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Gender Gaps in Access to the Mortgage Market of Ecuador

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Housing and Urban Development Division

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Contents

Acronyms and abbreviations

AECID	Spanish Agency for International Development Cooperation
LAC	Latin America and the Caribbean
APIVE	Association of Housing Property Developers of Ecuador
APROCOVIS	Association of Social Interest Housing Construction Professionals
IDB	Inter-American Development Bank
BIESS	Bank of the Ecuadorian Institute of Social Security
CACMU	*Mujeres Unidas* Savings and Loan Cooperative
CCCA	Ambato Chamber of Commerce Cooperative
CCLIP	Conditional Credit Line for Investment Projects
ECLAC	Economic Commission for Latin America and the Caribbean
CFN	National Finance Corporation
CNIG	National Council for Gender Equality
COACS	Savings and loan cooperatives
CONAFIPS	National Corporation of Popular and Solidarity Finance
COOTAD	Organic Code of Land Management, Autonomy and Decentralization
CPT	National Social Housing Program *Casa para Todos*
CSD/HUD	Housing and Urban Development Division (HUD) of the IDB Climate Change and Sustainable Development Sector (CSD)
ECOSOC	United Nations Economic and Social Council
ECV	Living Conditions Survey
EDG	Management Team
ENEMDU	National Employment, Unemployment and Underemployment Survey
TUS	Time Use Survey
FINANCOOP	Caja Central de Crédito Cooperativa (Central Savings and Loan Cooperative)
FONDVIDA	Cooperativa de Ahorro y Crédito para el Desarrollo y la Vida (Savings and Loan Cooperative for Development and Life)
GAD	Decentralized Autonomous Government(s)
IESS	Ecuadorian Social Security Institute
FI	Financial Institutions
INAMU	National Women's Institute (Costa Rica)
INEC	National Institute of Statistics and Census
INMUJERES	National Institute of Women (Mexico)
CPI	Consumer Price Index
ISSFA	Social Security Institute of the Armed Forces
ISSPOL	Social Security Institute of the National Police

VAT	Value added tax
JPRMF	Monetary and Financial Policy and Regulation Board
LDLE	Labor and Business Dynamics Laboratory
MIDUVI	Ministry of Urban Development and Housing
MIES	Ministry of Economic and Social Inclusion
ILO	International Labor Organization
EAP	Economically active population
UNDP	United Nations Development Programme
RDF	Development Finance Institutions Network
RECAPROVIS	Social Interest Housing Project Qualification Register
RIPS	Interconnected Register of Social Programs
RISE	Simplified Tax Regime
RS	Social Register
RUC	Single Taxpayer Register
SBD	Development Banking System
SBIF	Superintendency of Banks and Financial Institutions of Chile
SBU	Unified Base Wage
SCL/GDI	IDB Gender and Diversity Division
SENPLADES	National Planning and Development Secretariat
SEPS	Superintendency of Popular and Solidarity Economy
SETEM	Third World Service Federation
SFPS	Popular and Solidarity Financial Sector
SICES	Integrated System of Knowledge and Social Statistics
SIIDUVI	Integrated System of Urban Development and Housing Information
SIIRS	Social Register Information System
SSC	Campesino Social Security
SUGEF	General Superintendency of Financial Institutions of Costa Rica
VIP	Public interest housing
VIS	Social interest housing

Introduction

Ecuador had a projected population of 17,510,643 inhabitants in 2020; 50.5% are women (8,844,706) [1] about 25% of whom live in poverty and moderate poverty[2] (2,211,177); consequently, they face the challenge of obtaining adequate housing, especially if they have to access a home loan to achieve this.

One of the challenges for governments has been to ensure that vulnerable families have access to affordable and decent housing, as established in the 2008 Constitution of the Republic. During different governments, the State has created institutions and implemented social housing programs and projects (VIS) to carry out this mandate.

As part of the National Social Housing Program *Casa para Todos* (Home for All) (CPT), on July 12, 2019, the government signed loan agreement 4788/OC-EC with the Inter-American Development Bank (IDB) to finance the project Housing Solutions for Poor and Vulnerable Households (EC-L1245) to increase access to decent housing by Ecuadorian households in condition of poverty or vulnerability.[3] The executing agency is the Ministry of Urban Development and Housing (MIDUVI).

Component 2 of Project EC-L1245, which serves CPT VIS Segment 2b,[4] finances direct monetary subsidies of US$6,000 to households in conditions of poverty and moderate poverty, for purchase of a sustainable and universally accessible home for a value ranging from US$57.57 to US$101.52 Unified Basic Wages (UBS),[5] together with loans granted by the financial or cooperative sector and/or household savings, provided applicants are creditworthy, and could have the preferential interest rate. The operation establishes eligibility criteria and prioritizes households headed by women and those that have one or more members with severe and very severe disabilities.

The IDB Housing and Urban Development Division (CSD/HUD) and the MIDUVI are promoting the study "Gender gaps in access to the mortgage market in Ecuador" with

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[1] Population projections by the National Institute of Statistics and Census (INEC, 2020).

2 According to the National Survey of Employment, Unemployment and Underemployment (ENEMDU), as of December 2019, income poverty was estimated at 25.0% and extreme poverty 8.9% (INEC, 2019b).

3 The CPT follows articles 30, 31, 37/7, 47/6 and 375 of the Constitution of the Republic of Ecuador and article 85 of the Land Use and Management Organic Law

4 For Social Interest Housing (VIS), the CPT establishes the following segments: S1. Total State subsidy for VIS up to US$57.56 SBU; S2a. Subsidy and renting with purchase option for VIS from US$57.57 to US$101.52 SBU; S2b. Subsidy of $6,000, mortgage loan that could have a 4.99% preferential interest rate for VIS from US$57.57 to US$101.52 SBU; S3. Mortgage loan with 4.99% preferential interest rate for VIS from US$101.53 SBU to US$177.66 SBU. For Public Interest Housing (VIP) from US$177.67 SBU to US$228.42 SBU, the CPT also establishes mortgage loans with 4.99% preferential interest rate. Annex 1 contains a summary of CPT, with definitions and details of VIS and VIP.

5 The Ecuadorian government sets the basic wage annually. In 2019 the Unified Basic Wage (SBU) was US$394; and in 2020 US$400

the objective of understanding the gender inequalities experienced by women living in poverty and moderate poverty in the country, identifying critical nodes in supply and demand, and women's credit behavior. The results of the study will be used to make recommendations to expand opportunities for access to loans for home purchase.

The research comprises a review of existing literature in Ecuador and other countries in the region; analysis of data from primary sources provided by financial system institutions and the MIDUVI, as well as databases of the National Institute of Statistics and Census (INEC) and The World Bank Global Findex; along with fieldwork carried out through interviews, focus groups and participant observation, and information processing and triangulation.

The document develops the state of the art, approach and methodology, conditions of households and the housing situation in the country, analyzes access to the financial system and mortgage credit, critical nodes/exclusion factors (supply and demand) for access by women living in poverty and moderate poverty to mortgage loans, and draws conclusions and makes recommendations for expanding opportunities for access to home loans.

Table 1 shows the negative and positive aspects found which contribute to exclusion or which favor conditions for reducing gender gaps.

Table 1
Summary of the study

NEGATIVE ASPECTS	POSITIVE ASPECTS
▪ **Context** ▪ Inequalities in access and housing conditions; vulnerability of poor households headed by women. ▪ Deficits in coverage and quality of basic services. ▪ Gender gaps in income and access to housing. ▪ Women are the majority of home seekers, but are not the majority of homeowners.	**Context** ▪ Ecuador has a Constitution that identifies priority groups and recognizes the principle of equality and non-discrimination. ▪ Poverty has decreased in recent decades and there has been a notable improvement in indicators associated with housing conditions. ▪ The CPT Program contributes to reducing the housing deficit. IDB financial and technical support has been fundamental in this process.
Financial inclusion ▪ Gender gaps in access to and use of formal financial services, mainly credit. ▪ The benefits of women's savings are passed on to other borrowers. ▪ The financial inclusion that comes from having an account and saving does not contribute to improving women's access to financial services, especially credit.	**Financial inclusion** ▪ Tendency to close gender gaps in FI account ownership. ▪ Women have a stronger savings culture, higher average and total contributions to SEPS FI deposits. ▪ Women use their savings for contingencies and investment: home purchase, production, maintenance and increasing the family's human capital (health and education).
Credit behavior ▪ Gender stereotypes that prevent women's better credit behavior from being valued and recognized.	**Credit behavior** ▪ Women are "better payers": they fall into arrears at a lower rate than men and have better risk ratings than men.

NEGATIVE ASPECTS	POSITIVE ASPECTS
Access to home loans ▪ Gender gaps in access to housing credit, greater in property loans and smaller in mortgage loans for VIS and VIP. ▪ In access to home loans, there are several forms of discrimination, both overt and veiled, due to multiple vulnerability, relative to income, education, age and being a woman. ▪ Less than 1 out of 10 VIS loans are granted for VIS Segment 2 (homes between US$22,680 and US$40,000).	**Access to home loans** ▪ Women are the majority of those who require housing, for them it constitutes an asset and security for the family. ▪ The VIS public policy implemented in the last decade has succeeded in reducing the gender gap in access to mortgage loans for VIS. ▪ The CPT Program has smaller gender gaps in access to mortgage loans granted since the start of its implementation.
▪ **Critical nodes for access to credit** ▪ Gender gaps in the labor market (income poverty, wage discrimination, job insecurity, low social security coverage). ▪ Women's time poverty as a result of long working hours reconciling productive and reproductive work, in the absence of the co-responsibility of other members of the household and the State. ▪ Little knowledge of public housing policy and procedures. ▪ Lack of clear and complete information on how the financial system functions for granting VIS loans. ▪ Bureaucratic barriers: excessive paperwork involving time and money. ▪ Cultural barriers: gender stereotypes, discriminatory practices. ▪ Pre-qualification as loan recipients by IFIs. ▪ Increase in the income ceiling for accessing the housing subsidy from 2 SBU to 2.5 SBU, which is skewed towards higher income segments. ▪ Regulations that turn away or exclude women in conditions of multiple vulnerability from access to this credit. ▪ Conditional application of the 4.99% preferential interest rate for VIS Segment 2b. ▪ Mortgage loan structure, with long terms and high amounts, not adapted to the expectations and possibilities of these women. ▪ Availability of VIS Segment 2b represents only 4% of the total qualified VIS and VIP supply and covers only 7 out of 24 provinces.	**Responses to critical nodes for access** ▪ Based on Ministerial Resolution 006-20 of February 4, 2020, which issues the regulations for selection of VIS S2b beneficiaries, the MIDUVI has begun the process of identifying potential beneficiaries in provinces with property supply, as well as encouraging developers to stimulate its generation. ▪ In Ecuador there are successful experiences in granting home loans to poor and moderately poor households by some COACs which, for that purpose, have developed methodologies adapted to the conditions of this population. These methodologies incorporate relaxation of credit qualification requirements. One COAC has incorporated the gender approach into financial inclusion. ▪ Component 2 of the "Housing Solutions for Poor and Vulnerable Households in Ecuador" project finances US$6,000 in subsidies and includes prioritization of subsidies for households with persons with disabilities (not less than 6% of total subsidies) and women heads of household (not less than 22% of total subsidies). In all cases, women will be included as the owners. ▪ Ministerial Resolution 006-20 of February 4, 2020 includes the possibility of defining the income ceiling of beneficiaries: "in the case of subsidies financed with external credits, the parameter agreed with the multilateral organization will prevail."
▪ **Others** ▪ There is no disaggregated financial information available for analysis of gender gaps in access to mortgage credit. ▪ There is no financial inclusion survey to measure the level of exclusion from access to housing loans. ▪ FIs do not have information for calculating women's level of exclusion from access to credit.	▪ **Others** ▪ There are some studies on gender gaps in home ownership, wages, time poverty, financial inclusion and other related topics, which provide contextual information and proxy indicators for access to mortgage credit.

1. State of the art: studies of the gender gap in the mortgage market

The literature on home loans for women living in poverty is scant. In Ecuador, as in other countries in the region, it is difficult to find the official information disaggregated by gender, income, level of education, place of residence, age group and ethnic self-identification which is needed for analysis of gender gaps in access to mortgage loans. Documents that contain relevant information include the following:

From the Superintendency of Popular and Solidarity Economy (SEPS): *Sector Financiero Popular y Solidario: características generales y enfoque de género* (Popular and Solidarity Financial Sector: general characteristics and gender approach) (2019a); *Inclusión Financiera en la Economía Popular y Solidaria* (Financial Inclusion in the Popular and Solidarity Economy) (2019b).

From the National Institute of Statistics and Census (INEC): Rubio and Coronel (2018), *La Tenencia de la Vivienda Propia desde una Perspectiva de Género*, (Homeownership from a Gender Perspective); Benítez and Espinoza (2018), *Discriminación salarial por género en el sector formal en Ecuador usando registros administrativos* (Wage discrimination by gender in the formal sector in Ecuador using administrative records"; Castillo and Santacruz (2016), *Pobreza en Ecuador: perfiles y factores asociados 2006-2014* (Poverty in Ecuador: profiles and associated factors); Patiño (2017), *Análisis de pobreza de tiempo con un enfoque de género: caso del Ecuador, 2012*. (Analysis of time poverty with a gender focus: the case of Ecuador). Other studies undertaken in Ecuador include Gavilanes (2018), *Brecha de Acceso a Servicios Financieros Formales en Ecuador* (Gap in Access to Formal Financial Services in Ecuador)

Chile and Costa Rica have studies prepared by: National Institute for Women (INAMU), General Superintendency of Financial Institutions (SUGEF) and Development Banking System (SBD) (2019), *Informe de brechas entre hombres y mujeres en el acceso y uso del sistema financiero en Costa Rica* (Report on gaps between men and women in access and use of the financial system in Costa Rica); Superintendency of Banks and Financial Institutions of Chile (2017), *Género en el Sistema Financiero* (Gender in the Financial System).

In Latin America in general, it is worth mentioning: IDB (2014), *Vivienda en el Medio Urbano. Nota técnica sectorial para la incorporación del enfoque de igualdad de género* (Housing in the Urban Environment. Sectorial Technical note for incorporation of the gender equality approach); Domínguez et al. (2017), *Financiamiento del Mercado de la Vivienda en América Latina y El Caribe* (Financing of the Housing Market in Latin America and the Caribbean); and CAF, IDB and UN Habitat (2020) *Desigualdad de Género en las Ciudades* (Gender Inequality in Cities).

2. Condition of households and situation on access to housing by multiple vulnerability

Data from the Living Conditions Survey (LCS), Sixth Round (2014) and the National Survey on Employment, Unemployment and Underemployment (ENEMDU, several years), show that, from a gender perspective, the main challenges are focused on: income, overcrowding, basic services, quantitative and qualitative housing deficit, secure housing tenure, access to fair and secure rental leases, and formation of de facto human settlements, known as informal.

2.1. Income

Figures from INEC show that total income poverty in Ecuador as of December 2017 was 21.5%; the extreme income poverty index was 7.94% and moderate income poverty was 13.53% (ENEMDU 2017). According to the same source, the first income quintile corresponds to US$257 per month per household and the second to US$460 (IDB, 2019: 11).

According to the Integrated System of Knowledge and Social Statistics (SICES), people in poverty and extreme poverty are considered to belong to households whose per capita income is below the value of the poverty and extreme poverty line, respectively. According to INEC, in December 2017, the income poverty line was at US$84.49 per capita household income, while the extreme income poverty line was at US$47.62 per capita household income.[6] As a trend, since December 2015 until the most recent INEC report (September 2019), the poverty and extreme poverty lines have not changed significantly.

2.2. Overcrowding

At national level, the gaps between the poorest and richest households remain high. According to the ENEMDU, in 2017 11% of households lived in overcrowding: 14.5% in rural areas and 9.5% in urban areas. According to quintiles of poverty by consumption, in the poorest 20% of the population (Quintile 1), overcrowded conditions affect 35.8% of households, double the percentage of households in the second quintile, and triple the third quintile. This condition is 10 times higher than in households in the fourth quintile and 35 times higher than the richest 20% of the population, with an overcrowding of only 0.3% (LCS, Sixth Round).

Greater overcrowding is related to age composition and household size. Castillo and Santacruz (2015: 130) find that poor households have more young people and more people. While 43% of the poor in 2014 were children, only 27% of the non-poor belonged to this age group; therefore, poor households have 1.5 more children under age 14 than non-poor households. In addition, the average number of people per household is 5 in

[6] The poverty line is the minimum disposable income level that an individual needs in order not to be considered poor. In nominal terms, the poverty line is updated in line with the consumer price index (CPI).

poor households compared to 3.4 in non-poor; thus, a poor person with a job must cover the needs of 1.8 people who, for reasons of age or unemployment, have no income, while a non-poor individual covers the needs of 1.2 people. According to the authors, these characteristics have not changed over time.[7]

2.3. Basic services

In access and availability of basic services, the inequalities are between urban and rural areas, as well as between households in Quintile 1 (poorest 20% by consumption) and Quintile 5 (richest 20%). The greatest inequalities are in availability of public sewerage, public water and municipal garbage collection services (Table 2).

Table 2
Access and availability of basic services, total, by area and income quintiles, 2014

No	Services	Total	Area			Income quintiles		
			Urban	Rural	Gap by area	Quintile 1	Quintile 5	Income gap
1	Public water supply	78.0	92.5	46.0	50.3%	56.8	94.4	39.8%
2	Public sewerage	60.0	77.1	22.3	71.1%		88.1	67.1%
3	Exclusive sanitation service	85.0	90.4	73.6	18.6%	67.4	98.3	31.4%
4	Adequate excreta disposal	91.0	97.0	78.9	18.7%	76.9	99.4	22.6%
5	Municipal garbage collection	83.0	98.4	49.9	49.3%		97.3	37.3%
6	Public electricity service	98.0	99.7	95.6	4.1%	95.5	99.8	4.3%
7	Exclusive shower	80.0	87.7	62.9	28.3%	55.3	97.4	43.2%

Source: Prepared by the authors based on INEC (2015b), Compendium of Results of Survey of Living Conditions ECV 2014 (November 2013 to October 2014), Sixth Round.

78% of households have access to public water: 92.5% in urban areas and 46% in rural areas. But only 56.8% of the poorest 20% of the population has this service, compared to 94.4% of the richest 20% of the population.

Public sewerage service is the most deficient at national level (60%), urban (77.1%) and rural (22.3%), and is the service with the highest inequality between households in quintiles 1 and 5.

In contrast, public electricity service covers 98.4% of households at national level, 99.7% at urban level and 95.6% at rural level.

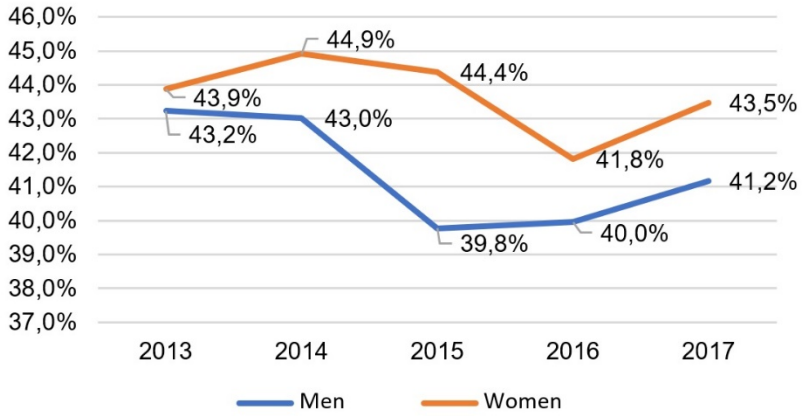
[7] The comparative analysis is for the period 2006 to 2014, corresponding to the Fifth and Sixth Round of the ECV.

2.4. Housing

According to the ENEMDU 2017, of the 4,516,154 dwellings existing nationwide, 1,888,333 (41.8%) have housing deficit. In urban areas, the deficit affects 33.7% of homes, and in rural areas, 60.4%.

By head of household,[8] the results obtained for 2013-17 show that women-headed households have higher housing deficits than households headed by men. The total deficit in the former was 43.7% and in the latter 41.4% (Silva, 2019).

Figure 1
Housing deficit in households headed by women and men, 2013-17

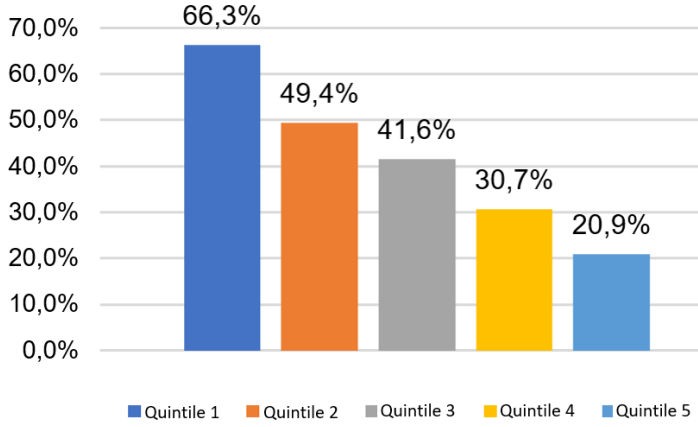


Source: Silva (2019): information processing based on ENEMDU 2017 results.

By poverty quintile, in 2017, 66.3% of the poorest households (quintile 1) had a housing deficit, compared to 20.9% of the richest households (quintile 5). The trend is that, as poverty decreases, the housing deficit also decreases, although in general the figures remain high even for the non-poor population. The largest gaps are between the richest and poorest households, with a difference of more than 46 percentage points.

[8] Head of household is the person who habitually resides in the home, who is recognized by the other members of the household as being in charge, either by the nature of her/his responsibilities, by the type of decisions she/he makes, by prestige, family or kinship relationship, for economic reasons or by social or cultural traditions (INEC, 2015a).

Figure 2
Housing deficit by poverty quintile by consumption, 2017



Source: Prepared by the authors based on Silva (2019); information processing from ENEMDU 2017 results.

There are two types of housing deficit:[9] quantitative and qualitative.[10] According to ENEMDU results, in 2017 the quantitative deficit affected 12.6% of households nationwide, 7.8% of urban and 23.8% of rural households. By head of household, 12.4% households headed by men and 13.3% by women. By poverty quintile, the situation affected 26.6% of the poorest 20% of households, a figure that decreases as poverty decreases, affecting 3.0% of the wealthiest 20% of households.

Table 3
Acceptable housing and with qualitative and quantitative deficit, by gender, according to poverty quintiles by consumption, 2017 (percentage).

Quintile	Acceptable		Qualitative deficit		Quantitative deficit	
	Men	Women	Men	Women	Men	Women
Quintile 1	32.2%	37.7%	41.2%	33.8%	26.6%	28.5%
Quintile 2	50.7%	50.5%	33.9%	33.4%	15.4%	16.1%
Quintile 3	60.0%	54.2%	29.5%	33.6%	10.5%	12.1%
Quintile 4	70.9%	65.3%	22.9%	29.0%	6.3%	5.7%
Quintile 5	80.7%	75.1%	16.3%	21.2%	3.0%	3.7%
Average	**58.8%**	**56.5%**	**28.8%**	**30.2%**	**12.4%**	**13.3%**

Source: Silva (2019); information processing from ENEMDU 2017 results.

The qualitative deficit affected 29.2% of households at national level, 26.0% of urban and 36.6% of rural. By head of household, 28.8% of households headed by men and 30.2% headed by women. By poverty quintile, 39.1% of the poorest 20% of households and 17.7% of the richest 20%.

[9] The housing deficit can be defined as "the set of deficiencies or precariousness in housing and environmental conditions that determine the conditions in which the population lives in a given territory" (see https://www.ohchr.org/).

[10] For the INEC, the quantitative housing deficit "refers to the number of dwellings whose housing conditions are considered irrecoverable based on the combination, predominant materials and their condition, expressed as a percentage of the total number of dwellings. Irrecoverable housing is a housing unit that needs to be replaced by a new one." The qualitative housing deficit "refers to private dwellings that present housing deficiencies in attributes related to structure, space and availability of public utilities and, therefore, require improvement or expansion of the housing unit" (INEC, 2015b).

Consequently, the qualitative deficit is higher than the quantitative deficit, in all variables mentioned, at national, urban and rural levels, by head of household and by poverty quintile. In all cases, both deficits are greater in rural areas, in households headed by women and in poorer households. However, in general, the largest gender gaps are found in urban areas, with around 17 percentage points.

Around 71,349 households in extreme poverty have their own home with a quantitative deficit and about 55,995 households in the same situation have no home of their own (Table 4).

Table 4
Number and percentage of households that own home with quantitative housing deficit and households not owning home, by poverty condition, as of December 2017

Level of Poverty/Home ownership	Extreme poverty		Moderate poverty		Total	
	Number	Percentage	Number	Percentage	Number	Percentage
Own home with quantitative deficit	71,349	56%	107,686	41.5%	179,035	46.26%
Without own home	55,995	44%	152,024	58.5%	208,019	53.74%
Total	**127,344**	**100%**	**259,710**	**100%**	**387,054**	**100.00%**

Source: Technical Secretariat Plan *Toda una Vida* (2018), based on ENEMDU 2017.

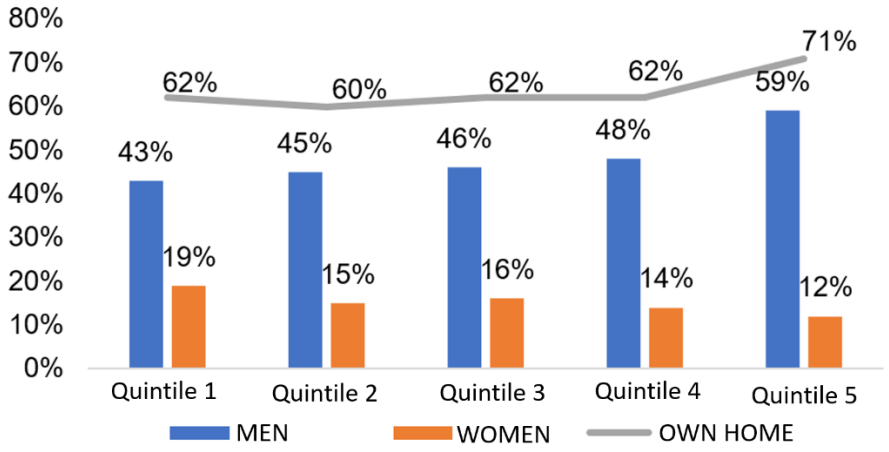
Also, around 107,686 households in moderate poverty have their own home with quantitative deficit and 152,024 households in the same situation without their own home.

2.5. Home tenure

The ECV (2013-14), Sixth Round, records 4,346,026 households, of which 63.4% are home owners, 19% live in rented housing and the remaining 17.5% live in homes assigned for services or in antichresis. In rural areas, 76% of households own their own homes, compared to 56% in urban areas. Consequently, about 1,600,000 households are not home owners, mostly in urban areas.

By gender of head of household, 74% of own homes in Ecuador belongs to households headed by men; by quintile, households in Quintile 5 (richest 20%) have a higher proportion of home owning compared to the other quintiles. For all quintiles, home ownership is lower for households headed by women (Rubio and Coronel, 2018: 205).

Figure 3
Housing tenure by quintile of consumption and head of household (% of households)



Source: Rubio and Coronel (2018); LCS 2014 (November 2013 to October 2014), Sixth Round.

Of home owning households, 63.2% have a deed or registered title; 20.5% have ownership in process, in effective possession, with a promise of purchase or other document. Households headed by women that own their own home have a higher percentage of homes with deed or registered property title (66% of all women-headed households compared to 62.2% of men-headed households).

