

THE PROPOSAL OF FORMER PRESIDENT LENIN MORENO GÁRCES FOR THE GRANTING OF GENERAL REGULATIONS OF THE ORGANIC LAW OF HUMANITARIAN SUPPORT, IN ECUADOR AND THE CURRENT ONES OF PRESIDENT GUILLERMO LASSO 2020 - 2023.

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SUMMARY: *This research analyzes the proposal of former President Lenin Moreno Garcés for the granting of the proposal of the General Regulation of the Organic Law of Humanitarian Support to combat the health crisis derived from COVID 19, in Ecuador in 2020. The Humanitarian Support Law includes labor measures such as the option of signing agreements between employers and workers, a new type of fixed-term contract for an emerging special purpose, reduction of working hours, early vacation, and teleworking. In addition, the interpretation of fortuitous event or force majeure as grounds for dismissal is established.*

Within the solidarity measures for social welfare and productive reactivation, it was provided that the pensiones some alternatives such as the reduction and analysis of educational pensions, in the case of temporary eviction in the matter of tenancy: In order for the lessee of a commercial premises to benefit from the temporary suspension referred to in article 4 of the Law, you must pay your landlord at least twenty percent (20%) of the value of any royalties outstanding or due; and submit to the lessor the VAT returns for both the month of February 2020, the n or increase in costs in basic services was considered, Prohibition of cancellation or suspension of coverage of contracts, Rescheduling of life insurance quotas, Productive credits for economic reactivation and protection of employment in the private sector, Annual motor vehicle tax, Labor stability, Exceptional pre-bankruptcy agreements, Financial institutions: In the case of financial institutions, the debtor will maintain its credit rating for the duration of the mediation process and this will maintain the rating granted the month prior to the entry of its request to initiate the pre-bankruptcy agreement to a Mediation Center. In the case of obligations or debts restructured or novated through pre-bankruptcy agreements with the National Customs Service. Ecuadorian Social Security Institute, public financial institutions, Decentralized Autonomous Governments (GADS), public companies, among others, will become enforceable when the pre-bankruptcy payment agreement has been formalized, forself-financed post-graduate doctors and scholarship holders who are providing their services in the health system in the months since the declaration of the



emergency until the issuance of this Regulation, and who are in their training period, sign a contract for occasional services, on the scale of public servant 7 (SP7), With these measures help people who lost their jobs or family members who lost their lives with the pandemic in the health crisis due to COVID 19

Key Words: COVID 19, health emergency, pandemic, economic reactivation, Ecuador.

BACKGROUND.

Since December 2019, an outbreak of an acute, highly transmissible and high-mortality respiratory disease, currently known as COVID-19, and caused by the SARS-Cov 2 coronavirus, has been reported in the city of Wuhan, China. Over the course of three months, it went from being an outbreak to becoming an epidemic and then a pandemic, expanding globally. (MSP 2021).

At a press conference on February 29, 2020, the Ministry of Public Health of Ecuador confirmed the first case of COVID-19 in the national territory. On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, The National Government, through Ministerial Agreement No. 00126-2020 of March 11, 2020, issued by the Ministry of Public Health, declared the State of Health Emergency due to the COVID-19 coronavirus pandemic in order to prevent its spread throughout the national territory. (MSP 2021).

Through Ministerial Agreement No. MDT-2020-076 of March 12, 2020, the Minister of Labor issued the Guidelines for the Application of Emergent Telework during the Declaration of Health Emergency. By Executive Decree No. 1017 of March 16, 2020, Mr. Lenin Moreno Garcés, President of the Republic. (MSP 2021).

of Ecuador, declared a state of emergency due to public calamity, suspended the exercise of the right to freedom of transit and the right to freedom of association and assembly, declared a curfew throughout the national territory and ordered the suspension of the face-to-face working day of the public and private sector, from March 17 to March 24, such suspension may be extended, after assessing the situation. It is known that about 80% of infected people are symptomatic, 15% have mild to moderate symptoms and 5% severe symptoms. Seniors and those with chronic medical conditions, such as high blood pressure, heart problems or diabetes, are more likely to develop a serious illness. As indicated by the World Health Organization, there is approximately between 1 and 2% lethality (WHO, 2020).

