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ANNEX

Neighbourhood, Development and International Cooperation Instrument (NDICI) – Global Europe

Exceptional Assistance Measure regarding Ecuador

1. IDENTIFICATION

Action:	Strengthening of EU Security Coordination Mechanisms in Guayaquil
Action Reference:	NDICI CR 2023 / 28
Cost:	EUR 2 000 000 (European Union (EU) contribution).
Budget Line:	14 02 03 10
Duration:	Maximum 18 months. The authorising officer responsible may decide to extend this period twice by a further period of up to six months, up to a total maximum duration of 30 months, under the conditions laid down in Article 23(6) of Regulation (EU) 2021/947.
Lead service:	FPI

2. ACTION SUMMARY

As a result of a combination of internal and external factors (inter alia, Ecuador's strategic geographical position, the demobilisation of the Fuerzas Armadas Revolucionarias de Colombia (FARC), and security sector reforms implemented by previous governments), Ecuador is experiencing alarming homicide rates, 25.6 deaths per 100,000 inhabitants, the second highest in South America. A major problem requiring the urgent attention of the international community is the multifaceted negative impact caused by the infiltration of Mexican drug cartels in local gangs in Ecuador which aim to control lucrative drugs routes. The most evident example of this trend is Guayaquil, Ecuador's biggest city and home to the country's largest port, which has gradually become the epicentre of the country's crime problems as cartels exploit its strategic location and logistics to move drugs out of the country, also towards European ports. Authorities are unable to tackle this critical situation, also due to the ongoing political crisis that has intensified after the accusation of alleged links between organised crime and the political elite. The situation has led to the dissolution of the Assembly and a call to early presidential elections, unprecedented in the country's history. The crisis has deepened since January 2023, as criminal organisations started adopting new tactics, using explosives in the streets to intensify the terror among the population. For the first time in the country's history, a presidential candidate and five local political candidates were assassinated by targeted killings in August 2023 and February 2023 respectively.

The proposed intervention therefore seeks to contribute to the establishment of a National Intelligence and Coordination Centre (fusion centre) in the city of Guayaquil to help improve the current dynamics between specific units of the relevant Ecuadorian institutions (National Police, Ecuadorian Navy, and General’s Attorney Office) in terms of information and intelligence sharing, investigations capacities and inter-agency cooperation. The expected impact is to help create a more efficient and coordinated way of working between relevant institutions active in the fight against organised crime and reduce the illicit drug trafficking flows from Ecuador to the EU. In this sense, the action will also indirectly seek to contribute to reducing the impact of illegal activities related to international criminal organisations in the country and control the violence rates associated with it.

3. BACKGROUND AND RATIONALE

3.1 BACKGROUND

Since the 2016 Peace Agreement between FARC and the Colombian government and the beginning of the demobilising process, several FARC members started their displacement towards the southern border which has led to the establishment of cells and the deployment of activities related to drug trafficking and organised crime in northern Ecuador. With the growing drug demand in Europe, international criminal groups now see Ecuador as a strategic territory for the development of operations, coordination, and distribution of drugs.

While the cocaine production in Ecuador is estimated to be insignificant, in recent years Ecuador has gradually become a main point of departure for shipments of cocaine manufactured in Colombia and Peru bound for Europe in maritime shipping containers, mainly through its ports on the Pacific Ocean, especially Guayaquil. The recent emergence of Ecuador as a major international cocaine trafficking hub has had serious adverse consequences for the country. Criminal structures in Ecuador handle a wide range of criminal activities, including human trafficking, smuggling of migrants, arms trafficking, money laundering and the consolidation of environmental crimes such as illegal mining.

Additional factors such as corruption, lack of public investment in the security sector and neglected implementation of preventive measures have allowed criminal networks to infiltrate military and police forces, the judicial sector (i.e. judges and prosecutors) and politics. The country is now in the midst of a political and social crisis where security plays the key role. In May 2023, Ecuadorian President Guillermo Lasso dissolved the country’s National Assembly ahead of an impeachment vote originated in the allegations of corruption, including ties to organized crime, tax evasion, and corruption in the energy sector.

Guayaquil, as the most important trade hub in the country, is a logical epicentre of the problem due to its condition as the country’s main port, where many of the above-mentioned issues converge (dire criminality rates: homicides, robberies, kidnappings, extortion, displacement, corruption), even though their origin lies beyond Ecuadorian borders.

