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**THIS ACTION IS FUNDED BY THE EUROPEAN UNION**

**ANNEX 4**

of the Commission Implementing Decision on the financing of the action plan for the Resilience Rapid Response Pillar for 2024 – Part 1

**Action Document for Operational support Programme to strengthen the Ecuadorian response to its security crisis and create resilient communities**

**ANNUAL PLAN**

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation, within the meaning of Article 23 of NDICI-Global Europe Regulation.

## 1 SYNOPSIS

### 1.1 Action Summary Table

<b>1. Title</b> <b>CRIS/OPSYS</b> <b>business reference</b> <b>Basic Act</b>	Operational support programme to strengthen the Ecuadorian response to its security crisis and create resilient communities OPSYS number: ACT-62710 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
<b>2. Team Europe Initiative</b>	NO
<b>3. Zone benefiting from the Action</b>	The action will be carried out in Latin America, Ecuador, Guayaquil and Durán
<b>4. Programming document</b>	Rapid Response Pillar (RRP), Resilience and linking humanitarian and development actions component
<b>5. Link with relevant MIP objectives / expected results</b>	SO3.1: Increase the efficiency, effectiveness and transparency of public administration. <i>Expected Results for SO3.1:</i> R 3.1.2 Improved trust in government accountability
<b>PRIORITY AREAS AND SECTOR INFORMATION</b>	
<b>6. Priority Area(s), sectors</b>	Not applicable
<b>7. Sustainable Development Goals (SDGs)</b>	Main SDG (1 only): SDG 16: Peace, Justice and Strong Institutions Other significant SDGs (up to 9) and where appropriate, targets: SDG: 17 Partnerships for the goals and SDG 5 gender equality
<b>8 a) DAC code(s)</b>	DAC code 113 (11330) – Secondary Education - 25% DAC code 150 (15110) - Government & Civil Society – 25% (15113) - Government & Civil Society – 25% DAC code 152 (15210) – Conflict, Peace & Security - 25%

<b>8 b) Main Delivery Channel</b>	Other public organisations in donor country 11000, Non-Governmental Organisations and Civil Society 20000			
<b>9. Targets</b>	<input type="checkbox"/> Migration <input type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input checked="" type="checkbox"/> Education <input checked="" type="checkbox"/> Human Rights, Democracy and Governance			
<b>10. Markers</b>  (from DAC form)	<b>General policy objective @</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	X
	Aid to environment @	X	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	X	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	X	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction @	X	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities @	X	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	X	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Biological diversity @	X	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification @	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation @	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation @	X	<input type="checkbox"/>	<input type="checkbox"/>
	<b>11. Internal markers and Tags</b>	<b>Policy objectives</b>	<b>Not targeted</b>	<b>Significant objective</b>
Digitalisation @		<input type="checkbox"/>	X	<input type="checkbox"/>
Digital connectivity		YES X	NO <input type="checkbox"/>	

	Digital governance	<input type="checkbox"/>	X	
	Digital entrepreneurship	<input type="checkbox"/>	X	
	Digital skills/literacy	<input type="checkbox"/>	X	
	Digital services	X	<input type="checkbox"/>	
	Connectivity @	X	<input type="checkbox"/>	<input type="checkbox"/>
	Transport	YES	NO	
	People2people	<input type="checkbox"/>	X	
	Energy	<input type="checkbox"/>	X	
Digital connectivity	X	<input type="checkbox"/>		
Migration @	X	<input type="checkbox"/>	<input type="checkbox"/>	
Reduction of Inequalities @	X	<input type="checkbox"/>	<input type="checkbox"/>	
Covid-19	X	<input type="checkbox"/>	<input type="checkbox"/>	
<b>BUDGET INFORMATION</b>				
<b>12. Amounts concerned</b>	Budget line(s) (article, item): 14.020320 Total estimated cost: EUR 10 000 000 Total amount of EU budget contribution EUR 10 000 000			
<b>MANAGEMENT AND IMPLEMENTATION</b>				
<b>13. Type of financing</b>	<b>Direct Management</b> through: direct award of grants <b>Indirect Management</b> with the entities to be selected in accordance with the criteria set out in Section 4.3.2			

## 1.2 Summary of the Action

The homicide rate in Ecuador increased from 5.8 per 100 000 inhabitants in 2018 to 26 in 2022 and 42 in 2023. Thus, unlike in other countries in the region, violence has continued to grow at a fast pace, reaching 47 violent deaths per 100 000 inhabitants in 2023, a 700% increase. Four of the largest cities have entered the ranking of the 50 places in the world with the highest homicide rate: Durán, Guayaquil, Machala and Portoviejo. These cities saw between 7 and 145 homicides per 100 000 inhabitants in 2023. Drug cartels, criminal gangs, mafias and organised crime pose a threat to the State beyond the security angle. The fact that, in the absence of the State, entire territories as well as certain prison facilities are in the hands of criminal organisations, illustrates the extent of the problem.

The EU has successfully implemented regional security programmes in the Latin America and Caribbean (LAC) region over the past few years, also addressing the deteriorating situation in Ecuador. Demand for EU engagement in these areas has increased over the years and is also highly valued by the Ecuadorian authorities. EU security cooperation has therefore become essential to the Ecuadorian government in critical areas such as the penitentiary system, which is supported by an emergency response project managed by the Service for Foreign Policy Instruments (FPI) aimed at tackling the country's prison crisis.

Furthermore, thanks to increasing development cooperation in relation to security, the EU is regarded as a reliable partner in these critical areas; it has therefore been asked to mobilise additional resources to tackle the severe security crisis facing the country since 2023. However, recent developments in 2024, which saw organised crime groups (OCGs) carry out simultaneous coordinated actions nationwide using terrorist tactics (bombing, taking hostages and assassinating security force officials), have evidenced the fragility of the state, which is at the brink of democratic collapse. Moreover, the attacks are taking place in the context of political campaigning for the presidential elections, signalling a political agenda to eliminate certain candidates. If the security and rule-of-law crisis in Ecuador is not addressed on time, it could also have spillover effects in the wider region.

Ecuador is notoriously afflicted by four major problems that have been fuelling the country's deterioration over the past years, all of them linked to OCGs and drug trafficking. Moreover, protests by indigenous peoples and the rural population against the exploitation of natural resources and extractive industries in the Amazon region have exposed the fragility of Ecuador's democracy.

This intervention therefore aims to target these four problematic areas in order to help the State overcome them through improved resilience and more effective and transparent democratic governance. This rapid response action has thus been designed to effectively strengthen the state's resilience and to increase coordination, coherence and complementarity between humanitarian aid, development actions and, where relevant, conflict prevention and peacebuilding. These issues cannot be swiftly addressed by means of geographic or thematic programmes in the LAC region.

Following this logic, the first specific objective of the action seeks to strengthen the State's anti-money-laundering capacity. The activities provided for in the plans to strengthen resilience under this action are linked to those described in DAC code 15110, public-sector policy and administrative management, and DAC code 15113, anti-corruption organisations and institutions.

The second specific objective aims to support the restructuration of the penitentiary system and relates to DAC code 15210, security system management and reform, DAC code 15110, public-sector policy and administrative management, and DAC code 15130 relating to prisons.

Similarly, specific objective 3 seeks to improve the private sector's ability to secure its trading system. This SO is linked to DAC code 15230, with the aim of providing specialised technical assistance to enhance competence and boost the capacity to scrutinise the security system to ensure it is managed according to democratic norms and the principles of accountability, transparency and good governance. This response will strengthen the country's ability to adapt and reform in addition to bringing stabilisation and financial opportunities.

