CONCLUSIONS

The quantification of double inclusion in Ecuador allows social and productive spheres to be evaluated as two of the prerequisites needed to achieve the well-being of the population from a multidimensional perspective. An asymmetry between social and productive progress can be observed. The improved access to education and basic water and nutrition services, as well as house, housing, and healthy environment services is not reflected in the trajectory of adequate employment and even less so in the trajectory of decent work.

In spite of the reductions in income poverty, it is important to underline the significance of economic contractions on its positive trajectory, as low oil prices and the appreciation of the U.S. dollar in 2015 and 2016 had a negative effect on poverty and employment indicators. It is therefore crucial to maintain a system of social protection which can counteract the effects of adverse economic shocks, especially on poor and vulnerable sections of the population.

Increasing double inclusion in Ecuador will involve sustaining current levels of social investment along with revising fiscal policy. Decent work needs to be generated which both respects working hours and the established minimum wage and also guarantees legal benefits and access to contributory social service. One of the biggest challenges doing so poses is the efficient and appropriate targeting of economic and social inclusion programs in order to optimally identify beneficiaries.

To effectively apply these interventions, it is essential to take the five facets of equality established in the Constitution into consideration: peoples and nationalities, life cycle, gender, disabilities, and human mobility (Constitution of the Republic of Ecuador, 2008, art.11).

From a labor demand perspective, job creation requires the promotion of entrepreneurship and quality private investment in high-priority activities and productive territorial vocations. Investment must meet the following criteria in order to comply with the National Development Plan: 1) it must generate employment, particularly among poor and vulnerable sections of the population; 2) it must generate environmentally clean production; 3) it must be a lasting, stable, and sustainable investment over time (SENPLADES, 2017).

From a labor supply perspective, it is crucial to implement public policies to develop human knowledge and talent, along with actions linked to the strengthening and expanding of higher education in technical and technological institutions. Additionally, training and job-skill certification processes are needed, as well as wider access to business loans and monitoring and support of the economic activities of these businesses. At the same time, both the State and civil society need to promote synergy between social protection and economic policy, as incorporating beneficiaries, especially of welfare programs, into the labor market or business ventures and micro-enterprises is vital to labor mobility and the societal socioeconomic reconstruction.

In summary, the concept of double inclusion is a call to rethink poverty and public policies using new conceptual frameworks, as it provides the opportunity to evaluate public policy so as to measure poverty reduction in two ways: the generation of income through quality employment and access to public goods and services. Additionally, double inclusion allows public policy to be designed via a more participatory institutional framework aimed at eradicating poverty through complementary actions.

ANNEX

Annex 1. Social Strata (in percentages)

<i>Strata</i>	2009	2010	2011	2012	2013	2014	2015	2016	2017
National									
Extremely poor	15.4	13.1	11.6	11.2	8.6	7.7	8.5	8.7	7.9
Moderately poor	20.7	19.7	17.0	16.1	16.9	14.8	14.8	14.2	13.5
Vulnerable	39.7	40.3	41.1	40.8	41.6	43.3	42.1	43.2	42.2
Average	23.0	25.4	29.1	30.6	31.1	32.6	33.0	32.4	34.8
High	1.2	1.5	1.1	1.3	1.7	1.5	1.6	1.5	1.5
Urban area									
Extremely poor	8.2	7.0	5.0	5.0	4.4	4.5	4.4	4.5	3.3
Moderately poor	16.8	15.5	12.3	11.2	13.2	11.9	11.3	11.2	9.9
Vulnerable	42.7	42.0	43.0	42.0	41.2	42.7	42.4	43.6	42.7
Average	30.6	33.3	38.1	40.0	38.8	38.9	39.9	38.7	42.2
High	1.6	2.2	1.6	1.8	2.4	2.0	2.0	1.9	2.0
Rural area									
Extremely poor	29.2	25.1	24.6	23.3	17.4	14.3	17.0	17.6	17.9
Moderately poor	28.3	27.8	26.3	25.8	24.6	21.0	22.3	20.6	21.4
Vulnerable	34.0	37.0	37.3	38.5	42.4	44.7	41.5	42.4	41.2
Average	8.2	9.8	11.6	12.2	15.2	19.5	18.6	18.9	19.1
High	0.3	0.2	0.3	0.2	0.4	0.5	0.6	0.5	0.5

Source: compiled by the author based on data from the National Survey of Employment, Unemployment, and Underemployment (INEC 2018).

Annex 2. Evolution of Official Multidimensional Poverty Indicators (in percentages)

<i>Dimension</i>	<i>Indicator</i>	2009	2010	2011	2012	2013	2014	2015	2016	2017
Education	Non-attendance of basic education and high school	15.9	13.9	12.7	12.2	10.8	11.0	10.2	9.6	9.8
	No access to higher education for economic reasons	17.1	11.8	12.0	13.2	12.9	14.9	16.3	17.8	17.9
	Incomplete educational achievement	44.5	43.2	41.7	39.8	40.4	40.2	37.4	37.3	36.0
Work and social security	Child and adolescent labor	7.5	5.7	4.4	4.8	3.7	4.0	4.3	5.6	6.2
	Non-contribution to pensions system	41.2	36.2	35.8	34.6	34.2	34.6	37.2	41.8	41.0
	Unemployment or inadequate work	43.8	40.5	37.1	34.5	33.8	34.2	34.5	36.7	38.4
Health, water, and nutrition	Extreme income poverty	15.4	13.1	11.6	11.2	8.6	7.7	8.5	8.7	7.9
	Without Public Mains Water Supply	32.3	30.1	27.9	26.3	25.7	24.3	20.9	17.7	18.4
Home, housing, and healthy environment	Overcrowding	24.0	21.3	17.8	15.1	18.7	18.6	17.7	16.7	16.5
	People living in housing deficit	58.1	56.8	51.0	47.2	49.4	49.8	47.1	46.2	48.5
	No access to sanitation services	33.1	31.4	25.4	22.3	26.3	25.3	23.3	23.5	22.2
	No access to garbage disposal services	29.1	25.4	24.8	23.9	19.3	16.7	15.1	14.8	15.3

Source: compiled by the author based on data from the National Survey of Employment, Unemployment, and Underemployment (INEC 2018).