According to the Internal Revenue Service (SRI), a total of 3,494 economic companies have been closed in the country in the midst of the pandemic, between 2020 and the first half of 2021. One of the most affected sectors is construction; Revenues from this industry contracted by 20% in 2020 compared to 2019. Of the total number of companies that have closed, the majority, that is, 13.9% belonged to construction. Among the factors that contributed to the economic contraction of this sector are the suspension of the face-to-face working day and the decrease in household spending, due to the loss of income and the deterioration of the labor market. (MSP 2021)

These are the sectors that have lost the most companies in the pandemic

After 16 months of its irruption in Ecuador, the coronavirus has not only claimed the lives of thousands of Ecuadorians and left sequelae in those who suffered it, but similarly affected the financial 'health' of hundreds of companies and caused the 'death' of others.

The Superintendency of Companies registered the cancellation of 1,292 companies during 2020, of which 724 are small companies, 50 medium, 202 large and 316 undefined.

Commerce (291), real estate activities (152) and professional activities (171) were the three sectors that had the most cancellations last year.

Cancellation is like the 'death' of the company. Emilia Moscoso, an official of the National Directorate of Consultations and Regulatory Development of the Superintendency, explained that cancellations are recorded once the dissolution and liquidation steps are complied with.

So far in 2021, cancellations have increased. Until May 31 there were 5,954, of these, 1,971 correspond to the trade sector, 1,068 to real estate activities and 634 to agriculture.

In any case, the Internal Revenue Service (SRI) also reported company closures in this pandemic period.

Construction, wholesale and retail trade, vehicle and bicycle repair and financial and insurance activities were the branches in which they were most closed, according to the SRI. In the first half of 2021, 1,189 were closed and the largest closures belong to other service, construction and wholesale and retail trade activities, vehicle and bicycle repair. (Ekosnegocios 2021)

With the closures of the companies, many people became unemployed.

The impact of COVID-19 on Ecuador's labor market.

The impact of the crisis unleashed by COVID-19 on Ecuador's labor market has been very severe. Through the statistics of the National Survey of Employment, Unemployment and Underemployment (ENEMDU) of the National Institute of Statistics and Censuses, at first, the collapse of employment during the period of strict confinement that lasted approximately from mid-March to mid-June 2020 is analyzed and, secondly, what happened during the economic reopening that took place in the third quarter of 2020.

During the strict confinement due to the health emergency, a state of emergency was established that imposed restrictions on freedom of movement and assembly, established a curfew, closed borders and airports, established teleworking, suspended classes and non-essential activities (Executive Decree No.1017 of March 17, 2020). As a result of the application of these measures in the second quarter of 2020, the Gross Domestic Product of Ecuador decreased by 12.5% (Central Bank of Ecuador, 2020). The economic hibernation was not only reflected in a sharp increase in unemployment, but also in the fall in the labour force participation rate, which by reducing the pressure on the labour market partly offset the rise in the unemployment rate. Between June 2019 and June 2020 the gross employment rate fell by 11.1 percentage points (pp.) to 52.8% (see table 1). Given the perception of impossibility of reintegration into the labour market in the midst of the crisis, many of those who lost their jobs withdrew from the labour market. As a result, the overall participation rate (GPR) fell from 66.8% to 60.9%, while an additional 801,140 people became inactive. It is expected that their exit from the labour market will only be transitory and that once the economy is reactivated.