The last specific objective of the intervention focuses on strengthening social cohesion and preventing youth recruitment by criminal organisations. It is linked to DAC code 11330, related to basic vocational training, secondary-level technical education, on-the-job training and apprenticeships including informal vocational training, with the aim of giving young people a different outlook for the future.

Looking at the intervention as a whole, this action will support Ecuador's resilience at individual, community and state level, boosting the EU's standing as a dependable security and institutional partner. It will help secure an environment conducive to a successful Free Trade Agreement (FTA) and ensure future investments for Global Gateway flagships.

Furthermore, this action will enable the EU to accompany the Ecuadorian government in its planned far-reaching structural reform of security-sector institutions, sharing best practices in line with democratic values and good governance principles with a view to tackling the challenges ahead in a sustainable manner. In addition, this approach will allow the EU to engage as an international partner focusing on preventing further security crises in line with the government's strategies and priorities, an aspect not currently addressed by other donors.

Finally, it is envisioned that EU MS cooperation agencies will implement three of the four specific objectives, as experienced players in the security sector that have the trust of Ecuadorian public institutions. As to the fourth specific objective, a different implementing method is needed since it requires a more territorial approach as well as engagement with local stakeholders, such as municipalities, young people, the private sector and certain public

institutions. For the latter, the objective is best implemented by a consortium of experienced non-governmental organisations.

### 1.3 Zone benefitting from the Action

The action will be carried out in Ecuador.

The EU contribution will cover activities at national and provincial level (Guayas province) in the areas most exposed to insecurity and violence, focusing in particular on the city of Guayaquil and its surrounding municipalities, including Durán. It will complement ongoing activities carried out by EU partners such as the US and the UK as well as EU regional programmes that also include activities in Ecuador.

## 2 RATIONALE

### 2.1 Context

Ecuador is experiencing tremendous pressure on its social, political, economic and security dimensions for structural reasons and due to the complex vulnerabilities described in this action document. The state is extremely fragile due to a weak institutional framework, and infiltration by drug traffickers, money laundering and financing of terrorism permeates both the public and the private sector. Moreover, the country was recently rocked by protests of indigenous peoples and marginalised populations, before some 200 agreements were reached between indigenous peoples and the previous government. This conflict was considered by some to be a full-blown human-rights crisis. The private and public sectors are far apart in their objectives, evidencing the lack of coordination and common goals. This situation severely affects the general stability of the economy, contributes to rising crime rates, creates grievances about models of development and the exploitation of natural resources, and leads to social instability overall. The result is a general climate of rising violence, along with a deep mistrust in government institutions, which causes direct harm to young people who encounter severe difficulties in getting an education and finding jobs.

People in a vulnerable situation, especially women and girls, are greatly affected by the increase in crime and violence. Criminal organisations operating in Ecuador use women as ‘spoils of war’. According to the map of femicides prepared by the Latin American Association for Alternative Development (ALDEA), more than 50% of the femicides recorded in 2023 occurred in the context of the actions of criminal wars.

In addition, prison facilities have become ‘hubs’ from which terror policy, and crimes are planned and social unrest is organised, revealing the State’s failure to manage its prisons and inability to prevent prisons becoming centres of recruitment for criminal gangs. The country urgently needs to strengthen its capacity for absorption and reform in order to adapt its essential structures and functions. Otherwise, it will become a failed state, putting democracy and peace in grave danger both nationally and in the wider region.

Given that rapid response actions are designed to effectively strengthen resilience and to increase coordination, coherence and complementarity between humanitarian aid, development actions and, where relevant, conflict prevention and peacebuilding – which cannot be swiftly addressed by means of geographic and thematic programmes – the proposed intervention builds on previous EU security engagement and proposes complementary issues in line with the obligation to integrate the selected themes into the domains of EU development cooperation.

Ecuador is notoriously afflicted by four major problems. The intervention aims to help the State tackle these four problem areas through improved governance of the security sector. Hence, the actions adopted to improve resilience will focus on the most critical issues currently destabilising the Ecuadorian society. The intention is to transmit ideas and lessons learnt and influence policies aimed at overcoming the crisis.

Despite not being a major producer or exporter of drugs historically, Ecuador finds itself entangled in the drug trade due to its geographical position between Colombia and Peru and due to organised crime massively infiltrating various aspects of economic and political life. The country's location makes it a crucial transit point for cocaine destined for global markets, leading to substantial drug seizures in the region. Narcotrafficking therefore stands out as a significant challenge in Ecuador, accounting for 23% of the criminal economy.

This illicit trade **fuels money laundering** which, at 17%, is the second most rampant sector of the criminal economy. Furthermore, corruption pervades all state institutions, compounding the country's struggle with organised crime. Criminal networks exploit both the public and the private sector to launder illicit proceeds, perpetuating the country's crime cycle. Money laundering is a major threat to the private sector, tarnishing reputations and undermining business trust. The influx of illegal funds into legitimate enterprises through money-laundering schemes can distort competition and create unfair advantages. Businesses unknowingly involved in money laundering risk severe legal repercussions and reputational damage. Ultimately, the pervasive nature of money laundering threatens companies' stability and viability, highlighting the critical need for robust 'anti-money laundering measures' and for vigilant efforts to ensure the private sector complies with the law.

Furthermore, the harrowing **violence within Ecuadorian prisons** underscores the gravity of the situation, with gang conflicts claiming hundreds of lives. The fact that, in the State's absence, entire territories and prison facilities are in the hands of criminal organisations illustrates the extent of the problem. There is an urgent need to develop the capacity for absorption to allow the population to prepare for negative impacts, or mitigate them using coping mechanisms, to preserve or restore essential structures and functions. In line with the principles of resilient transformative capacity, i.e. the ability to reform or create a fundamentally new system resilient to future shocks, the proposal to reform prison management represents for the EU not only a unique opportunity, but an invaluable historical moment that could effectively transform the lives of thousands of Ecuadorians.

Private-sector businesses are also heavily affected, especially the **Ecuadorian exporting sector, which is under constant pressure from drug traffickers**. Ecuador is the world's largest exporter of bananas, shipping about 6.5 million metric tonnes (7.2 tonnes) a year by sea. This fact, combined with the country's geographical position between the world's largest cocaine producers, Peru and Colombia, is being systematically exploited by drug traffickers, who find containers filled with bananas (and other products) the perfect vehicle for smuggling their product. Some traffickers have created front companies to mimic legitimate banana exporters, while others have acquired legitimate businesses, including plantations. They have also found companies willing to be complicit in trafficking. This state of affairs has already started to affect EU ports and cities, which see growing homicide rates and unprecedented crimes, often involving innocent bystanders. The exporting sector now fears that this situation could seriously endanger the success of the FTA and that the EU could adopt import restrictions.

Organised crime is also involved in human trafficking and sexual exploitation, illicit trade in wildlife and flora, and illegal logging and mining. This has practically destroyed Ecuador's social fabric. The **recruitment of young people into gangs** is of utmost concern. The involvement of young people in criminal activities is driven by factors such as peer pressure, the allure of protection and financial incentives. The lack of viable alternatives and a sense of belonging often lead vulnerable youths down a dangerous path, making them susceptible to recruitment by gangs. The national police have warned that many children leave classrooms to join criminal gangs. In Guayaquil and surrounding cities, mafias also run so-called hitman schools for children as young as 10, where they learn to load weapons, track targets and assassinate. Between January and June 2023, 1 326 children and adolescents aged between 12 and 17 were detained for crimes such as illegally possessing weapons, acting as hitmen and carrying out micro-trafficking, theft and other offences associated with organised crime. Young girls are particularly vulnerable: many girls are recruited for sexual exploitation, forced to become partners of gang leaders.