On the characteristics of men and women heads of household who own their home, Rubio and Coronel (2018) detail the following:

- Home ownership is higher for men aged 35 to 54, and for women aged 65 and older.
- Heads of household with primary schooling (46%) own their own home in greater proportion.
- Women heads are found in 27% of mestizo households, 21% of indigenous households and 35% of Afro-descendant households; men heads are found in 73% of mestizo households, 79% of indigenous households and 65% of Afro-descendant households.
- Most heads (women and men) of households with their own home are employed (83%), with a majority of men (89%) compared to women (63%).
- Irrespective of use and source, 18% of the population has had access to a loan. Of this, 26% of households are not homeowners, while 74% of those who are have not taken out a loan.
- Thirty-one percent of total loans granted in the period under analysis were for remodeling, construction or home purchase. Most of the loans for investment in housing were granted to men; but both men and women have used them first for remodeling, followed by construction and finally purchase.

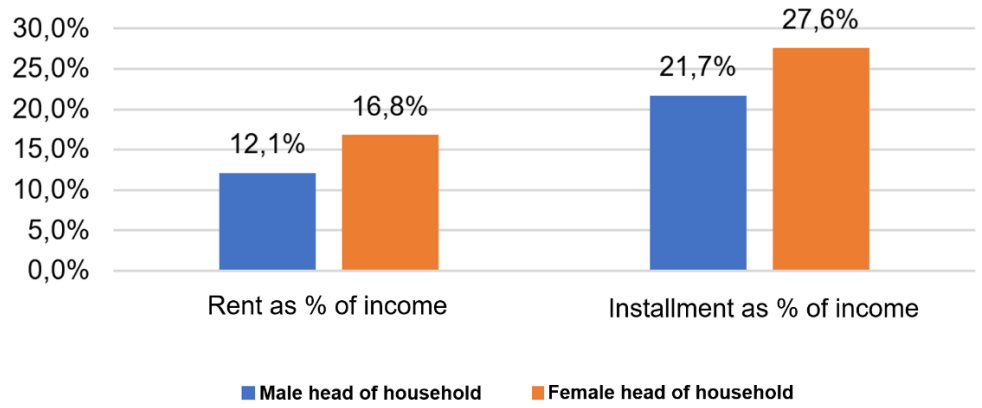
2.6. Home renting

Rented homes make up 19% of all households at national level. In Quintile 1 (poorest 20%) households headed by men spend on average 40.8% of their income on rent, while

women-headed households spend 56.8%. In the second quintile this proportion drops to less than half, and decreases as the income quintile increases, to 7.8% for men-headed households and 10.7% for women-headed households in Quintile 5 (richest 20%).

In all income quintiles, spending on rent as a proportion of income is higher in women-headed households. This indicator shows that the lower the income level, the greater the gender gap.

Figure 4
Housing expenditure as share of income, households headed by women and men, 2014.



Source: Silva (2019); information processing based on results of the 2014 LCS, Sixth Round.

2.7. Informal settlements

Informal settlements "are those areas in which the inhabitants suffer from one or more of the following deprivations: 1) lack of access to an improved water source; 2) lack of access to improved sanitation facilities; 3) lack of sufficient area for housing; 4) lack of durability of housing; 5) lack of secure tenure."[11]

Based on this definition, Vera and Wainer (2018) calculated for 2014 that in Ecuador 36% of the urban population (about 3.5 million people) lived in "informal" barrios, which places the country in fourth place (after Nicaragua, Bolivia and Peru) in a list of 14 Latin American countries.

2.8. Significance of homeownership

For the women (interviewed), VIS applicants and borrowers "owning their own home" means: security, stability, independence, wellbeing and peace of mind. It is considered one of the greatest achievements ("dream come true"), the most important investment in life and the asset that will remain for the children as a guarantee of their future.

[11] Definition of UN-Habitat and United Nations Statistics Division (cited by Vera and Wainer, 2018).

> *"For me, at this time, it is something indispensable, necessary, of utmost importance, because I'm a single mother and I haven't been able to buy a house so far in my 50 years. For me, it would be security for my son (...)"* (Woman applicant - EIP03).

A home is also considered to be a place where small businesses, principal or supplementary, such as personal or professional services, food preparation and commerce or crafts, among others, are developed or could be developed.

> *"In your own home you can do whatever you want, because, even if it is in the back* [referring to location of the dwelling in a housing complex]*, I could cook something and go out to sell it, but in a borrowed house you can't even put a nail in because they complain"* (Woman applicant - EP04).

Women aspire to acquire quality housing inside the urban perimeter, with all basic and social services: health, education, childcare, public transportation and security.

> *"A decent house is everyone's dream, to have a house that is safe that is a safe construction, with no problems. That the place is a safe place with a stable floor (...). A place where my children who live in other places can visit, I think it's essential. With easy access to transport."* (Women applicant, GFI01).

Currently, VIS S2b applicants live in borrowed or rented housing, and generally share space and maintenance costs with other family members. The cost varies according to internal arrangements, and the amount of rent depends on the city and the characteristics of the house. The amount can be from US$150 to US$250 per month, which in some cases includes payment for water and electricity.

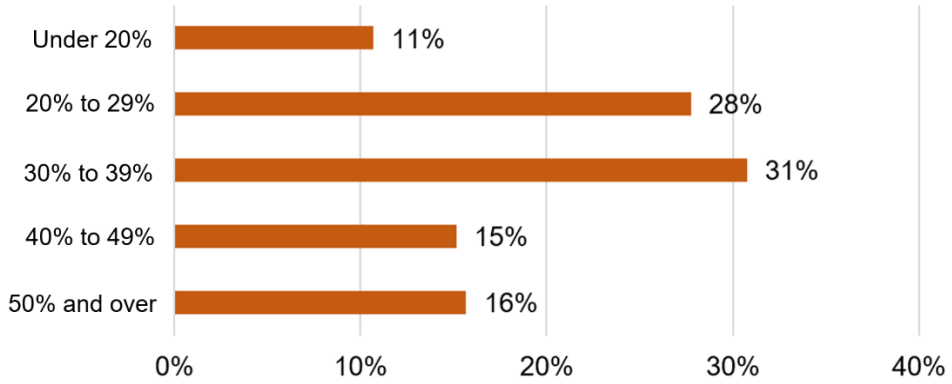
> *"For a while my sister helped me and I lived with her, but since she left, because of her children, studies and husband, I had to go and rent"* (Woman applicant - EIP03).

> *"We don't pay rent, but we pay water and electricity; my mother-in-law lives there, my husband's aunt pays. We pay water and electricity (...). I clean the room where I live and the bathroom, which is sometimes used and not cleaned; I clean the kitchen as well, if grandmother spills some water, I clean up so as not to have problems"* (Woman applicant - EIP04).

According to the selected sample,[12] 31% of women VIS S2b applicants spend 30% to 39% of their monthly income on housing: 15% spend 40%-49%; and 16% spend 50% or more (Figure 5). In this case, there are no significant differences by gender.

[12] Based on the information contained in the MIDUVI's Register of Applications for the *Casa para Todos* Program for VIS Segment 2b, as of January 15, 2020, demand was analyzed in the four provinces selected for the sample (Pichincha, Cotopaxi, Imbabura and Manabí), according to the permanent criteria detailed in methodological document 1 (Annex 2).

Figure 5
Sample of women applicants in VIS Segment 2b,
share of income spent on housing as of January 15, 2020 (%)



Source: Prepared by the authors based on MIDUVI (2020a); Registration in the *Casa para Todos* Program.

3. Approaches and methodology

Gender gaps "refer to the existing differences and inequalities between women and men (...), influenced, to a very large extent, by the different valuations and recognition that society and the organizations that comprise it assign, often unconsciously, to women and men for the simple fact of being what they are" (INAMU, 2017: 5). With respect to financial inclusion, gender gaps are defined as the differences existing between women and men in relation to access and use of financial services; in this case, access to mortgage loans for home purchase.

The study is based on three approaches:

1) Human rights approach, which emphasizes promotion and protection of women's human rights, identifying the rights that have been violated or not protected and the social, economic, cultural and institutional barriers that limit their exercise.

2) Gender approach, which leads to an understanding and brings to light the unequal relations that exist between men and women, and what needs to be changed to guarantee full equality of opportunities.

3) Cross-cutting approach, which identifies and values the various conditions (social, economic, political, cultural, religious, ethnic, geographic, physical and others) which are part of women's identity and individual and community life, and which affect them to a greater or lesser extent depending on the complexity of their lives.

This research is based on application of two mixed methods: quantitative and qualitative, by reviewing the literature produced in the last six years and information from primary

sources provided by: the SEPS,[13] financial institutions (FIs) interviewed, the MIDUVI, [14] the mercantile trust, [15] the INEC (ECV and ENEMDU), and information from The Global Findex (2011, 2014 and 2017).

Fieldwork was carried out in urban areas in four provinces: Pichincha, Cotopaxi, Imbabura and Manabí [16] (Annex 2). Twenty-four interviews were held, three focus groups with potential applicants interested in accessing a subsidy and preferential rate loan for home purchase (Segment 2b) and beneficiaries of the CPT Program; builders/property developers, FIs and MIDUVI officials at local level. In addition, a participant observation was conducted by accompanying a group of organized women to consult the MIDUVI about the status of their enrollment in the CPT Program (Annex 1).

In addition, indicators and calculation formula for measuring gender gaps were defined.

Calculation formula:

- Gender gap in access to credit as equivalence **=** Women with approved loans in relation to total number of borrowers / Men with approved loans in relation to total number of borrowers X 100.

- Gender gap in access to credit as difference / inequality = 100% - equivalence.

For example, if women represent 47.5% of the total number of borrowers and men 52.5%, we have:

- 47.5% / 52.5% = 0.905 * 100 = 90.5%. *Women borrowers equal 90.5% of men borrowers. Therefore,*

- 100% - 90.5% = 9.5%. *Women are 9.5 percentage points short of equality with men in access to credit.*

The indicators applied in the analysis were as follows:

a) Indicators of access to housing loans:

- Number of housing loan borrowers, by type of loan (mortgage and property), by gender.
- Number of housing loan borrowers, by type of loan (mortgage and property), by age group, disaggregated by gender.
- Number of housing loan borrowers, by type of loan (mortgage and property), by income level, disaggregated by gender.

---

[13] The Superintendency of Banks did not send the requested information.

[14] Registration database as of January 15, 2020, which has 23,030 people registered to access VIS and VIP projects, of which 61% are women and 39% men; 38% of total applicants opted for the VIS Segment 2b option (Table 20).

[15] Incorporated on April 26, 2019, composed of four IFIs and administered by the National Finance Corporation (NFC).

[16] The initial methodological proposal was to include five provinces in the fieldwork, but in the end Sucumbíos was left out because it was not possible to coordinate in time with local actors due to their multiple activities, in addition to the mobility restrictions implemented by the national government to deal with the COVID-19 pandemic

- Number of housing loan borrowers, by type of loan (mortgage and property), by level of education, disaggregated by gender.
- Total amount of housing loan, by type of loan (mortgage and property), disaggregated by gender (in dollars).
- Amount of housing loan, by type of loan (mortgage and property), by income level, disaggregated by gender (in dollars).
- Average amount of housing loan, by type of loan (mortgage and property), disaggregated by gender (in dollars).
- Number of mortgage borrowers, total and by type of housing (VIS and public interes [VIP]), by segment, disaggregated by gender.
- Number and percentage of mortgage loans granted for VIS, by segment, disaggregated by gender.
- Number and percentage of mortgage loans granted by province, by type of housing (VIS and VIP), disaggregated by gender.
- Total amount of mortgage loans granted, by type of housing (VIS and VIP), disaggregated by gender (in dollars).
- Average amount of mortgage loans granted, by type of housing (VIS and VIP), disaggregated by gender (in dollars).
- Average amount of household income of mortgage borrowers, total, by type of housing (VIS and VIP) and segments, disaggregated by gender (in dollars).
- Original amount of mortgage loan of borrowers, by type of housing (VIS and VIP) and segments, disaggregated by gender (in dollars).
- Average original amount of mortgage loan of borrowers, by type of housing (VIS and VIP) and segments, disaggregated by gender (in dollars).
- Percentage of household income in relation to original amount of mortgage loan, disaggregated by gender.

- Credit character/behavior indicators:
  - Average monthly installment of mortgage paid by borrowers, by type of housing (VIS and VIP) and segments, disaggregated by gender (in dollars).
  - Percentage of monthly mortgage installments paid by borrowers with respect to their family income, by type of housing (VIS and VIP), disaggregated by gender.
  - Percentage of delinquent borrowers by type of housing loan (mortgage and property), disaggregated by gender.
  - Percentage of borrowers by risk rating, by type of housing loan (mortgage and property), disaggregated by gender.

- Other indicators related to access to housing loans:
  - Percentage of income destined for household expenses (rent and living) of women VIS applicants.

- Household spending on rent, as a proportion of income, by head of household.
- Household spending on rent as a proportion of income, by quintile, by head of household.
- Household spending on mortgage installment as a proportion of income, by head of household.

4. Access to the formal financial system for women in condition of poverty or moderate poverty

Access to credit for home purchase is closely related to access and use of formal financial services; requirements for a mortgage loan include: having an account in a financial institution, savings capacity and credit history. Consequently, this section presents the state of financial inclusion in Ecuador and the changes that have taken place in the main indicators that measure inclusion/exclusion since 2011.

The state of financial inclusion in Ecuador from a gender perspective is analyzed based on the following indicators: a) account ownership: adult account holders in financial institutions, by gender and by income level; b) savings and deposits: adults with savings in financial institutions, by gender and by income level; participation in the total balance of deposits in accounts in financial institutions, by gender and age group; c) access to credit in financial institutions: adults with loans in financial institutions, by gender, age group, income level and level of schooling; total amount and average amount of credit granted, by gender.

The World Bank Global Findex 2017 shows progress in financial inclusion in 2011, 2014 and 2017, along with the persistence of gaps that reflect: inequalities and disadvantages of women versus men; population in condition of poverty versus the non-poor population; rural versus urban population; and the population with lower levels of education versus higher levels, etc.

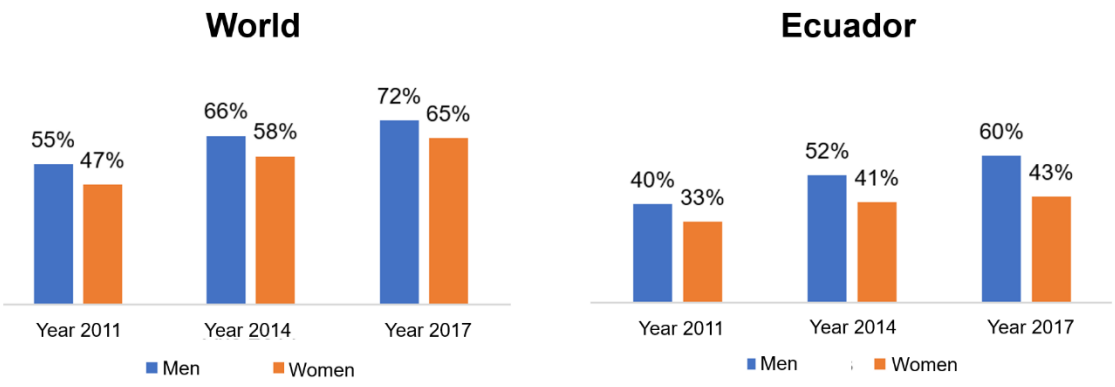
Gender financial inclusion aims to facilitate real access to financial services for women and men users without any difference in handling of payments, transfers, savings and loans. "It is an instrument for reducing poverty, increasing wellbeing and reducing inequality. The results show that, when the applicant is a woman, the probability of inclusion in the financial system falls by approximately 7%. The strongest effect is seen in lack of trust where, when people are perceived to mistrust the financial system, the probability of inclusion is reduced by about 48%" (Borja and Campuzano, 2018: 103).

4.1. Account holders

At global level in 2017, 69% of adults held an account, compared to 62% in 2014 and 51% in 2011. In high-income countries, the figure was 94%; in developing economies 63% and in Ecuador 51%, a lag of more than 40 percentage points relative to high

income; and more than 10 percentage points relative to developing economies. (Figure 6).

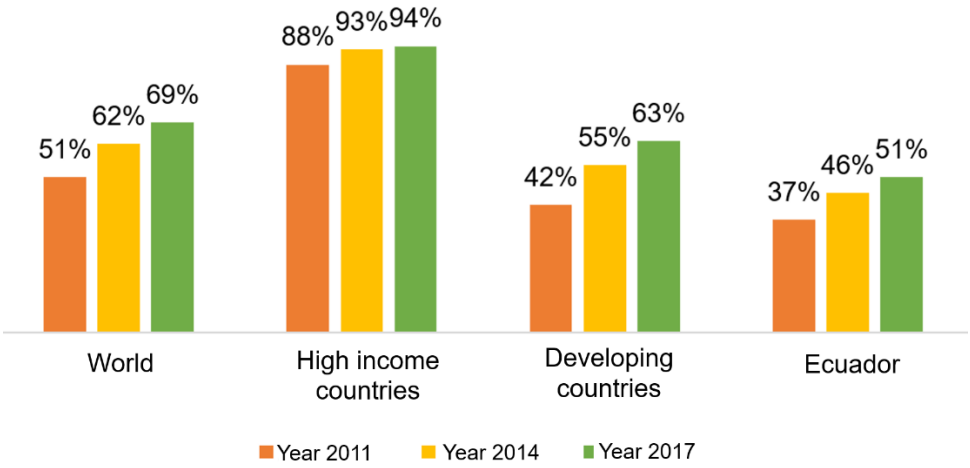
Figure 6
Adults with a bank account, by group of countries and in Ecuador, selected years



Source: Gavilanes (2018); World Bank (2017).

In Figure 7, the data is disaggregated by gender: thus, for example, at world level in 2017 72% of men had an account compared to 65% of women, and in Ecuador 60% versus 43%.

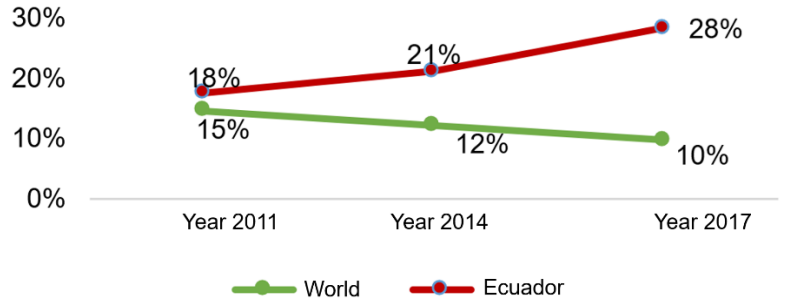
Figure 7
Adults with a bank account in the world and in Ecuador, by gender, selected years



Source: Gavilanes (2018); World Bank (2017).

The account ownership indicator shows an increase in the gender gap in Ecuador, in the opposite direction to global level (Figure 8). Moreover, in Ecuador the percentage of women excluded from this service in the financial system is still higher (57%) than the percentage of women included (43%).

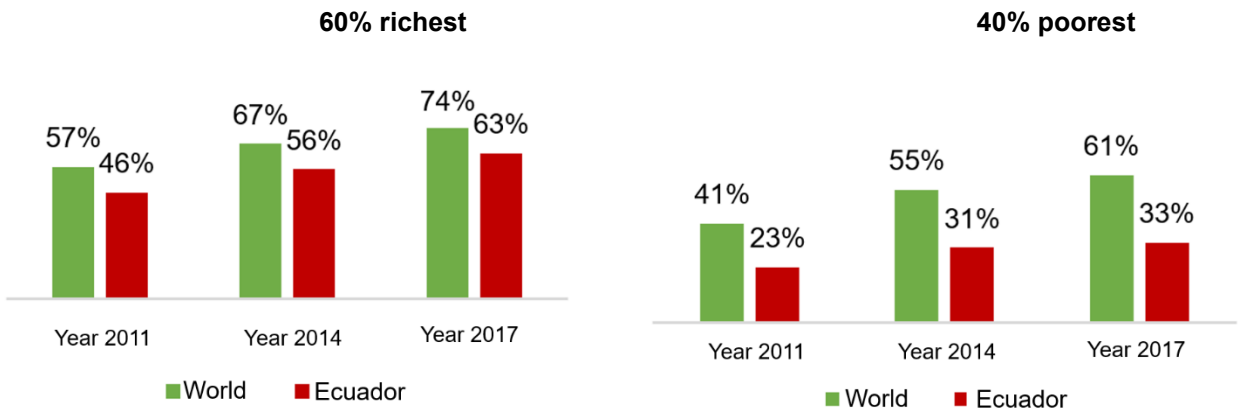
Figure 8
Gender gaps in access to account ownership, world and Ecuador, selected years (%)



Source: Prepared by the authors based on World Bank (2017).

Likewise the gap between the richest and the poorest has not decreased. Among adults in the richest 60% of households, 74% had an account in 2017 while in the poorest 40%, the figure as only 61% (Figure 9).

Figure 9
Adults with a bank account, by income level, world and Ecuador, selected years

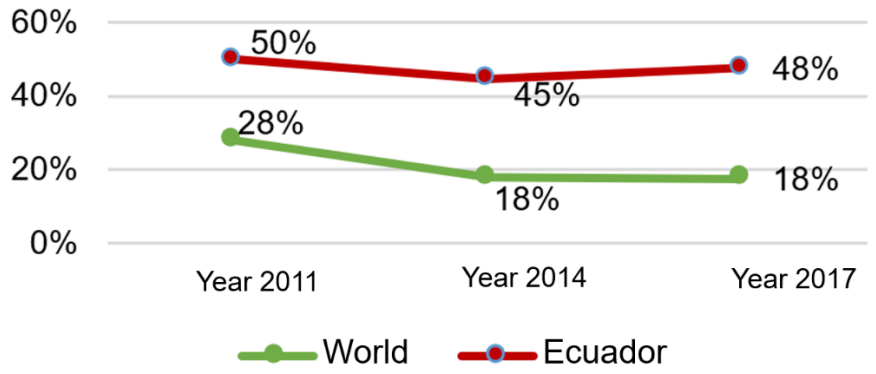


Source: Gavilanes (2018); World Bank (2017).

Income gaps in account ownership in Ecuador are also higher than the global average and, as in the case of gender gaps, have increased slightly between 2014 and 2017 (Figure 10).

Figure 10

Income gaps in access to account ownership, world and Ecuador, selected years



Source: Prepared by the authors based on World Bank (2017).

According to the SEPS (2019b), as of September 2019, cooperatives and mutual savings and loan associations for housing in the Popular and Solidarity Financial Sector (SFPS)[17] provide access to the financial system to 43% of the Ecuadorian adult population by opening accounts. The data also indicate that there is no gap between men and women in account ownership in this sector.

In the youth group (under 30s), 52% of deposit accounts belong to men; however, 51% of the balance of deposits corresponds to women, due to the gap in the average balance between women's (US$368) and men's (US$326) deposits.

In deposits in general, women's participation is higher (52%, that is US$52 out of every US$100 comes from women). By segment,[18] "the amounts deposited by women exceed those of men in segments 1, 2, 3 and mutuals. In mutuals, for every US$100 deposited, US$60 belong to women and the remainder to men, followed by segment 2 with US$53, and segments 1 and 3 with US$52" (SEPS, 2019b).

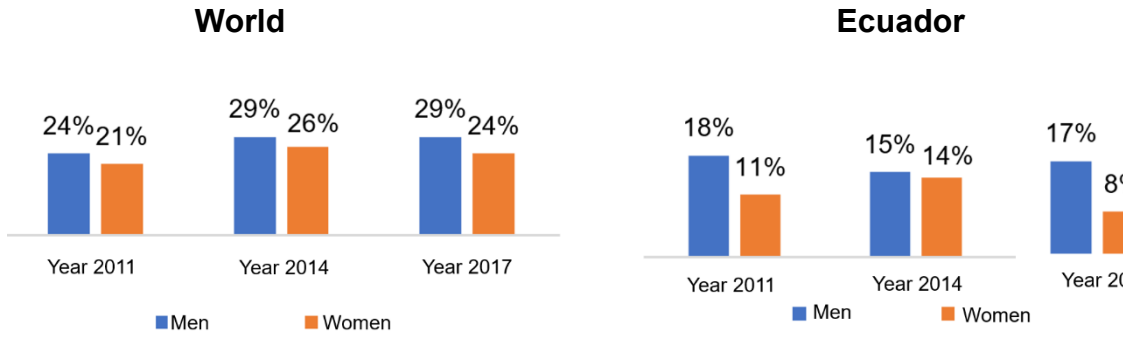
4.2. Savings and deposits in financial institutions

In FIs gender inequalities by level of savings persist. While globally 29% of men and 24% of women have savings in an IFI, in Ecuador the figures are 17% and 8%, respectively (Figure 11).

[17] The Financial Sector of the Popular and Solidarity Economy is made up of 566 entities: 561 savings and loan cooperatives; four mutuals and a central savings bank.

[18] The Popular and Solidarity Financial Sector (SFPS) is divided into five segments, by volume of assets: Segment 1 has assets over US$80 million; Segment 2 US$20 million to US$80 million; Segment 3 US$5 million to US$20 million; Segment 4 US$1 million to US$5 million; Segment 5 up to US$1 million, in savings banks, community banks and community banks.

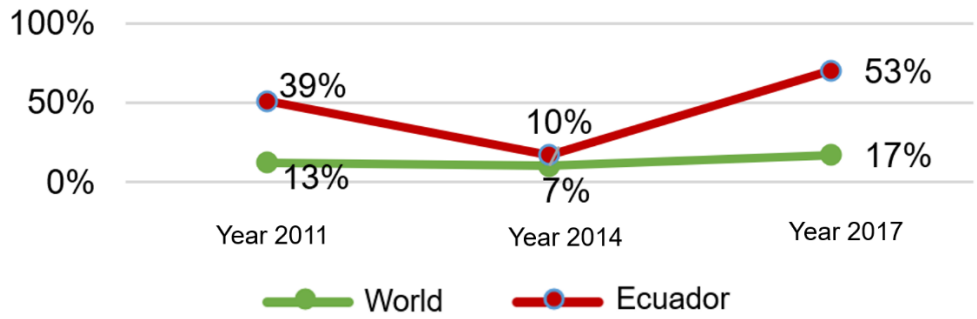
Figure 11
Adults who save in a financial institution, by gender, world and Ecuador, selected years



Source: Gavilanes (2018); World Bank (2017).

Unlike the situation in account ownership, in Ecuador between 2011 and 2014 the percentage of men with savings decreased, and then increased in 2017. For women, the trend was the opposite, with an increase in the period 2011-14 and then a steep fall until 2017. The result of this behavior has been to widen the gender gap in FI savings, following the global trend, but with more depth (53 percentage points in 2017; Figure 12).

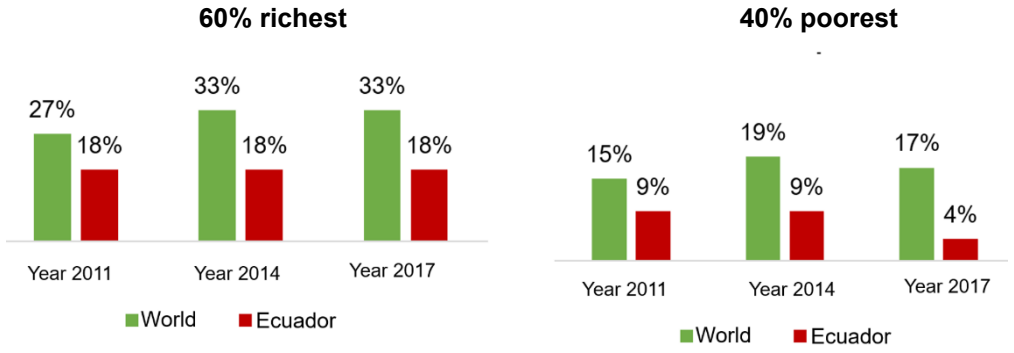
Figure 12
Gender gaps in savings in financial institutions, world and Ecuador, selected years



Source: Prepared by the authors based on World Bank (2017).