Change in gross employment rates, overall participation and unemployment in percentage points between June 2019 and June 2020, national, by age and sex

Age groups	Change in Global Participation Rate			Change Gross employment rate			Change in employment rates		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
15-24 years	-5,2	-5,6	-4,7	-10,2	-11,1	-9,3	14	12,1	17,5
25-34 years	-1,5	-2,2	-1,2	-10,6	-12,4	-9,1	11,6	11,2	12,2
35-44 years	-1,4	-0,4	-2,1	-7,9	-6,3	-9,3	8,1	6,1	10,6
45-54 years	-4,4	-0,9	-6,9	-8,9	-6,3	-10,7	6	5,7	6,3
55-64 years	-9,6	-4,6	-14,8	-14	-9,8	-18,3	7	6,3	8
65 years and older	-10,7	-9,9	-11,5	-11,6	-11,07	-11,6	3,3	4,6	0,5
National	-6	-4,8	-7	-11,1	-10,5	-11,6	8,8	8	10,1

Source: ENEMDU June 2019, ENEMDU telephone May-June 2020.

Solidarity measures for social welfare and productive reactivation

Some regulations were arranged as solidarity measures for the productive reactivation, here the most important.

Art. 3.- Educational pensions: In accordance with the provisions of article 3 of the Law, the representatives of the students who require reductions in the value of the educational pensions must submit to the corresponding educational institution the Settlement Act for termination of the employment relationship; the document that uses the reduction of their salary, or remuneration registered in the Single Labor System, or the VAT declarations of the first semester of the year 2020, compared to the same period of the year 2019 in which the decrease in their income can be verified, without prejudice to the fact that educational institutions may grant the reduction ex officio if they



consider it appropriate. The representative of the student who proves to have lost his job, will be granted a reduction of up to twenty-five percent (25%). The representative of the student who justifies having suffered a decrease in his income, will be granted a reduction in proportion to such decrease in income, on the maximum percentage mentioned above. Any discount granted ex officio by the educational institution in advance, will be attributable to the maximum percentage indicated. The discount will be applied during the five-month period within which the State of Exception due to the health emergency caused by COVID-19 has ended. In the case of the second paragraph of article 3 of the Law, in order to access the established right, the representatives of the affected students shall request the respective quota from the Ministry of Education. Said entity will respond at least thirty (30) days before the start of the next semester to the request with the determination of the institution in which the quota has been enabled.

The monetary or non-monetary compensations referred to in the third paragraph of the article. 3 of the Law, will be granted by the National Government during the 2020-2021 school year to nurseries, child development centers, schools and colleges in those segments of the population most vulnerable, in order to guarantee educational continuity. For this purpose, these entities must request the aforementioned aid from the Ministry of Education, which will coordinate with the governing body of public finances the delivery of the referred aid when it is monetary or will do so directly when they are non-monetary. The compensation paid to private educational institutions shall be duly valued and accounted for by them as such, and shall be compulsorily reflected in a general reduction of educational pensions for pupils of the institution. Both the Ministry of Education and the governing body of public finances may request, at any time, the beneficiary private entity, the presentation of supports to verify compliance with this standard. Art. 4. - Temporary suspension of eviction in matters of tenancy: In order for the lessee of a commercial premises to benefit from the temporary suspension referred to in article 4 of the Law, he must pay his landlord at least twenty percent (20%) of the value of the outstanding or owed royalties; and submit to the lessor the VAT returns for both the month of February 2020 and the months that the state of exception lasts prior to applying this benefit, in order to compare and justify the decrease in their income by at least thirty percent (30%) on average during the time of the state of emergency. In order for other tenants of real estate to benefit from the temporary suspension of eviction, they must pay at least twenty percent (20%) of the value of the outstanding or owed royalties.

Art. 5. - No increase in costs in basic services. For the application of the provisions of Article 5 of the Law, the following rules shall be observed: 1. The prohibition of increasing values, tariffs or rates of basic services, including telecommunications and internet services, correspond to the concepts of basic monthly charge, or to the unit prices of the service. Excluded from these items are increases in billing generated by way of increased consumption, by additional services contracted or by default interest that is generated outside the deadlines provided for in the Law. 2. The temporary suspension of service cuts due to non-payment by companies of basic services of drinking water, electricity, internet and telecommunications shall remain in force until sixty (60) days after the end of the State of Emergency provided by Executive Decree No. 1017 dated March 16, 2020, including its renewal.