The above description is of a country in a security crisis and in a state of shock, requiring a set of countermeasures. Its law enforcement institutions are not equipped to face this threat, and the administration is overwhelmed by the events. Ecuador and its people have never before experienced a similar crisis and therefore lack even the most essential resources to tackle the problem. According to the Global Organised Crime Index, Ecuador has robust enough laws against organised crime, but law enforcement remains a challenge. The country has signed and ratified a number of treaties and conventions (with the exception of the Arms Trade Treaty) to fight organised crime and has extradition agreements with key countries in the region. It has also entered into several cooperation agreements

to strengthen the fight against criminal markets, including with Brazil, Spain, Colombia, Peru, Mexico and the United States.

Currently the best hope that can be offered Ecuador's people, in particular minors, lies in developing an SSR support process and a resilience roadmap defining strategic interventions aimed at making people more resilient and bolstering security. The measures of this action addressing the capacity of absorption fall under the umbrella of the Rule of Law and Governance Programme. They aim to foster the creation of resilient institutions and communities in Ecuador able to prepare for, mitigate, or prevent adverse impacts and to help preserve or restore essential structures and functions. Therefore, the country will need to have the necessary adaptive capabilities in place to endure the demands of pressure and shock while reforming its structures.

Ecuadorian society needs to become more resilient to be able to respond to the rapidly deteriorating security situation, cope with and prepare for further shocks, and formulate tailored responses. Traditional approaches such as the war on drugs or restrictive policies have not produced the expected results; by contrast, a strategic resilience approach allows more flexibility in the overall support to security-sector governance, enabling a more cooperative, focused and adaptable response to tackle the diverse and interconnected vulnerabilities and causes of fragility. The funds are an opportunity to introduce alternative, innovative and complementary strategies for Ecuador while adjusting EU interventions to ensure a more collaborative, targeted and flexible response in addressing the multifaceted and interlinked causes of the current security crisis.

## 2.2 Problem Analysis

The general situation in Ecuador is profoundly disturbing, as violence has exploded to unprecedented levels, inconceivable just a few months ago. After a closer analysis and various consultation processes, it has been decided to focus the effort on two pillars affecting the security and stability of the country. These have become major issues needing to be addressed and solved to restore peace and stability. The country has never before experienced a similar crisis situation and therefore lacks the experience, equipment, plans and policies to tackle it. As already mentioned, the objectives of this intervention are to tackle money laundering, reform the penitentiary system, protect the private sector and enhance social cohesion.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action:

Strengthening the country's ability to fight money laundering:

Ecuador has a dollarised economy, which makes it easy for criminals to engage in money laundering. This poses a significant threat to the country's financial stability and allows illicit players, mainly drug traffickers, to wield power surpassing that of the State, enabling them to acquire weapons, exert influence through bribery and shield themselves from legal repercussions. Such criminal activity weakens the financial system by diverting funds from productive endeavours, adversely affecting the economy and the stability of the financial sector. This distortion of economic activities and the exploitation of weak safeguards against money laundering in turn affect international capital flows, trust in financial institutions, market integrity, international obligations and the day-to-day running of the country's economic affairs. Thus, it is imperative to eliminate this scourge on society.

The following stakeholders have been identified for this objective: Public-sector institutions involved in the fight against money laundering – SRI, UAFE, the General Prosecutor's Office (Anti-Money Laundering Unit, National Unit for Patrimonial Investigation on Asset Forfeiture), the Attorney General's Office, customs, the national police, INMOBILIAR, superintendencies (banks, companies, securities, insurance; Popular and Solidarity Economy), the private sector, LAE, financial institutions.

In Ecuador, these organisations aim to ensure that the government and the private sector have the necessary capabilities to manage finances effectively and transparently. They focus on promoting competitive public

procurement, combating corruption and transnational organised crime (TOC) and enhancing accountability across various institutions and levels of society.

#### Supporting reform of the penitentiary system:

There is an urgent need to reform the penitentiary system in Ecuador due to prison violence and crimes orchestrated from within prisons by high-profile criminals, resulting in the loss of innocent lives and terrorising the population. The fact that these criminals receive special treatment and have access to significant financial resources undermines prison stability and facilitates criminal planning, recruitment and training within correctional facilities. It is imperative for prisons to embrace a reformed organisational structure and a new operational ethos; this will require robust programmes and capacity-building initiatives for personnel and other stakeholders involved in prison management. To allow inmates to be reintegrated as productive members of society, the focus must be on ethics, order, discipline, purpose and in-prison rehabilitation.

The action under this specific objective will involve the following organisations: the National Institutions of the Social Rehabilitation System (SNAI), the private sector, technical and technological institutes, civil society, the national police and intelligence systems corporations.

These stakeholders cooperate to fulfil basic security functions, coordinate inter-institutional efforts, and engage in intelligence-related activities concerning inmate security, crime prevention and violence within prison facilities. Additionally, they focus on rehabilitation and reinsertion activities for inmates. Their collective efforts aim to bolster all relevant stakeholders in the security sector and ensure delivery of core security functions in an inclusive, accountable and internationally compliant manner, including in terms of adherence to humanitarian and human rights law.

#### Improving the private sector's ability to secure its trading system:

Nowadays transnational crime organisations are vast industries that disrupt legitimate business operations, creating an environment where law-abiding enterprises are increasingly denied fair competition. Drug traffickers' infiltration of the Ecuadorian farming industry, which accounts for about 30% of the world's banana production, has contributed to unprecedented violence nationwide and converted the port city of Guayaquil into an international trafficking hub for drugs shipped to Europe. Agricultural exports, especially of bananas, have unfortunately become a cover for the cocaine trade: although Ecuador is not a significant drug producer, banana shipments are being used to export cocaine to external markets. These illegal practices endanger lawful trade and jeopardise the country's revenues, putting at risk not only thousands of jobs but also the country's economy and its trading in dollars.

For these reasons, we will be working with the following organisations: CORPEI and FEDEXPOR (private-sector associations comprising several agricultural guilds), the Ministry of Production, Foreign Trade, Investments and Fisheries, the Ministry of Transport and Public Works (representing the public port sector), the General Customs Administration, law enforcement agencies, the judiciary (National Judicial Council / National Court of Justice), and institutions such as the Superintendency of Banks, the Superintendence of Companies and the National Federation of Customs Administration. To achieve this objective it is important to foster public-private partnerships and active involvement by the private sector to provide it with additional means to prevent the export chain (mainly containers) being used by OCGs to export drugs to the EU.

#### Strengthening social cohesion and preventing youth recruitment:

The worrying trend of young Ecuadorians either emigrating or falling prey to gang recruitment poses a significant threat to the country's social fabric, potentially undermining the very foundations of community cohesion. While the problem of young people being exploited by criminals is not new in Ecuador, it has recently reached alarming proportions, with criminal trapping them in activities involving violence, drug use and criminality. This destructive cycle could corrode Ecuador's social order if left unchecked. Recent statistics from the first half of 2023, as reported by the Ecuadorian news outlet Primicias, reveal a distressing reality: across the country 1 326 children aged between 12 and 17 were apprehended by the national police for offences such as illegal possession of weapons, contract killings, drug trafficking and theft. The arrest of 12 minors during a drug haul at sea highlights



the pervasive nature of this issue. Guayas province, particularly Zone 8 encompassing Guayaquil and Durán, emerged as a hot spot for these arrests with 367 cases recorded, highlighting the gravity of the situation in this region in particular.