In Ecuador there are still more women excluded from the financial system (92%) than included (8%); less than 1 in 10 adult women save in financial institutions.

Figure 13
Adults saving in a financial institution, by income, world and Ecuador, selected years

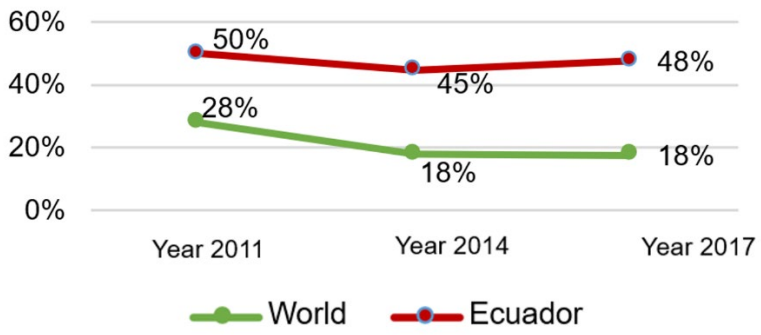


Source: Gavilanes (2018); World Bank (2017).

The differences are greater by income level: globally 33% of adults in the richest 60% of households save in a FI, but only 18% of adults of the same income level in Ecuador. In the poorest 40% of the world, 17% save in a formal institution compared to only 4% in Ecuador.

In Ecuador, the income gap in savings between the richest 60% of households and the poorest 40% of households increased to 78 percentage points in 2017, up 28 percentage points from 2014 (Figure 14).

Figure 14
Income gaps in savings in financial institutions, world and Ecuador, selected years (%)



Source: Prepared by the authors based on World Bank (2017).

According to the SEPS (2020), women represent 49% of total depositors, a figure that has not changed since 2016. In quantitative terms the trend shows a moderate but steady increase (18%; 1,988,065 depositors in 2016 and 2,344,762 in 2019). More significant is the increase in deposits in women's accounts (68%), which grew from US$3,027,450,822 in 2016 to US$5,084,765,471 in 2019. Women's share of the total deposit balance in the same period was between 51% and 52%, about 4 percentage points higher than men's share. By age group, average balances increase with age and in all groups are higher for women.

The FIs consulted have the perception that women have a stronger savings culture and save more, which coincides with the SEPS results. In fact, in one of these institutions, the number of women savers is higher than men.

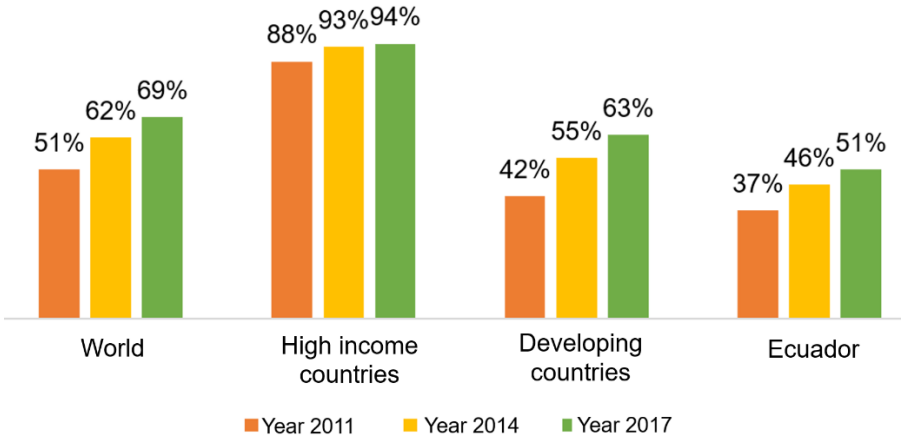
> *"There is a stronger savings culture among women. We have a total of 26,674 total savers as of December 2019: women 18,712; men 10,703 and legal 259"* (IFI, cooperative - EII07).

> *"Women are better payers. Women save more, they care more about improving the living conditions of their families. There are more women with planned savings for education, travel, housing and children's needs. Men save for consumption and entertainment" (IFI, mutual - EII05).*

4.3. Access to credit in financial institutions

According to the World Bank, in 2017 almost half of adults worldwide reported borrowing money in the previous year. The percentage was higher in high-income economies, where most people rely on formal credit, granted by a FI or through a credit card. In contrast, in developing economies, borrowers are more likely to rely on family or friends. Ecuador has greater access to formal credit than developing countries (3 percentage points) and even the world (Figure 15).

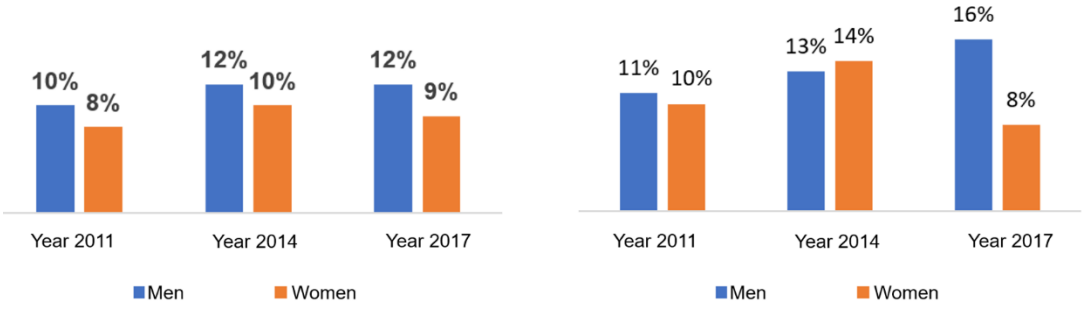
Figure 15
Adults who access formal credit, by groups of countries and Ecuador, selected years



Source: Gavilanes (2018); World Bank (2017).

In Ecuador, 16% of men have access to this service, and in the world 12%. However, for women the relationship is inverse: the percentage is higher in the world (9%) compared to Ecuador (8%) (Figure 16).

Figure 16
Adults who access loans, by gender, world and in Ecuador, selected years

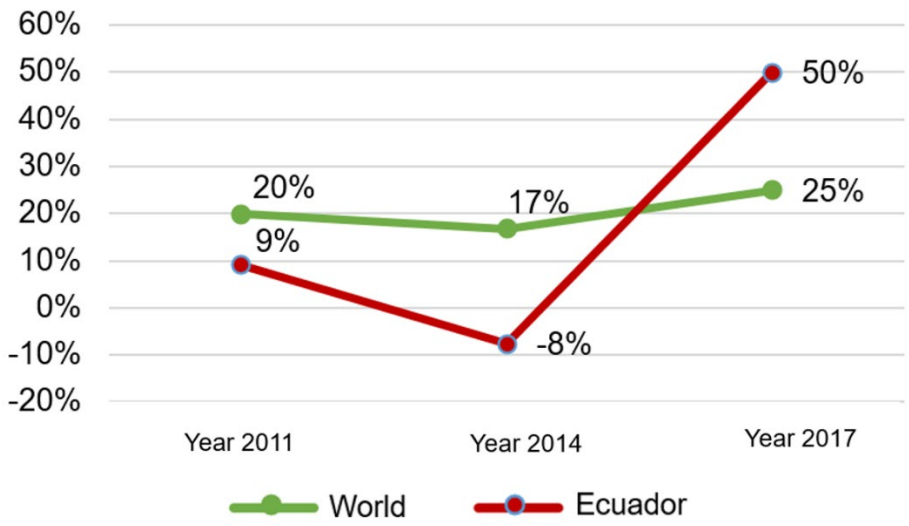


Source: Gavilanes (2018); World Bank (2017).

In access to credit, gender gaps in Ecuador behave erratically. After falling significantly from 2011 to 2014, and even reversing the ratio in favor of women (-8 percentage points), the gaps reached 50 percentage points in 2017 as a result of the combination of the increase in the percentage of adult men with credit (13% to 16%) and the decrease in the percentage of women with credit (14% to 8%) between 2014 and 2017 (Figure 17).

Figure 17

Gender gaps in access to credit, world and Ecuador, selected years (%)



Source: Prepared by the authors based on World Bank (2017).

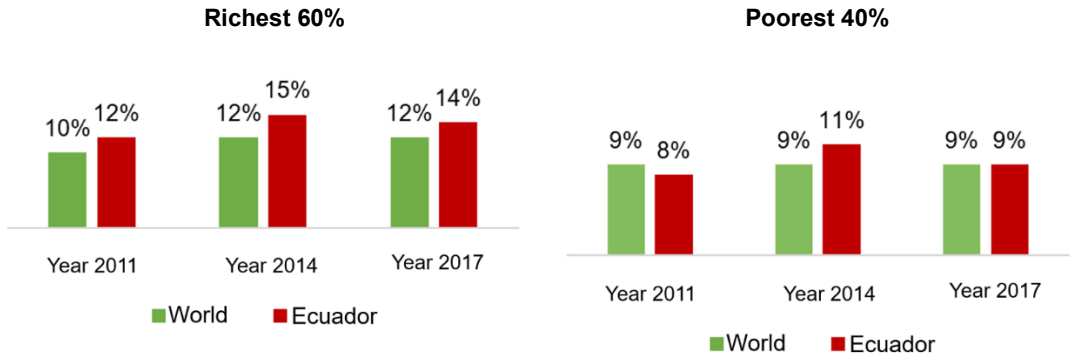
The SEPS confirms, as of September 2019, the existence of gender gaps in the SFEP. Out of 1,370,949 credit users, 43% are women and 57% men. Women's share of the SFPS loan portfolio was 39% compared to 61% for men. The amounts of loans granted to women are lower than those granted to men (SEPS, 2019a).

The largest share of men in the loan portfolio (62%) is in Segment 1 (FIs with assets over US$80 million), accounting for 71% of the total SFPS portfolio.

By educational level, women's share of SFPS loan portfolio balances "is below that of men, except in cases where applicants have a university level of education, where there is a 50% participation in the loan portfolio balance for each gender. In levels of education without studies, or postgraduate, women have a 46% share of the portfolio and men 54%" (SEPS, 2019a).

By income level, adults in Ecuador in the richest 60% of households have slightly higher percentages of access to credit than adults in the world (World Bank, 2017). In 2017, the percentages of access to credit for adults in Ecuador and the world were equal (Figure 18).

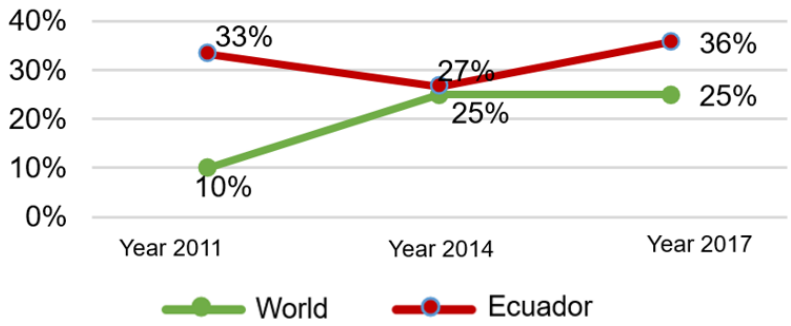
Figure 18
Adults with access to credit, by income, world and Ecuador, selected years



Source: Gavilanes (2018); World Bank (2017).

As in the case of the gender gap, the income gap increased from 2014 to 2017, reaching its highest value (36 percentage points) in the latter year (Figure 19).

Figure 19
Income gaps in access to credit, world and Ecuador, selected years (percentage)



Source: Prepared by the authors based on World Bank (2017).

Half of the women applicants for VIS S2b[19] interviewed who required loans were able to obtain them in the formal financial system (public and private banks, mutuals and savings

[19] Eighteen women were interviewed, of whom 12 applied for loans and 6 obtained them.

and loan cooperatives).[20] These loans were used to start a business or as working capital for a productive or commercial activity; or for education or purchase of household appliances or other household goods; consequently, they could all be considered as investment loans that contribute to improving the living conditions of women and their households.

According to the SEPS (2020), from 2016 to 2018 the number of women accessing credit in savings and loan cooperatives and mutuals rose by 38%; however, from 2018 to 2019 the figure declined. The average amount of loans granted to women increased steadily from US$4,280 in 2016 to US$5,675 in 2019 (Table 5).

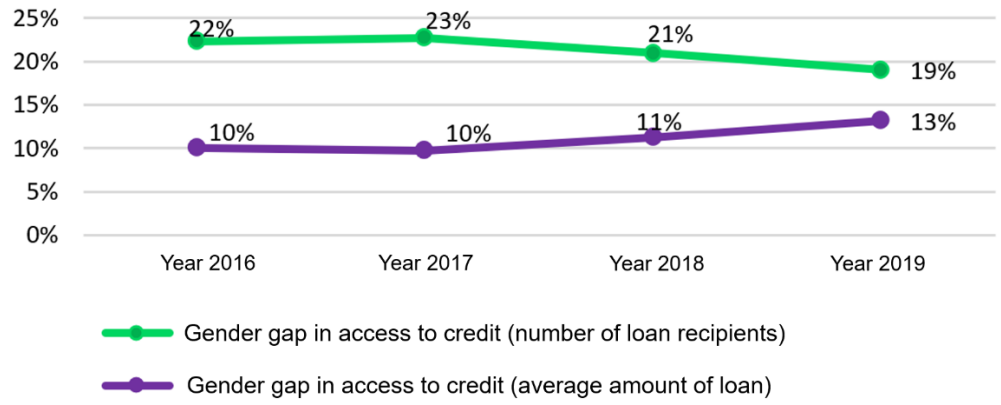
Table 5
Access to credit in the Financial Sector of the Popular and Solidarity Economy, by gender, number of loan recipients and average amounts of loans granted, 2016-19

Year	Number of loan recipients		Average loan amount (in dollars)		Gender Gap (number of loan recipients)	Gender gap (average amount of loan)
	Men	Women	Men	Women		
2016	291,527	226,581	4,759	4,280	22%	10%
2017	362,157	279,806	5,680	5,128	23%	10%
2018	396,633	313,534	6,380	5,660	21%	11%
2019	320,893	259,853	6,535	5,675		13%

Source: Prepared by the authors based on SEPS (2020).

Analysis of the gender gap in access to credit reveals a tendency to widen, despite the increase in the average amount of credit granted. This is because the increase has been greater in the case of men. By contrast, the gender gap by number of borrowers tends to narrow, although still high (Figure 20).

Figure 20
Gender gaps in access to credit, by number of loan recipients and average loan amount, 2016-19.



Source: Prepared by the authors based on SEPS (2020).

[20] The financial institutions mentioned were: BanEcuador, BIESS, Banco Pichincha, Mutualista Pichincha, and savings and loan cooperatives: CACMU, Atuntaqui, Alianza del Valle, 29 de Octubre.

The data show that, although women contribute more than men to SFPS deposits, they do not have the same access to the credit resources provided by these funds. Gender gaps in access to credit imply a transfer of the benefits of women's savings to other borrowers.

By age range, in 2019 the highest percentage of women who accessed loans was in the 30 to 39 age range (28%), followed by age 50 to 65 (24%), and age 40 to 49 (22%). The widest gender gap is in the case of women under 30 (30 percentage points); and there is a tendency for the gap to narrow as age increases, except for women aged over 65, where it rises to 21 percentage points (Figure 21).

By income level of women who access credit, there are no significant differences; the percentages are around 20% in all quintiles. The largest gender gap appears in quintile 3 (27%); and there is a tendency for the gap to widen as income rises, from quintile 1 to 3 (Figure 22).

Figure 1

Gender gap in access to credit, by age group, 2019

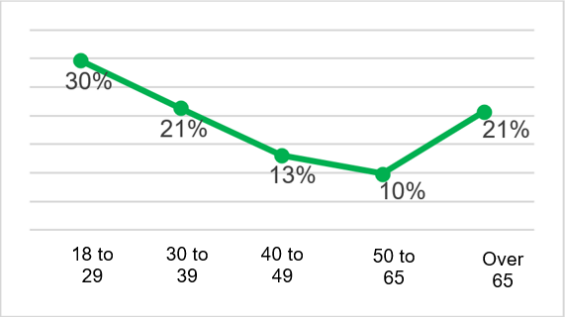
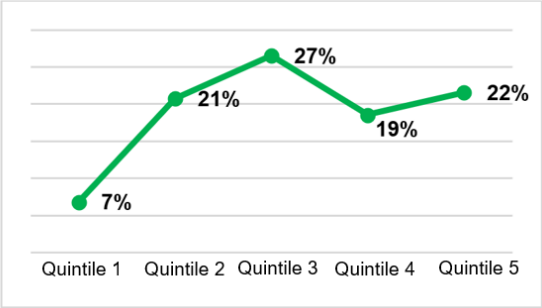


Figure 2

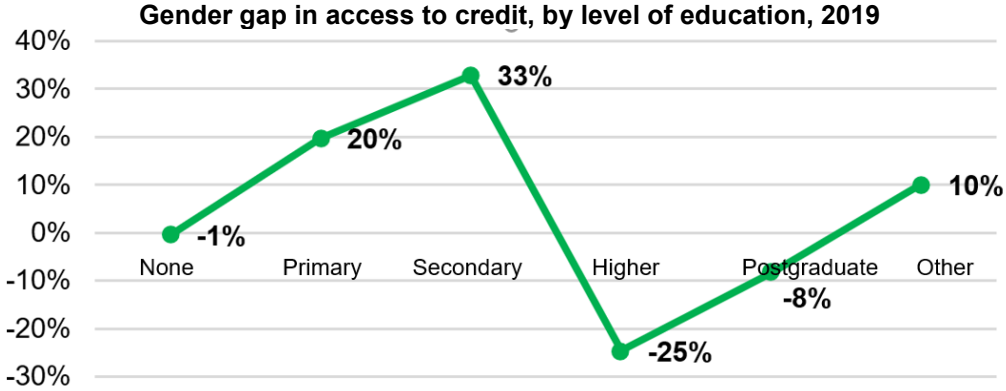
Gender gap in access to credit, by income level, 2019



Source: Prepared by the authors based on SEPS (2020).

By level of education, most women who access credit have secondary education (40%); this group is followed by women with primary schooling (34%). The widest gender gaps are precisely among women with these levels of education (33% and 20%, respectively). This is the only variable in which the gender gaps favor women in relation to those with higher education and postgraduate studies (Figure 23).

Figure 23
Gender gap in access to credit, by level of education, 2019



Source: Prepared by the authors based on SEPS (2020).

Their number and percentage representation lead to the conclusion that the highest rate of access to credit in SFPS FIs relates to women aged 30 to 39 with secondary education, irrespective of their income quintile. In terms of gender gaps, the largest gaps are found at the extremes of the age groups (younger and older women), in income quintile 3 and at secondary level of education.

4.4. Women's opinions of the financial system

The VIS S2b applicants interviewed said they have or have had a bank account, mostly for savings. The accounts were opened with the objective of saving to buy a house, to have resources to cover emergencies or to help other family members (dependent parents, or for their children's education and health); in other cases they have opened accounts for deposit of child support and/or payments for their work.

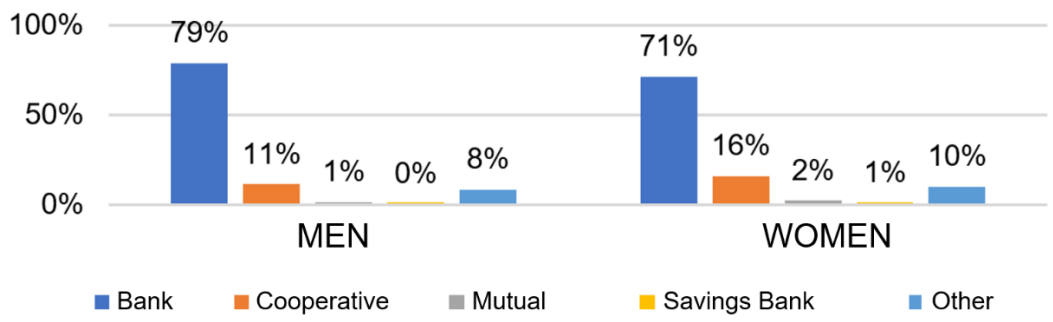
> *"The account helps me save for my son to be educated. I have not been able to educate myself 100% but I would like him to become something bigger than me, and to have a good job"* (Women applicant - EIC02).

In general women consider that it is safer to have their money in a bank or cooperative; having a savings account opens up the possibility of obtaining loans to start a business or buy a house. They mention the advantage of saving time and money through Internet banking or having a card to make withdrawals at the ATM.

> *"They are faster, you don't have to wait in line like before, and stay in the bank for hours"* (Woman applicant- EIP05).

According to the selected sample, eight out of 10 women VIS Segment 2b applicants in the four selected provinces have an account: 71% in banks, 16% in cooperatives and 2% in mutuals; the rest said they had accounts in other types of institutions (savings banks and others). Compared to men, a lower percentage of women have accounts in banks and a higher percentage have accounts in cooperatives and mutuals (Figure 24).

Figure 24
Women and men applicants for VIS Segment 2b, by type of financial institution where they have an account, as of January 15, 2020



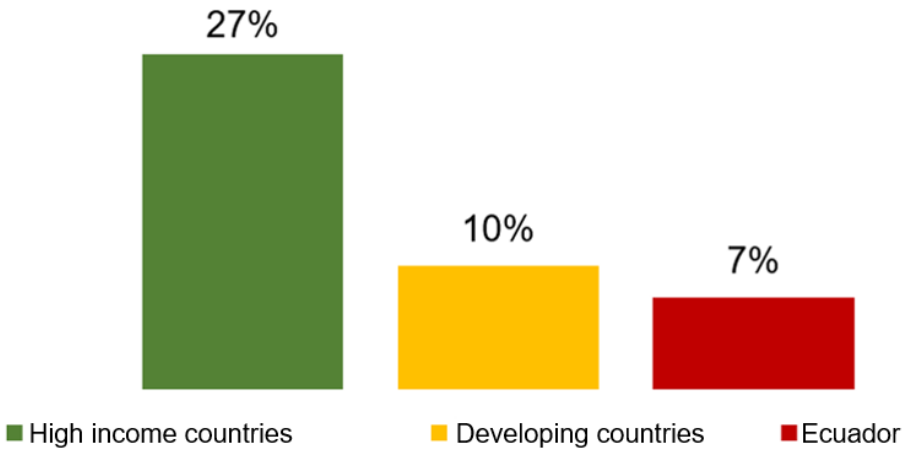
Source: Prepared by the authors based on MIDUVI (2020a).

On the differences (advantages/disadvantages) between banks, cooperatives and mutuals, opinions vary. Some say there are more advantages in the cooperatives because of the higher interest they receive on their savings and the facilities for opening accounts and accessing credit; others mention the greater security of the banks due to their larger size and number of branches. Among the disadvantages, they mention the restrictions or additional requirements imposed by some banks for opening an account.

5. Access to mortgage loans for women in condition of poverty and moderate poverty

According to The Global Findex for 2014 and 2017, the indicator with the largest gap between developing and high-income countries is access to home purchase loans (63%). In this indicator Ecuador is 3 percentage points below developing countries and 20 percentage points below high-income countries (a gap of 74 percentage points).

Figure 25
Adults with outstanding home loans, by group of countries and Ecuador, 2017.

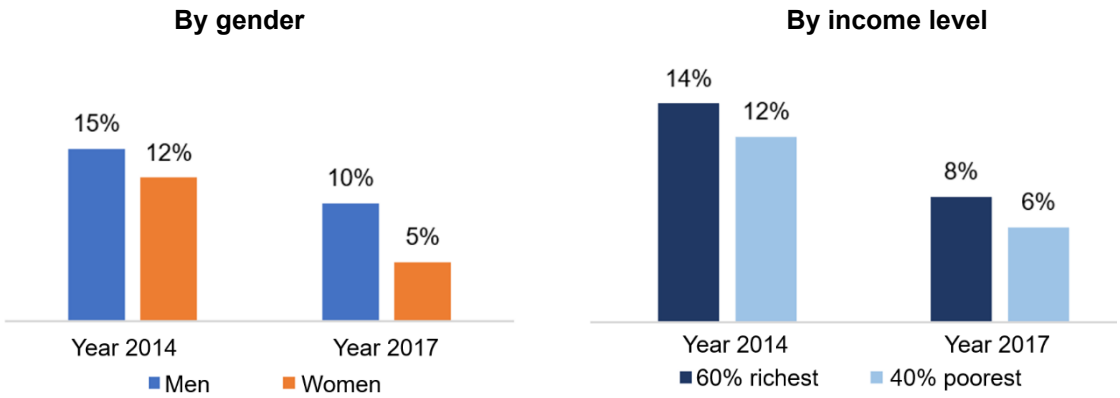


Source: Prepared by the authors based on World Bank (2017).

Note: Refers to the percentage of respondents who said they had an outstanding loan (singly or with another person) from a bank or other financial institution to purchase a house, apartment or land.

During these years, and following the trend of credit in general, Ecuador has seen a decrease in the percentage of men and women with loans for home purchase, as well as in the percentage of adults in the two groups of households by income level (Figure 26).

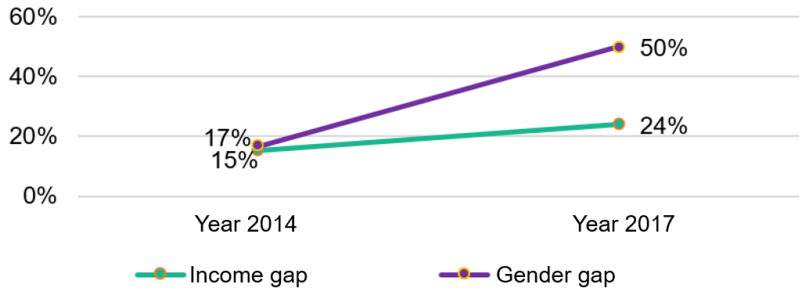
Figure 26
Adults with outstanding home loans, by gender and income level in Ecuador, 2014 and 2017 (%).



Source: Prepared by the authors based on World Bank (2017).

Both gender and income gaps widened from 17% to 50% for the former and 15% to 24% for the latter (Figure 27).

Figure 27
Gender and income gaps in outstanding home loans, 2014 and 2017.



Source: Prepared by the authors based on World Bank (2017).

According to the SEPS (2020), in 2019 only 2,783 women (1% of the total of women who obtained a loan in SFPS FIs that year) accessed a home loan; 0.95% (2,643 women) "property loan" and 0.05% (140 women) "VIP loan." The total number of home borrowers was 41.6%, but the amount of credit received represented 39.3% of the total of this credit portfolio.