3. The continuity of services to customers or users who have incurred in arrears, due to the non-payment of invoices issued by their supplier, will be maintained during the validity of Executive Decree No. 1017. of March 16, and its renewal issued by Executive Decree No. 1052. of 15 May 2020. For the payment of the amounts due and generated during this period, a mandatory automatic deferral scheme will be applied in twelve (12) equal monthly installments, without interest from July 22, 2020.

The foregoing does not establish any type of limitation for customers or users of telecommunications and internet services to accept, by mutual agreement with their service provider, different conditions or payment arrangements, including the possibility of reducing their debts or changes to lower rate plans, for prompt payment.



4. However, in the event that the client or user who agreed to the mandatory automatic deferral scheme fails to comply with the payment conditions, the provisions of the contract for the provision of services for the breach will be applied, which will also cause interest for late payment.

5. For the collection of services invoiced after thirty (30) days of the entry into force of the Law, the billing scheme provided for in the contract for the provision of services will be applied.

Art. 6.- Prohibition of cancellation or suspension of coverage of contracts: Prepaid medicine companies and health insurance companies will not cancel or suspend the coverage of contracts in accordance with article 7 of the Law, for the duration of the state of emergency due to the health emergency provided by Executive Decree No. 1017 dated March 16, 2020, including its renewal.

The unpaid fees during the health emergency must be prorated for the duration of the contract and under the payment facilities, contractual and financing conditions that the parties by mutual agreement have accepted by any means recognized by law. The affiliate may benefit from this benefit only once and only for the duration of the state of emergency generated by the COVID-19 health emergency provided by Executive Decree No. 1017 dated March 16, 2020, including its renewal. If the insured or affiliates exceed three (3) consecutive months of arrears in the payment of premiums or refinanced fees, the provisions of article 31 of the Organic Law that Regulates Companies that Finance Prepaid Comprehensive Health Care Services and Insurance Companies that Offer Medical Assistance Insurance Coverage will be applied and the contract will be terminated. GENERAL REGULATION OF THE ORGANIC LAW OF HUMANITARIAN SUPPORT - Page 3LEXIS FINDER - www.lexis.com.ec

Art. 7.- Rescheduling of life insurance quotas: The rescheduling of life insurance quotas, general insurance and bonds granted within the National Public Procurement System, will be applied for the duration of the state of emergency due to the health emergency provided by Executive Decree No. 1017 dated March 16, 2020, including its renewal. For this purpose, the insured must submit directly and by email, a request in which he declares to be prevented from carrying out his activities or work as a result of the state of emergency due to public calamity, detailing the causes of such impediment. The veracity of this statement may be verified by insurance undertakings at any time and by any means. If the request is made through an insurance producer adviser, he must record that he has advised his client on the matter and in particular on the legal consequences of a statement containing false or erroneous information. The installments must be rescheduled for up to six (6) months and within the term of the contract, under the payment facilities, contractual and financing conditions that the parties by mutual agreement have accepted by any means recognized by law. The insured may request the rescheduling of quotas only once and only during the duration of the state of emergency generated by the COVID-19 health emergency provided by Executive Decree No. 1017 dated March 16, 2020, including its renewal.

Art. 8.- Productive credits for economic reactivation and protection of employment in the private sector: In order to comply with the provisions of article 10 of the Law, foundations and civil corporations, whose main purpose is the granting of credits, referred to in article 127 of the Organic Law of Popular and Solidarity Economy will also have access to the lines of credit established by the State, particularly those that are channeled through the National Finance Corporation and the National Corporation of Popular and Solidarity Finance, aimed at the sectors of the popular and solidarity economy, in accordance with the quotas that these entities will establish and provided that they meet the following minimum requirements:

1. Be registered with the Superintendence of Popular and Solidarity Economy (SEPS).
2. Report periodic information to the control body.
3. Comply with the rules of prudence, financial solvency and other regulations that the SEPS isponga.
4. Have contracted, at least in the last three (3) years, external audit services with firms qualified by the Superintendence of Popular and Solidarity Economy and the respective reports have been issued without qualifications.
5. Have standards and policies for the prevention of money laundering.
6. Maintain a technical equity constituted against risk-weighted assets of at least nine percent (9%). applying the rules established



by the Superintendence of Popular and Solidarity Economy; and 7. The others required by the aforementioned National Finance Corporation and the National Corporation of Popular and Solidarity Finance

Measures to support Employment Sustainability

SECTION I On agreements for the preservation of sources of work Art. 11.- Agreement between the parties: The agreements reached by workers and employers established in Chapter III of the Law will be respected, except in that which implies a reduction of the basic salary or the corresponding sectoral salary or its proportional according to the days worked, waiver or limitation of the right to mandatory rest, minimum conditions of occupational health and safety, Contributions that by law are due to Social Security. Any provision that violates the limitations set forth herein shall be void. Art. 12.- Primacy of the agreement: The agreement reached between worker and employer, during the time of its validity, will have preference over any other agreement or contract that binds the parties.

Art. 13.- Compensation: If the dismissal of the worker to whom the agreement applies occurs, within the first year of validity of this Law, the corresponding compensations will be calculated with the last remuneration received by the worker before the agreement.

The compensation corresponding to the dismissal to which the worker to whom the agreement applies is subject, once the first year of validity of the Law has passed, shall be calculated in accordance with article 188 of the Labour Code.

Art. 14.- Liquidation: In accordance with the provisions of number 4 of article 18 of the Law, when no agreement is reached between employer and workers, having been essential for the subsistence of the company, the employer may immediately initiate the liquidation process, as an event of force majeure, in accordance with the Interpretative Provision provided for in the Organic Law on Humanitarian Support to Combat the Health Crisis Derived from COVID 19

SECTION II

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Of the emerging special contract

Art. 15.- Special emergent contract: The special emergent contract may be concluded full-time or part-time. The employer must register in the Single Labor System the contract signed with the worker, with express indication of the term of validity and the reason why the employer signs it, in accordance with article 19 of the Law.

Art. 16.- Indefinite contract: If at the end of the term of the agreed contract or its renewal, the employment relationship is continued, the contract will be considered as indefinite, with the legal effects thereof, and the employer must register such relationship as indefinite in the Single System of Trabajo.

Art. 17.- Termination of the contract: At the end of the contract, either by compliance with the term or its renewal, either by unilateral decision of the employer or the worker before the agreed term or its renewal, the worker will be entitled to the payment of the remunerations and benefits of law calculated until the day on which the contract ends and the eviction bonus calculated in accordance with article 185 of the Labor Code.

SECTION III

Of the emerging reduction of the working day

Art. 18.- Notification to the labor authority: The employer must notify the labor authority, through the Single Work System, of the reduced working hours that will apply, the period of application and the payroll of the personnel to whom the measure will apply. During the duration of the measure, the employer may vary the percentage of reduction of the contracted working day, but without in any case the reduction being greater than fifty (50%) of the ordinary or partial working day to which the worker was subject according to his employment contract.

Art. 19.- Contribution to social security: The contribution to social security will be paid according to the remuneration received by the worker during the validity of the reduced working day. The benefits of law, that is the thirteenth and fourteenth remunerations, vacations, reserve funds or profits, will



be paid applying proportionality in relation to the remuneration that corresponds to the full day or in relation to the working time, as appropriate.

Art. 20.- Termination of the emergent reduction: At the end of the validity of the emergent reduction of the working day, the worker will provide his services in the working day and with the remuneration prior to the registration of the emergent reduction of the working day or the unified or sectoral basic salary applicable to the time in which the emerging reduction has ended, if applicable.

