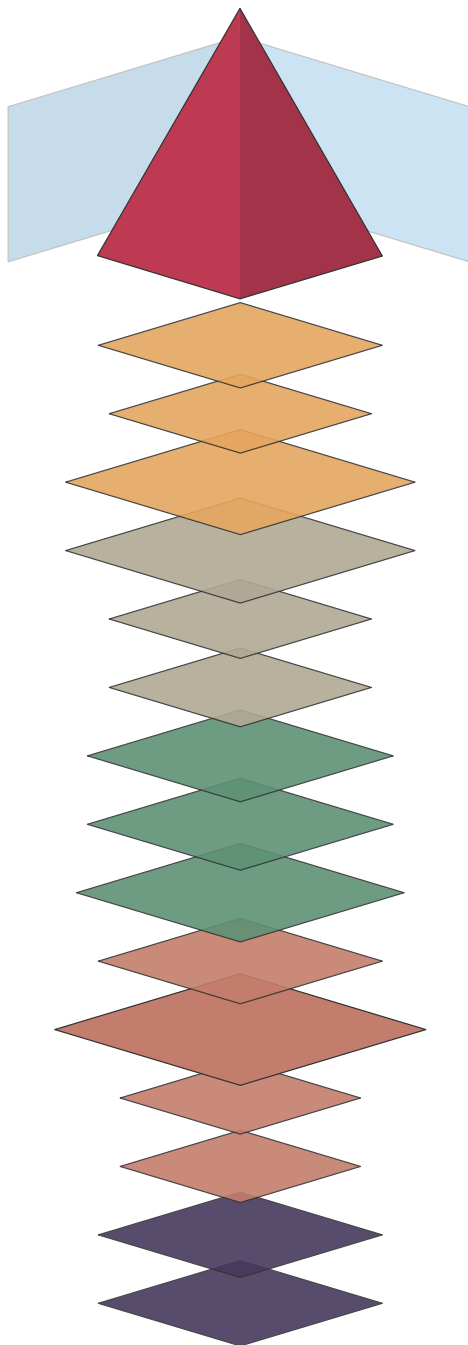




ECUADOR



7.07

CRIMINALITY SCORE

11th of 193 countries

4th of 35 American countries

3rd of 12 South American countries



CRIMINAL MARKETS

6.73

HUMAN TRAFFICKING	6.50
HUMAN SMUGGLING	6.00
EXTORTION & PROTECTION RACKETEERING	8.00
ARMS TRAFFICKING	8.00
TRADE IN COUNTERFEIT GOODS	6.00
ILLICIT TRADE IN EXCISABLE GOODS	6.00
FLORA CRIMES	7.00
FAUNA CRIMES	7.00
NON-RENEWABLE RESOURCE CRIMES	7.50
HEROIN TRADE	6.50
COCAINE TRADE	8.50
CANNABIS TRADE	5.50
SYNTHETIC DRUG TRADE	5.50
CYBER-DEPENDENT CRIMES	6.50
FINANCIAL CRIMES	6.50



CRIMINAL ACTORS

7.40

MAFIA-STYLE GROUPS	8.00
CRIMINAL NETWORKS	7.50
STATE-EMBEDDED ACTORS	7.00
FOREIGN ACTORS	8.00
PRIVATE SECTOR ACTORS	6.50



4.88

RESILIENCE SCORE



Funding provided by the United States Government.