For women in poverty and moderate poverty, obtaining and managing a loan for home purchase in the formal financial system is a real challenge due to the conditions required. The Women applicants for a VIS S2b loan interviewed who were unable to access a loan in a FI gave the following reasons:

- Income below the minimum required by the FI.
- Unable to prove regular income or lack of pay slips.
- Informality of economic activity: not having a Taxpayer ID number (RUC) or Simplified Tax Regime (RISE) number.[21]

[21] The Simplified Tax System (RISE) is a voluntary registration system that replaces the payment of value added tax (VAT) and income tax with monthly installments and is intended to improve tax culture in the country. The Single

- Lack of formal proof of number of years in the economic activity: failure to comply with minimum time requirement to obtain RUC or RISE.
- Failure to comply with minimum time required by the FI in the case of formal employment.
- Having other outstanding debts.
- Having a risk rating in the Credit Bureau;
- Not having the minimum contributions (Bank of the Ecuadorian Social Security Institute [BIESS]).
- Not having a guarantor, or the guarantor does not meet the FI's requirements.
- Legal obstacles related to the marital partnership: requiring spouse's signature, being separated.
- Lack of time for the procedures or lack of understanding of the process.

> *"They told me I had to have one year of RUC. They told me I had to have a stable job, but in my job I'm not going to get an amount every month, it's not stable, but they pay me per week and sometimes daily. It is a micro-enterprise. Sometimes there are customers and sometimes there aren't"* (Woman Applicant - EIP05).

Some women gave up even before starting the process due to lack of adequate information, or did not complete the process due to the impossibility of meeting the FI's requirements.

To obtain loans, women also turn to their relatives, friends, neighbors or *chulqueros* (loan sharks). These sources are also used by women FI borrowers when, due to lack of liquidity, they are unable to meet the agreed payments. The main reasons for delinquencies/arrears are domestic calamities, such as unforeseen illness, problems in their enterprises, which affect expected income flow, and loss of employment. According to the interviewees, repaying acquired debts is a priority, and meeting them involves some sacrifices.

> *"Sometimes we would fall behind in paying our installments, and they would charge us $15 a day. Once we were a month late and we paid the next month and they even charged us for the lawyers who came to our house, the calls they made, the copies they had to make. And it was almost half of the installment we had to pay. [So] we went to the chulqueros (loan sharks) and paid there in the cooperative; and then, of course, we were all broke."* (Women applicant - EIP04).

5.1. Mortgage loans granted by type of housing[22]

In the Mercantile Trust of the National Finance Corporation (CFN), as of November 30, 2019, 2,013 mortgage loans were registered, of which 97.9% (1,970) correspond to loans for VIS purchase and 2.1% (43), for VIP purchase.

Taxpayer Register (RUC) corresponds to the identification number assigned to all individuals and/or companies that own goods or rights on which they must pay taxes.

[22] Sobre la base de información proporcionada por el MIDUVI, correspondiente al fideicomiso mercantil administrado por la Corporación Financiera Nacional (CFN), integrado por cuatro instituciones financieras del país, constituido el 26 de abril de 2019 para el financiamiento de proyectos VIS y VIP, a una tasa subsidiada de 4,99%, en el marco del Proyecto Emblemático "Casa para Todos".

VIP values are considered very high by applicants who meet the maximum consolidated income requirement of 6.34 SBU (US$2,497.96 as of December 31, 2019 and US$2,536 as of January 1, 2020), so they mostly prefer to borrow in VIS due to its lower value. This could also be related to the existence of a greater supply of property in Segment 3 of VIS, whose characteristics are similar to those of VIP, but with the advantage of lower prices. In the case of VIS, women represent 47.4% of total borrowers with a difference of 5.2 percentage points in favor of men who have a 52.6% share (Table 6).

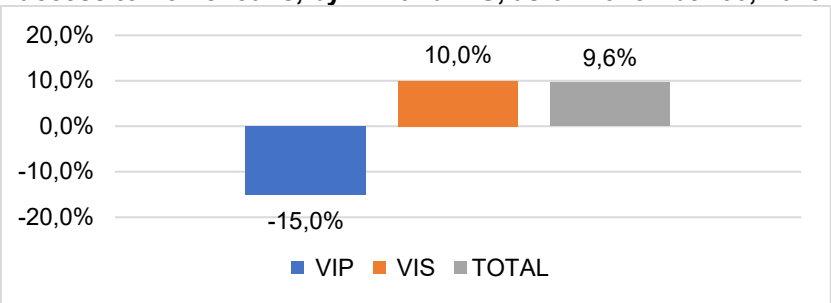
Table 6
Number of mortgage loan borrowers, by type of housing and segments, disaggregated by gender, as of November 30, 2019

Type of housing		Men	Percentage	Women	Percentage	Total	Percentage
VIS	S1: Up to US$22,680	2	40.0%	3	60.0%	5	0.3%
	S2: US$22,681 to US$40,000	72	51.8%	67	48.2%	139	6.9%
	S3: US$40,001 to US$70,000	963	52.7%	863	47.3%	1,826	90.7%
VIP	S4: US$70,001 to US$90,000	20	46.5%	23	53.5%	43	2.1%
TOTAL		**1,057**	**52.51%**	**956**	**47.49%**	**2,013**	**100.00%**

Source: Prepared by the authors based on MIDUVI (2019c) and information provided by financial institutions; CFN Trust November 2019.

In VIS, with respect to total men borrowers, women represent 90%; therefore, the gender gap is 10 percentage points, which is the figure women need to reach equality in access to VIS loans (Figure 28).

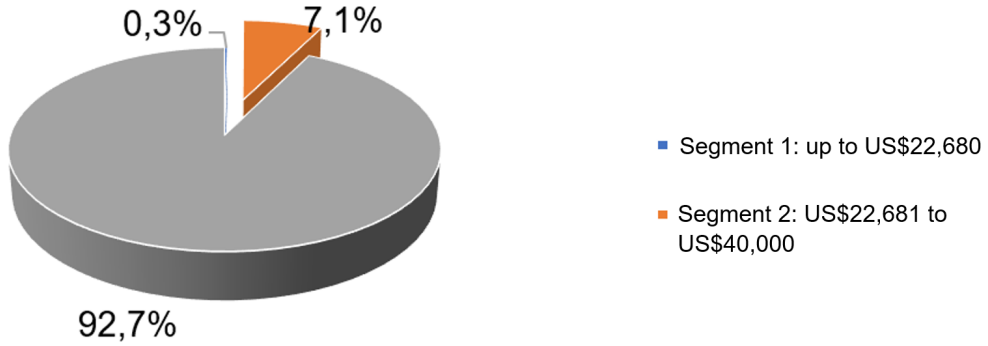
Figure 28
Gaps in access to home loans, by VIP and VIS, as of November 30, 2019



Source: Prepared by the authors based on MIDUVI (2019c) and information provided by financial institutions; CFN Trust, November 2019.

When only the VIS segments are considered, the highest percentage of mortgage loans granted (92.7%) is concentrated in Segment 3, corresponding to homes priced from US$40,001 to US$70,000 (Figure 29).

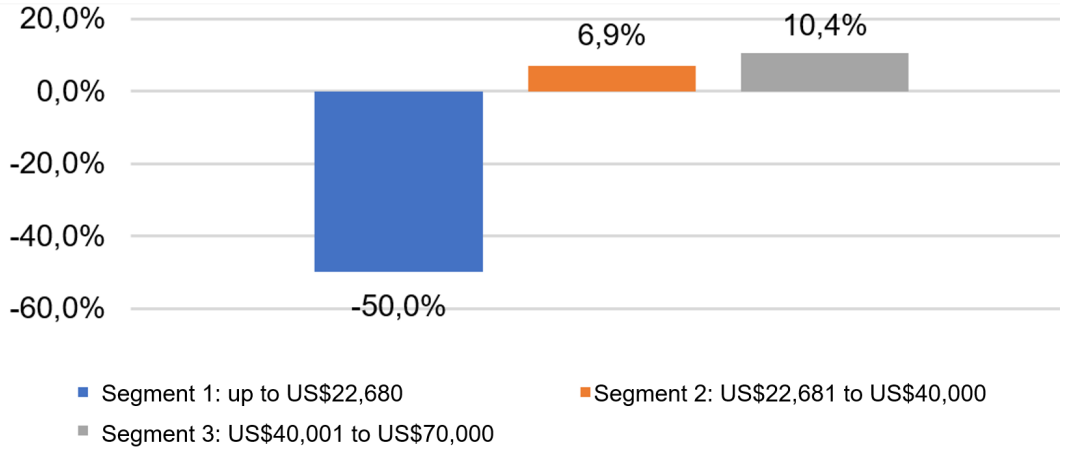
Figure 29
Mortgage loans granted for VIS, by segment, as of November 30, 2019 (%)



Source: Prepared by the authors based on MIDUVI (2019c) and information provided by financial institutions; CFN Trust, November 2019.

In Segments 2 and 3, the distance between women and men needed to reach equality is 6.9 and 10.4 percentage points, respectively (Figure 30). Only in Segment 1 does the gap favor women; however, because of its low percentage weight (0.3% of total VIS loans, or five out of 1,970 loans granted) it does not affect the overall gender gap result in terms of access to mortgage loans for these types of housing.

Figure 30
Gaps in access to mortgage loans, by VIS segment, as of November 30, 2019



Source: Prepared by the authors based on MIDUVI (2019c) and information provided by financial institutions; CFN Trust, November 2019.

In the case of loans granted for VIP, most beneficiaries are women, representing 53.5% of borrowers, compared to 46.5% for men. Male borrowers represent 115.0%; resulting in a gender gap of 15 percentage points, which means that women have reached and surpassed equality in access to mortgage loans for VIP housing.

Due to the low level of VIP housing in the total number of credit operations (2.1%), the existence of a gender gap in access to mortgage loans for home purchases of 9.6 percentage points is confirmed at a general level.

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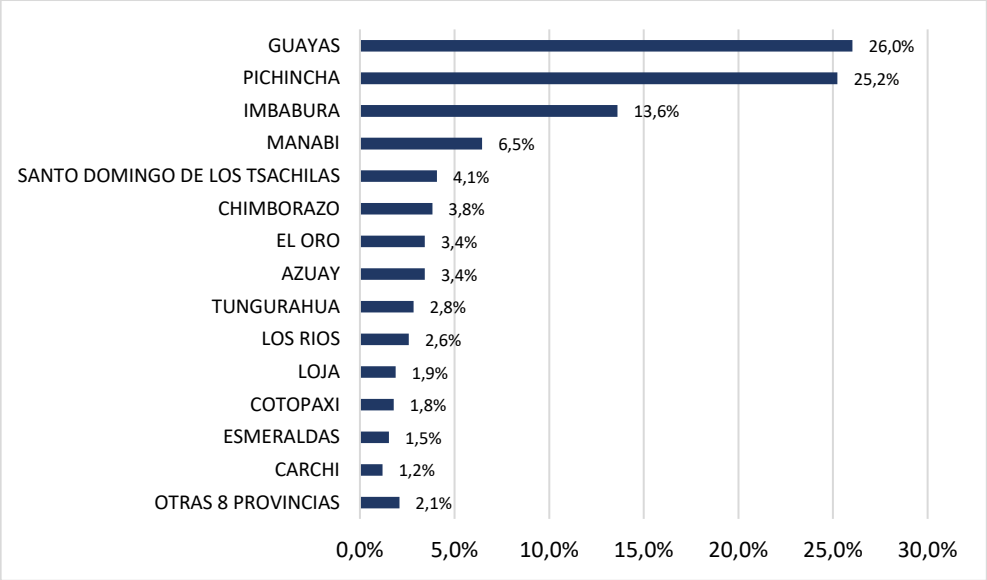
5.2. Mortgage loans by province

As of November 30, 2019, through the CFN Trust, 2,013 mortgage loans were granted to beneficiaries in 22 provinces of Ecuador (92% of the total), in 76 cantons (34% of the total number of cantons). Nearly two thirds of mortgage loans were concentrated in Guayas, Pichincha and Imbabura provinces. The fourth province with a significant percentage of loans (6.5%) is Manabí (Figure 31).

Figure 31
Geographical distribution of mortgage loans granted for VIS and VIP homes, as of November 30, 2019

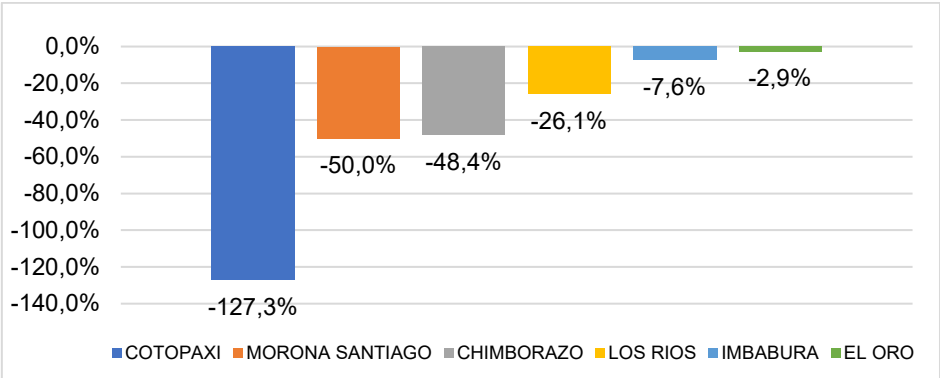


Source: Prepared by the authors based on MIDUVI (2019c) and information provided by financial institutions; CFN Trust, November 2019.

In the analysis of gender gaps by province, three groups were identified:

- With gender gaps in favor of women (six provinces): Cotopaxi, Morona Santiago, Chimborazo, Los Ríos, Imbabura and El Oro (Figure 32).

Figure 32
Gender gaps in access to mortgage loans, in favor of women, by province, at November 30, 2019.

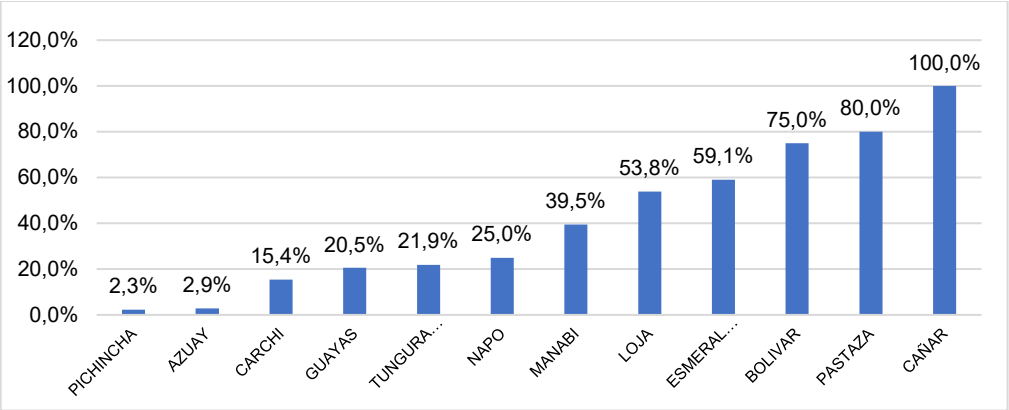


Source: Prepared by the authors based on MIDUVI (2019c) and information provided by financial institutions; CFN Trust, November 2019.

• Without gaps, that is with equal numbers of men and women with access to mortgage loans, five provinces: Santa Elena, Santo Domingo de los Tsáchilas, Sucumbíos and Zamora Chinchipe. The province of Santo Domingo de los Tsáchilas stands out because of the significant number of mortgage loans granted (72).

• With gender gaps to the detriment of women (12 provinces): Pichincha, Azuay, Carchi, Guayas, Tungurahua, Napo, Manabí, Loja, Esmeraldas, Bolívar, Pastaza and Cañar. This last group includes three of the four provinces with the highest percentage of loans granted (Figure 33).

Figure 33
Gender gaps in access to mortgage loans, to the detriment of women, by province, as of November 30, 2019.



Source: Prepared by the authors based on MIDUVI (2019c) and information provided by financial institutions; CFN Trust, November 2019.

The main points related to mortgage loans by type of housing, VIS and VIP, are:

• Loans for purchase of VIS have been granted by the three financial institutions and cover 22 of the 24 provinces.

• Loans for purchase of VIP have been granted by two of the three financial institutions and cover 11 of the 24 provinces.

• VIS loans are concentrated in the provinces of Guayas (28.6%), Pichincha (25.7%), Imbabura (13.2%) and Manabí (6.5%); the remaining 28% are distributed among the other provinces (18) with percentages equal to or less than 3.5%.

• VIP loans are concentrated in the provinces of Imbabura (32.6%), Santo Domingo de los Tsáchilas (23.3%) and Esmeraldas (14.0%); the remaining 30% are distributed among the other eight provinces, with percentages of less than 5%.

As of November 30, 2019, US$113,608,518.87 in mortgage loans for home purchase has been granted to 2,013 beneficiaries of the program. The amount granted for VIS, US$110,488,503.35 represents 97.3%, while the amount for VIP, US$3,120,015.52, represents 2.7% of total mortgage loans provided under the program. By gender, 52.6% was granted to men and 47.4% to women, with a difference of 5.2 percentage points in favor of men (Table 7).

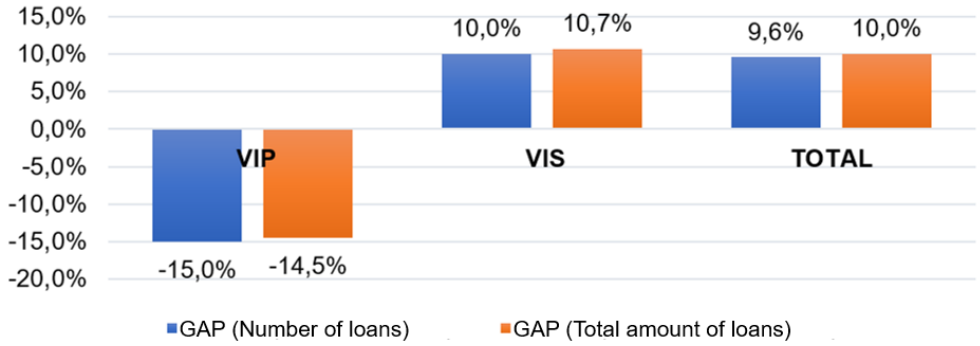
Table 7
Total amount of mortgage loans granted, by type of housing, desegregated by gender, as of November 30, 2019 (dollars)

TYPE OF HOUSING	MEN	Percentage	WOMEN	Percentage	TOTAL
VIP	1,454,740.74	46.6%	1,665,274.78	53.4%	3,120,015.52
VIS	58,354,659.66	52.8%	52,133,843.,69	47.2%	110,488,503.35
TOTAL	**59,809,400.40**	**52.6%**	**53,799,118.47**	**47.4%**	**113,608,518.87**

Source: Prepared by the authors based on MIDUVI (2019c) and information provided by financial institutions; CFN Trust, November 2019.

In the case of VIS and VIP, the trends in the number of mortgage loans granted are maintained; consequently, gender gaps in the total amounts are not significantly different from those for the number of loans, although they are slightly higher in the case of VIS (by more than 0.7 percentage points) and total borrowers (by more than 0.4 percentage points); and slightly lower in the case of VIP (by less than 0.5 percentage points) (Figure 34).

Figure 34
Gaps in access to mortgage loans, in number and amount, by VIP and VIS, as of November 30, 2019.



Source: Prepared by the authors based on MIDUVI (2019c) and information provided by financial institutions; CFN Trust, November 2019.

Due to the nature of the program, the difference in average loan amounts granted and, therefore, in the gaps, which are less than 1 percentage point, are even less significant (Table 8, last column), since the averages are within the ranges established for the segments defined in the regulations.

Table 8
Average amounts of mortgage loans granted, by type of housing, by gender, as of November 30, 2019 (dollars)

TYPE OF HOUSING	MEN	Percentage		WOMEN	Percentage	TOTAL	GAPS
VIP	72,737.04	100.2%		72,403.25	99.8%	72,558.50	0.46%
VIS	56,272.57	100.3%		55,877.65	99.6%	56,085.53	0.70%
TOTAL	56,584.11	100.3%		56,275.23	99.7%	56,437.42	0.55%

Source: Prepared by the authors based on MIDUVI (2019c) and information provided by financial institutions; CFN Trust, November 2019.

However, these averages are lower for women borrowers in relation to the averages for men in the case of loans granted for both VIS and VIP; which would indicate a tendency of FIs to provide mortgage loans to women for relatively smaller amounts than for men.

5.3. Family income of borrowers

The average family income of men mortgage borrowers is higher than that of women borrowers, in total and by type of housing and segments defined in the program (Table 9). With the exception of men borrowers in Segment 1 (VIS up to US$22,680), in general the higher the housing price range, the higher the average family income of both men and women. Larger differences in average income are seen among borrowers in Segments 2 and 3 of VIS (about 50%) than among borrowers in Segment 3 of VIS and VIP (about 1%).

Table 9
Average household income of borrowers of mortgage loans granted, by type of housing and segments, desegregated by gender, as of November 30, 2019 (dollars)

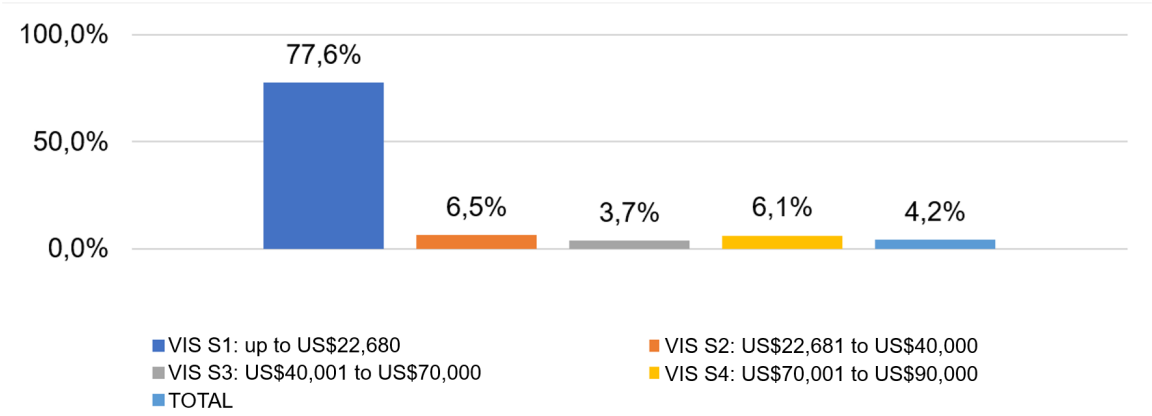
Housing Type	Segments	Men	Women	Gaps
VIS	S1: Up to US$22,680	2,601.30	583.33	77.6%
	S2: US$22,681 to US$40,000	1,169.35	1,093.85	6.5%
	S3: US$40,001 to US$70,000	1,781.90	1,715.34	3.7%
VIP	S4: US$70,001 to US$90,000	1,840.29	1,727.56	6.1%
TOTAL		**1,742.26**	**1,668.23**	**4.2%**

Source: Prepared by the authors based on MIDUVI (2019c) and information provided by financial institutions; CFN Trust, November 2019.

These results confirm that in customer qualification, FIs consider high income ranges in order to cover risks. On the customer side, they say that when they can choose from the existing real estate offering, they opt for homes that, due to their value, have easier access facilities or fewer sacrifices for the family economy.

The gender gap in average household income, in the total of the study sample, is 4.2 percentage points. The gender gaps are 6.5 and 3.7 percentage points for VIS Segments 2 and 3, and 6.1 for VIP (Figure 35). These gaps confirm that women are in a disadvantageous situation with respect to men in average household income.

Figure 35
Gaps in average household income of mortgage borrowers, by type of housing and segments, as of November 30, 2019



Source: Prepared by the authors based on MIDUVI (2019c) and information provided by financial institutions; CFN Trust, November 2019.

5.4. Loan amounts

The gender gap in relation to the average original loan amount in all segments does not exceed 2.6%, with the exception of VIS Segment 1 (homes up to US$22,689) where the difference on average between men and women is around 37%.

The ratio between average family income and average original loan amount shows that the higher the average original loan amount, the lower the percentage weight of average family income, since there are no significant differences, at least between Segments 3 and 4; therefore, the family has to make a greater effort to cover borrowing costs (Table 10).

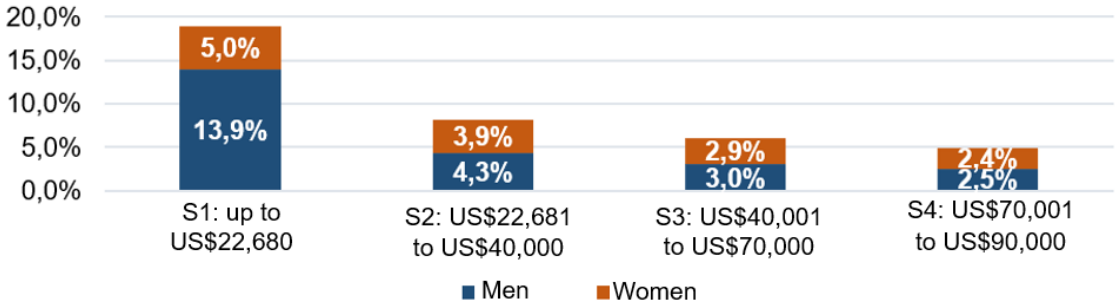
Table 10
Ratio of average household income to average original loan amount of VIS and VIP borrowers, total and by segment, by gender, as of November 30, 2019

Type of housing	Segment	Gender	A. Average family income	B. Average original loan amount	C = A /B
VIS	S1: Up to US$22,680	MEN	2,601.30	18,693.94	13.9%
		WOMEN	583.3	11,739.64	5.0%
	S2: US$22,681 to US$40,000	MEN	1,169.35	27,258.32	4.3%
		WOMEN	1,093.85	27,957.32	3.9%
	S3: US$40,001 to US$70,000	MEN	1,781.90	58,519.91	3.0%
		WOMEN	1,715.34	58,198.71	2.9%
VIP	S4: US$70,001 to US$90,000	MEN	1,840.29	72,737.04	2.5%
		WOMEN	1,727.56	72,403.25	2.4%
TOTAL		**MEN**	**1,742.26**	**56,584.11**	**3.1%**
		WOMEN	**1,668.23**	**56,275.23**	**3.0%**
GENERAL			**1,706.96**	**56,437.42**	**3.0%**

Source: Prepared by the authors based on MIDUVI (2019c) and information provided by financial institutions; CFN Trust, November 2019.

Analysis by gender shows that due to the lower average family income of women borrowers, they have to make a greater effort to cover borrowing costs in all housing segments (Figure 36).

Figure 36
Percentage weight of average household income relative to average original loan amount, by gender, as of November 30, 2019



Source: Prepared by the authors based on MIDUVI (2019c) and information provided by financial institutions; CFN Trust, November 2019.

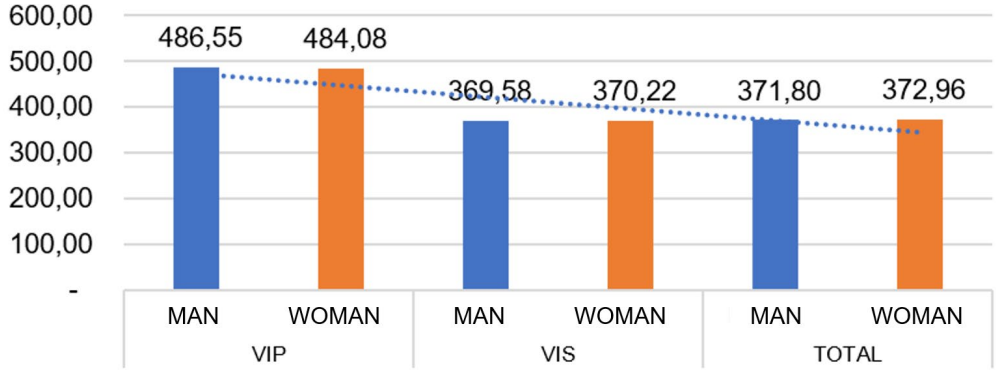
This inverse relationship between average income amount and average original loan amount could explain, in part, the choice of most families for VIS Segments 2 and 3, in addition to the options offered by the local property market, and family needs and expectations in relation to housing.