The country finds itself at a breaking point as it has been experiencing an unprecedented worsening security situation since the pandemic, with an increase in criminal violence (homicides, hired killers, kidnappings, extortions and terrorist attacks). The assassination during a campaign rally in August 2023 of presidential hopeful Fernando Villavicencio prompted the current government to declare a nationwide state of emergency. In 2022, the homicide rate was of more than 25 cases per 100,000 inhabitants, representing 4,823 violent

deaths and an increase of 93.2% compared to 2021. This positions the country as the one with the fastest-growing crime rate in South America.

Regarding cocaine distribution, the majority of the drug enters Ecuador through land borders with Peru and Colombia, departs from the port of Guayaquil and enters the European market through Antwerp, Rotterdam or Valencia. Drug seizures, primarily in the port of Guayaquil, soared up to about 200 tons in 2022; between January and April 2023 more than 64 tons of drugs have been seized. Between 2019 and 2020, several leaders of criminal gangs were arrested by the Ecuadorian police. This caused a power vacuum used by international criminal gangs (Mexican and Albanian) that from their prison cells generated chaos and took control of trafficking routes, warehouses and logistical hubs in Ecuador. Since 2019, the prison crisis has caused more than 400 deaths among persons deprived of liberty. The EU reacted with the ongoing FPI-funded crisis response project to strengthen the government efforts to regain control of the prisons and contain waves of violence in the coastal regions.

On the international level, Interpol confirmed that over the last five years, drug trafficking and consumption have increased by an order of magnitude. Europe continues to be one of the main transit and destination markets with record seizures at European borders and ports accompanied by a corresponding rise in violent crime, corruption and money laundering of unprecedented scale. The seizures of cocaine in the EU have been growing in the last years hitting record levels. Ecuador has become the logistical gateway of the main cocaine shipments towards Europe.

3.2 RATIONALE FOR CRISIS RESPONSE ACTIONS UNDER THE RAPID RESPONSE PILLAR OF THE NEIGHBOURHOOD, DEVELOPMENT AND INTERNATIONAL COOPERATION INSTRUMENT

The continued presence of international criminal groups, the current political and social crisis and the increasing insecurity and violence in Ecuador constitute an exceptional and unforeseen situation in the sense of Article 4(4) (a) of the NDICI Regulation. An adequate response cannot be provided under any other European Union Instrument due to the urgency with which the funds are required and due to available resources already being firmly committed.

Annex IV, paragraph 1, second paragraph, point (d) of Regulation (EU) 2021/947 specifically provides for the use of the NDICI rapid response pillar to (d) support for the development of democratic, pluralistic state institutions, including measures to enhance the role of women in such institutions, effective civilian administration and civilian oversight over the security system, as well as measures to strengthen the capacity of law-enforcement and judicial authorities involved in the fight against terrorism, organised crime and all forms of illicit trafficking.

3.3 RISKS AND ASSUMPTIONS

RISKS	LIKELIHOOD (High/Medium/ Low)	MITIGATION STRATEGY
Political risks		
Political instability hindering the implementation of the action.	Medium	Regular assessment of the political situation and engagement with key national and international stakeholders.
Operational risks		
Lack of institutional cooperation and sharing of information with the EU and amongst targeted Ecuadorian security institutions.	Medium-high	Individual Memorandums of Understanding with each institution will be signed and an inter-institutional committee to supervise the project and ensure smooth collaboration will be established. Furthermore, international experience-sharing and trust-building measures that have been successfully implemented over the last years based on the experience of the on-going regional programmes in Ecuador, will be built on.
Continued deterioration of the security environment, leading to increases in violence.	Medium-high	The EU will strengthen its cooperation with other EU allies based in Guayaquil, such as the US Embassy and the UK Government, and share security measures that are already being actively implemented to mitigate possible risks. Furthermore, as is already the case with the EU-funded EURESPP project (Programa Europeo de Emergencia para el Fortalecimiento del Sistema Penitenciario de Ecuador), the Ecuadorian national police can provide security during official project activities.