Key stakeholders for this last specific objective include civil society organisations, municipalities, schools, the Ministry of Education, the Ministry of the Interior, the Ministry of Social Inclusion, the Ministry of Health, the Ministry of Women and Human Rights, the national police, private-sector organisations, the University of Arts, the Federation of Sports, the Secretariat of Higher Education, Science and Technology and FEDEXPOR, a private-sector export association. Engaging in many activities aimed at empowering young people, these stakeholders have shown unwavering social engagement and commitment to fostering positive change. Their collaborative efforts reflect a collective dedication to shaping a brighter future for young Ecuadorians, based on the shared aims of social responsibility and community development.

## 3 DESCRIPTION OF THE ACTION

### 3.1 Objectives and Expected Outputs

Ecuador has unfortunately become known as the most violent country in Latin America, with a staggering rise in homicides. At the same time, the country has become a major centre for drug trafficking, with organised crime gaining complete control of some coastal regions. In the absence of the State this dire situation caught Ecuador off guard, overwhelming its law enforcement and administration. Moreover, the exporting sector is worried that the successful Free Trade Agreement with the EU could be put at risk. The proposed intervention builds on previous EU engagement in the security field and proposes complementary issues in two key areas:

Shock absorption and ability to reform

#### **Pillar 1: Resilient national institutions in the face of drug trafficking and related organised crime**

Strengthening the country's ability to prevent money laundering and its management of the penitentiary system

- Fostering structural and systemic change by strengthening the institutional capacity of the specialised investigative units of the executive, based on the 'follow the money' principle, complementing the efforts of judicial and security institutions.
- Supporting reform of the penitentiary system. The EU is currently the only international donor providing technical assistance (TA) in the penitentiary sector. The government plans extensive structural reforms of the executive's institutions, and the EU can accompany this process by sharing best practices in line with its democratic and human rights values and principles of rule of law and good governance, as stated in the EU SSR Framework, to create a sustainable solution in the face of these challenges.

Adaptation and stabilisation capacities

#### **Pillar 2: Resilient communities and non-governmental stakeholders in the face of drug traffickers**

- Improving the private sector's ability to secure its trading system: Successful implementation of the FTA is put at risk by TOC groups using containers to smuggle drugs. Capacity-building and providing technical assistance to the private sector will positively impact Ecuador's economic resilience by strengthening its ability to adapt and come up with constructive solutions.
- Strengthening social cohesion and preventing youth recruitment: this action focuses on preventing the recruitment of young people to criminal gangs by working with youth organisations, local communities, families, schools and municipalities in a gender-responsive and inclusive manner. The aim is to strengthen the cohesion and resilience of the community by fostering its capacity for stabilisation and absorption, complementing the government's efforts to reduce violence and criminality and foster community resilience.

The overall objective of this action is **to support security sector reform in Ecuador and strengthen the resilience of the country's national security institutions, communities and private sector**. The action will be implemented within two pillars: resilient national institutions and resilient communities and non-government agencies.

### **Specific objectives of this action:**

- 1 Strengthening the country's ability to prevent money laundering and recover financial assets from organised crime groups.
- 2 Supporting reform of the penitentiary system.
- 3 Improving the private sector's ability to secure its trading system.
- 4 Promoting social cohesion and preventing youth recruitment.

Outputs to be delivered by this action, contributing to the corresponding specific objectives:

#### **Contributing to Outcome 1:**

- 1.1 Reinforcing coordination and investigation capacities of government law enforcement institutions, judicial authorities and the general prosecutor's office by addressing organised crime in accordance with GAFILAT recommendations.
- 1.2 Identifying suitable means of sharing information from digital platforms, including Earth Observation and intelligence from geographic information systems, improving screening tactics and strengthening the UAFE-PS intelligence exchange link according to the annual plan, and providing or developing the necessary related software and technology.

#### **Contributing to Outcome 2:**

- 2.1 Strengthening the abilities and expertise of personnel involved in rehabilitation and reinsertion activities, also at juvenile correction centres, in a conflict- and gender-sensitive manner.
- 2.2 Providing technical assistance (TA), specialised capacity-building and support to the security forces (military and civilian) for developing joint strategies for implementing joint operations in crisis situations, taking into account international standards and best practices, including with respect to gender equality, human rights and child prisoners.

#### **Contributing to Outcome 3:**

- 3.1 Providing specialised TA to the private sector and government institutions for implementing public-private partnerships to secure exports logistics and the supply chain in accordance with the annual intelligence plan (FIU).
- 3.2 Implementing the recommendations of the "Ports security assessment" and identifying digital technologies and equipment to strengthen capacity in the private sector.

#### **Contributing to Outcome 4:**

- 4.1 Initiating a national pilot programme focused on young people in civil society, including youth organisations and girl organisations or movements, involving national institutions, municipal councils, the private sector and academia. The focus will be on illegal youth recruitment and how it can be prevented, taking account of specific gender-differentiated risks, rural and urban contexts and the situation of indigenous communities, as the case may be.
- 4.2 Supporting innovative and inclusive initiatives of national institutions, civil society and women's organisations, the private sector and academia in the areas of education, vocational training, sports and cultural activities.
- 4.3 Fostering an exchange between regions of experience in youth recruitment prevention (including the recruitment of girls) and peace-building initiatives targeting families and youth.

## **3.2 Indicative Activities**

### **Activities related to Output 1.1**

- 1.1.1 Reinforcing institutional capacities, information infrastructure systems and the investigation capacity of relevant government institutions.
- 1.1.2 Designing and delivering a comprehensive, conflict-sensitive training programme for all 'new players' on international investigation methods in cases involving drug trafficking, money laundering and transnational crime.

### **Activities related to Output 1.2.**

1.2.1 Setting up interoperability committees to help intelligence officers comply with the recommendations of the mutual legal assessment exercise (GAFILAT 2022).

1.2.2 Identifying technology and equipment to be put in place to facilitate information sharing in line with international best practices.

#### Activities related to Output 2.1

2.1.1. Providing technical assistance to the Ecuadorian state apparatus (executive, legislative and judiciary) to help reform the penitentiary system.

2.1.2. Facilitating cooperation and coordination among government agencies, civil society organisations, private-sector organisations and international donors to encourage rehabilitation and reintegration initiatives based on international experience.

#### Activities related to Output 2.2

2.2.1. Providing training, also through an exchange of experience, to personnel in the rehabilitation system to improve the management and administration of the penitentiary system, taking into account the needs of adolescents, including young girls.

#### Activities related to Output 2.3

2.3.1. Providing the security forces with special training, strategies, legal frameworks and coordination mechanisms to enable them to carry out joint interventions during crisis events (coordination mechanisms, resource mobilisation and communication protocols).

#### Activities related to Output 3.1

3.1.1 Developing protocols and procedures for securing port facilities and transport routes, from the farm or forest to the ports.

3.1.2 Building capacity and training private-sector representatives in the use of protocols and procedures to secure port facilities and transport routes.

#### Activities related to Output 3.2

3.2.1 Training private-sector port security managers in the use of new digital technologies.

3.2.2 Identifying technology and equipment to be put in place to ensure secure logistics from the farm to the ports.

#### Activities related to Output 4.1

4.1.1 Training personnel in government institutions, civil society, including women's organisations, academia, and the private sector in implementing new comprehensive methods to prevent youth recruitment by transnational organised crime, paying particular attention to the recruitment of boys and girls.