5.5. Monthly loan installments

Another factor that influences families' decisions is the average monthly payment, which depends on both the amount of the mortgage loan (directly related to the price of the house) and the interest rate and term of the loan.

In the case of VIPs, the average monthly installment is US$486.55 for men and US$484.08 for women; in VIS housing, the figures are US$369.58 and US$370.22, respectively (Figure 37).

Figure 37
Average monthly installment of VIS and VIP borrowers and total, desegregated by gender,
as of November 30, 2019.



Source: Prepared by the authors based on MIDUVI (2019c) and information provided by financial institutions; CFN Trust, November 2019.

For VIPs these installments represent 26.4% of the average family income of men borrowers and 28.0% of the average family income of women borrowers, due to their lower average family income.

In the VIS, they represent percentages ranging from 20.7% to 31.6% in the case of men borrowers, and from 21.6% to 33.8% in the case of women; these are lower in VIS Segment 3 and higher in VIS Segment 2, since the average income of both genders is lower in Segment 2.

The data show that for women in all segments, but mainly in Segment 2, the effort to cover borrowing costs is greater than for men in the same segment and for women in Segments 3 and 4.

5.6. Credit behavior of women

Delinquency is the delay, or failure to pay debts contracted in the established time limit. The perception of FIs of women's credit behavior is that they are more careful and responsible in payment of debts, fall into arrears less often, and when it happens it is due to situations outside their control.

> *"I would think women are more careful about debts, because women will want to take more care of the home they are buying"* (IFI, bank - EIM03).

> *"Twenty percent of the non-performing loan portfolio relate to women; 80 percent to men. Women stop eating to pay for the home"* (IFI, bank - EII06).

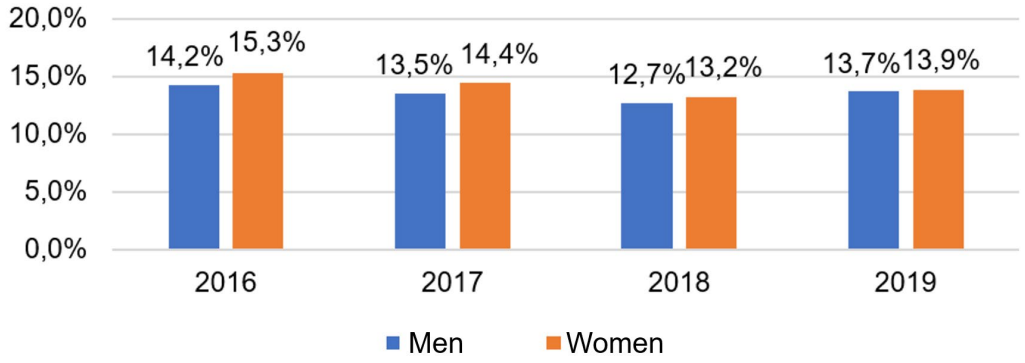
> *"Women are more responsible, most loans in arrears are men's, by experience women heads are more responsible, even having a credit rating of average to below average they still have a culture of saving, even if it's 1 or 2 dollars"* (IFI, cooperative - EIP01).

Construction companies and property developers have the same opinion:

> *"Most of our customers have been women, I believe that up to a certain level women tend to be more responsible, and when they go to a bank the bank usually looks at the credit rating and they tend to take more care of that part. Having a good record and always complying with the requirements (...). Women always make good however they can"* (Private Property Developer - EIM06).

Figure 38 shows the percentage of delinquent loans, by gender, for the global SFPS loan portfolio.

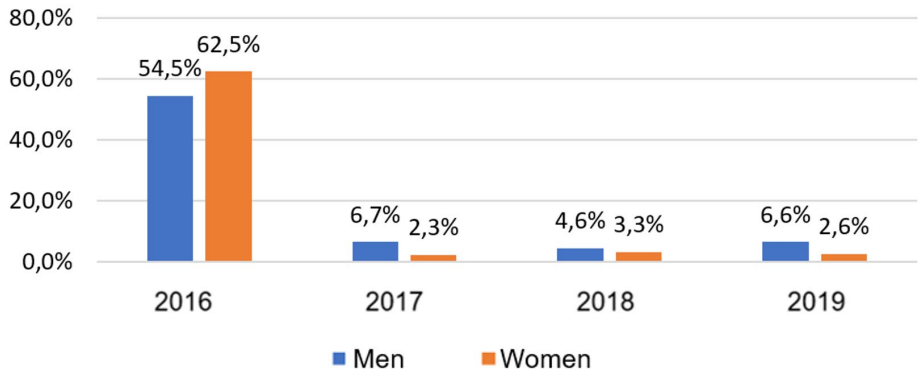
Figure 38
Borrowers with loans in arrears in the portfolio of the Popular and Solidarity Financial Sector, by gender, 2016-19 (%).



Source: Prepared by the authors based on SEPS (2020).

With respect to home mortgage loans up to US$70,000, of the total number of women borrowers, the percentage in arrears has gone from a high of 62.5% in 2016 to a low of 2.3% in 2017 (see Figure 39).

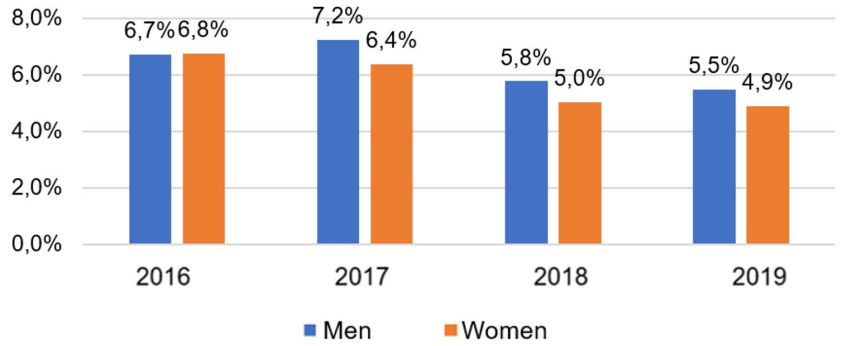
Figure 39
Borrowers with loans in arrears loan, public interest housing loans (up to US$70,000) of the Popular and Solidarity Financial Sector, by gender, 2016-19 (%).



Source: Prepared by the authors based on SEPS (2020).

Property loans show a similar credit behavior (Figure 40).

Figure 40
Borrowers with loans in arrears, property loans of the Popular and Solidarity Financial Sector, by gender, 2016-19 (%).



Source: Prepared by the authors based on SEPS (2020).

Risk rating reflects the payment behavior of individuals in relation to their obligations, with **A** being the highest (meet their obligations on time; minimum risk) and **E** the lowest (insolvent; maximum risk).

In 2019, 97.3% of all women VIP borrowers obtained the highest grade (**A)** and 1.5% obtained the lowest grade (**E).** In the case of men, 93.3% obtained **A** and 3.1% **E**. Similarly, 94.7% of the total number of women property borrowers obtained the highest grade (**A)** and 2.8% the lowest **E** (94.0% **A** and 3.3% **E** for men) (Table 11).

Table 11
Risk rating of loan recipients of public interest housing (up to US$70,000) and property loans, by gender, 2019

Risk rating	Number of active public interest housing loan operations		% of public interest housing borrowers, by rating		Number of active property loan operations		% of property loan borrowers, by rating	
	Men	Women	Men	Women	Men	Women	Men	Women
A	711	782	93.3%	97.3%	19,578	13,883	94.0%	94.7%
B	24	5	3.1%	0.6%	279	201	1.3%	1.4%
C	2	2	0.3%	0.2%	67	31	0.3%	0.2%
D	1	3	0.1%	0.4%	213	132	1.0%	0.9%
E	24	12	3.1%	1.5%	687	406	3.3%	2.8%
TOTAL	**762**	**804**	**100.0%**	**100.0%**	**20,824**	**14,653**	**100.0%**	**100.0%**

Source: Prepared by the authors based on SEPS (2020).

The data presented show that women have a better credit performance than men, particularly in the case of housing loans (property and VIP).

6. Critical nodes in Access to mortgage loans

The following are the **critical nodes** that hinder access to mortgage loans for women living in poverty and moderate poverty.

6.1. Poverty by income

Lack of or insufficient income, difficulty in accessing and instability of income, all limit women's possibility of demonstrating what they have obtained from their economic activities and, consequently, stand in the way of their access to home loans, among other things.

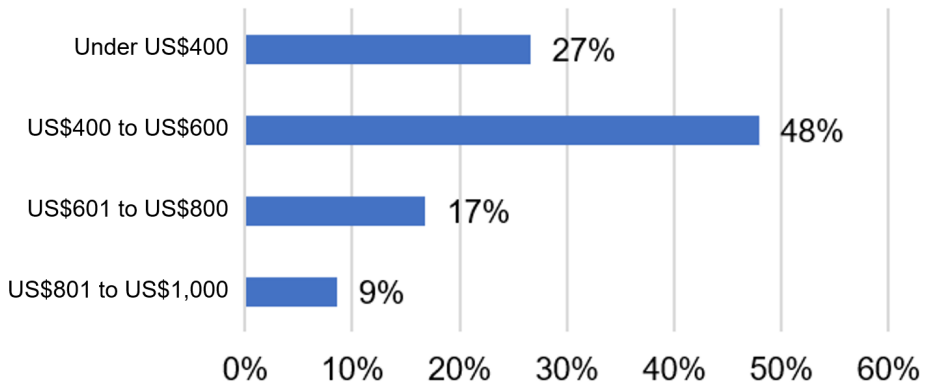
According to the National Council for Gender Equality (CNIG), "poverty affects men and women differently, because of its impact on the power relations that determine access to material and social resources, and an individual's capacity to generate income. Under this analysis, women are at a clear disadvantage due to lack of their own income, low wages, precarious entry into the labor market; and many of them do not have social security coverage or work experience because they have devoted their time to household chores, among other conditions that have caused poverty to be more severe for women" (CNIG, 2018: 160).

Of women VIS applicants (S2b), 70% are heads of household (single mothers, divorced or separated and widows) and they provide the only or main income of the household. They tend to have precarious, self-employed jobs (craft enterprises, commercial or service activities); in some cases they have more than one remunerated activity, and they have income up to 2.5 SBU.

> *"The problem is the collateral, they [poor woman] are riskier for the bank. It's not so easy for them to get approval; they have to have a good income. If they don't have a good conditions they are eligible for the (housing) voucher but not for the loan."* (Private Property Developer - EIM06).

According to the selected sample, 27% of women applicants in VIS Segment 2b have monthly incomes below 1 SBU; 48% from 1 to 1.5 SBU; 17% from 1.5 to 2 SBU, and only 9% between 2 and 2.5 SBU (Figure 41). Women earning less than 1 SBU outnumber men by 12 percentage points; in the other income groups their earn less by an average of 4 percentage points.

Figure 41
Women applicants for VIS Segment 2b, by income level, as of January 15, 2020.



Source: Prepared by the authors based on MIDUVI (2020a); Registrations in *Casa para Todos* Program.

A minority are employed or retired; others are unemployed and/or engaged in domestic and human care work in their homes (women with small children). The remaining women live in common-law unions or are young newlyweds who were single when they registered with MIDUVI.

> *"I study and work, I have a son; I am head of the household and a single mother. I have a small compressor maintenance company, I work with my son's father because he knows this type of work, but I have the RUC (...). I live with my mother"* (Woman applicant - EIP05).

For the FIs interviewed, women do not have the required income level or a permanent productive activity or the necessary time to become bankable, so their mortgage loan applications are rejected.

6.2. Greater responsibiliy for caregiving

The gender division of labor that assigns women reproductive responsibilities, related to care of the family, the community and now the planet, limits their time, mobility, opportunity and development. As long as there is no democratization in the sharing of these responsibilities in the home, women's opportunities and wellbeing will be relegated, which creates time poverty for them.

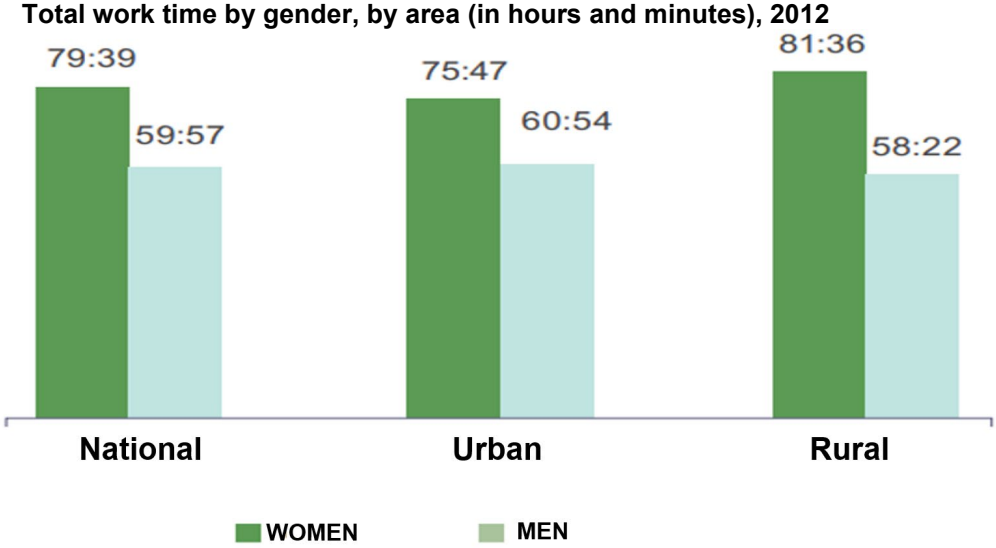
Time poverty is defined as "the lack of time for rest and leisure suffered by individuals due to the time dedicated to work either in the market or in domestic work."[23] From this dimension, Patiño (2017: 3) finds that "being a woman increases by 12.3% the probability of lacking free time."

In Ecuador, 16.2% of the working-age population suffers from time poverty. Their hours of both paid and unpaid work exceed the poverty line established in this study (78 hours per week). 20.2% of women in Ecuador are in conditions of poverty, while for men this figure is 12%. The extremely time poor population is 3.7% of total population, with an average of more than 115 hours of work per week; 5.5% of women and 1.9% of men are in this condition (Patiño, 2017: 23-24).

According to the Time Use Survey (INEC, 2012), at national level women's total work time (paid and unpaid) is 77:39 hours per week on average, while men's is 59:57 hours per week.

The times presented (Figure 42) result from the gender imbalance in the proportion of time spent by women and men in paid and unpaid work.

Figure 42
Total work time by gender, by area (in hours and minutes), 2012

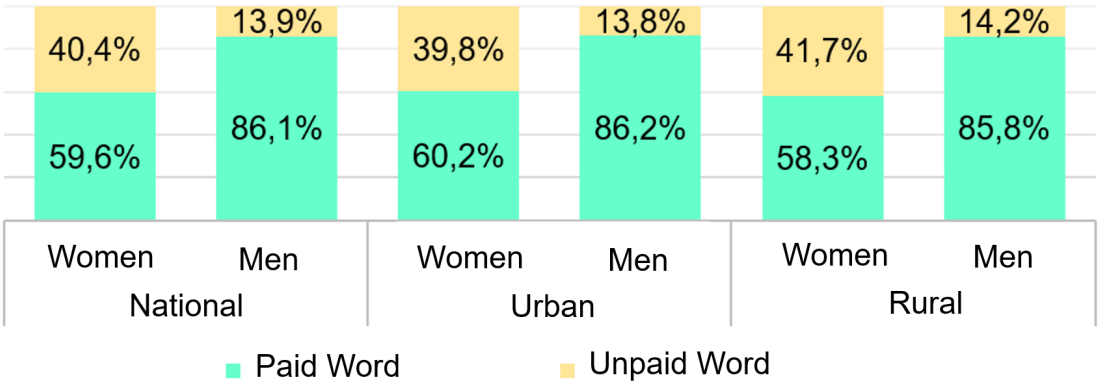


Source: CNIG (2018) based on INEC (2012).

[23] Understood in another way, "an individual is in condition of time poverty when the time she or he allocates to paid and unpaid work exceeds a threshold determined as the poverty line" (Patiño, 2017: 9).

In general, Ecuadorian women work 17:42 hours more than men, 14:53 more in urban areas and 23:14 more in rural areas. The most affected are rural women who work 81:36 hours per week, and mainly indigenous women (who work 86:45 hours per week) due to the cultural patterns and conditions of greater poverty in which they live. Women with lower levels of education and married women also devote more hours to work (Figure 43).

Figure 43
Distribution of paid and unpaid work time, by gender and area, 2012



Source: CNIG (2018), based on INEC (2012).

Women's overload of activities limits their freedom to work in the market and receive remuneration which has important consequences for their income and economic independence (Aguirre [2009], cited in Patiño, 2017: 10).

Women have to adapt their paid work schedules to combine them with caregiving, "which becomes a barrier to accessing adequate employment and leads to their entry into the labor market under precarious conditions" (*Ibidem*: 161). Also worth considering are the prejudices about women's work as "more costly, less productive and with more absenteeism, due to the unequal redistribution of household tasks, by making women solely responsible for reproductive work" (García and Tello [2015], cited in CNIG, 2018: 148). This also limits their possibilities for academic study, and their social and political participation.

The need to reconcile these two types of work obliges women to double their working day, especially the poorest women who cannot afford to pay others to help them or who do not have the support of other household members. The figures presented highlight the practically absent co-responsibility of men in domestic and human care tasks, as well as the deficient coverage of social care services provided by the State, companies and other social actors. In fact, 75% of care work falls on households, 14% on the public sector and 12% on the private sector (Muñoz [2016], cited in CNIG, 2018: 150).

6.3. Job instability

In the last decade, women's labor market participation has remained between 47.4% and 55.6%, with a maximum distance from men's participation of 30.5 percentage points in 2011 and a minimum of 24.9 percentage points in 2018. Although this distance is tending to shorten, gender gaps in labor participation and suitable employment are still high.

According to information from the ENEMDU, as of December 2018 only 32.5% of women participating in the labor market were adequately employed,[24] compared to 46.5% of men; 16.8% were in unpaid employment (5.1% for men); 4.5% were unemployed (3.1% for men).

> *"I am 50 years old. I don't have my own home and my economic situation is precarious. I do seasonal craftwork and recently I started with flower arrangements which I deliver according to the season. My children help me put together the arrangements for distribution. (...) I work from home and for Christmas I start producing from June and in November I start to market them"* (Woman applicant - EIM02).

Rural women were in a more unstable employment situation than their peers in urban areas. Only 13.7% of employed rural women had adequate employment (41.5% in urban areas) and 34.8% were in unpaid jobs (8.1% of urban women). Underemployment and unemployment were also higher for rural women (Table 12).

Table 12
Labor market indicators, by gender, urban versus rural area, December 2018 (%)

Labor market indicators	Total		Urbana		Rural	
	Men	Women	Men	Women	Men	Women
Total employment	96.9	95.5	95.9	94.3	98.8	98.2
Adequate/full employment	46.5	32.5	54.9	41.5	29.5	13.7
Unpaid employment	5.1	16.8	2.5	8.1	10.2	34.8
Underemployment	17.2	15.5	16.2	16.4	19.1	13.6
Unemployment	3.1	4.5	4.1	5.7	1.2	1.8
Total participation	78.3	53.4	75.8	51.1	83.8	58.8

Source: Prepared by the authors based on INEC (2018).

Stability and length of time in the workforce are also factors of exclusion: young women who have recently entered the labor market and women with irregular contributions during their working lives cannot meet the requirement of number and regularity of contributions to access a BIESS loan (at least 36 consecutive contributions) (*Ibidem*) in the case of non-dependent and voluntary participants, and are therefore excluded from access to credit.

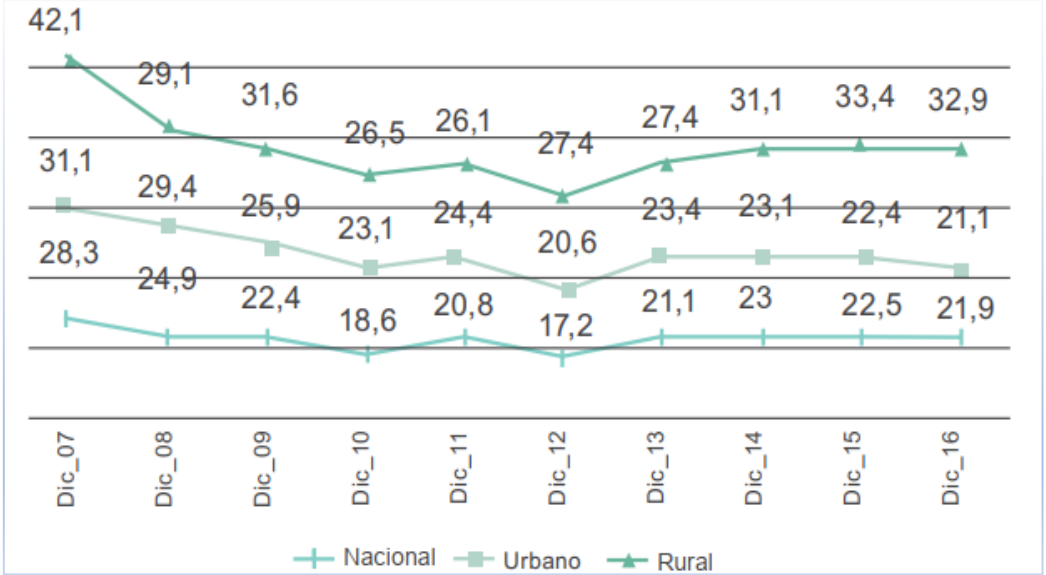
[24] 24 Adequate/full employment refers to employed persons who, during the reference week, receive labor income equal to or higher than the minimum wage, work 40 hours or more per week, irrespective of the desire and availability to work additional hours. This category also includes employed persons who, during the reference week, receive income equal to or higher than the minimum wage, work less than 40 hours, but do not wish to work additional hours (INEC).

6.4. Wage discrimination

As of December 2016, the average labor income of women was US$287.18, while men earned US$367.70,[25] a ratio of 78% and a gender gap of 22 percentage points to the detriment of women.

From December 2007 to December 2016 there was a reduction in the gap of around 10 percentage points, although it remained significantly higher at rural level where women's wages are 32.9% lower than men's wages, (21.1% for urban women) (Figure 44).

Figure 44
Wage gap between men and women, by area, 2007-16



Source: CNIG (2018) based on SIN -ENEMDU 2007-17.
Note: The gender pay gap calculates how much less is the percentage of income earned by women compared to the income earned by men.

The study by Benítez and Espinoza (2018) of the formal sector of Ecuador's economy shows that in most branches of activity women have better skills than men, and that in almost all cases there is gender-based wage discrimination.

The study also found a wide gender gap in labor market entry and higher barriers to entry for women. In fact, among workers with a qualification, the proportion of women exceeds that of men, except among those who obtained their qualification abroad.

In the public sector, the participation of men and women is equal; in the private sector, men outnumber women by almost 2 to 1. On average, in the aggregate total, women are paid slightly more than men, US$845 versus US$839, which would imply a closing of the gender pay gap but not necessarily the absence of discrimination (Table 13).

[25] In Ecuador the monthly minimum wage in 2016 was US$366.

Table 13
Monthly average pay of men and women employed in the formal sector of the Ecuadorian economy, by marital status, firm size, academic qualification and sector (public and private), May 2015.

Categories	Total number of employees	Men			Women		
		%	Average (dollars)	Standard deviation	%	Average (dollars)	Standard deviation
Wage	2,160,032	62.01	839	1,011	37.99	845	758
Single	1,031,109	63.03	647	592	36.97	739	593
Married	964,080	63.59	1,020	1,283	36.41	924	842
Divorced	139,651	47.49	1,043	1,084	52.51	1,006	978
Widowers/Widows	19,863	33.98	867	977	66.02	867	837
Common law union	5,329	64.68	883	879	35.32	829	687
Small	443,637	61.44	560	483	38.56	552	483
Medium	417,748	65.95	698	723	34.05	739	648
Large	1,298,647	60.94	984	1,189	39.06	973	827
Technician	73,402	47.53	1,004	848	52.47	801	550
Third level	442,231	40.69	1,485	1,262	59.31	1,105	786
Fourth level	77,046	47.94	2,364	1,948	52.06	1,767	1,283
No qualification	1,567,353	69.4	675	818	30.6	628	573
National qualification	576,789	42.04	1,512	1,354	57.96	1,132	851
International qualification	15,800	58.41	2,472	1,928	41.59	1,998	1,408
Private sector	1,531,693	66.94	758	1,058	33.06	730	823
Public sector	628,339	50.01	1,105	784	49.99	1,029	595
Age	2,160,032	62.01	37	12	37.99		11

Source: Benítez and Espinoza (2018: 5).
Note: Monthly wage, data as of May 2015.

As García (2019: 36) states, "in general, in the productive sphere, gender stereotypes keep women out of activities traditionally considered masculine and more valued, as they did in education in the studies associated with them."

6.5. Social security coverage

Ecuador has two public institutions for social security: the Social Security Institute (IESS) and Campesino Social Security (SSC).[26] These two insurances together show that, by the end of 2018, about 56% of the national population lacked general or campesino social insurance, and that this percentage was higher for women: 58.4% than for men (54.1%).

Social security coverage in Ecuador steadily increased between 2009 and 2015, and then trended down until 2018; however, compared to 2009, the percentage of participants has almost doubled (Table 14). However, the majority of the population is still excluded from this benefit.

[26] The Armed Forces and National Police have their own social security systems: the Armed Forces Social Security Institute (ISSFA) and the National Police Social Security Institute (ISSPOL).

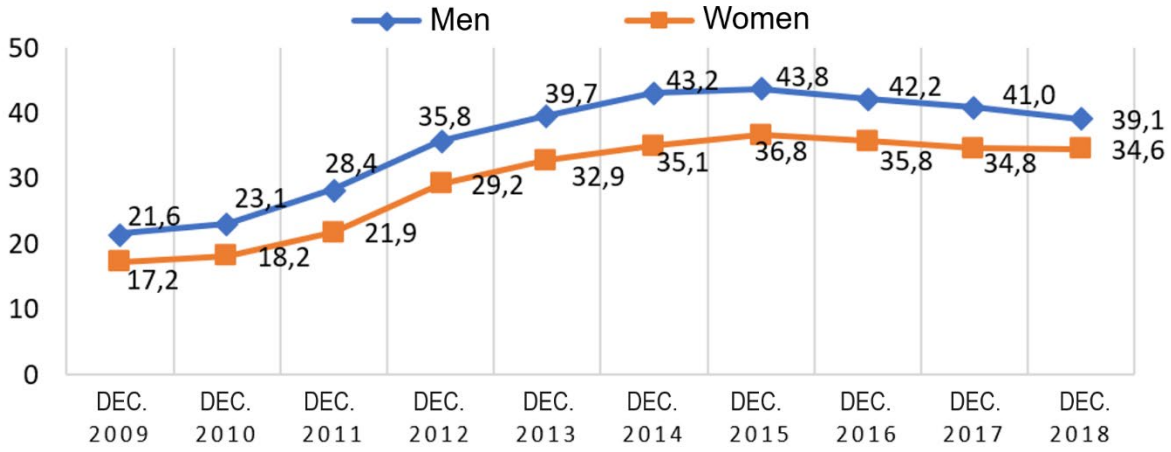
Table 14
Population participating and/or covered by general social security, urban and rural area, by gender, December 2009 and December 2018 (%).