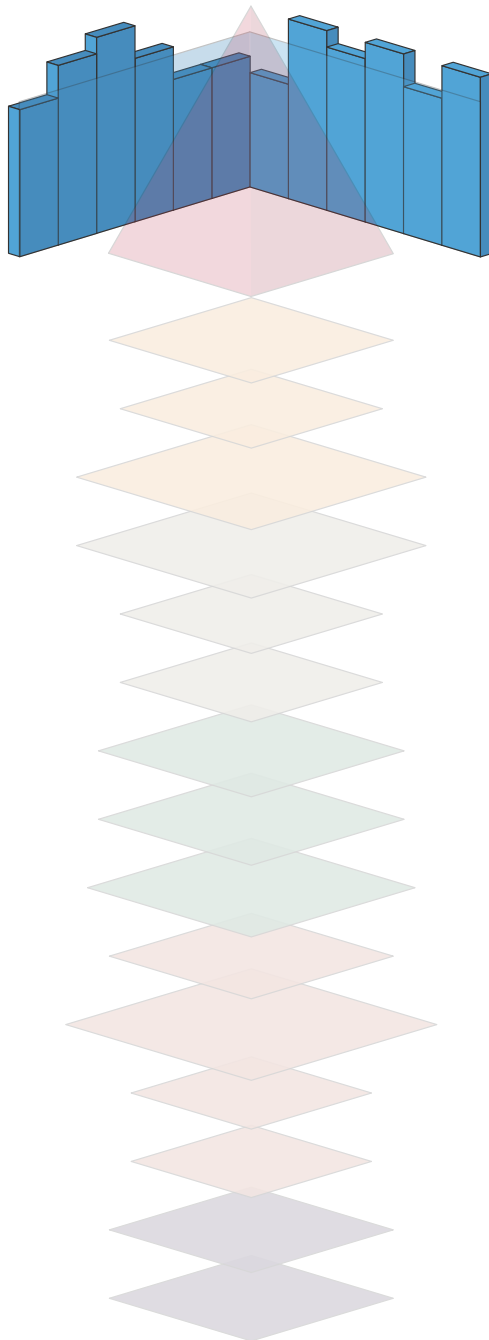


Funded by the European Union

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ECUADOR



4.88

RESILIENCE SCORE

96th of 193 countries

19th of 35 American countries

6th of 12 South American countries

POLITICAL LEADERSHIP AND GOVERNANCE	4.50
GOVERNMENT TRANSPARENCY AND ACCOUNTABILITY	5.50
INTERNATIONAL COOPERATION	6.00
NATIONAL POLICIES AND LAWS	5.00
JUDICIAL SYSTEM AND DETENTION	4.00
LAW ENFORCEMENT	4.00
TERRITORIAL INTEGRITY	3.50
ANTI-MONEY LAUNDERING	5.50
ECONOMIC REGULATORY CAPACITY	5.00
VICTIM AND WITNESS SUPPORT	5.50
PREVENTION	4.50
NON-STATE ACTORS	5.50



7.07

CRIMINALITY SCORE



CRIMINAL MARKETS **6.73**



CRIMINAL ACTORS **7.40**



CRIMINALITY

CRIMINAL MARKETS

PEOPLE

Ecuador is a source, transit and destination country for human-trafficking victims, mainly destined for sexual exploitation and forced labour. The victims are often members of vulnerable groups, such as people with disabilities, returned Ecuadorians, indigenous people and youth with access to social media, which is often used as a recruitment tool. In some cases, there are misconceptions regarding the legality of trafficking due to certain cultural practices. Victims are sometimes exploited within their own family circles. The high level of human trafficking and lack of understanding of the number of organized-crime groups involved have left the Ecuadorian authorities in a weak position. Children are particularly at risk, with reports of armed Colombian groups forcibly recruiting Ecuadorian children living along the northern border. Human-trafficking networks are also connected to other types of crime, including contract killings, drug trafficking and forced recruitment for armed conflicts.

Regarding human smuggling, Ecuador's visa-free entry for many nationals has made it a primary landing zone for thousands of people attempting to reach the US. Criminal networks transport people from various countries, including India, Nepal, Bangladesh, Pakistan, Cuba, Haiti and Senegal, to Ipiales, Colombia, before making their way to North America. There has been an increase in the number of Ecuadorians crossing the Darien Gap, with their number being the second-highest after Venezuelans. The COVID-19 pandemic has exacerbated the influx of Venezuelans fleeing their country, leading to more clandestine smuggling routes to Ecuador.

Extortion and protection racketeering have become major issues in recent years, threatening the liveability of certain areas of the country. Many people fleeing Ecuador cite *vacunadores* or extortionists as one of the main reasons for their decision to leave. Criminals have become increasingly bold and violent, closing main roads to rob buses or charge tolls, killing customers and owners of local businesses, and even threatening terrorist acts such as placing explosives in gas stations when businesses refuse to pay rackets. Extortion calls are also common, with many originating from the penitentiary system or from criminal actors abroad who identify themselves as members of various dangerous gangs. The government and law enforcement have done little to address this pressing issue, and extortion-related assassinations have become common.