#### Activities related to Output 4.2

4.2.1 Implementing activities in the areas of education and vocational training and sports and culture with the support of academia, civil society, including women's organisations, and the private sector.

#### Activities related to Output 4.3

4.3.1 Fostering exchanges of experience between regions in peace-building initiatives focused on preventing recruitment to organised crime.

### 3.3 Mainstreaming

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#### **Environmental Protection & Climate Change**

**Outcomes of the EIA (Environmental Impact Assessment) screening** (relevant for projects and/or specific interventions within a project)

The EIA screening classified the action as Category C (no need for further assessment).

#### **Outcome of the CRA (Climate Risk Assessment) screening**

The CRA screening concluded that this action is of no or low risk (no need for further assessment).

#### **Gender equality and empowerment of women and girls**

This action is labelled G1 as per the OECD Gender DAC codes identified in Section 1.1. This classification has been given because resilient funds should not replicate projects already carried out in the country concerned. Currently UNICEF, UN Women and UNODC are working together with the National and Sectoral Government, Provincial Councils and Directorates of Women's Rights and the Ministry of Women and Human Rights on similar matters. This action will contribute to Gender Action Plan 3 and particularly to thematic priorities 3.1. Ensuring freedom from all forms of gender-based violence and 3.5. Integrating the women, peace and security agenda.

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#### **Human Rights**

Insecurity is a top concern for many Ecuadorians. The internal situation (armed conflict) forced the government to declare a state of emergency to be able to protect and guarantee the security of the population, with the approval of the Constitutional Court. This involves a strategic approach to resilience and calls for adapting how EU interventions are planned, designed, implemented and evaluated, allowing for a more collaborative, targeted and flexible response to be able to address the multifaceted and interlinked vulnerabilities and causes of fragility.

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#### **Disability**

This action will consider the rights and inclusion of people with disabilities, particularly young women and girls, who encounter major obstacles in accessing services and humanitarian aid, often experience discrimination and stigmatisation, and are at particular risk of physical, sexual and emotional violence and abuse. The programme aims to address the needs of people with disabilities through targeted responses. The rights of people with disabilities will also be integrated into training programmes for government staff.

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#### **Reduction of inequalities**

The security crisis is also linked to the long-term social and economic impacts of the COVID-19 pandemic, exacerbated by reduced fiscal expenditure. The rate of employment stands at 32.7%, with even lower rates for women, young people and rural workers. This action aims to tackle inequality by targeting people affected by this situation, in particular young and unemployed people.

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#### **Democracy**

In Ecuador, most governance-related democracy indicators have seen a negative trend in recent years. Instability has been further aggravated by the rise in violence. This action will contribute to awareness-raising and the peaceful exchange of ideas on how to solve the crisis, involving different sectors of society. While drastic measures will need to be adopted to take the country back to peace and order, this will be done on in compliance with democratic rules.

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### Conflict sensitivity, peace and resilience

This action has been designed and will be implemented under a conflict-sensitive approach, with the specific objective of building sustainable resilience and peace. Conflict sensitivity will be ensured through intelligence monitoring to look for indications of division and tension. The aim is to identify and promptly address any increase in violence and to identify opportunities for resilience and peacebuilding, adopting an inclusive approach to ensure activities align with national perspectives and realities. Best practices and recommendations from Women, Peace and Security or Youth, Peace and Security will be included in the programming phase. In a country whose demography is characterised by a young population, the programme aims to promote dialogue and mediation to help build a culture of peace as guaranteed by the Constitution. The action will be implemented in a Nexus approach to ensure coordination and coherence with other relevant humanitarian, development and peace agencies and initiatives. This includes building on former and ongoing support provided by the FPI, the use of tools provided under the EU SSR Framework and potential support from the EU Mediation Support Team.

### Disaster Risk Reduction

N/A

### Other considerations if relevant

The action, mainly through objective 4, will contribute to several priorities of the Youth Action Plan in EU External Action, mainly youth empowerment and implementation of the agenda on youth, peace and security. The existing Youth Sounding Board created by the EUD (Comite Consultivo de Ecuador) will be able to ensure youth engagement in the implementation and help identify key youth stakeholders who can contribute to youth recruitment prevention and help increase youth resilience.

## 3.4 Risks and Lessons Learnt

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
Continuing political and institutional instability detrimental to the implementers.	Risk 1	M	M	<i>Risk can be mitigated by means of an open dialogue and continued excellent relations between the government and the EU Delegation.</i>
Corruption and infiltration of TOC in all spheres of public life.	Risk 2	M	M	<i>Positive support from / relations with / accompaniment by the authorities</i>
Actions will be designed to cut gang's income, provoking	Risk 3	L	L	<i>General protection by the authorities Successful peace-building process.</i>

dangerous and considerable resistance.				
Challenges in ensuring a rights-based, gender-responsive and conflict-sensitive approach throughout all actions proposed	Risk 4	<b>M</b>	<b>M</b>	<i>Focus on gender-responsive and inclusive approaches; promote participation by youths, ethnic minorities and indigenous peoples; ensure human rights compliance by security forces and in prison standards</i>
Possible infiltration of organised crime in the private sector and in security and law enforcement	Risk 5	<b>H</b>	<b>H</b>	<i>Risk can be mitigated by means of active participation by the government, the EU Delegation and MSAs in the project's governing bodies, as well by establishing secure and fluid communication channels</i>
<b>Lessons Learnt:</b> The current situation in Ecuador is unprecedented.				

### 3.5 The Intervention Logic

The underlying intervention logic for this action is to support the EU-Ecuador partnership. It will enable the EU to boost its image as a reliable security partner, offering a credible alternative to Ecuador's traditional partners, and ensure a more visible presence within the Ecuadorian security sector. Traditional approaches, such as the war on drugs and other restrictive policies, have not brought the expected results. Hence these funds are an opportunity to launch a debate about alternative approaches, focusing on strengthening the security forces' technical and analytical capacity, knowledge sharing, resilience-building, prevention and citizen security in line with the EU SSR Framework, and complementing the approaches promoted by traditional security donors focusing on purchasing equipment and technologies and on security response capacity. Finally, ensuring a safe environment will be beneficial not only for the population but also for trade and commercial exchange, one of the main pillars of the Global Gateway policy. The exporting sector fears the negative impact of drug traffickers infiltrating export channels towards Europe and a possible blockade by EU Member States that would adversely affect Ecuador's economy. The proposed measures fall under the flagship on digitisation (securing connectivity and interoperability between the EU institutions and its partners). The intervention logic of the proposed action is the following:

The first pillar will address the money-laundering (ML) issue and support reform of the penitentiary sector. ML is the driving force behind TOC activities and the 'follow the money' principle needs to be reinforced to engage in a successful fight against the criminals.

The penitentiary sector is at the heart of the security crisis, as it is a place of recruitment and of planning criminal activities in the outside world. Continuing the EU's engagement in this sector is crucial to strengthening institutional resilience to be able to tackle the security challenges.

The second pillar will support the private sector and the resilience of local communities. In the current situation of growing poverty and emigration, caused to a certain extent by economic underperformance, it is crucial to help the private sector protect its activities and maintain business continuity. The private sector has also showed readiness and interest in such action.

Local communities are the worst affected by the violence taking place in Ecuador, and young people are often perceived as easy targets by TOC groups. Strengthening the resilience of young people and working closely with their families and communities is crucial to stop the cycle of violence. The project aims to establish, alongside the government, a set of means to solve this problem and to replicate it at national level.