Area	Urban		Rural		Total	
Date	**Dec. 2009**	**Dec. 2018**	**Dec. 2009**	**Dec. 2018**	**Dec. 2009**	**Dec. 2018**
Men	22.2%	41.0%	20.4%	35.2%	21.6%	39.1%
Women	17.3%	36.0%	16.9%	31.5%	17.2%	34.6%
Total	**19.7%**	**38.4%**	**18.7%**	**33.3%**	**19.3%**	**36.8%**

Source: Prepared by the authors based on SENPLADES (2020); INEC (2018).

The increase in social security coverage has mainly favored women, reducing gender gaps by more than 10 percentage points (from 20.4% to 11.5% in the period considered) (Figure 45).

Figure 45
Men and women participants and/or covered by social security in Ecuador, 2009-18 (%)



Source: Prepared by the authors based on SENPLADES (2020); INEC (2018).

Participation in social security opens, among other things, the possibility of qualifying for a home loan. However, the BIESS limits applicants' age for mortgage loans for completed homes, "to within the required age limit (up to age 77)"[27].

The Campesino SSC covers around 7% of national population and the economically active population (EAP) and 19% of rural EAP, a slightly higher figure in the case of women; in urban areas, this insurance covers less than 2% of the population.

[27] See https://www.biess.fin.ec/inicio.

Table 15
Participant population and/or covered by Campesino Social Security, urban and rural areas, by gender, December 2009 and December 2018 (%).

Area	Urban		Rural		Total	
Year	Dec. 2009	Dec. 2018	Dec. 2009	Dec. 2018	Dec. 2009	Dec. 2018
Men	0.8%	1.7%	14.8%	17.4%	5.6%	6.8%
Women	0.8%	1.8%	14.1%	18.7%	5.1%	7.0%
Total	**0.8%**	**1.7%**	**14.5%**	**18.0%**	**5.4%**	**6.9%**

Source: Prepared by the authors based on SENPLADES (2020); INEC (2018).

The study by ILO and AECID (2016, p. 24), based on the 2014 ENEMDU, found that by ethnic self-identification, the indigenous population had the largest gap in access to social security with 73.3% having no insurance, followed by *Montubios* (60.3%), Afro-descendants (58.3%) and mestizos (54.6%).

The gap in access to social security widens as poverty increases. Thus, 32% of the population in Quintile 5, 45% in Quintile 4, 56% in Quintile 3, 65% in Quintile 2 and 76% in Quintile 1 had no insurance *(Ibid*: 27). The access gap also widens as level of education falls.

By employment status of head of household and occupation category, the study shows that the underemployed had the lowest general social security coverage (22.5%), even lower than the unemployed (31.7%), likewise the self-employed with only 18.3% coverage. In these two cases, SSC covered about 12% of workers.

Among self-employed workers, women were in a more vulnerable situation since only 10.7% had general social insurance and 9.8% had SSC. In this group of workers, 77.7% of women had no insurance compared to 69.9% for men (*Ibidem*: 39); in addition, women had less contributive capacity than men, which reinforced their vulnerability.

Despite the substantial improvement in social security coverage, women, especially in situations of multiple vulnerability, continue to be at a disadvantage compared to men.

6.6. Information and knowledge of supply of VIS and mortgage loans

In the FIs consulted, it was not possible to estimate the percentage of home loan applications submitted by women and, therefore, the percentage that are not approved. The FIs do not have this information nor is it processed. According to the perception of loan officers and other managers interviewed, more women are interested than men, but not all of them actually submit loan applications.

> *"There are more women coming in to inquire interested in applying for a VIS (...) It's about 7 out of 10* [people who inquire]*. Women are more concerned about this. They don't qualify because they don't meet the requirements. There is less formality in employment in the case of women. Also, one of the requirements is that they have been banked for two years"* (FI, mutual - EII05).

The main factors that limit women's access to mortgage loans are: lack of information and scant knowledge of the functioning of the financial system and the options existing in policies and programs, due to use of inadequate communication channels, incomprehensible language or limited promotion.

From the interviews held in FIs in the selected cities, only two cooperatives have financial training or education programs for their customers or potential customers which, in addition to being an indicator of the importance that these institutions give to them, are a guarantee of the success of their activities.

> *"When customers go to receive the loan we give them a financial education talk, for the first time (...): punctual payment, money management, discounts, payment times. We give these talks on Saturdays starting at 2:00 p.m."* (FI, cooperative - EIP01).

The FI interviewees mention that, as a result of gender inequalities, women have lower level of financial education and skills than men. "Women at the extremes of the age spectrum, low-income women and widows, may be more vulnerable to the negative consequences financial illiteracy than other women or men in the same subgroups" (Pailhe [2014], cited by de la Cruz and Adimen, 2015: 54).

It is worth noting that women are not always less capable in financial matters than men; sometimes these considerations stem from gender stereotypes and prejudices.

In most cases, knowledge of VIS public policy by women applicants interviewed is limited to two messages: a) the national government's offer to provide free housing or to give housing vouchers to families without their own home, and b) to be beneficiaries of this policy, they must register on the MIDUVI web page and wait for an online response to their application.

> *"I have been told that the MIDUVI helps us to obtain sometime a home of our own; there are homes that are financed, there are homes you need a plot of land to get (...)"* (Woman applicant - EIC02).

The most common sources of information have been co-workers, friends, relatives; promotion via e-mail and television messages; promotion in barrios for program registration and in the election campaign.

> *"On TV, and because when they were campaigning, they told me to join to support the president and I went and joined, that was almost two years ago. There they said to me: what do you want: a job, a house or the voucher; I told them that I could work for a living; about the voucher I told them that I'm young and that this opportunity is for other people, and that I would love to have a home someday. Then they told me, "We are going to register you for a house."* (Woman applicant - EIC02).

MIDUVI officials consulted say that promotion of the VIS public policy has been implemented through various means of communication and directly with visits to the cantons of the provinces that correspond to the zones, as well as in socialization

meetings with the participating actors: Decentralized Autonomous Governments (GAD), developers/builders, local financial institutions and population in general.

None of the registered VIS applicant interviewees have received a response; so they do not know the status of their application.

> *"We go there [MIDUVI offices in Quitumbe] and they say they have heard nothing, and that you have to wait for them to call, that they are following the steps they are told to and that right now there is no loan and that they give priority to people with disabilities. I have always told them that I don't want them to give me anything, and that they should help me with the loan to get a little house and pay the rent"* (Woman applicant - EIP05).

For applicants who know a little more about the government proposal, the following are factors of concern:

a) The 20-year fixed term for mortgage loans does not allow customers to select the term in line with their payment capacity.
b) There are very few housing programs for homes up to US$40,000; those that do exist are no longer available; or they are located outside the urban perimeter with difficulties in terms of mobility and access to services.
c) Lack of efficient procedures for obtaining land for implementation of VIS projects.
d) The MIDUVI's qualification criteria for selecting beneficiaries for the "housing voucher" or the subsidy are unknown.

VIS applicants who have been interviewed mention the following positive aspects:

a) The subsidy is a help for the people who need it.
b) The down payment percentage (5%) for home purchase is adequate.
c) The amount of monthly installments is equivalent to the rent they currently pay.

Women VIS applicants would like the authorities to make more information available about the process; follow up each case; grant the subsidies to individuals and families in real need; and keep their campaign promises.

> *"At least to have contact with an advisor or some person who can tell us where the application we filled out has reached in the process."* (Woman applicant - EIP03).

6.7. Barriers to access to mortgage loans

The main factors that hinder access to home loans in the financial sector are:

i) **Bureaucratic barriers** (excess paperwork involving time and money). The interviewees consider that they find that several FI requirements difficult or impossible to comply with. They also consider that the procedures involved in obtaining a mortgage loan are numerous and very long.

> *"And since the financial entities put so many obstacles in the way of acquiring a loan, people end up being disappointed and give up trying to get a home loan and go on paying rent all their lives. So right at the start they told me that we*

couldn't access the loans, but they didn't ask for any other paperwork or information" (Women applicants - GFI01).

Similarly, in the case of the MIDUVI and construction companies and property developers, there is no guidance that gives applicants a clear understanding of the times, processes and conditions for accessing the benefits of the current housing policy.

> *"There are a lot of requirements and they don't consider the conditions we are living in. If I had the resources, I wouldn't be applying for a loan of that kind. I would go into debt for my house. I don't know how or where to ask (...). I went to see [the Project], when they had the* Sí Casa *promotions at 4.5%. I didn't qualify and they didn't tell me why. And there's no information and assistance system to explain the requirements. They only say what they are and nothing else"* (Woman applicant - EIM02).

Ministerial Resolution No. 006-20, of February 04, 2020, in which the MIDUVI issued the "Regulations for selection of beneficiaries of social interest housing with mortgage loan modality with initial subsidy from the State and preferential interest rate." The eligibility criteria (Article 5 e) state that "the applicant be a qualified borrower in an institution of the national financial system," for which the "credit pre-qualification" or "the document that has such legal condition" must be submitted, which excludes many women heads of household right from the start.

ii) **Credit barriers** (interest rates, borrowing amounts, terms and installments). Likewise the terms, interest and installments for mortgage loans are not adapted to the economic possibilities of women borrowers. For this reason, some have given up.

> *"I have constantly been inquiring because I have even wanted to get into debt, but I think it is 20-30 years for a home and it is neither 100 nor 200, it is 300-400 dollars and then you have to wait. I haven't applied for [mortgage loan] because in what I have seen the installment is always too high and they say I need to have 30 or more contributions. (...)"* (Woman applicant - EIC02).

As reference point for calculating the monthly installment that they could and would be willing to pay for the loan, women use the amount of rent they pay now with possibly an additional amount, so long as it does not affect needs that they consider priority. The percentages mentioned of their monthly income allocated to rent range from 20% to a maximum of 60%; but they are aware that FIs make other calculations and deductions from their income, so the percentage they would be willing to allocate is not acceptable to them. In fact, FIs use a maximum of 40%.

To cover the monthly installment, women are willing to sacrifice their rest time to extend the workday to obtain additional income; use part of the time spent caring for their older children for paid activities; and cut back on recreation ("family outings"), food ("I would stop eating") and personal professional education ("I

would give up my studies because I pay for that too"). They would not sacrifice either their children's studies or the family's health, which they consider a priority.

On the terms of borrowing, they would prefer that these be agreed with the FIs, based on their capacity to pay. For most interviewees, homes ranging from US$25,000 to US$35,000 is the most suitable for them. Some applicants who said they require lower loan amounts (US$5,000; US$10,000) prefer other housing solutions, such as building their own home on family land.

iii) **Cultural barriers** (gender stereotypes, discriminatory practices). For most of the applicants interviewed, men and married couples are most likely to be approved for a mortgage loan, although more women than men are interested in home purchase,

The argument is that men have more job opportunities and access to more stable and better paid jobs than women. These conditions lead to a better credit history. Couples, on the other hand, can add two incomes which increases their chances of success, something that single people, particularly women heads of household, cannot do.

In addition, FIs consider that women are less apt for financial matters and that they prioritize (or would prioritize) their reproductive role. By contrast; women's perception is that FIs do not value the jobs they do, or their income-generating and paying capacity.

> *"I have always seen that they approve more men than women. I don't know, it might be because they see a pay slip, and they say he will be able to pay, but sometimes women can get more money than them and we even work harder than them"* (Woman applicant - EIC02).

The women VIS applicants interviewed perceive that one criterion for exclusion from access to mortgage credit by FIs is the **fact of being a woman** because of the risk that this condition may involve (due to gender roles and stereotypes); even more so if the applicant is a **poor woman and head of household** (triple vulnerability).

FIs were asked whether they treat all their clients equally or have differentiated treatment, and whether or not they apply gender differentiation criteria. The results show three different positions: i) they do not take gender differentiation criteria into account; ii) this criterion is irrelevant; and iii) they have incorporated the gender approach, based on recognition of the initial disadvantages faced by women, particularly as heads of household.

Just as women's economic self-sufficiency has a positive impact on prevention and reduction of domestic violence and other forms of violence against women, access to adequate and decent housing reduces their vulnerability to various

types of gender-based violence since it contributes to their security, independence and empowerment.

iv) **Legal barriers**. The main barrier is the marital partnership regime including administration of assets, and lack of legal identification documents (IDB, 2014), which prevents not only purchase of property but also access to goods and services, in particular, to the financial system. There is also a lack of collateral to obtain loans; particularly, the capacity and possibility of owning, controlling and taking decisions on property. This capacity may be limited by current legislation, "as a consequence of cultural factors and social practices with a significant gender bias" (de la Cruz and Adimen, 2015: 48).

In Ecuador the law establishes that everything acquired for valuable consideration during the term of the marital property regime (marriage or legally recognized de facto union) is the property of the partnership and, therefore, shared between the two spouses, including remuneration for work and other income.

By law, mortgage loans for home purchase are contracted by both spouses in compliance with the provision of the civil code which establishes that the signature of both spouses is required to commit the assets of the marital partnership.[28] This signature becomes an obstacle for separated women (who have not legally resolved their marital status) or women in the process of divorce who wish to purchase a home, a situation faced most frequently by women living in poverty and which can even limit access to State VIS programs.

> *"I didn't apply at a cooperative because I was told I needed my husband's signature, but I'm separated"* (Woman applicant - EII01).

When the marital partnership is terminated, for a reason such as divorce, its assets are liquidated, which means that they are quantified and divided equally. In situations of patrimonial violence, the woman is blackmailed and stripped of her assets, or forced to give them up as a condition of divorce.

As of 2015, the latest reforms to the civil code now establish that in the presence of the official who celebrates the marriage or de facto union, the future spouses must designate by mutual agreement who will administer the assets of the conjugal partnership. This agreement is noted in the minutes signed by the spouses and witnesses. In practice, irrespective of who is designated as administrator, disposition of the assets is still shared, for both purchase and sale (Redacción Justicia, April 28, 2015).

Also, identity documents must be submitted with the loan application. Lack of such documents in Ecuador may be considered exceptional or transitory, as in the case

[28] "In an extreme case, if the loan application is approved before the marital partnership, but the purchase of the property is completed during the marriage, it can probably be said that purchase of the property is excluded from the marital partnership, but the times, dates, origin of the money would have to be reviewed in detail. These are special issues for each purchase." (Noboa, 2015).

of women in human mobility (while they regularize their migratory situation), or women victims of patrimonial violence in couple relationships when their spouses or cohabitants retain or destroy their documents.

Age also constitutes one of the most serious limitations to accessing mortgage credit in the case of older women. In general, women aged 55 and over are excluded, even if they meet the other established requirements.

6.8. Supply of mortgage loans in the formal financial system

It is difficult to calculate the percentage of poor women who, for fear of approaching a financial institution, never get to learn about the requirements and conditions of mortgage loans; nor is it easy to know how many, for lack of quality information, fail to meet the requirements and, for this reason, "self-exclude" from access to this financial service.

Also, at this time, the supply of loans with the benefits of the program is restricted to the four FIs that make up CFN Mercantile Trust: Banco Pichincha, Banco del Pacífico, Mutualista Pichincha and Mutualista Azuay. The products offered and requirements are detailed in Annex 3.

Unlike banks and mutuals, in general, cooperatives have less complex and more flexible requirements, and in the perception of the women VIS applicants interviewed, they are closer and more trustworthy. However, as noted above, in general, FI requirements do not include any consideration of priority or differentiation among mortgage applicants.

6.9. Analysis of regulatory framework

Mortgage credit is regulated by the Monetary Policy and Regulation Board (JPRMF);[29] in particular, the mortgage credit supply for VIS and VIP is governed by specific regulations from this body, which respond to the mandate of the Public Housing Policy contained in the *Casa para Todos* Program, as well as in executive decrees and ministerial resolutions of the MIDUVI.

Since the beginning of the Program, this regulatory framework has been changed on several occasions, creating uncertainty among some of the participating actors, mainly FIs, property developers and builders.

> *"The Institutions are important. Developers need clear rules that are enforced. Because I have seen projects that are for sale and do not meet the standards, they are like 36 m2 (...), Credit is very good but I feel that the banks are not placing [the resources] they could.*

[29] The JPRMF is an executive branch agency responsible for formulation of public policies and regulation and supervision of monetary, credit, foreign exchange, financial, insurance and securities matters. One of its functions is to regulate the financial activities of the entities of the national financial system, including setting credit levels, interest rates, liquidity reserves, reserve requirements and provisions applicable to credit, financial, mercantile and other operations, which may be defined by segments, economic activities and other criteria (Arts. 13 and 14 of the Monetary and Financial Organic Code).

> *We had the potential and the demand to apply the policy, but it's not possible because of the processes and the time required (...)"* (EIM06).

Executive Decree 681 of February 25, 2019, which issued the Regulation to grant facilities for accessing subsidies, grants and incentives for VIS and VIP as part of the CPT Program, established the VIS segmentation and defined Segment 2b as: "Social interest housing, from 57.56 SBU to 101.52 SBU; with mortgage credit modality with initial State subsidy and preferential interest rate (...)" (Art. 4, 4b).

By Decree 918 of October 29, 2019, the Executive amended this article, conditioning the benefit of the preferential interest rate, but without any specification of the cases it would apply to: "Social interest housing, from 57.56 SBU to 101.52 SBU; with mortgage credit modality with initial State subsidy which may have preferential interest rate (...)". It also amended Art. 8, in concordance with Art. 4; and Art. 10, which establishes that: "The State, through the Board of Regulation and Monetary and Financial Policy, will determine the preferential interest rate in the cases to be applied in each segment".

The new decree maintains the preferential interest rate without any conditionality for VIS Segment 3 and VIP, and includes in this benefit prior homes between US$70,001 and US$90,000–-which before Decree 681 did not come under the definition of VIP, which was up to US$70.000–-in addition to establishing the following conditions for its application: "(...) prior to the entry into force [of Decree 918], [homes] may be financed by financial institutions exclusively with preferential interest rate applicable to the mortgage loans established in this Decree, when they have the final approval certification issued by the municipal or metropolitan Decentralized Autonomous Government, and they also comply with the specifications established in the Resolutions related to housing and their amendments issued by the Monetary and Financial Policy and Regulation Board" (Third Transitory Provision).

Regarding these changes, the Association of Property Developers of Ecuador (APIVE) commented:

> *"Failure to make this regulatory change would have meant, as the sector made the effort to advise the authorities, that prospective buyers of the referred projects would prefer to rescind their purchase promises, even at the cost of a possible penalty, in order to reserve a new home in new projects structured after the policy change in April, with the damaging implications that this could have for i) economic dynamism, ii) the flow of the project already under development, iii) deferment of commercial and construction transactions, including tax and other effects"* (APIVE, 2019).

The new decree maintains the obligation of potential VIS S2b beneficiaries to "comply with the requirements established by the financial institutions that grant mortgage loans in the framework established by the Board of Monetary and Financial Regulation and Policy". In addition, "the beneficiary must apply for pre-qualification of mortgage loans (...)" (Art. 9 of Ministerial Resolution 006-20, of February 04, 2020), one of the requirements for eligibility, which will exclude from the start many women heads of household who cannot comply with them.

The change related to application of the preferential interest rate moves women in poverty and moderate poverty, and in particular women heads of household, even further away from the possibility of buying a home through access to mortgage loans. The initial subsidy of US$6,000, although it is a substantial support for applicant households and an incentive, in general, for other participating actors (FIs and builders or property developers), loses its role of leveraging the housing and mortgage loan supply, given the conditionality of the application of the preferential interest rate in VIS Segment 2b. In addition, the ceiling of 6.34 SBU of household income to receive the benefits of this preferential rate in VIS and VIP further restricts the possibilities of granting loans, in general, for applicants with incomes up to 2.5 SBU under VIS Segment 2b.

6.10. Granting of home loan

This analysis starts with the information provided by the SEPS (2020) for the period 2016-19, referring to access to home loans granted by savings and loan cooperatives and mutuals in the sector.

The segmentation of the credit portfolio of the entities of the National Financial System in housing credit, includes two categories: a) VIP loans and b) property loans, which are used to report the operations carried out in the reference period.

VIP loans are granted with a mortgage guarantee to individuals for purchase or construction of a single dwelling for first use, conceded for the purpose of transferring the portfolio generated to a securitization trust with the participation of the Central Bank of Ecuador or the public financial system, whose commercial value is less than or equal to US$70,000 and whose value per square meter is less than or equal to US$890.

Property loans are granted with mortgage guarantee to individuals for purchase of property for construction of their own home not categorized in the VIP loan segment, or for construction, repair, remodeling and improvement of their own property. It includes purchase of land for construction of own home.[30]

Consequently, the VIP loan segment refers to loans granted for purchase of VIS (up to US$70,000). Beginning with the CPT Program, homes from US$70,001 to US$90,000 came to be included in the benefits of the public policy, known as VIP, which should not be confused with the credit segment in effect until the previous year. In this respect, by Resolution No. 555-2019-F, dated December 23, 2019, the JPRMF, in accordance with the Public Housing Policy, amended the Credit Portfolio Segmentation of the entities of the National Financial System so as to include the differentiation between "VIS loan" and "VIP loan," which became effective in 2020.

With this clarification, the information from the SEPS (2020) shows that in the 2016-19 period there were more women beneficiaries of home mortgage loans up to US$70,000: 608 women (51%) and 592 men (49%). However, in the same period, the amount of

[30] 30 Monetary and Financial Policy and Regulation Board (JPRMF). Resolution No. 043-2015-F, of March 5, 2015, and Resolution No. 059-2015-F, of April 16, 2015: Codification of Portfolio Segmentation Rules.

loans granted to women represented 48% of total credit to this segment. It is possible that this result is related to the fact that the homes purchased by women had lower prices, which is verified by most of the sources of information consulted.

Starting in 2018, women's participation has declined. In 2019 they made up 48% of total beneficiaries and held 46% of the total amount of VIS mortgage loans (Table 16)[31].

Table 16
VIP mortgage loans (VIS up to US$70,000), by number of recipients and total amount granted, by gender, 2016-19

Year	Number of loan recipients (borrowers)		% of women	Total amount of loans granted (in dollars)		% for women
	Men	Women		Men	Women	
2016	2	2	50	76,200.00	92,700.00	55
2017	123	166	57	5,947,389.13	7,044,253.58	54
2018	315	300	49	23,215,489.42	21,142,001.03	48
2019	152	140	48	9,745,069,74	8,239,580.54	46
TOTAL	**592**	**608**	51	**38,984,148,29**	**36,518,535.15**	48

Source: SEPS (2020).

Unlike VIP loans, property loans are used more extensively. In the reference period, 23,725 recipients, representing 95% of total housing borrowers, benefited from property loans: 13,857 men (58%) and 9,868 women (42%). The amount of loans granted to women represented 44% of total credit in this segment (Table 17).

Table 17
Property loans, by number of recipients and total amount granted, by gender, March 2016 to October 2019.

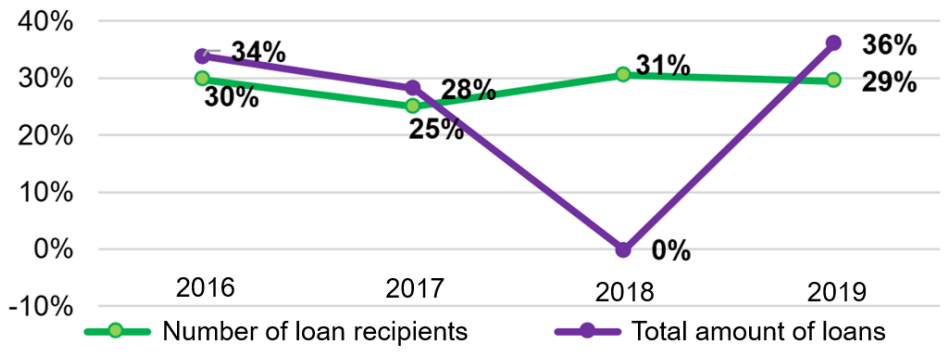
Year	Number of property loan recipients		% of women	Total amount of property loans		% for women
	Men	Women		Men	Women	
2016	1,376	967	41	44,587,665.28	29,518,746.49	40%
2017	3,510	2,632	43	151,421,909.47	108,720,771.60	42%
2018	5,223	3,626	41	179,936,731.97	180,141,812.62	50%
2019	3,748	2,643	41	216,566,887.28	138,562,185.76	39%
TOTAL	**13,857**	**9,868**	**42**	**592,513,194.00**	**456,943,516.47**	**44%**

Source: SEPS (2020).

[31] 1) Information is included for savings and loan cooperatives in segments 1, 2 and 3 and mutual savings and loan associations for housing, active as of December of each year for the period 2016-18 to October 2019; excluding FINANCOOP and CONAFIPS; 2) Information is included for loan operations granted to natural persons with ID (*cédula)* type identification; 3) Gender information is not available for all borrowers, so for 2018 there is a percentage of less than 1% and for 2019 7%, of information not reported in the table; 4) The information reported corresponds to the accumulated credit volume from March to December 2016, from January to December 2017 and 2018, and from January to October 2019; 5). The information on borrowers corresponds to the number of single individuals by ID and type of loan; 6) Original, renewed, restructured, refinanced operations are included. 7) Information on mutuals as of May 2017.

With respect to gender gaps, there are significant differences between these two types of housing loan: the gaps are larger in access to property loans (Figure 46) (29 percentage points in 2019, by number of loan recipients; and 36 percentage points in the total amount of loan granted).

Figure 46
Gender gaps in access to property loans, by number of recipients and total amount of loan, 2016-19.

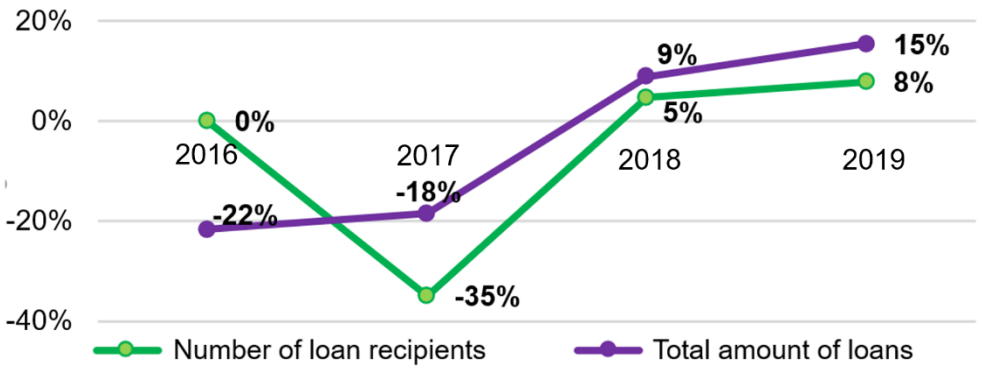


Source: Prepared by the authors based on SEPS (2020).

Mortgage loans for homes up to US$70,000 show a growing trend, with the highest level in 2019: 8% by number of recipients and 15% by total amount of loans granted (Figure 47). Consequently, in this type of loan, gender gaps are significantly smaller.

Figure 47

Gender gaps in access to public interest home mortgage loans (VIS up to US$70,000), by number of recipients and total amount of credit, 2016-19



Source: Prepared by the authors based on SEPS (2020).