Exceptional Preventive Concordat and Measures for Management

Obligations

Art. 21.- Exceptional pre-bankruptcy agreements: Companies according to the definition of article 98 of the Organic Law of Internal Tax Regime, all types of autonomous assets, trusts, sports clubs, and / or natural persons engaged in the exercise of commercial, economic, cultural and recreational activities, may benefit from the procedures established in Chapter IV of the Organic Law on Humanitarian Support to Combat the Health Crisis. Derived from COVID 19 and initiate mediation processes, with all its creditors, to reach exceptional pre-bankruptcy agreements. Institutions of the financial system or under the control of the Superintendency of Banks and Superintendency of Popular and Solidarity Economy that have their exclusive turn in the deposit of money from account holders in the national territory, may not participate in such proceedings as debtors. GENERAL REGULATION OF THE ORGANIC LAW OF HUMANITARIAN SUPPORT - Page 6LEXIS FINDER - www.lexis.com.ec

Art. 22.- Content of the agreement: These agreements may establish conditions, deadlines and the reduction, capitalization or restructuring of outstanding obligations, whatever their nature or origin. If the agreement contemplates the capitalization of credits, the creditor financial institutions, in order to make such agreements viable, may, instead, grant a subordinated credit, for a term of not less than three (3) years, at a referential passive rate, payable capital at maturity of the obligation; and, the claim will be recorded as part of the debtor's estate. It will correspond to the Monetary and Financial Regulation Board to regulate everything related to subordinated credits. Art. 23.- Mediation procedure: Pre-bankruptcy agreements will be discussed and agreed in mediation, for which the parties will go to the mediation centers duly registered with the Council of the Judiciary. The request for mediation must be submitted physically or electronically to a Mediation Center, in accordance with the Arbitration and Mediation Act.

The request for mediation must contain, in addition to the requirements established in the corresponding regulations of the Center before which it will be submitted, a sworn statement before a notary public, which will detail the following:

1. All obligations of the debtor;
2. The clear and complete identification of its creditors, including the identification of the type of obligations with each of them, indicating the name, address, address, telephone, email, amount of the obligation, nature and date of maturity. In addition, it must detail the names of joint and several and subsidiary debtors, guarantors and guarantors;
3. The identification of the parties related to the debtor;
4. A list of all judgments and proceedings of a patrimonial nature, whether judicial, arbitral or administrative, that are followed against the debtor or that are promoted by it, indicating the authority that hears them; as well as precautionary measures or measures of coercion issued against them;
5. The suggested restructuring plan, setting out conditions, deadlines and the reduction, capitalisation or restructuring of outstanding obligations, enabling it to reach agreements with its creditors;
6. Information of a financial nature that is required for creditors to know the situation of the debtor and that helps creditors to make decisions.

Art. 24.- Call to creditors: The mediation center will receive the request for mediation, will process it as a priority and will convene the hearings that are required. The holding of hearings, as well as the signing of mediation minutes, may validly be carried out electronically.

Within five (5) days of his appointment, the mediator will verify the data and documentation provided by the debtor, and may request its complement or correction or urge him to correct any errors that may exist. Within the same period, it shall convene the debtor and the creditors on the list submitted



by the debtor to a mediation meeting to be held within fifteen (15) days of its appointment. It will include in any case, the summons to the Attorney General's Office when there are public sector institutions among the creditors.

Art. 25.- Effects of the initiation of pre-bankruptcy mediation: Once the initiation of pre-bankruptcy mediation has been requested, the debtor may continue with his work, business or professional activity. The debtor shall refrain from carrying out any act of administration and disposition that exceeds the acts or operations of the normal course of its business. The creditors for their part will refrain from initiating or continuing any judicial or extrajudicial execution against the debtor's assets or assets while the pre-bankruptcy agreement is negotiated in mediation and refrain from carrying out any act aimed at improving the situation in which they find themselves with respect to the rest of the creditors.

Art. 26.- The pre-bankruptcy payment agreement: In case of reaching an agreement with the creditors that represent, at least fifty-one percent (51%) of the claims, the mediation act containing the pre-bankruptcy agreement will be signed and it will be protocolized in a notary of the canton in which the mediation has been carried out, date from which it shall take effect. For the calculation of the quorum for the holding of the hearings and the minimum majority to reach valid agreements, this is at least fifty-one percent (51%) of the credits, will be considered for this calculation. exclusively the value of the capital due on such debts, excluding obligations to related parties. If these credits include entities of the private financial system subject to the control of the Superintendency of Banks and/or the Superintendency of Popular and Solidarity Economy, fifty-one percent (51%) of the value of these credits must be counted to reach the agreement.