Annex 3. Inclusion Typology (in percentages)

Typology	2009	2010	2011	2012	2013	2014	2015	2016	2017
National									
Double inclusion	21.5	26.0	30.5	32.8	32.8	34.9	35.5	34.6	35.3
Exclusion	43.7	39.7	33.3	31.0	31.6	29.3	27.2	26.3	26.0
Non-productive social inclusion	28.6	28.0	29.5	30.0	28.1	26.4	29.9	32.1	31.8
Non-social productive inclusion	6.2	6.3	6.6	6.2	7.5	9.4	7.4	7.0	6.8
Urban area									
Double inclusion	30.1	36.0	42.1	44.2	42.8	43.1	44.2	42.2	44.2
Exclusion	27.2	23.1	16.2	13.8	18.9	18.9	15.9	16.4	14.4
Non-productive social inclusion	36.6	35.3	36.7	37.2	32.3	30.5	33.4	34.9	35.4
Non-social productive inclusion	6.1	5.6	4.9	4.7	6.1	7.6	6.5	6.5	5.9
Rural area									
Double inclusion	4.6	6.3	7.6	10.1	12.1	17.8	17.1	18.4	16.2
Exclusion	76.3	72.5	67.1	65.1	58.2	51.1	51.3	47.3	51.1
Non-productive social inclusion	12.8	13.6	15.4	15.8	19.4	17.9	22.4	26.1	24.2
Non-social productive inclusion	6.3	7.6	10.0	9.0	10.3	13.2	9.3	8.1	8.5

Source: compiled by the author based on data from the National Survey of Employment, Unemployment, and Underemployment (INEC 2018).

Annex 4. Weak Inclusion Typology (in percentages)

Typology	2009	2010	2011	2012	2013	2014	2015	2016	2017
National									
Double inclusion	41.4	45.2	51.6	54.4	53.3	54.4	57.1	57.7	59.5
Exclusion	26.6	23.6	19.8	18.4	17.8	15.5	14.8	13.7	13.6
Non-productive social inclusion	8.7	8.8	8.5	8.4	7.6	6.9	8.2	9.0	7.7
Non-social productive inclusion	23.3	22.4	20.2	18.8	21.3	23.2	19.8	19.6	19.2
Urban area									
Double inclusion	56.7	61.0	69.4	72.4	67.0	66.3	69.7	68.8	72.4
Exclusion	14.4	11.8	7.7	6.6	9.5	9.1	7.6	7.3	5.8
Non-productive social inclusion	10.0	10.3	9.4	9.1	8.0	7.3	7.9	8.3	7.3
Non-social productive inclusion	18.9	16.8	13.5	11.9	15.5	17.4	14.9	15.6	14.5
Rural area									
Double inclusion	11.1	14.1	16.3	18.9	24.9	29.5	30.5	34.0	31.8
Exclusion	50.7	46.7	43.6	41.6	35.1	29.0	30.1	27.4	30.4
Non-productive social inclusion	6.3	5.8	6.6	6.9	6.7	6.1	8.9	10.5	8.6
Non-social productive inclusion	31.9	33.4	33.4	32.5	33.3	35.4	30.4	28.0	29.2

Source: compiled by the author based on data from the National Survey of Employment, Unemployment and Underemployment (INEC 2018).

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¹ "Buen Vivir is a way of life that permits happiness and permanence of cultural and environmental diversity. It is harmony, equality, equity, and solidarity. It is not seeking opulence or infinite economic growth" (SENPLADES, 2013).

² In 2017, the poverty line was \$84.49 USD and the extreme poverty line at \$47.62 USD.

³ The World Bank methodology (2013) is based on the use of the Poverty Line (PL) to determine four social strata, using the following relationships: poor (from 0 to 1 PL), vulnerable (more than 1 PL to 2.5 PL), medium (more than 2.5 PL to 12.5 PL) and high (more than 12.5 PL).

⁴ Adequate employment "refers to those persons with [...] employment who work equal to or more than 40 hours [weekly] and who, in the month prior to the survey, received income equal to or above the minimum wage, regardless of the desire and the availability to work additional hours "(INEC, 2014, pp. 14–15) In 2017, the BUS reached US \$ 375.

⁵ Inadequate employment "refers to those people with employment who do not meet the minimum conditions of hours or income, that is, during the reference week they work less than 40 hours, and /or in the month prior to the survey earned less than the minimum wage and may or may not want to be available to work additional hours "(INEC, 2014, p. 15).

⁶ Workers are entitled to two bonuses per year: 1) the thirteenth remuneration or Christmas bonus whose value is equal to a monthly salary (Labor code, 2012, art. 111); and 2) the fourteenth remuneration or school bonus whose value is equal to a unified basic salary (Labor Code, 2012, art. 113)

⁷ In Ecuador, WAP consists of all members of the population over the age of 15 (INEC, 2014).