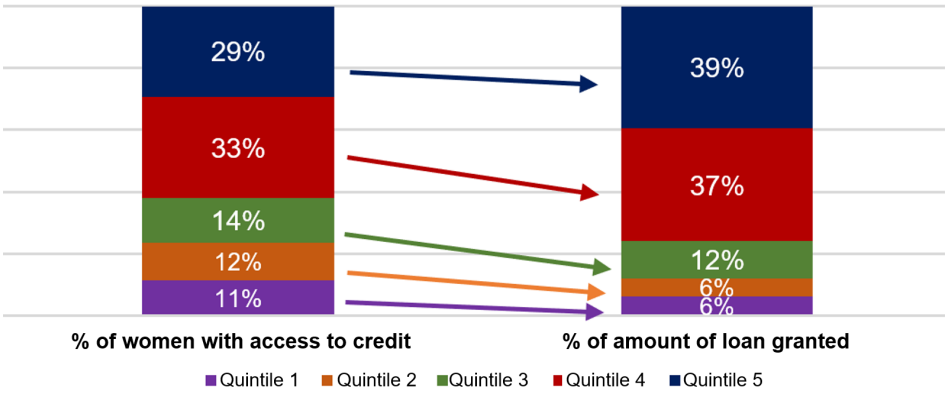
By age group, in 2019 of the total number of women who accessed home loans up to US$70,000, the highest percentage is in the 30 to 39 age range (44%), followed by age 40 to 49 (21%), and age 50 to 65 (20%). The highest gender gaps appear in the case of women at age extremes: 50 percentage points for over-65s and 39 percentage points for under-30s.

Similarly, in property loans, of the total number of women, the highest percentage is in the same age ranges; and the largest gaps are for young women (36 percentage points), which decrease as age increases.

By income level, of the total number of women with access to home loans up to US$70,000, only 11% are in Quintile 1 and 12% in Quintile 2; the percentage increases as the quintile rises: 33% in Quintile 4 and 29% in Quintile 5.

The amounts granted show the same trend, but with a higher level of concentration (76%) in the highest quintiles (4 and 5); thus, the poorest women, in quintiles 1 and 2, received only 12% of the total amount of home loans up to US$70,000 granted to women (Figure 48).

Figure 48
Public interest home loans (VIS up to US$70,000), women and amounts of loan granted, by income level, 2019 (%)

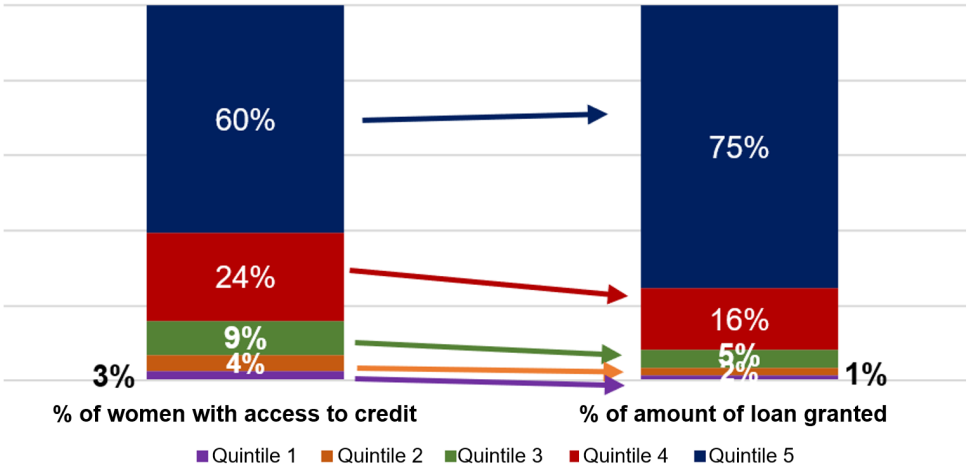


Source: Prepared by the authors based on SEPS (2020).

The average value of homes purchased by women in quintiles 1 and 2 fluctuates around US$30,000; which means they are in the range of VIS Segment 2b, which confirms the information provided by beneficiaries and developers/builders, since these are the values of homes that women in poverty and moderate poverty can access. In the other quintiles, housing values exceed US$40,000 and, therefore, correspond to VIS Segment 3.

The differences between women are accentuated by income level in the case of property loans (Figure 49). Of the total number of women who have access to this type of credit, only 3% are in Quintile 1 and 4% in Quintile 2; the percentage increases moving up quintiles, reaching 60% in Quintile 5. The amounts granted to women are concentrated in the highest quintiles (4 and 5) (91%), while only 9% is left for women in Quintiles 1 to 3.

Figure 49
Property loans, women and amounts granted, by income level, 2019 (%)



Source: Prepared by the authors based on SEPS (2020).

By level of education, of total women, the highest percentage who access public housing and property loans have secondary and higher education: 85% for VIP loans and 79% for property loans.

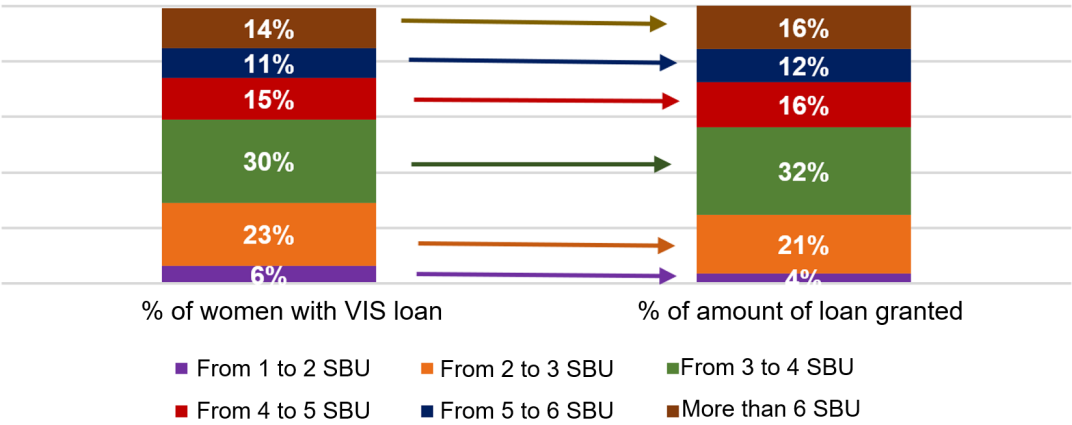
In general, the largest gender gap in access to home loans is in property loans. By age, access is higher for women aged 30 to 50 and with secondary and higher education.

The greatest differences among women who accessed home loans relate to their income level. Clearly women in quintiles 1, 2 and even 3 are less likely to access a home loan than women in quintiles 4 and 5, who account for 62% of all women in the case of VIP loans and 84% in the case of property loans.

The information provided by the MIDUVI for the mercantile trust administered by the CFN shows that the greatest differences between women who accessed VIS and VIP mortgage loans have to do with their income level.

In women's access to VIS loans by income level, only 6% had incomes of 1 to 2 SBU while 23% had incomes of 2 to 3 SBU; the majority (70%) had incomes above 3 SBU. Of the total amount of VIS loans granted to women, by income level, only 4% went to women with incomes of 1 to 2 SBU and 21% to incomes of 2 to 3 SBU (1/4 of the total) (Figure 50).

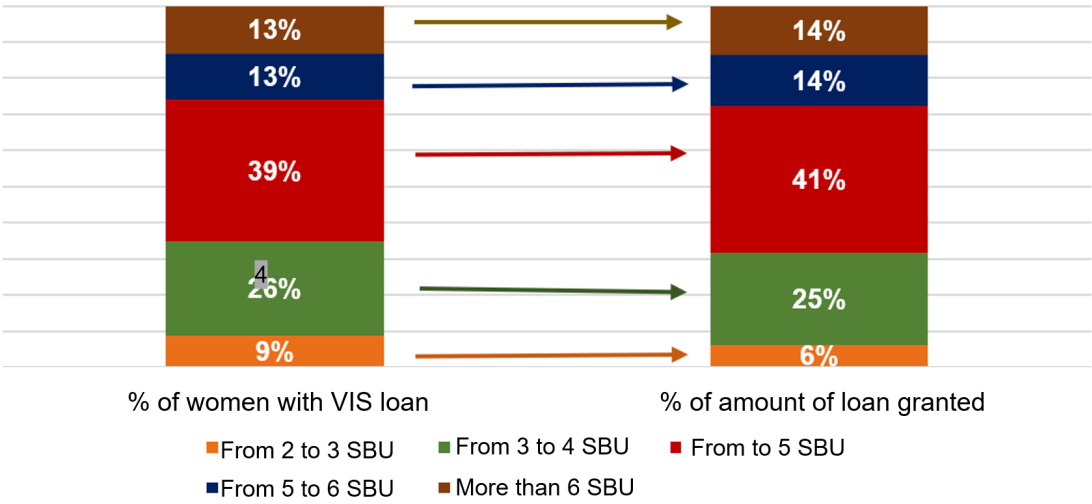
Figure 50
VIS home loans, segments 1, 2 and 3, women and amounts of loans granted, by income level, as of November 30, 2019 (%)



Source: Prepared by the authors based on MIDUVI (2019c).

In terms of women's access to VIP loans by income level, the highest percentage is concentrated in the 4 to 5 SBU (39%) and 3 to 4 SBU (26%) income levels. Of the total amount of VIP loans granted to women according to these considerations, two-thirds are concentrated in these SBU ranges (Figure 51).

Figure 51
VIP mortgage loan, women and amounts of loans granted, by income level, as of November 30, 2019 (%)



Source: Prepared by the authors based on MIDUVI (2019c).

Based on the information provided by the SEPS and the CFN Trust, the percentage of exclusion in terms of access to credit for poor and moderately poor women is between 70% and 90%, considering only the number of loans and the amounts granted by income quintile (SEPS) or SBU (CFN Trust Fund).

6.11. Supply of social interest housing

For construction companies and property developers with experience in VIS projects, the collateral requirement and capacity to pay are factors that restrict poor women's access to credit and, therefore, to purchasing a home.

"What happens is that, being a single person [woman head of household] is a limiting factor given that the loan is calculated as a family group (...). The amount of income you must have is higher for accessing the loan; so women who access these homes have better incomes than the family groups that access them" (Private property developer - EII02).

In addition to these barriers to accessing credit, there are the specific barriers of public housing policy and a restricted supply of mortgage loans with a preferential interest rate of 4.99%.

Most of the women interviewed said they did not know of the existence of housing projects in their localities that offered VIS for values between US$23,000 and US$40,000. These women reported the promotion and existence of higher value projects whose requirements place them far outside the VIS public policy.

The VIS projects in Segment 2b identified by some of the applicants interviewed were: *Sí Mi Casa* in Manta; *Huertos Familiares* in Ibarra, and *Surcos Tanicuchí* in Latacunga. In Quito no projects of this type were found. But the *Huertos Familiares* project in Ibarra no longer has homes available for sale, and the *Surcos Tanicuchí* project is located in a place considered to be very far from Latacunga with poor access to services. *Sí Vivienda* has only a few finished homes ready for sale, and its location is also considered far from the city center and unsafe.

From 2019 to March 2020, the MIDUVI qualified four projects with 1,292 VIS Segment 2b and six preliminary projects with 536 VIS of the same segment. These projects and preliminary projects are located in seven provinces: four in the Sierra region and three in the Costa region (Table 19).

The projects qualified for VIS Segment 2b comprise 33% of total qualified projects; 66% are VIS Segment 3 projects. The qualified VIS Segment 2b preliminary projects comprise 15% of total qualified preliminary projects; 35% are VIS Segment 1 projects and 50% are VIS Segment 3 projects. There are 201 VIP projects qualified. Thus, adding together the qualified projects and preliminary projects of VIS and VIP, VIS Segment 2b projects and preliminary -projects represent only 4% of total supply qualified by the MIDUVI.

Table 18
Supply of VIS Segment 2b, number of qualified projects and preliminary projects and number of dwellings, by provinces and cantons, 2019-20

No.	PROVINCE	CANTON	NUMBER OF QUALIFIED PROJECTS	NUMBER OF HOMES	NUMBER OF QUALIFIED PRELIMINARY PROJECTS	NUMBER OF HOMES	TOTAL NUMBER OF HOMES
1	COTOPAXI	LATACUNGA	1	300	-	-	300
2	IMBABURA	IBARRA	2	190	-	-	190
3	LOJA	LOJA	1	802	-	-	802
4	SANTO DOMINGO	SANTO DOMINGO	-	-	2	114	114
5	GUAYAS	PLAYAS	-	-	1	196	196
6	LOS RIOS	QUEVEDO	-	-	1	48	48

No.	PROVINCE	CANTON	NUMBER OF QUALIFIED PROJECTS	NUMBER OF HOMES	NUMBER OF QUALIFIED PRELIMINARY PROJECTS	NUMBER OF HOMES	TOTAL NUMBER OF HOMES
7	MANABÍ	PORTOVIEJO	-	-	1	79	79
		24 DE MAYO	-	-	1	99	99
TOTAL			4	**1,292**		**536**	**1,828**

Source: Prepared by the authors based on MIDUVI (2020b).

FIs, developers/builders and the MIDUVI all recognize the insufficient supply of VIS for Segment 2b. They are also aware that it is in this segment where demand is highest.

> *"The most popular homes are those with values up to US$40,000. There is more demand"* (FI, mutual - EII05).

> *"In recent times the homes that have been promoted and delivered are Gaviota type, which cost an average of US$30,000 and have three bedrooms and a bathroom, and perhaps they are most adapted to needs because they are most in demand and have been built and sold (...), and because of people's income level; between US$500, US$800 or maximum US$1,000. There are a few exceptions, but more or less that's the income level. The down payment is 5%"* (Public developer/builder - EIM01).

The two projects mentioned expect to have homes for sale in the near future. However, in the case of *Divino Niño* in Quito, there were several problems related to habitability conditions: services, infrastructure, security and social coexistence, as well as the expansion of the condominium.

> *"(…) We would like there to be a regulatory body that monitors the progress of the works for which loans are granted. They've been changing the initial distribution of services offered, such as green areas, courts, children's playgrounds, and more blocks of buildings have been built in those spaces"* (Women beneficiaries - GFP01).

With respect to projected supply, other property projects were identified in Ibarra, which the builder interviewed said they expected to qualify in the MIDUVI with homes in the VIS Segment 2b price ranges: *Conjunto Habitacional Adiro* with 183 homes (US$28,000 to US$32,000) and *Conjunto Habitacional Laureles 5* with 36 homes, starting at US$24,000.

> *"The prices we deal with here in Ibarra are very good; we have a product that has a price-quality ratio that is very good. We also have a very good relationship with the private bank that finances the applicants. The good thing is that we haven't had to ask the builder for loans all the time, since the projects have been successful and are very profitable, they have been built as investment which is where there is capital to work with."* (Private developer/builder - EII02).

Other issues in the supply-demand relationship relate to availability, suitability, and the level of credibility and trust in property companies of women VIS applicants.

> *"Truly I tell you in confidence, I am wary of these construction companies, because my sister was swindled, so I have been afraid to apply there or be interested in going to see them (...)"* (Woman applicant - EIP03).

In relation to Segment 2b VIS ownership, the companies and developers/builders interviewed provided characteristics of their beneficiaries and estimated figures for the percentage of women beneficiaries as VIS homeowners, which are in the minority.

> *"In a universe of 200 homes, it is estimated that 60% are men and 40% women; 20% are single mothers. Most buyers are married people"* (Private property developer - EIP02).

An increased supply of Segment 3 VIS and VIP, as demonstrated by current figures and projected trends, means that the subsidized interest rate of 4.99%, which is an incentive for developers/builders and FIs, becomes a measure that is difficult to access for women in poverty and moderate poverty and their households; aside from the conditionality that public policy has decreed for its applicability in VIS Segment 2b.

The poverty that to a great extent excludes women in this condition from accessing home loans is also one of the main reasons for the trend in supply, since most developers/builders see in this segment (VIS 2b) a higher investment risk (difficulties in selling) and lower profit margins, due to the lower price of housing.

The national government raised the income ceiling for potential VIS Segment 2b beneficiaries from 2 SBU to 2.5 SBU, as a way of incentivizing both supply of housing and mortgage credit. But this measure is likely to benefit mainly households and women with relatively higher incomes (not necessarily poor) who are more likely to qualify for a loan, rather than poorer women and their households who due to their conditions of poverty and vulnerability are at a disadvantage in competing for these resources.

As a result, the benefit of the subsidized interest rate and the housing voucher will be concentrated in sectors of the population with greater payment capacity, to the detriment of the poor sectors of the population and, within them, mainly to the detriment of women.

7. Good practices in granting home loans to ppor and vulnerable households

In Ecuador, two COACs (Savings and Loan Cooperatives) were identified with experience in granting home loans to poor and vulnerable households in urban and rural areas with successful results. In one of the cases, in particular, the gender approach and financial inclusion of poor and moderately poor women has been incorporated at institutional level. The following is a summary of these experiences from which lessons and practices can be learned which could be replicated by FIs participating in VIS financing in the CPT Program.

7.1. Cooperativa de Ahorro y Crédito Mujeres Unidas

CACMU is located in Carchi, Imbabura, Esmeraldas and Pichincha provinces. It began in 2000 as a solidarity savings bank made up of 13 organizations and was legalized as a savings and loan cooperative in 2001.

> *"We have as our institutional principle supporting women and their families in their life projects, we are committed to promoting gender equality, women's rights and their empowerment, we have been a part since its formation of the Coalition for Gender Equity and the Provincial Network of Integrated Protection in cases of Gender, Domestic and Sexual Violence of Imbabura, we have a credit product of economic self-sufficiency focused mainly on women victims of violence (...)".* (CACMU, 2019).

Based on the Poverty Study carried out in 2018, whose objective was to assess the poverty level of its members' households from cross-sectional data of men and women who received a loan from CACMU during the period January 2013 to December 2017, it was found that this institution has:

> *"A 21.4% probability of serving poor people (poverty line of US$5/day/PPP), 12.1% under national poverty and 4.2% of serving people below extreme poverty. Additionally, 2.6% of participants do not have sufficient economic resources to cover their caloric needs*" (*Ibid.*, p.5).

Although CACMU has experience in granting home loans of different types, with a progressive construction approach and even homes with adaptation to climate change, and has also received financing mainly from the National Corporation of Popular and Solidarity Finance (CONAFIPS) to provide mortgage loans for home purchase, in recent years it has been limited by current regulations, the change in SFPS policies and even current housing policy.

> *"As CACMU, we had specific housing funds, for example, with VIP [known as VIS in the previous housing program] (...). We have now been excluded from public interest and social interest housing, we do not have access to these types of funds; if we had access to the fund, of course we would be interested in participating because we have a lot of demand (...). Until November last year we financed home loans with CONAFIPS funds, but our budget only includes investing in housing in relation to what we are recovering from the projects already paid from the same fund (...). About four years ago the State agency that grants credits to institutions and second line credits started operating. We cooperatives were the first to be included in VIS credits (...). They took us into account for the study, but in the end they didn't include us in the program."* (Interview CACMU).

Qualification of loan applicants is based initially on meeting minimum requirements: identity card, voting card, sketch of the address, water, electricity or telephone bills, statement of economic activity and income, verification of the activity and completion of-information sheet on site.

Housing loans are granted with a mortgage guarantee to individuals for purchase of property for construction of their own homes or for construction, repair, remodeling, and improvement of properties they already own. The maximum loan amount is US$50,000 at an annual rate of 10.76% with a maximum term of 240 months (20 years). The loan includes mortgage and life insurance, and payment is monthly. Of the loans approved, the average amount granted to women has been US$32,500 and to men US$35,300 in the VIS Segment 2 range. Women make up the majority of people who have accessed CACMU loans, representing 57% of the beneficiaries of this loan portfolio.

7.2. Cooperativa de Ahorro y Crédito Fondo para el Desarrollo y la Vida

FONDVIDA was founded in Quito in 2000 and has a long and significant experience in home loans for urban low-income sectors. Most of the loans granted by this cooperative have been consumer loans and microloans for improvement or extension. This is due to the characteristics of its target population and the strategies the cooperative has developed for accessing housing, in the absence of a public policy that recognizes their legitimate right to decent and adequate housing. Moreover the product offered by public policy is a mortgage loan with high amounts and long terms, which runs counter to the logic of low-income sectors and informal employment.

> "*A study done years ago shows that in cooperatives home loans are very strong. But there is no differentiated rate to improve the product and there is no supply. And when they come to ask for a home loan, it is labeled consumer credit. If you go to Pisulí, Jaime Roldós [barrios of northwest Quito], FONDVIDA has contributed to the construction of these barrios in the last 20 years (...) [They start] with US$3,000 or US$5,000, and they renew the loan when they finish a stage. That is the logic on which more than 70% of cities have been built. The city is always under construction, it feels incomplete. This process of progressive construction is evident, and a financial product could be created, but it depends on the Banking Board (...)".*

These are proposals based on the work experience of these cooperatives and should be given consideration. In consumer loans for housing, the maximum amount granted by FONDVIDA is US$20,000 with a term of five to six years. In mortgage loans, the maximum amount is US$60,000 for 20 years and a 9.65% annual interest rate.

The requirements for granting these loans are: appropriate credit history; copy of identity card; copy of voting card; letter from a basic service; copy of property tax and/or certificate of possession (as applicable); copy of RUC (as applicable); IESS (as applicable).

> *"Here we give loans without collateral up to US$5,000, we analyze the income, how the family dynamics work. The advisor goes to check the business, how it works. It is a social cost that banks don't have. The cooperatives analyze the business, not the balance sheet; they do not analyze the deeds but possession of the lot, unlike a bank. A certificate from the cooperative or from the improvement committee certifying that you live there and that you are the owner of that lot. So it is based more on trust and on the ability to pay based on the income analyzed ".*

8. Public policy of social interest housing for women in condition of poverty and moderate poverty

8.1. "Casa para Todos" Program

The objective of the CPT Program is "to provide decent and adequate housing of social and public interest to Ecuadorian citizens, with emphasis on the poor and vulnerable population, as well as low-income families in need of their own home, ensuring a safe

and inclusive habitat for the family". Under current regulations, this is the definition of VIS.

Implementation of CPT aims to serve the population located in four segments: three corresponding to VIS and a fourth to VIP.

"The price of social interest housing will be up to 177.66 Unified Basic Wages (SBU)" (Art. 3, of Ministerial Resolution 025-19, of June 20, 2019).[32] The segments have the following characteristics:[33]

- **First Segment:** With total subsidy from the State (100% of the subsidy) to be used for total and complete construction of a VIS, for the first and only time. It may be built on land owned by the beneficiary or on land owned by the State. In this case, the value of the land is included in the subsidy (*Ibid.*, Art. 4).

- **Second Segment:** A partial State subsidy is granted, understood as the social investment coming from the Ecuadorian State, through the MIDUVI, for the first and only time, to facilitate purchase of a home. There are 2 modalities:

  a) Lease with purchase option.

  b) VIS from 57.56 SBU to 101.52 SBU; with mortgage loan modality with an initial State subsidy which may have a preferential interest rate.

- **Third Segment:** Mortgage loans with a preferential interest rate of 4.99%, as established by the Monetary and Financial Policy Regulation Board. The value of the homes includes urbanization works.

Public interest housing (VIP) is "the first and only decent and adequate housing, intended for middle-income families, with access to the financial system and which, with State support, permits them to reach the payment capacity required to meet their need for their own home" (Art.13. Executive Decree 681 of February 25, 2019). VIP values ranges from 177.66 SBU (US$70,001) to 228.42 SBU (US$90,000). The value includes the urbanization works of the housing project, and the value added tax (VAT) generated by the local purchase of goods and/or provision of services used directly for construction of the housing, in accordance with current regulations. Construction of VIP may be on State-owned land or on land owned by the developer/builder. The Monetary and Financial Regulation and Policy Board is responsible for setting the preferential interest rate and other conditions for access to the loan. The financial operation of VIP projects is in the hands of the financial system institutions that grant the mortgage loans.

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[32] Ministerial Resolution 025-19, dated June 20, 2019, issued the Substitute Regulation to the Regulation for Selection of Beneficiaries of social interest housing with total State subsidy (issued by Ministerial Resolution 029-2018). Its purpose is to establish the procedure for identification of demand, the application process, selection of beneficiaries, delivery of housing and monitoring use and occupancy of social interest housing with total State subsidy.

[33] The characteristics of each of these segments are given in Annex 5.

8.2. "Housing solutions for Poor and Vulnerable Households" Project [34]

On July 12, 2019, the government of Ecuador signed the First Individual Operation under the Conditional Credit Line for Investment Projects (CCLIP) EC-O0004, loan agreement 4788/OC-EC with the IDB, to finance the project "Housing Solutions for Poor and Vulnerable Households."[35] The executing agency is the MIDUVI which coordinates development of activities through a Management Team (EDG).

The specific objectives of the project are: i) reduce the quantitative housing deficit among households in rural areas in the last two income quintiles of the country, prioritizing households with specific vulnerability indicators; ii) the same as i), but focused on households in urban areas; and iii) optimize the MIDUVI's institutional processes.

To achieve these objectives, the Project comprises three components: 1) subsidies for construction of new homes on own land in rural and urban areas; 2) partial subsidies for purchase of urban homes; 3) strengthening the MIDUVI.

This study focuses on **component 2.** Under this component, direct monetary subsidies will be financed to households in poverty and moderate poverty, based on their Social Register score, for purchase of sustainable and universally accessible housing for a value ranging from 57.57 to 101.52 SBU. The homes will include mitigation measures to reduce their energy and water consumption. The value of the subsidy will be US$6,000 and, together with loans from the financial or cooperative sector and/or household savings, will allow beneficiaries to purchase their home, accessing credit in the financial system as long as they are rated as creditworthy, and may be entitled to a preferential interest rate.

Not less than 6% of total program subsidies will go to benefit households with persons with disabilities, considering that prevalence of disability in Ecuador is 5.64%. Likewise, not less than 22% of total subsidies will go to benefit woman heads of household, given that 21.6% of all households in poverty or extreme poverty are headed by women. In all cases, the women will be included in the property deeds.

8.3. Effective demand for VIS and VIP

According to the MIDUVI's figures, as of January 15, 2020, 23,030 people had registered in one of the VIS and VIP options (segments 2a, 2b, 3 and 4) of the CPT Program (61% women and 39% men).

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[34] Contrato de Préstamo No. 4788/OC-EC entre la República del Ecuador y el Banco Interamericano de Desarrollo (BID), 12 de julio de 2019. Anexo Único, p. 59-62.

[35] http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=EZSHARE-301221770-59.

By segment, 38% of total applicants opted for VIS Segment 2b; 35% for VIS Segment 2a; and the remaining 27% for VIS Segment 3 and VIP Segment 4. By gender, most women opted for Segment 2a (see Table 19).

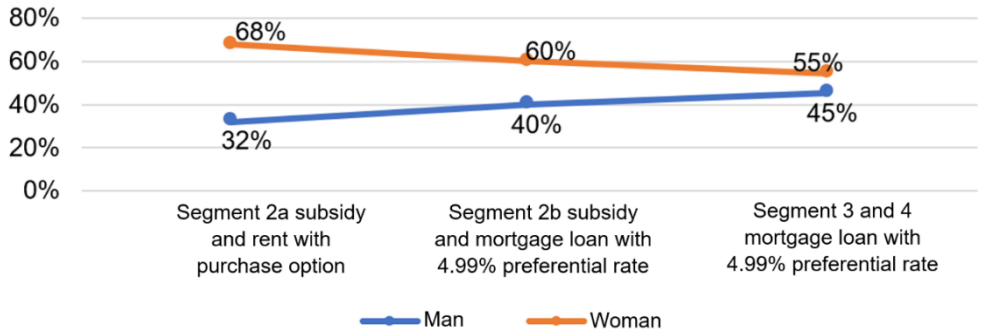
Table 19
Effective demand for VIS and VIP, by segment, by gender, as of January 15, 2020

Gender	Segment 2a Subsidy and renting with purchase option	Segment 2b Subsidy and mortgage loan with 4.99% preferential rate	Segment 3 and 4 Mortgage loan with a 4.99% preferential rate.	Total	%
Men	2,550	3,489	2,871	8,910	39
Women	5,429	5,246	3,445	14,120	61
Total	**7,979**	**8,735**	**6,316**	**23,030**	100

Source: MIDUVI (2020a).