TRADE

Although Ecuador had strict regulations of the manufacturing, buying and selling of weapons, illegal arms trafficking has been on the rise in recent years, fuelled by transnational crime structures. The government's decision to make it easier for civilians to legally buy arms has been met with criticism. This is not only because it is a recognition that the state cannot guarantee the basic security of its citizens, but also because of the high level of corruption that may facilitate the infiltration of legal arms to criminal actors. Most of the circulating firearms are from artisanal local manufacturers, but the market is also transnational. Some weapons acquired by Colombian armed groups travel from the US and Mexico through Ecuador, and drug planes have been reported to enter the country with weapons and money to be delivered to mega-gangs that work for the Mexican cartels. Other sources of arms include Chile and Peru, and the armouries of the public force. The increase in illegal arms trafficking has contributed to a surge in violent deaths, and Ecuador's murder statistics are the worst in a decade. As many of these deaths are attributed to the confrontation between organized-crime groups, the liberalization of arms possession might not result in enhanced security, but rather exacerbate the levels of violence.

The authorities have seized many counterfeit drugs in Ecuador, with analgesics, vitamins and sedatives being the most common. The local market is also flooded with fake clothing and electronics. These articles are sold openly and in legally registered businesses, as the trade is not seen as illegal. With regard to excise goods, the increase in e-commerce in Ecuador has led to a rise in illicit trade practices such as smuggling. The increase in seizures of illegal cigarettes in 2021 was striking compared to pre-pandemic levels. The trade in illegal cigarettes is usually linked to organized crime, which seeks to launder its proceeds from drug trafficking. It is estimated that more than half of the cigarettes consumed in the country have an illicit origin. Smuggling mainly occurs through clandestine crossings on the northern and southern borders.

ENVIRONMENT

Illegal logging continues to pose a threat to Ecuador, which is both a source of and destination for illegal timber. Organized-crime groups pay regular bribes to police and soldiers to transport illegal timber from Colombia to Ecuador and then disguise its origins before legally exporting it to Peru. Almost half of the timber sold in the country is illegal, with over a million cubic metres sold locally every year. This illegal activity has resulted in the destruction of protected zones, including protected species like mahogany and cedar. Mahogany, in particular, is the most threatened species in the Amazon rainforest. Peruvian loggers cross the Amazon

border to cut cedar and mahogany before returning to their country via riverways. However, Ecuador has not yet established a plan with its neighbouring countries to combat this illegal activity, and the government's response to complaints has been unsatisfactory. In addition, the northern region of Pichincha, renowned as a crucial hub for orchid cultivation, is particularly affected. It has come to light that a significant illicit trade in orchid seeds is thriving in this area, an issue that has not received the attention it warrants.

Ecuador's diverse wildlife attracts traffickers, with birds, reptiles and mammals being the most trafficked species. Endemic species, such as Galapagos tortoises and land iguanas, are particularly valuable on the international market due to their uniqueness. Although government campaigns and seizures have increased, the problem persists, with traffickers using more sophisticated methods. The normalization of this crime in Ecuador is also a reason why people continue to keep exotic animals as pets and consume bushmeat, particularly in the Amazon region. This has led to many vertebrate species being under threat in Ecuador, largely due to domestic consumption. Furthermore, concerns have been raised about illegal, unreported and unregulated fishing, especially by Chinese vessels, and corruption related to shark fin exports. Directed shark fishing is not permitted, but the trade is allowed if it is a bycatch, providing an opportunity for traffickers to target sharks but declare them under this figure. Excessive bycatch is also a reason for shark meat being commonly found in fish markets and sold to customers as commonly consumed fish types.

Non-renewable-resource crimes in Ecuador are mainly committed by domestic criminal networks, but recently illegal mining has seen the involvement of Colombian mafia-style groups in the border areas. The Cordillera del Cóndor is an area where illegal miners enter Peru to extract gold that they later process on the Ecuadorian side. In the province of Esmeraldas, illegal mining has developed to replace the previously dominant criminal economy of supplying arms to the insurgency of the Revolutionary Armed Forces of Colombia. Additionally, illegal mining in Napo heavily affects rivers and the biodiversity of the Amazon region, where prosecutors have seized substantial amounts of illegal-mining equipment. The smuggling of fuel and liquid natural gas from Ecuador to Peru and Colombia is the most harmful crime for the state due to the subsidies that make the prices of these commodities cheaper than those in other Latin American countries. Criminal networks composed of Ecuadorians, Peruvians and Colombians profit by selling smuggled fuel abroad. Low-level state actors such as police officers, soldiers and other government officials facilitate the transportation of these and other illicit goods. There are also suspicions that high-level authorities may allow the biggest smugglers to transport large quantities out of the country.