Art. 27.- Related Parties: They are parties related to the debtor, natural persons, companies or legal persons of any kind, domiciled or not in Ecuador, in which one of them participates directly or indirectly in the direction, administration, control or capital of the debtor; or in which a third party, whether a natural person or company domiciled or not in Ecuador, participates directly or indirectly in the management. administration, control or capital of these, determined in the article listed added after article 4.3 of the Law of Internal Tax Regime and in article 4 of the Regulation for the application of the Law of Tax Regime Interno. Art. 28.- Validity of the pre-bankruptcy payment agreement: The mediation act with the pre-bankruptcy agreement, for its validity, must contain at least:

1. Clear and precise identification of the debtor and the undersigned creditors;
2. The clear and precise identification of the other creditors;
3. The affidavit detailing the obligations due;
4. The pre-bankruptcy agreement reached, with precision of the waivers, withdrawals, conditions, deadlines and other agreed characteristics;
5. The means of verifying that the invitation to mediation or the intention to enter into the agreement has been communicated to all creditors; and.
6. The supervisor appointed by the parties or, in the absence of agreement, the mediator designated by the Mediation Center.

Art. 30.- Financial institutions: In the case of financial institutions, the debtor will maintain its credit rating for the duration of the mediation process and this will maintain the rating granted the month prior to the entry of its request to initiate the pre-bankruptcy agreement to a Mediation Center. If a pre-bankruptcy agreement is reached, the financial institution will register the credit transaction as a novation and reclassify it accordingly.

The fees and financial obligations or any of the fees that are due during the mediation process of a pre-bankruptcy agreement, will not cause default interest, expenses, contributions, surcharges, or fines during the duration of the mediation process. Nor will they be reported as overdue operations to the credit data registry by the entities during that period provided that the corresponding mediation act is signed. The Monetary and Financial Regulation Board shall issue the corresponding resolutions for this purpose.



Art. 31.- Treatment of credits with public, financial and non-financial institutions: The provisions of the law and these regulations shall be mandatory to the credits and obligations of public, financial and non-financial institutions. In the case of obligations or debts restructured or novated through pre-bankruptcy agreements with the National Customs Service, Ecuadorian Social Security Institute, public financial institutions, Decentralized Autonomous Governments (GADS), public companies, among others, will become enforceable when the pre-bankruptcy payment agreement has been formalized. All creditor public entities, financial or non-financial, are legally obliged to be subject to and comply with the provisions of the pre-bankruptcy agreements. The highest representatives of the aforementioned institutions and the judges of coercive or the collection officials, will facilitate the fulfillment of the agreement reached, granting, among others, terms and conditions similar or better to those agreed by the parties in mediation, among other operations will contemplate; the restructuring of credits, their novation, payment facilities, extensions of term and interest rates or any other measure that supports compliance with the pre-bankruptcy agreement. In no case may creditor public entities oppose or execute actions or make decisions that make the pre-bankruptcy agreement reached between the parties unviable. Public entities must adapt their normative and regulatory framework, their internal regulations, their credit manuals and their coercive regulations to include the terms and conditions under which the aforementioned entities will grant the facilities to implement and make viable the agreements that the parties agree through the pre-bankruptcy agreements.

Art. 40.- Public competitions of merits and opposition: For public competitions of merits and opposition it will be considered that:

In compliance with the deadlines stipulated by law, action will be taken in accordance with the groups of professionals, provided that they are part of the planning of the human contingent that has been foreseen according to the optimal criteria of personnel in health facilities. In the case of health professionals and workers, the score will be based on the requirements established prior to their hiring and others indicated by the Ministry of Labor for this purpose.