### 3.6 Logical Framework Framework Matrix

This indicative logframe constitutes the basis for the monitoring, reporting and evaluation of the intervention. On the basis of this logframe matrix, a more detailed logframe (or several) may be developed at contracting stage. In case baselines and targets are not available for the action, they should be informed for each indicator at signature of the contract(s) linked to this AD, or in the first progress report at the latest. New columns may be added to set intermediary targets (milestones) for the Output and Outcome indicators whenever it is relevant.

- At inception, the first progress report should include the complete logframe (e.g. including baselines/targets).
- Progress reports should provide an updated logframe with current values for each indicator.
- The final report should enclose the logframe with baseline and final values for each indicator.

The indicative logical framework matrix may evolve during the lifetime of the action depending on the different implementation modalities of this action. The activities, the expected Outputs and related indicators, targets and baselines included in the logframe matrix may be updated during the implementation of the action, no amendment being required to the Financing Decision

Results	Results chain	Indicators	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptio ns
<b>Impact</b>	Strengthening the resilience of Ecuador, its communities and the private sector to overcome the security crisis associated with drug trafficking and organised crime.	<ol style="list-style-type: none"> <li>Country score for rule of law according to the Worldwide Governance Indicators (WGI) Project</li> <li>Number of professionals of the institutions of the social rehabilitation system who have been trained and are performing regular drills to be able to carry out their duties;</li> <li>Private sector successfully handling threats through management of intelligence gathering on people in the 6 targeted “hot spots” identified by the government;</li> <li>Level of presence of TOC groups in the target area</li> </ol>	1 2023 TbD 2 2023 TbD 3 2023 TbD 4 2023 TbD	1 2026 TbD 2 2026 TbD 3 2026 TbD 4 2026 TbD	National Observatories (Transparency International, Chapter Ecuador) Ecuadorian Organized Crime Observatory (OEEO) Consultancy for qualitative data collection Ministry of the Interior SNAI	<i>Not applicable</i>
<b>Outcome 1</b>	1. Strengthening the country’s capacity in anti-money laundering and recovery of financial assets from organised crime groups	1.1. Ongoing effective organisation/Revision of numbers of: Cash-intensive businesses/ Real estate firms/ Luxury good sellers/ Jewellery and precious metal dealers/ Money transfer services/ NGOs and charities// Number of sentences handed down by special judges on corruption and ML/FT, disaggregated per type of case	1.1.1. 2023 TbD 1.1.2. 2023 TbD	1.1.1 2026 TbD 1.1.2 2026 TbD	UAFE (FIU) Ministry of Interior National Tax System (SRI) National Bank Association	



					Ecuadorian Banking Superintendence	
<b>Outcome 2</b>	2. Supporting reform of the penitentiary system	2.1. Annual public budget allocated to penitentiary sector as a percentage of the State budget / Average expert review score on whether the prison facilities follow international standards to ensure meeting basic welfare needs and rehabilitation of convicts	2.1.1. 2023 TbD	2.1.1 2026 TbD	Ministry of Interior SNAI	
<b>Outcome 3</b>	3. Improving the private sector's ability to secure its trading system	3.1. Improved infrastructure policy and regulation (e.g. scanners, communication technology, software)	3.1.1. 2023 TbD	3.1.1 2026 TbD	World Bank, Ministry of Commerce	
<b>Outcome 4</b>	4. Social cohesion and youth recruitment prevention	4.1. Number of individuals at risk of recruitment by criminal gangs who have improved their vocational and life skills thanks to EU support (disaggregated by sex and age) (OPSYS core indicator)	4.1.1. 2023 TbD	4.1.1 2026 TbD	Data Source: Ministry of Employment, Ministry of Economic and Social Inclusion (MIES)	
<b>Output 1 relating to Outcome 1</b>	1.1. Reinforcing coordination and investigation capacities of government law enforcement bodies, judicial authorities and the general prosecutor's office in dealing with organised crime cases in accordance with GAFILAT recommendations	1.1.1. Country efficiently complying with FATF 40 Recommendations, recovering assets and bettering capacity to identify related predicate offences. 1.1.2. Number of professionals from different sectors (judicial, security etc.) who have received training and can demonstrate increased knowledge in the relevant areas (disaggregated by type of job, sex, specific training topic, duration and location)	1.1.1. 2023 TbD	1.1.1. 2026 TbD	General Prosecutor of the State Attorney General Office SRI National Bank Association	
<b>Output 2 relating to Outcome 1</b>	1.2. Identifying suitable information-sharing means and platforms and providing or developing the necessary related software and technology	1.2.1. Number of implemented information-sharing means.	1.2.1.1. 2023 TbD	1.2.1 2026 TbD	Ministry of Interior, UAFE, National Tax System (SRI) National Bank Association Ecuadorian Banking Superintendence	

<b>Output 1 relating to Outcome 2</b>	2.1. Improving penitentiary administration and management capacities of institutions of the national rehabilitation system	2.1.1 Number of civil servants provided with means to administrative and management capacities to implement in the national rehabilitation system, according to international standards (including human rights-related) 2.1.2 Average expert assessment score on the adequacy of training and skills of prison officers for responding to various prison situations	2.1.1. 2023 TbD	2.1.1 2026 TbD	National Social Rehabilitation System  Secretariat for National Planning	
<b>Output 2 relating to Outcome 2</b>	2.2. Strengthening the abilities and expertise of staff involved in rehabilitation and reinsertion activities	2.2.1. Number of civil servants provided with means to carry out rehabilitation and reinsertion activities /% of prison population with access to vocational education and training / medical care (disaggregated by sex)	2.2.1 2023 TbD	2.2.1 2026 TbD	National Social Rehabilitation System	
<b>Output 3 relating to Outcome 2</b>	2.3. TA, specialised capacity-building and drawing up joint strategies for the security forces (military and police) for the implementation of joint operations in crisis situations, taking into account international standards and experience	2.3.1. Enhanced capacities of security agencies on aspects linked to their competencies, duties (ethics and deontology rules, human rights compliance, gender responsiveness), response protocols, equipment and infrastructure	2.3.1 2023 TbD	2.3.1 2026 TbD	Ministry of Interior Ministry of Defence	
<b>Output 1 relating to Outcome 3</b>	3.1. Specialised TA to the private sector and governmental institutions for implementing public-private partnerships to secure the exports logistics and supply chain.	3.1.1 Number of PPPs to secure export and logistic chains	3.1.1 2023 TbD	3.1.1 2026 TbD	Baseline and endline surveys conducted and budgeted by the EU-funded intervention	
<b>Output 2 relating to Outcome 3</b>	3.2. Implementing the recommendations of the “Ports security assessment” and identifying digital technologies and equipment to strengthen capacity in the private sector	3.2.1. Improved capacities of the private sector allowing them to participate in port security and oversight and to prevent organised crime infiltration	3.2.1 2023 TbD	3.2.1 2026 TbD	Baseline and endline surveys conducted and budgeted by the EU-funded intervention	