DRUGS

Ecuador is both a destination and source country for drugs, particularly heroin and cocaine. In the case of heroin, Peruvian opium is transported into Ecuador, while Colombian heroin is exported to the US. Members of the police have been caught tipping off traffickers to their operations, providing security, and allegedly even planning murders with local criminal chiefs. As a result, Colombian micro-trafficking networks have taken over the drug market and established control over deprived neighbourhoods through distribution and security networks. This has created a situation where drugs, sex work and guns are widespread, and shoot-outs are common. Adolescents are particularly vulnerable, with heroin consumption starting as early as at 14 years of age. It is often mixed with other drugs to create a cycle of constant addiction.

In recent years, Ecuador has become a cocaine superhighway due to large-scale cocaine trafficking through its Pacific ports, as well as a growing domestic market. Drug trafficking is largely controlled by Mexican, Colombian and Albanian mafia groups and cartels who team up with local gangs. As a result, Ecuador is one of the main source countries for cocaine to Europe. This surge in drug production has also led to increased homicide rates over the last decade, demonstrating a direct correlation with the amplified flow of drugs. While the current government alleges that the gang war in the country is due to record seizures by authorities, it is rather attributable to the fact that quantities seized in drug operations are becoming larger. Corruption is a major factor, and easy access to precursor and processing chemicals in Ecuador has reduced the risk and manufacturing cost of cocaine domestically. Drug traffickers profit from the absence of government officials in the provinces of Esmeraldas and Sucumbios, where most of the drugs are moved to the ports by road. The result is that the drugs are often stashed among legal cargo. Organized-crime groups also smuggle liquid chemicals, including ether, from Ecuador to Colombia and Peru for cocaine processing. Thus Ecuador is also becoming a major transit country for chemical precursors.

Meanwhile, marijuana cultivation in Ecuador cannot supply the local market, with the most in-demand variety, 'creepy', being imported from Colombia. Ecuador is also used as a transit country to smuggle this drug into Peru and Chile. The illegal trade in creepy generates high profits, attracting the interest of international criminal organizations, including Colombian, Mexican and Brazilian mafias. Organized-crime groups dealing with cannabis are particularly active in Esmeraldas, at the border with Colombia. With regard to synthetic drugs, ecstasy or methamphetamine pills are accessible for the local market, and dealers target young consumers, even selling them outside schools. Ketamine from Ecuador is smuggled into Colombia due to its lower price, but there are also reports that 2C-B, containing ketamine, is produced in the Colombian region of Pereira and transported to Ecuador.

CYBER-DEPENDENT CRIMES

Cyber-attacks on private and governmental institutions increased significantly in recent years. The areas most affected include telecommunications companies, the police, the transit authority and private banks. In one case, a ransomware attack hijacked critical information from a state-owned telecommunications company, forcing the government to declare a state of emergency. It is unclear whether this declaration was used to mobilize public funds to pay the ransom, as the case has been shrouded in secrecy. In addition, it is suspected that a cyber-attack on the transit authority was a retaliation by a network of officials colluding with criminals who were issuing fraudulent licences nationwide. With respect to other minor cases, the majority of the attacks reported came from abroad.

FINANCIAL CRIMES

Financial crimes are a prevalent issue in Ecuador, with Ponzi schemes being the most common type. Police and military personnel have been found to be key participants and even partners in the country's most notorious financial scams. These individuals see such schemes as an attractive way to invest funds obtained through corruption and bribes. As a result, authorities have issued warnings to the public to be cautious of investing money in suspicious companies or funds that offer unusually high returns, as thousands of Ecuadorians have entrusted their money to illegal money collectors.

Another pervasive form of financial crime in Ecuador is tax evasion, with the country losing almost half of the treasury's annual tax collections to this crime. In fact, Ecuadorian companies' non-payment of income tax is among the highest in Latin America. Digital fraud is also widespread, with accountants and scammers operating through social networks. Additionally, corruption within the social security and healthcare systems is rampant, with millions of dollars lost to embezzlement, which has defunded these institutions. Consequently, there is a crisis in social security hospitals, where patients have to buy their own medicines and other medical supplies that should have been provided for free.

Furthermore, cyber-mafias in Ecuador engage in phishing, infecting computers and cell phones through malicious links, creating fraudulent e-commerce websites and hacking social networks.

CRIMINAL ACTORS

Organized crime is a serious issue in Ecuador, with local and foreign mafia-style groups working together to engage in criminal activities such as drug trafficking, contract killings, extortion, illegal mining and money laundering. Local groups have more moderate members than international organizations, but they facilitate transport and support other

criminal activities. While they do not control territory, some have control of the prison system and deploy high levels of violence. The struggle for control of drug- trafficking routes among mafia groups has led to a gang war that has serious impact on society, with terrorist threats becoming more common. The police forces and the military are unable to enforce law, allowing the country to become a hub for organized crime. This war has also led to hundreds of people dying due to constant outbreaks of violence in the prison system.