4. OBJECTIVES

4.1 OVERALL OBJECTIVE

The overall objective of the action is to help generate more efficient and coordinated ways of working between relevant state institutions active in the fight against organised crime and thus foster the adoption of measures to help reduce the illicit drug trafficking flows from Ecuador to the European Union.

4.2 SPECIFIC OBJECTIVES

- 4.2.1 To create, train and equip a National Intelligence and Coordination Centre (fusion centre) composed of selected special units from Ecuadorian security institutions; and
- 4.2.2 To strengthen the port security system in Guayaquil and the Guayaquil Bay to help reduce the flow of illegal drugs to Europe.

5. ACTION COMPONENTS AND EXPECTED RESULTS

The main expected results/outcomes include:

Expected Result (1): Capacities of the relevant security forces to prevent, detect, investigate and respond to threats related to drug trafficking are strengthened.

Activities (indicative):

- 5.1.1 Develop training modules to increase know-how and skills in law enforcement techniques targeted to all specialised security forces involved in the fusion centre (police, navy and others); and
- 5.1.2 Provide targeted and strategic IT equipment (hardware, software, analytical software, secure data centres) and capacity-building activities for the police, customs, and the navy.

Expected Result (2): Ecuador's specialised security units involved in the fight against the illegal drug trade and organised crime share information, cooperate and have improved their interoperability and technical capacity related to the usage of EU-financed technological solutions, programmes and databases.

Activities (indicative):

- 5.2.1 Create training modules on the usage of the surveillance systems and software to improve the interoperability among the relevant stakeholders; and
- 5.2.2 Improve interoperability with EU-funded programmes and agencies (i.e. the project could help connect the Ecuadorian national police's own intelligence center with existing data information exchange systems of the Ecuadorian security forces that are part of the fusion center).

Expected Result (3): The capacity of the justice sector is strengthened.

Activities (indicative):

- 5.3.1 Develop and implement training modules and train judges and prosecutors specialised in organised crime; and
- 5.3.2 Create experience-sharing channels between the European and Ecuadorian counterparts (Judiciary Council, National Court of Justice, General's Attorney Office).

Expected Result (4): The Guayaquil port system and its Bay is technologically better suited to monitor and prevent contamination of containers once they leave the port towards the EU and the capacities of specialised security forces to monitor and intervene in the Guayaquil port system and the Guayaquil Bay are strengthened.

Activities (indicative):

- 5.4.1 Implement and complement the recommendations of different existing situational analysis conducted by national and EU institutions;
- 5.4.2 Improve the monitoring of the 70 km long channel and its surroundings based on the recommendations of the threat assessment provided by the port security recommendations; and
- 5.4.3 Train, equip and provide the specialized units of the security forces with strategic and necessary technological solutions to monitor and intervene in the ports and Guayaquil Bay.

6. IMPLEMENTATION

6.1 IMPLEMENTATION MODALITIES

The Commission will ensure that the appropriate EU rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures¹.

6.1.1 Indirect management with a pillar assessed entity

This action may be implemented in indirect management with an entity which will be selected by the Commission's services using the following criteria: long standing presence in the region, well established relationships with relevant authorities and key stakeholders, and the capacity to rapidly implement activities. The implementation by this entity entails the implementation of activities as described in sections 4 and 5 above.

6.2 INDICATIVE BUDGET

The total European Union contribution under this Financing Decision **will not exceed EUR 2 000 000**. A breakdown among components is provided hereunder, and is indicative.

Indicative budget breakdown

Components	EU contribution (amount in EUR)	Indicative third party contribution, in currency identified
Component 1: Strengthening of EU Security Coordination Mechanisms in Guayaquil 6.1.1 – Indirect management with a pillar assessed entity	2 000 000	N.A.
Total	2 000 000	N.A.

¹ www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website, it is the OJ version that prevails.

6.3 ORGANISATIONAL SET-UP AND RESPONSIBILITIES

The action shall be implemented under indirect management. It will be devolved and sub-delegated to the **European Union Delegation in Ecuador**, with the support of the Commission for the conclusion of the contracts implementing the action.

6.4 PERFORMANCE AND RESULTS MONITORING AND REPORTING

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final report. Each report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and outcomes) as measured by corresponding indicators, using as reference the Logframe matrix. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

6.5 EVALUATION

Having regard to the nature of the action, an evaluation will not be carried out for this action or its components.