Output 1 relating to Outcome 4	4.1. Strengthening institutional capacities of national institutions, civil society, private sector and academia in youth recruitment prevention methods.	4.1.1. Improved capacities of civil society, included youth organisations, allowing them to participate in youth recruitment prevention and oversight / Number of dialogue fora and communication channels established between groups Data Source(s) Progress and final reports for the EU-funded intervention.	4.1.1 2023 TbD	4.1.1 2026 TbD	Baseline and endline surveys conducted and budgeted by the EU-funded intervention	
		4.1.2. Number of youth civil society bodies and young members thereof trained by the EU-funded intervention who increased their knowledge and/or skills in negotiation / reconciliation / mediation / conflict management / conflict transformation / stabilisation (disaggregated by sex, age, disability status and ethnicity)	4.1.2 2023 TbD	4.1.2 2026 TbD		
Output 2 relating to Outcome 4	4.2. Supporting innovative and inclusive initiatives of national institutions, civil society, the private sector and academia in the areas of education, vocational training, sports and cultural activities	4.2.1. Strengthened capacities of government, civil society and other players in youth recruitment prevention, including general prevention of violence and social conflict (e.g. alternative dispute resolution, mediation, mitigation and resolution, early warning systems, intergroup and interfaith dialogue, peace education)	4.2.1 TbD 2023	4.2.1 TbD 2026	Baseline and endline surveys conducted and budgeted by the EU-funded intervention	
		4.2.2. Number of individuals engaged in dialogues / communication channels to prevent violence and social conflict with EU support, disaggregated by sex, age and ethnicity	4.2.2 TbD 2023	4.2.2 TbD 2026		
Output 3 relating to Outcome 4	4.2. Fostering exchange between regions of experience in youth recruitment prevention and peace building targeting families and young people	4.2.1. Percentage of people thinking violence is not a means to reach political objectives and are against supporting violent groups. Organisation of culture of peace programmes for maintaining youth participation in strengthening the social community (disaggregated by sex, ethnicity and age)	4.2.1 Tbd 2023	4.2.1 TbD 2026	Baseline and endline surveys conducted and budgeted by the EU-funded intervention <i>Latinobarometro</i> <i>UReport</i>	

## 4. IMPLEMENTATION ARRANGEMENTS

### 4.1 Financing Agreement

It is not envisaged to conclude a financing agreement with the partner country to implement this action.

### 4.2 Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in Section 3 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date the Commission adopts this Financing Decision.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer in duly justified cases.

### 4.3 Implementation Modalities

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

#### 4.3.1 Direct Management (Grants)

##### **Grants: (direct management)**

Regarding specific objective 3, provision has been made for a direct award to a consortium of Ecuadorian private-sector organisations in association with a key implementer for the delivery of EU development assistance or a Member State Agency (MSA) to implement the activities provided for under that specific objective.

##### **(a) Purpose of the grant(s)**

The grant will contribute to achieving specific objective 3 of the programme: 3. Improving the private sector's ability to secure its trading system. More specifically, it will contribute to achieving results 3.1: Specialised TA to the private sector and government institutions for implementing public-private partnerships to secure the exports logistics and supply chain in accordance with the Annual Intelligence Plan (FIU); and 3.2: Implementation of the recommendations of the "Ports security assessment" and identification of digital technologies and equipment to strengthen capacity in the private sector.

##### **(b) Type of applicants targeted**

Private-sector organisations, which are in a unique position to implement specific activities in this highly sensitive context. The organisations must have broad technical and administrative capacity, experience in the exports logistics chain, and the strong, country-wide presence needed to implement secure solutions for its trading system. They must also have proven extensive knowledge of trade regulations between the European Union and Ecuador, especially as regards exports of agricultural products (banana sector), ample technical and administrative experience in the implementation of cooperation grants and sector- and country-wide outreach through its relations with the regional chambers of commerce (including agriculture, agro-processing and services). The associated member must also have a proven record in development of port security legislation and related compliance frameworks, experience of strategic elements such as support for the development of national maritime-security committees, support for enhanced government oversight capability of SOLAS Chapter XI-2 and ISPS Code security measures at ports, experience in implementing national tabletop exercises, and experience of technical assistance in implementing port-facility security recommendations and security plans and support for the planning and conduct of maritime-security drills and exercises.

Direct engagement with these private-sector organisations, in association with a key implementer for the delivery of EU development assistance or MSA will allow the policy dialogue to be further enhanced and facilitate successful implementation of the recommendations of the port security assessment. Furthermore, the type of consortium envisaged will allow rapid, large-scale implementation of the action's specific objective.

#### **(c) Justification of a direct grant**

This grant will be awarded under Article 195(f) of the Financial Regulation, which allows the award of a grant without a call for proposals 'for activities with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation or its administrative powers, on condition that the activities concerned do not fall within the scope of a call for proposals'.

Under the responsibility of the Commission authorising officer in charge, the grant may be awarded without a call for proposals to a consortium of private-sector organisations, in association with a key implementer for the delivery of EU development assistance or MSA. The consortium must have national guilds of the agricultural sector, especially the banana sector, among its associated members. It must have excellent knowledge of the rules of the Free Trade Agreement between Ecuador and the European Union, specialised knowledge of port security and the implementation of EU best practices, and preferably proven technical competence and experience in the management of EU funds.

The activities envisaged have very specific characteristics, in line with national policy in a highly sensitive sector (ability of the private sector to secure its trading system). As the action involves direct cooperation with private companies, local governments, ministries and the security forces, it requires specific knowledge of the sector and of the particular characteristics of the beneficiaries, as well as extensive and specialised knowledge of port security. For a successful implementation of activities, it is crucial that the key implementer is recognised and accepted by the different stakeholders (private companies, specialised guilds and ministries) in the sector and in the geographic area targeted. This also means that the organisation and its work must be endorsed by the national authorities.

Only a consortium of Ecuadorian private-sector organisations in association with a key implementer for the delivery of EU development assistance or MSA will have the technical competence, degree of specialisation and necessary political endorsement to successfully operate in this complex context. The consortium members must be active in the field at present, with direct experience of working with private companies with strong ties to the European Union, local governments, ministries, security forces within Guayaquil's port system as well as security forces in the EU context. The consortium members must prove that they have sufficient capacity and political leverage to implement the recommendations of the EU port security assessment.

This direct engagement will allow activities to start up quickly in coordination with all the different stakeholders in a highly sensitive and difficult context and will contribute to swift implementation of suitable security solutions to the benefit of both Ecuador and the EU.

The part of the action covered by the budgetary envelope reserved for grants may, partially or totally, including where an organisation is designated to receive a grant without a call for proposals, be implemented in indirect management with an organisation, which will be selected by the Commission using the criteria defined in Section 4.3.1.b above.

#### **4.3.2 Indirect management with a pillar assessed entity**

##### **(i) Indirect Management with EU Member State Agencies (MSA)**

A part of this action may be implemented in indirect management with EU Member State agencies (MSAs) as regards actions under specific objectives 1 and 2. Implementation by MSAs with specific European expertise is considered one of the factors contributing to the success of current resilient funds, and is thus considered the main implementation method for this action.

Members of the Consortium will be selected by the Commission using the following criteria:

- (i) Completion of pillar assessment
- (ii) Specific expertise in the areas of security and justice and/or operational links with MS ministries of justice and/or security/interior
- (iii) Robust operational capacity

The objective is to mobilise the widest possible European expertise for the implementation of the programme, working closely especially with the EU MS and European institutions involved in the Regional TEI for Justice and Security.

In the context of the TEI, also taking into account the implementing agencies of EL PAcCTO 2.0, discussions are already ongoing to clarify which MS/MSA may be interested in cooperating on the implementation of the current operational support programme. Those Member States which cannot formally join the consortium through a pillar assessed agency may contribute expertise by cooperating with pillar assessed agencies. Similar arrangements could be made between the MSA and EU specialised agencies in the area of justice/security. The MSA will also engage with civil society organisations and international organisations involved in the rule of law and fight against organised crime.