In addition to local groups, Ecuador is home to several international crime organizations, including those from Colombia, Mexico, Albania and China. Colombian groups control a considerable share of Ecuadorian trafficking routes, including maritime routes along the Pacific Coast, where the state has little control. There is also a growing presence of Balkan crime groups involved in drug trafficking, and their violent and terrorist tactics are being mimicked by local groups in the fight for control of trafficking routes to Europe. Moreover, Brazilian gangs are reportedly interested in expanding their trafficking routes to Ecuador, which could cause a bloody confrontation with the Mexican cartels operating in the region. Asian groups are mostly involved in human smuggling. The presence of these international crime organizations has led to a loss of public confidence in the ability of the Ecuadorian state to control its territory and protect its citizens.

Loose criminal networks operate across Ecuador and are mainly involved in criminal markets such as drug and people trafficking, people smuggling and illegal mining. These groups operate at a provincial or city level, with some violently disputing the drug trafficking market in Guayaquil. Criminal organizations are believed to operate from within the prison system, where they use violence, including extortions and murders. Murder-for-hire rings are also reportedly present and have access to high-powered weapons. Prisons have become the perfect criminal ecosystem for the proliferation of organized crime.

Corruption is rampant in Ecuador, with state actors involved in drug and illegal gold trafficking in criminal markets. Officials ranging from police and military members to judges and prosecutors have been accused of facilitating these activities in exchange for bribes or favours. Some criminal networks have also obtained military weapons, ammunition and explosives through corrupt officials. In the human-trafficking market, corrupt Ecuadorian officials have been reported to be part of organized-crime groups, serving as informants on the occurrence and timing of law enforcement operations and facilitating operations by procuring falsified identity documents. This resulted in victims' lack of confidence in the police and a reluctance to report potential cases.

Organized crime in Ecuador predominantly launders its revenue through the construction and commerce sectors. Real estate developers and construction companies accept

resources from illicit activities to fund large housing, office and infrastructure projects. Despite the impact of the COVID-19 pandemic on the economy and the real estate sector, the construction boom in the main cities of the country did not stop. Other legitimate businesses

used to reinvest illicit funds are hardware stores and car dealerships. Pseudo-cooperatives for savings and credit have also been established in the southern provinces as mechanisms for money laundering, with some found to be part of criminal networks worth millions of dollars.

RESILIENCE

LEADERSHIP AND GOVERNANCE

The current government's lack of leadership has led to a political stalemate and democratic backsliding. The government's political capital has been drained, leaving it with virtually no allies and rejection from the majority of the population. In fact, the president has one of the lowest approval ratings in Latin America, as demonstrated by his loss in the referendum he called against organized crime. The current government's failure can be attributed in part to the de-institutionalization of the state, leading to all areas suffering from poor planning and execution despite having adequate funds. The lack of capacity of the presidential cabinet has led to a deterioration of law enforcement and public services, which has been exploited by mafia groups to gain territory. Currently, the country is experiencing a sharp rise in homicide rates, ending a decade-long decrease; rampant extortion and an increasing terrorist threat. The pressure to reduce the size of the public sector in Ecuador has led the government to eliminate important institutions. Ecuador is the only country in the region without a ministry of justice, and the public planning entity, which was disbanded under the previous government, has not been adequately re-institutionalized by the current government, leading to poor public policies and investment. Furthermore, the slow response from the government to corruption cases linked to the infiltration of the drug-trafficking mafia into the political elite has worsened already low public trust in state institutions. The capability of public institutions responsible for upholding transparency and accountability has been diminished as a result of allegations involving money laundering and bribery, along with complications in the selection process of new officials. Access to information in Ecuador is also poor.

Despite Ecuador signing and ratifying numerous international treaties and conventions to combat organized crime, as well as receiving support from the US, including capacity-building courses, equipment and funding from the Bureau of International Narcotics and Law Enforcement Affairs to strengthen its fight against narcotics trafficking and transnational crime, there are still areas that need improvement. Ecuador is yet to ratify the Arms Trade Treaty, and some of its extradition agreements need to be updated to be more effective. Although the country

has adequate laws to fight organized crime, resources to enforce them are inadequate.