The Ministry of Labour, within the framework of its powers and competences, shall regulate and define the selection criteria for compliance with the provisions of the Law. Additionally, it will detail other criteria regarding the creation of posts at the national level, ensuring that the needs exposed are covered without this implying the oversizing of health personnel in health facilities. The Integral Public Health Network and the Ecuadorian Social Security Institute will define the geographical location of publication and execution of merit and opposition competitions to guarantee coverage of the gap of health professionals.

(GENERAL REGULATION OF THE ORGANIC LAW OF HUMANITARIAN SUPPORT - Page 11 LEXIS FINDER - www.lexis.com.ec)

It proposes some reforms for the economic reactivation in the country.

Ecuador to promote economic reactivation with IDB guarantee support

Ecuador will promote sustainable and inclusive economic reactivation with a program structured as a \$400 million policy reform support guarantee (GARP) approved by the Inter-American Development Bank (IDB).

The program will contribute to strengthening the institutional and regulatory framework to improve the business climate, promote international trade, and improve financial stability and access to financing.

The GARP is an instrument that allows issuing a guarantee with sovereign counter-guarantee once the country has complied with a series of policy conditions agreed with the government. This is the first of two consecutive operations under the Programmatic modality in Support of Policy Reforms (PBP) financed independently, although technically linked to each other.

The guarantee will cover future payment obligations to be contracted by Ecuador under a sovereign bond or a loan of up to US\$400 million. The guarantee has the potential to mobilize private resources for at least the same amount as the resources provided by the IDB, while improving the overall profile of Ecuador's public debt by reducing borrowing costs and longer repayment terms, compared to an unsecured debt issue.



The program will support macroeconomic stability and promote a set of reforms to strengthen the business climate and trade regulation, and to improve institutions for economic reactivation and competitiveness. It will also support the reduction of trade tariffs and simplification of procedures, the improvement of public and private collaboration to promote investment, and the promotion of private sector development with an environmental focus.

Strategies that will allow economic reactivation in the country.

Strategies:

- Improve the services of the institutions of Public Health, Public Education
- Generate strategic alliances with public and private entities.
- Optimize information to generate proactive activities and preventive health.
- Strengthen the comprehensive health care system.
- Strengthen external communication processes on issues related to population health in prevention programs.
- Strengthen process management in the institution.
- Implement best standardization practices for management institutional. Improve control, monitoring and evaluation management in the institution
- Improve knowledge of the legal framework.
- Education Strengthen the institutional educational model.
- Improve human talent performance evaluation processes. Strengthen the process of competency-based mobility of human talent.
- Implement retention and work motivation plans.
- Strengthen the institutional technological platform, equipment, means and Technological tools at the national level.
- Improve efficiency in the administration of the budget allocated for both Health and Education.
- Include reforms that provide for the strengthening of governance for monetary and financial stability, prudential regulation for the orderly transition to a stable post-COVID-19 financial system, the expansion of access to financing, and improvements to financial consumer protection. In particular, the program will support measures within the financial system that focus on equity and promote women's financial inclusion.
- Lower the interest rates of the financial system, for the granting of credits that allow the creation of new enterprises and the increase of production in companies already established in the country.
- Propose labor flexibility in hourly and seasonal contracts to reduce unemployment in the country.

CONCLUSIONS:

The governors of Ecuador have made multiple proformas regulations for economic reactivation in the country, with different proposals in the economic, social spheres for its recovery. But it will do so slowly, from 2021 to 2025, given that macroeconomic imbalances are not easy to resolve that require medium and long-term economic and institutional reforms, that being inevitable the economic program signed with the International Monetary Fund (IMF), its implementation entails a behavior of low economic growth due to fiscal adjustment and the restrictive management of domestic credit. In addition to the uncertainty imposed by the health pandemic on investment and consumption and the dynamics of the external market with ups and downs in volume and prices, with very high interest rates in dollars that do not allow the indebtedness of natural and legal persons for a true economic reactivation, these rates fluctuate from 16% to 28%.

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