**(ii) Indirect Management with an UN Agency or with EU Member State Development Cooperation Agencies**

Regarding specific objective 4, part of this action may be implemented with a specialised UN agency or EU Member State agency (MSA) to enhance international cooperation on a youth recruitment prevention in relation to transnational organised crime.

Several specialised UN agencies have an international mandate in these specific areas. This action could benefit from the implementation of related projects and from established networks within local civil-society, in Ecuador. Also, due to the international mandate, UN agencies could mobilise additional resources from other international donors that could benefit these specific activities and create international leverage.

Furthermore, implementation by a MS development cooperation agency with proven local experience in youth recruitment prevention activities relating to transnational organised crime, mobilisation of local expertise of local civil society organisations and mobilisation of specific European expertise is also considered a factor contributing to the success of current resilient funds, thus representing a feasible implementation method for this specific objective.

Suitable implementing organisations will be selected by the Commission using the following criteria:

- (i) completion of pillar assessment;
- (ii) specific local expertise in the areas of recruitment prevention, protecting people reporting drug offences and preventing recruitment of young people, with a focus on urban contexts, experience in inclusive initiatives of national institutions, civil society, the private sector, academia, education and vocational training, sports and cultural activities, peace-building initiatives targeting families and young people, security and justice;
- (iii) robust operational links with local civil society organisations as well as with international specialised civil society organisations;
- (iv) robust operational capacity.

#### 4.3.3 Changes from indirect to direct management mode (and vice versa) due to exceptional circumstances (one alternative second option)

If the means of implementation originally provided for under indirect management cannot be implemented due to circumstances outside of the Commission's control, the Commission reserves the right to consider identifying an alternative means of implementation in direct management through the award of grant contracts. In this case, the selection criteria to be applied would be the same as the criteria mentioned under 4.3.2, namely specific expertise, robust operational capacity as well as operational links with national and local authorities and civil society organisations.

#### 4.4 Scope of Geographical Eligibility for Procurement and Grants

Geographical eligibility, in terms of place of establishment for participating in procurement and grant award procedures and in terms of the origin of supplies purchased as established in the basic act and set out in the relevant contractual documents applies, subject to the following provisions.

The Commission's responsible authorising officer may extend the geographical eligibility in urgent cases, cases where services are unavailable in the markets of the countries or territories concerned, or in other duly substantiated cases where applying the eligibility rules would make it impossible or exceedingly difficult to carry out this action (Article 28(10) NDICI-Global Europe Regulation).

#### 4.5 Indicative Budget

<b>Indicative Budget components</b>	<b>EU contribution (amount in EUR)</b>
<b>Objectives of the programme</b>	
<b>Objectives 1 and 2</b>	
Indirect management with EU MS agencies	5 500 000
<b>Objective 3</b>	
Direct grant with private sector association	1 500 000
<b>Objective 4</b>	
Indirect management with a UN agency or with EU MS development cooperation agencies	3 000 000
<b>Contingencies</b>	0
<b>Totals</b>	10 000 000
Of which: Total amount of Grants	1 500 000

#### 4.6 Organisational Set-up and Responsibilities

As part of its budget implementation prerogative and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

In order to guarantee the global strategic orientation of the programme and review progress in implementation of actions provided for under the programme, the European Union and the Ministry of Foreign Affairs and Human Mobility (MFAHM) will establish a programme Steering Committee, which will meet at least once a year, to provide political guidance on the action. It will be composed of the European Union Head of Delegation, the Minister of Foreign Affairs and Human Mobility, who will act as Chair of the Committee, and the programme's implementing partners, high-level representatives of the direct beneficiaries, as well as other relevant institutions.

In addition, a programme Technical Committee, which will meet at least two times a year, will ensure the day-to-day running of the operation. It will be composed of the EU programme officer in charge and technically responsible for all direct beneficiaries, who will act as co-chair of the Committee, and the responsible Directors of the MFAHM, the Ministry of the Interior, the national organisation in charge of the prison management system (currently SNAD), as well as other relevant institutions. The Head of Technical Assistance will also be part of the Committee and will provide secretarial assistance. Other stakeholders will be invited as necessary.

## 5 PERFORMANCE MEASUREMENT

### 5.1 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 end, the implementing partner must establish a permanent internal technical and financial monitoring system for the action and draw up regular progress reports (at least annually) and final reports. Every report is to provide an accurate account of the actions' implementation, of any difficulties encountered and of any changes introduced.

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

### 5.2 Evaluation

Having regard to the importance and nature of this action, a mid-term and final evaluation(s) will be carried out for the action or its components via independent consultants contracted by the Commission or via an implementing partner.

Evaluation will be carried out for problem-solving and learning purposes, in particular with a view to analysing the feasibility of achieving results and adapting the design if necessary.

The Commission will inform the implementing partner of the dates envisaged for evaluation missions at least 2 months in advance. The implementing partner must collaborate efficiently and effectively with the evaluation experts, and must, among other things, provide them with all the necessary information and documentation and give them access to the project premises and activities.

The evaluation reports may be shared with the partners and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission will analyse the evaluations' conclusions and recommendations and, where appropriate, make the necessary adjustments.

The evaluation may be financed by another measure constituting a Financing Decision.

### 5.3 Audit and Verifications

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



## 6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

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

In line with the 2022 document entitled ‘Communicating and Raising EU Visibility: Guidance for External Actions’, it will remain a contractual obligation for all organisations 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 organisations such as UN agencies, international financial institutions or agencies of EU Member States.

However, action documents for specific sector programmes are in principle no longer required to provide for communication and visibility actions promoting the programmes concerned. These resources will instead be consolidated in cooperation facilities established by support measure action documents, allowing Delegations to plan and execute multiannual strategic communication and public diplomacy actions with a sufficient critical mass to be effective on a national scale.

## Appendix 1 REPORTING IN OPSYS

An intervention (also generally called project/programme) is the operational organisation associated with a coherent set of activities and results structured in a logical framework aiming at delivering development change or progress. Interventions are the most effective (hence optimal) organisations for the operational follow-up by the Commission of its external development operations. As such, interventions constitute the base unit for managing operational implementations, assessing performance, monitoring, evaluation, internal and external communication, reporting and aggregation.

Primary interventions are those contracts or groups of contracts bearing reportable results in line with the following business rule: 'A given contract can only contribute to one primary intervention and not more than one'. An individual contract that does not produce direct reportable results and that cannot be logically grouped with other result reportable contracts is considered a 'support entity'. The sum of all primary interventions and support entities is equivalent to the full development portfolio of the Institution.

Primary interventions are identified when each action is designed by the responsible department (Delegation or Headquarters operational Unit).

The level of the primary intervention is defined in the related Action Document and it is revisable; it can be a(n) (group of) action(s) or a (group of) contract(s).

In the left-hand column, tick one of the three possible options for the level of definition of the primary intervention(s) identified in this action.

In the case of a 'Group of actions', add references to the present action and any other action concerning the same primary intervention.

For 'Contract level', add the reference to the corresponding budgetary items in point 4.5, Indicative Budget.

<b>Option 1: Action level</b>		
<input type="checkbox"/>	Single action	Present action: all contracts in the present action
<b>Option 2: Group of actions level</b>		
<input checked="" type="checkbox"/>	Group of actions	Action reference: ACT 62710
<b>Option 3: Contract level</b>		
<input type="checkbox"/>	Single Contract 1	
<input type="checkbox"/>	Single Contract 2	
<input type="checkbox"/>	Single Contract 3	
<input type="checkbox"/>	Single Contract 4	