CRIMINAL JUSTICE AND SECURITY

The judicial system in Ecuador lacks independence, which limits its ability to effectively investigate corruption and money laundering, thereby weakening the rule of law. The judiciary system is seen as facilitating crime, as many judges have freed criminals, mafia leaders and murderers by abusing loopholes in jurisdiction matters, allowing any judge to rule on cases not belonging to their cities. Moreover, prosecutors have also been accused of presenting poor cases, leaving judges with no option but to free criminals. Police officers have complained about the judiciary thwarting law enforcement efforts. The prison system in Ecuador is highly dysfunctional, with the state having little to no control over different prisons, which have become hubs of criminality. The penitentiary crisis in Ecuador is currently at its worst in history, with hundreds of people murdered due to conflicts between gangs. Overpopulation of prisons is another factor fuelling violence.

The national police in Ecuador has a unit dedicated to combating organized crime but faces challenges due to limited resources, bureaucratic delays and frequent rotations of specialized police. Despite once being recognized as one of the most professional and well-paid institutions in Latin America, the current and previous government have allowed law enforcement infrastructure, vehicles and equipment to deteriorate significantly. Additionally, the reduction in budget and number of community policing units throughout the country have enabled criminal groups to take over certain areas. The national police has lost credibility following high-profile crimes in which active police officers have been involved.

The northern border with Colombia remains challenging to police due to the jungle terrain. The Putumayo-Caqueta region has the largest area of coca cultivation, which is affected by the presence of national illegal-arms actors and transnational criminal groups. Due to its position between Colombia and Peru, two major cocaine producers, cocaine trafficking is taking over the country as it serves as the main transit for consumer countries due to the retreat

of the state. Its position and dollarized economy also make Ecuador a popular destination for drug traffickers and cartels to launder money. Ecuador has also become a popular target for cyber-attacks and is considered one of the most vulnerable countries to these crimes in the region. The government of Ecuador is poorly prepared for cyber-attacks, and investigations have not yielded any results. The lack of capacity for prevention and protection is the main reason for this.

ECONOMIC AND FINANCIAL ENVIRONMENT

Ecuador has had an anti-money laundering law in place since 2005, with prison sentences ranging from one to 13 years, depending on the sum of money laundered and the level of involvement of the person being sentenced. Despite Ecuador not appearing on a money-laundering blacklist, there is a high risk of this crime being perpetrated and used for terrorist financing. Despite numerous complaints being made, few cases result in conviction. Investigations move at a slow pace, with preliminary investigations of money laundering lasting up to two years, occasionally even longer, when the laundering amounts are high and involve companies. This is worsened by the lack of funding provided by the government, which has been reduced in recent years. Pichincha and Guayas are the provinces where most of these cases have been reported. The economic sectors most frequently used for criminal activities include mining, real estate, car sales, banking, tourism and the NGO space.

Ecuador's economic growth rate has decreased due to a decline in state investment and expenditure. To address this, the government has acquired loans from the IMF and the World Bank, leading to economic reforms such as tax cuts and loan incentives for entrepreneurs. However, despite the current discourse on fiscal responsibility, the public debt has reached historic levels, putting at risk the economic well-being of the national economy and future governments. Despite these challenges, international risk assessment agencies still classify Ecuador as a moderate-risk country.

CIVIL SOCIETY AND SOCIAL PROTECTION

Ecuador established a national system in 2014 to protect and assist victims and witnesses. However, the programme is resource-constrained, and judicial police officers provide this protection instead of military soldiers or private security guards doing so. This has led to complaints that the assistance is conditional on the level of participation of the victims or witnesses in the judicial process. Additionally, the system does not comply with international accessibility standards, and eligibility for assistance depends on subjective criteria applied by public officers.

The police occasionally launch prevention campaigns against drug trafficking, stolen goods purchase, human trafficking, football stadium violence and usury, among others. They work with communities through community police units operating across the country. However, the closing of several of these units, ostensibly due to efficiency concerns, has significantly weakened overall prevention strategies.

The Ecuadorian government has regulatory power over NGOs, including the authority to dissolve them for participating in politics or for activities that diverge from their stated goals. Despite advancements in this area made by recent administrations, observers still contend that the executive retains excessive regulatory power over media and NGOs due to regulations implemented during the former administration. The media plays an important role in investigating crimes, especially corruption involving the state. However, the government does not guarantee freedom of the press in practice. Journalists who cover security, judicial and police sources face threats in viral videos, phone calls and aggressive messages. Esmeraldas, a hub for drug-trafficking operations, illegal logging and mining, and various other crimes, is an example of a location where the local press is unable to expose thousands of cases due to intimidation by and fear of criminal organizations.

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