In VIS Segment 2b, women account for 60% of applicants and men 40%. The gender gap is widest among VIS Segment 2a applicants and narrows for higher-value homes (Figure 52).

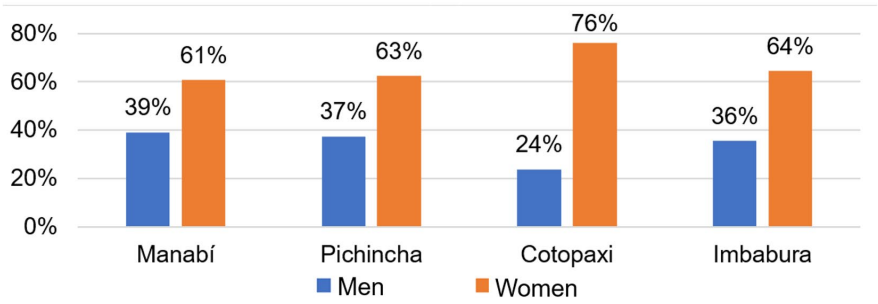
Figure 52
Demand for VIS and VIP, by segment, by gender, as of January 15, 2020



Source: Prepared by the authors based on MIDUVI (2020a).

In the sample of provinces selected for the fieldwork, the number of VIS applicants in Segment 2b (3,225 people) represents 37% of total applicants in this segment. In this sample, women account for 63% (2,022) and men 37% (1,203).

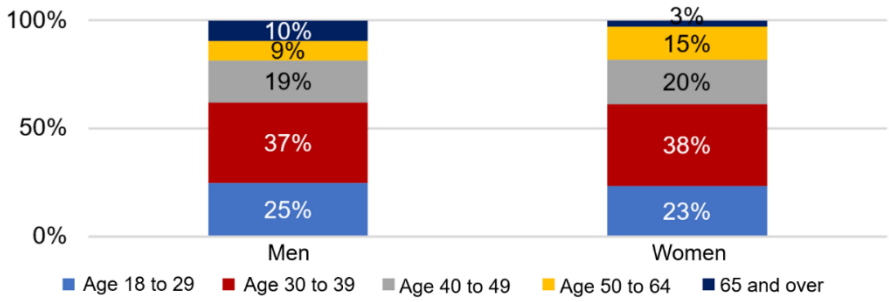
Figure 53
Effective demand for VIS Segment 2b, by selected provinces, by gender, as of January 15, 2020 (%)



Source: Prepared by the authors based on MIDUVI (2020a).

According to Figure 53, the largest gap between applicants by gender, by province, is in Cotopaxi where women represent 76% of the total. In the sample, Pichincha accounts for 82% of demand, followed by Manabí (11%), Imbabura (5%) and finally Cotopaxi (2%).

Figure 54
Effective women and men applicants of VIS Segment 2b, by age group, as of January 15, 2020 (%)



Source: Prepared by the authors based on MIDUVI (2020a).

By age group, the strongest demand is from the 30 to 39 age group (38%) and age 18 to 29 (24%), with no significant differences by gender (Figure 54). The only age group in which these differences can be identified is among the 50s and over, with a higher representation of women in the 50 to 64 age group and a lower representation in the 65 and over age group.

Conclusions

Analysis of the context related to housing conditions and quality of life of households shows **persistence of inequalities, as well as the vulnerability of the poor and moderately poor population and, in particular, women heads of household.**

With respect to financial inclusion, despite the progress achieved in the last decade, **gaps still persist in access and use of formal financial services, mainly credit.** These reflect the inequalities and disadvantages of women compared to men, and of the poor population compared to the non-poor population.

For example, although **women contribute more than men to deposits in the SFPS, they do not have equal access to the credit resources provided with these funds.** Thus, gender gaps in access to credit imply a transfer of the benefits of women's savings to other borrowers; consequently, having an account and savings does not necessarily contribute to women's access to other financial services, mainly loans, in particular, home loans. This is the case even considering that **women have better credit behavior indicators than men**.

In access to home loans, there are several forms of discrimination, both overt and veiled, including those related to income level, level of education, age and the fact of being a woman. These forms of discrimination, an expression of existing social inequalities, lead to exclusion and mainly affect women in situations of multiple vulnerability, particularly heads of household, poor and moderately poor.

By contrast, the smaller gaps in mortgage loans granted for housing up to US$70,000 compared to gaps in other housing loans show that **the VIS public policy implemented in the last decade has succeeded in reducing the housing deficit and the gender gap in access to VIS and VIP.**

Among women who accessed home loans, the greatest differences stem from their income level. **Women in quintiles 1, 2 and 3 are less likely to access a home loan than women in quintiles 4 and 5** who represent 62% of all women in the case of home loans up to US$70,000 and 84% in the case of property loans. The same trend is observed in the case of the mercantile trust.

For poor and moderately poor women, inequalities at the starting point are critical nodes that hinder their access to credit or exclude them: low income, wage discrimination and occupational segregation, job insecurity and work overload due to reproductive work and human care responsibilities. Other factors include long and costly bureaucratic procedures, the difficulty in meeting the requirements of FIs and other forms of discrimination due to the fact of being a woman.

It should be added that many poor women never learn about the requirements and conditions of mortgage loans for fear of approaching a FI; others **"self-exclude"** due to lack of quality information on this financial service. Data on this area are scarce. As a

result, it is not possible to calculate the percentage of women whose loan applications were rejected, since FIs do not have this information or it is not available.

In relation to supply of credit, **the fixing of the preferential interest rate for VIS purchase** should be targeted at households in poverty and moderate poverty, and in particular at women heads of household, to facilitate their access to home loans. The supply should also consider **inclusion criteria and incorporate the gender approach** to adapt to the conditions and possibilities of VIS applicants.

The **regulations for selection of VIS Segment 2b beneficiaries**, which include in the eligibility criteria that "the applicant must be creditworthy in an institution of the national financial system," leave a fundamental part of the selection process in the hands of FIs which ought to be guided by criteria of justice, solidarity, equity and inclusion, in consideration of the characteristics of the beneficiaries of the policy.

It is possible that defining **income ceilings for potential VIS beneficiaries** could benefit households and women who are not necessarily poor and are more likely to qualify for a loan, creating a disadvantage for poorer women and their households.

Finally, the study finds that there is a **shortage of VIS supply** in a situation of growing demand for this type of housing.

Recomendations

In the short term(immediate)

The starting point for poor and moderately poor women heads of household is an adverse context that, by virtue of existing inequalities, places them at a disadvantage compared to other applicants for VIS mortgage loans in Segment 2b. In consequence, affirmative or positive action measures are required to balance these inequalities, reduce discriminatory practices and equalize opportunities and capacities.

These measures require a differentiated and preferential treatment for individuals, groups or collectives that, due to structural disadvantages, are excluded from access to different types of resources; in this case, access to mortgage loans.

Accordingly, the following aspects should be considered in VIS programs with a gender approach:

- The regulations related to identification, selection and qualification of beneficiaries; for example, that the income ceiling for accessing the housing subsidy does not become a factor of exclusion for lower-income households.

- Establish preferential interest rates that benefit lower-income households, with priority given to households headed by women, specifically the poorest and most vulnerable, which are most in need of this incentive aimed at reducing the amount of borrowing to facilitate their access to the credit.

- Include in the FI prequalification for borrowers, prioritization of women heads of household, poor and in moderate poverty, allocating a credit quota for them with a relaxation of the VIS Segment 2b credit qualification requirements and/or an increase in the qualification score for their condition to prevent them from being excluded.

- Consider the criteria and methodologies applied by cooperatives in order to guarantee the financial inclusion of the population living in poverty and moderate poverty, and to apply the gender approach in home loan operations.

- Include in the guidelines for VIS financing, by the governing body of the financial policy, aspects that are important for guaranteeing application of affirmative actions in favor of women heads of household, poor and in moderate poverty. This could be accompanied by incentives for FIs, along with guarantees, for them to ease their requirements.

- Include in the beneficiary selection regulations for VIS programs, a percentage or quota of women heads of household as beneficiaries.

- Increase supply of VIS for lower-income women-headed households, and work to simplify processes and requirements for project qualification and speed up the process. Process optimization is often an incentive for investment in this sector.

- Create communication products on VIS public policy, adapted to the language of the target public, which are sufficiently clear, complete and high quality, and distribute them in all areas and by all channels, taking into consideration diversities, in order to guarantee enforcement and exercise of the right to housing as a fundamental human right, particularly of the poor and moderately poor population, and of women heads of household.

- Design and implement financial education programs aimed at beneficiaries, support their empowerment and accompany them throughout the process of complying with eligibility and prioritization requirements, mainly pre-qualification as borrowers, in order to avoid delinquencies and prepare the ground for proper credit management by potential beneficiaries.

- Design and implement awareness-raising and education activities on human rights and gender for property builders/developers, FI loan officers, public officials, in general, but particularly for officers responsible for customer service and qualification of eligibility and prioritization of beneficiaries, to avoid prejudices associated with gender and other conditions of vulnerability.

- Improve communication and coordination with all actors involved in formulation and implementation of the VIS policy to ensure that all the actors are clear on objectives

and implementation mechanisms, including their roles in the process flow, to achieve the expected results.

In the medium term

The main recommendation in this period is that the gender perspective should be mainstreamed in all participating institutions and in public housing policy. This recommendation is made to comply with the constitutional mandate, and to ensure the design of a comprehensive policy that guarantees equal opportunities for women and men in access to housing.

FIs should collect information by gender, to calculate the level of exclusion from access to mortgage loans at different stages of the process. This information will be used to deepen analysis of critical nodes in access to VIS and VIP mortgage loans; and to monitor and evaluate the implementation process of current public housing policy, so as to make the adjustments needed to meet the objectives and achieve the expected results.

A survey with a gender focus is recommended in order to understand the barriers to women's financial inclusion from their own perception, as well as from the point of view of financial agents. The survey will be used to improve financial services in general and the situation of women in particular. On this basis, it will be possible to design policies for prevention and eradication of discriminatory practices against women that may exist in the financial sphere.

Another key point would be to create a specific credit product adapted to the conditions, needs and expectations of poor and moderately poor women heads of household. Representatives of potential beneficiaries, FIs with experience in working with a gender approach and other experts should participate in the design of the credit product to guarantee its quality, and ensure that it incorporates the needs and expectations of women, as well as of the authorities of the governing bodies of the VIS policy and IDB specialists.

A review of the loan structure for VIS is recommended, which at present establishes high amounts and long terms, with a view to introducing progressive loans of manageable amounts adapted to women’s economies, for gradual home construction on their own land, as another option for access to housing. This product could start with loans for purchase of the land. In general, it is recommended that alternatives be designed that are more appropriate to the dynamics of urban low-income sectors and to the conditions of poor and vulnerable households headed by women.

Finally, the supply of mortgage credit for VIS should be expanded with incorporation of a more FIs, including cooperatives which by their nature have greater knowledge of and proximity to the population living in poverty and moderate poverty. To facilitate inclusion of cooperatives, a specialized fund could be created which takes into consideration the recovery time of mortgage loans by these entities. It is recommended that their

participation in the Program be under the same conditions (interest rates, amounts and terms) as those of FI trusts, in order to guarantee equal benefits for potential beneficiaries and for the cooperatives themselves. An alternative would be for these FIs to offer a specific loan product designed for poor and moderately poor households, particularly those headed by women.

In the long term

Inequalities at the starting point constitute the main critical node for poor and moderately poor women heads of household when accessing mortgage credit.

As a result of the *Casa para Todos* Program, the housing deficit is expected to be reduced with "emphasis on the population in poverty and vulnerability, and on lower-income families in need of housing, ensuring a safe and inclusive habitat." The program will aim to reduce inequalities in access and conditions of housing, particularly for the most vulnerable households.

Similarly, to the extent that the program includes facilities and incentives for access to VIS and VIP mortgage loans for the middle- and low-income population, it will also have a direct impact on increasing financial inclusion.

Moreover, access to adequate and decent housing reduces women's vulnerability to various types of gender-based violence by contributing to their security, independence and empowerment.

Finally, it should be noted that the current health emergency due to the COVID-19 pandemic and the measures taken by the authorities to combat it have affected, among other sectors, the supply and demand of credit for buying a home. Once the most difficult phase of this crisis has passed, the sector will gradually begin to stabilize, a process that will certainly take some time. In the present circumstances the situation is becoming more difficult and this needs to be considered in the future implementation of home purchase programs for the poor and moderately poor population.

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Executive Decree 681 of February 25, 2019. Issues the Regulation for access to subsidies and incentives for social and public interest housing programs, within the framework of the flagship intervention "Casa para Todos".

Executive Decree 918 of October 29, 2019. Reform of the Regulation for Access to Subsidies and Incentives of the Social and Public Interest Housing Program - Casa para Todos. Includes in the benefit of the subsidized interest rate new VIP projects (from US$70,001 to US$90,000), prior to Decree 681. Previously, VIPs had a maximum value of US$70,000. It also conditions the benefit of the subsidized interest rate for Segment 2b VIS

Ministerial resolutions (MIDUVI)

Ministerial Resolution 002-18 of May 16, 2018. Issues the policy with guidelines for development of social interest housing projects and their beneficiaries, subject to National

Development Plan 2017-2021 *Toda una Vida* defined in Objective 1 as "Guarantee a dignified life with equal opportunities for all people."

Ministerial Resolution 002-19 of January 22, 2019. Mission *Casa para Todos* project is declared a flagship project.

Ministerial Resolution 003-19, of February 26, 2019. Issues the Regulation for the qualification process of social interest housing projects. This regulation establishes the formalities and procedures for qualification of social interest housing projects by the Ministry of Urban Development and Housing, and the simplified procedures for approval of these projects in the municipal or metropolitan GADs.

Ministerial Resolution 004-19 of February 26, 2019. Regulation for validation of mass typologies and plans for social interest housing projects.

Ministerial Resolution 025-19, of June 20, 2019. Issues the Substitutive Regulation to the Regulation for Selection of Beneficiaries of social interest housing with total State subsidy (issued by Ministerial Resolution 029-2018).

Ministerial Resolution Agreement 006-19, of August 07, 2019. Issues the Instructions for the registration procedure of Social Interest Housing Projects (VIS), and Public Interest Projects that opt for the benefit of mortgage credit with preferential interest rate. This information will be recorded in the Integrated Information System of Urban Development and Housing (SIDUVI).

Ministerial Resolution 006-20, of February 04, 2020. Issues the Regulation for selection of beneficiaries of social interest housing with mortgage credit with initial State subsidy and preferential interest rate.

Resolutions of the Monetary and Financial Policy and Regulation Board

Resolution No. 043-2015-F, of March 05, 2015. Issues the Regulations for Segmentation of the Credit Portfolio of the entities of the National Financial System.

Resolution No. 059-2015-F, of April 16, 2015. Amendment to Resolution No. 043-2015-F, of March 5, 2015; Codification of Portfolio Segmentation Regulations.

Resolution No. 502-201 9-F, of March 01, 2019. Incorporates as Chapter XII, the "Regulation for financing of social interest and public interest housing with the participation of the public, private, popular and solidarity financial sector, and entities of the non-financial public sector".

Resolution No. 507-2019-F, of April 03, 2019. Among other changes and substitutions, Art. 3 states: "Substitutes Article 4 with the following: 'General Conditions for Eligible Housing Credits.

Resolution No. 539-2019-F, of August 14, 2019. Amends Chapter XII "Regulation for financing of social interest and public interest housing, with the participation of the public, private, popular and solidarity financial sector, and entities of the non-financial public sector". Defines the maximum monthly income of the borrower as 6.34 SBU, for both social interest housing and public interest housing. This Resolution incorporates articles related to the operation of mortgage portfolio securitization trusts.

Resolution No. 555-2019-F, of December 23, 2019. Establishes the maximum effective lending interest rate of 4.99% for social interest housing credit and public interest housing credit.

Resolution No. 562-2020-F, of January 22, 2020. Amends Chapter XII "Regulation for financing social and public interest housing with the participation of the public, private, popular and solidarity financial sector, and entities of the non-financial public sector.” in application of the amendments contained in Executive Decree 918 of October 29, 2019.

Annexes

Annex 1. Techniques applied

Table A1.1

Activities and number of participants, by type of actor and selected provinces, February and March 2020

METHODOLOGY	LOCAL ACTORS		PROVINCES				TOTAL ACTIVITIES	NUMBER OF PARTICIPANTS
			PICHINCHA	COTOPAXI	IMBABURA	MANABÍ		
PARTICIPANT OBSERVATION	WOMEN	APPLICANTS	-	-	1	-	1	4
FOCUS GROUPS	WOMEN	APPLICANTS	-	-	1	-	1	4
		BENEFICIARIES	1	-	-	1	2	8
INTERVIEWS	WOMEN	APPLICANTS	3	2	2	3	10	10
	DEVELOPERS / BUILDERS	VIS 2 b	1	1	1	1	4	5
		VIS 3 - 4	-	-	-	1	1	2
	FINANCIAL INSTITUTIONS	BANKS	-	-	1	1	2	2
		COOPERATIVES	1	-	1	1	3	4
		MUTUALS	-	-	1	-	1	1
	MIDUVI	COORDINATOR	-	1	1	1	3	3
TOTAL ACTIVITIES AND PARTICIPANTS			6	4	9	9	28	43

Source: Fieldwork, February 12 to March 16, 2020.

Annex 2. Fieldwork

Table A2.1

Fieldwork activities, by province and city of Ecuador, February and March 2020

No.	Province	City	Activity	Code	Type of actor	Date
1	MANABÍ	Manta	Interview	EIM01	Public property developer	12/2/2020
2						
3			Interview	EIM02	VIS applicant	12/2/2020
4			Focus group	GFM01	VIS borrower	12/2/2020
5						
6						
7			Interview	EIM03	Financial institution	13/2/2020
8			Interview	EIM06	Private property developer in association with Manta Municipality	17/2/2020
9						
10		Portoviejo	Interview	EIM04	VIS applicant	13/2/2020
11			Interview	EIM05	MIDUVI officer	13/2/2020
12			Interview	EIM07	VIS applicant	21/2/2020
13			Interview	EIM08	Financial institution	21/2/2020
14	PICHINCHA	Quito	Interview	EIP01	Financial institution	18/2/2020
15				EIP02	Private property developer	19/2/2020
16				EIP03	VIS applicant	27/2/2020
17				EIP04	VIS applicant	28/2/2020

No.	Province	City	Activity	Code	Type of actor	Date
18				EIP05	VIS applicant	28/2/2020
19			Focus Group	GFP01	VIS participant	14/3/2020
20						
21						
22						
23						
24	**IMBABURA**	**Ibarra**	Interview	EII01	VIS applicant	4/3/2020
25			Interview	EII02	Private property developer	5/3/2020
26			Interview	EII03	VIS applicant	5/3/2020
27			Interview	EII04	MIDUVI officer	6/3/2020
28			Interview	EII05	Financial institution	6/3/2020
29			Interview	EII06	Financial institution	6/3/2020
30			Focus Group	GFII01	VIS applicant	6/3/2020
31						
32						
33						
34			Interview	EII07	Financial institution	13/3/2020
35						
36	**COTOPAXI**	**Latacunga**	Interview	EIC01	Private property developer	12/3/2020
37			Interview	EIC02	VIS applicant	16/3/2020
38			Interview	EIC03	VIS applicant	16/3/2020
39			Interview	EIC04	MIDUVI officer	16/3/2020

Annex 3. FI products and requirements

Table A3.1
Home loan products (VIS and VIP) and requirements for customer qualification

Name	Product	Requirements
Banco Pichincha	**Home loan for public housing - *Casa para Todos*** Up to 95% financing. 20-year term. 4.87% interest rate. Minimum amount US$3,000, maximum US$70,000. Applies to homes with square meter valued at maximum US$890. First home.	1. Application for full loan. 2. Copy of identity card and voting card. 3. Income Tax Return for last three years or letter stating that applicant has no returns. 4. Copies of property taxes other than housing and/or copies of vehicle registrations if owned. 5. Copy of notarized rental agreements and copy of property tax payments for rented properties, if any. * Insurance to be taken out at customer's option. <u>Additional documentation according to employment status:</u> <u>Employee</u> 1. Last pay slip with signature and stamp. 2. Certificate of net income updated with signature and stamp. <u>Self-employed worker</u> 1. Copy of RUC or RISE. 2. Monthly value added tax (VAT) returns for last 3 months or the last 6-month return. 3. Two current written references from suppliers and/or customers.
Banco del Pacífico	***Tu Casa Pacifico*** Financing for new and only family home. Homes ranging in value from US$23,024 to US$91,368. Term 20 to 25 years. Rate of 4.88%. 95% financing. Six months grace period.	<u>General documents required from customer</u> 1. Loan application. 2. Color copy of identity card legible and valid. 3. Color copy of voting certificate legible and valid 4. Platform of vendor/property developer, from whom the property is being purchased; or promise of sale, if applicable. 5. Copy of basic service sheet. 6. Supporting documentation of assets if applicable (vehicle, house or land). 7. Property Registry Certificate of each intervening party, stating that they do not own property in the canton where they reside and where they will purchase the new property. 8. Certificate of municipal approval of project architectural plans. <u>General documents of spouse</u> 1. Color copy of identity card valid and legible. 2. Color copy of voting certificate valid and legible. <u>Additional documents for employees</u> 1. Work certificate which must show length of service, current position and income, with signature and original stamp of the company. 2. Pay slip for last month 3. duly signed and stamped by company. <u>As self-employed or personal business owner</u> 1. Copy of RUC or RISE. 2. Copy of Income Tax Returns for last two years. 3. Copy of VAT return for last three months.
2. Mutualista Pichincha	**Home loans up to US$71,064 with VIS.** Finance for purchase of first home (new) or constructed.	<u>Employee customers</u> 1. Loan application. 2. Legible copies of valid ID cards and voting card. 3. Original certificates of income, showing length of service, position and monthly income. 4. Copies of vehicle and property taxes (when applicable).

Name	Product	Requirements
	Value up to US$71,064. Minimum term 20 years and maximum 25 years. 4.88% nominal interest rate adjustable. Maximum monthly household income of US$2,536.	5. Bank certificates or copies of last three bank statements. 6. In accordance with Resolution No. JB-2009-1305, copies of income tax returns for last three years. 7. Simple copy of deed of property to be mortgaged registered in the property registry (when applicable). 8. Statement sworn before notary of not owning a home. 9. For public employees, proof of definitive appointment for position held. 10. Certificate from property registry of the canton where the property is located, stating the applicant does not have another home. <u>Self employed applicants</u> 1. Loan application. 2. Legible copies of ID cards and voting papers. 3. Copy of RUC/RISE. 4. Two written commercial references from customers and/or suppliers. 5. Copies of property and vehicle taxes (when applicable). 6. Simple copy of the deed of property to be mortgaged registered in the property registry (when applicable). 7. Certificate from property registrar of the canton where the property is located, stating that applicant does not have another home. 8. Bank certificates or copies of last three bank statements. 9. In accordance with Resolution No. JB-2009-1305, copies of income tax returns for the last three years.
	Home loans up to US$70,000 with VIP. This loan is to finance purchase of first home (new) with a maximum of US$70,000. Minimum term 20 years maximum 25 years. 4.88% nominal interest rate adjustable (4.99% effective rate). Maximum monthly household income not applicable.	<u>Employee customers</u> 1. Loan application. 2. Legible copies of valid identification cards and voting cards. 3. Original certificates of income, showing length of service, position and monthly income. 4. Copies of property and vehicle taxes (when applicable). 5. Bank certificates or copies of last three bank statements. 6. In accordance with Resolution No. JB-2009-1305, copies of income tax returns for the last three years. 7. Simple copy of deed of the property to be mortgaged registered in the property registry (when applicable). 8. Sworn statement before a notary of not owning a home 9. Public employees must submit proof of definitive appointment for position held. 10. Certificate from the property registrar of the canton where property is located, stating that applicant does not have another home. <u>Self-employed customers</u>

Name	Product	Requirements
		1. Loan application. 2. Legible copies of identification cards and voting papers. 3. Copy of RUC/RISE. 4. Two written commercial references from customers and/or suppliers. 5. Copies of supporting documentation of assets (when applicable). 6. Simple copy of the deed of property to be mortgaged registered in the property registry (when applicable). 7. Certificate from the property registrar of the canton where the property is located, stating that applicant does not have another home. 8. Bank certificates or copies of the last three bank statements. 9. In accordance with Resolution No. JB-2009-1305, copies of income tax returns for the last three years.
Mutualista Azuay	***Casa para Todos* - Social and public housing loans** Up to US$91,000. Up to 25 years term Rate of 4.99%.	1. Obtain a passbook and deposit the required amount. 2. Submit a duly completed loan application. 3. Certificate from employer or company of monthly remuneration received by the applicants. In case of having independent economic activities, applicants must submit: RUC or RISE, VAT payment (last six months), Income Tax Return for last three fiscal years, copies of invoices or supplier certificates (requirement for borrowers). 4. Copies to support ownership of the declared assets (deeds, vehicle tax, letter of payment to the property, etc.) (borrowers and guarantors). 5. Color copy of identity cards of applicant and spouse. 6. Copy of the basic service sheet (borrower and guarantor). 7. Certified copy of the deed of property to be mortgaged with registration certificate. 8. Original certificate from property registry, showing at least 15 years' ownership history and proof that the property has no encumbrances or prohibitions of any kind (valid for a maximum of two months). 9. Updated property payment letter. 10. Certificate of Appropriation and Urban Development License (issued by the municipality), if necessary, or planimetric survey by a professional or approved plans of the property. 11. In case the property is part of a subdivision, municipal approval. 12. In the case of an apartment, a copy of the horizontal property regulations of the building with registration certificate. 13. Certificate issued by the condominium administrator, stating that the property does not owe any outstanding aliquots.

Name	Product	Requirements
		14. If the loan is for purchase of property, a copy of the vendors' identity cards. <u>Social Interest Home Loans</u> 1. Signed sworn declaration of not owning a home, certifying that the home to be purchased is first use (form provided by Mutualista Azuay). 2. Simple copy of registration certificate of developer/builder for social interest projects, issued by MIDUVI. 3. Simple copy of VIS Project Qualification Certificate or certificate of the Register of Social Interest Housing Projects, issued by MIDUVI, as appropriate, in accordance with the date of municipal approval of the project. <u>Public Interest Home Loans</u> 1. Signed sworn declaration of not owning a home, certifying that the home to be purchased is for first use (form provided by Mutualista Azuay). 2. Simple copy of sworn statement by the builder that the house complies with the characteristics for VIP loans submitted to MIDUVI (it must contain as validation the sole annex for registration of VIP projects and the registration certificate of the developer /builder). 3. Simple copy of the memorandum of registration of the VIP project issued by MIDUVI.

Source: Prepared by the authors based on IFI websites.
Banco Pichincha: https://www.pichincha.com/portal/Principal/Personas/Creditos/Credito-hipotecario/Credito-de-vivienda-de-interes-publico.
Banco del Pacífico: https://www.bancodelpacifico.com/personas/creditos/viviendas/tu-casa-pacifico.
Mutualista Pichincha: Retrieved from: https://www.mutualistapichincha.com/web/guest/credito-vip.
Mutualista Azuay: https://info.mutualistaazuay.com/Menu-Principal/Productos/mazCR%C3%89DITO/VIVIENDA/Casa-para-Todos-Cr%C3%A9dito-VISP
* Documentation to be requested from the builder/developer/vendor of the property.