The Commission may, during implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner.

The financing of the evaluation shall be covered by another measure constituting a financing decision.

6.6 AUDIT

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

The financing of the audit shall be covered by another measure constituting a financing decision.

6.7 COMMUNICATION AND VISIBILITY

The 2021-2027 programming cycle has adopted a new approach to pooling, programming and deploying strategic communication and public diplomacy resources.

It will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented by the Commission, partner countries, service providers,

grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU member states.

The 2022 “Communicating and Raising EU Visibility: Guidance for external actions” reference document shall be used to establish the appropriate contractual obligations.

7. COMPLEMENTARITY, COORDINATION AND FOLLOW-UP

The action is designed taking into account several lines of work of EU regional projects and programmes currently being implemented in Ecuador, mainly EL PAcCTO, and EUROFRONT, financed by the the Directorate-General for International Partnerships (DG INTPA) and CRIMARIO, SEACOP, CRIMJUST and the other actions of the Global Illicit Flows Programme (GIFP), as well as the penal reform action financed by the Service for Foreign Policy Instruments (FPI). It will be particularly important to ensure complementarity with the inter-agency Maritime Intelligence Unit (MIU) supported by SEACOP in Ecuador, which brings together representatives of the police, customs and navy to share intelligence to counter illicit maritime trafficking.

- EL PAcCTO (Europe Latin America Programme of Assistance against Transnational Organised Crime) is an international cooperation programme funded by the EU that seeks to contribute to security and justice in Latin America by supporting the fight against transnational organised crime. The programme addresses the entire criminal chain from an integral perspective through its work in three components: police, justice and penitentiary, hence being an important asset for the fusion centre.
- SEACOP V aims to contribute to the fight against maritime illicit trade and associated criminal networks in the targeted countries and regions of Latin America, the Caribbean and West Africa. The programme supports a Joint Maritime Control Unit and an inter-agency Maritime Intelligence Unit in Ecuador and will work closely with MAOC to help Ecuadorian institutions to boost the coordination and exchange of information among different security forces.
- CRIMARIO contributes towards enhancing Maritime Domain Awareness through information sharing, capacity building and training. To enhance information exchange and analysis, the project has developed an information-sharing tool IORIS available to all maritime agencies in the Indo-Pacific region. Ecuador has recently signed and MoU and is being integrated into the IORIS system via capacity-building activities. The system can be used for information sharing in the fusion centre.
- CRIMJUST supports the investigation and prosecution of transnational organised crime in Latin America, the Caribbean and West Africa and could potentially provide targeted training to a future fusion centre, and will continue to provide assistance to identified joint investigations involving Ecuador and third countries.
- EUROFRONT contributes to security, by strengthening the effectiveness of the management of four pilot borders involving seven countries and supporting the fight against human trafficking and migrant smuggling in Latin America. It is currently working on a border intelligence network that will be integrated within the project

proposal as it will provide strategic information on the northern border (with Colombia) through which illicit drugs are coming into Ecuador.

- The European Emergency Response Project to Strengthen the Ecuadorian Penitentiary System (EURESP), is the only bilateral security EU-funded project in the country, designed in response to a request expressed by the highest Ecuadorian authorities and with a contribution of EUR 2.5 million, seek to contribute to the resolution of the current prison crisis. The project is already working on the establishment of penitentiary intelligence units that will feed the fusion centre with additional information from criminal gangs within the prison system.

For the time being, the above-mentioned regional projects have (a) an insufficient budget to develop country-specific activities; (b) insufficient human resources to implement them, and (c) their focus is too wide to address the complex situation developing in Ecuador and achieve meaningful changes in the performance of relevant anti-drugs agencies.

Several above-mentioned regional programmes are entering a new implementation phase in the second semester of 2023 (SEACOP, EL PAcCTO, CRIMJUST). The EU Delegation in Ecuador has been closely monitoring the preparatory processes, actively participating in the meetings and seminars, to make sure that this action will be complementary and no duplications will be made. Finally, in line with the Global Gateway investments policy, the EU Delegation is exploring the feasibility of technological investments through EIB loans to finance technological solutions for the Guayaquil port system and bay area with the objective to facilitate a more secure exchange of goods between Ecuador and the European Union.