



VORTEX

# ILLICIT ECONOMIES INDEX

V E N E Z U E L A      2 0 2 3



IEI 2023

JAN 2024

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TRANSPARENCIA  
Venezuela

VORTEX

## SUMMARY:

### ASSESSING THE PRESENCE, SCOPE AND IMPACT OF ILLICIT ACTIVITIES IN VENEZUELA



The Illicit Economies Index (IEI) in Venezuela is a quantitative assessment based on information and data obtained by Transparencia Venezuela in investigations carried out between 2022 and 2023, the results of which are contained in a report entitled *Illicit Economies, Under the Cloak of Impunity 2023*.<sup>5</sup>

This study has allowed us to further characterize criminal groups, illegal markets, the capacity and attitude of the State towards criminality, assessed in terms of the vulnerability or weaknesses of the institutional structure, as well as the impact of illicit activities measured in terms of deviations:

- Institutional deviations
- Social deviations
- Economic deviations
- Political deviations
- Cultural deviations

This IEI defines four categories with a series of assessment variables that are organized into aspects. As you will see in the methodological report at the end of this report, the variables can be rated from 1 to 3. In accordance with the methodology, the starting point is a score of one (1), which indicates the least concerning situation, up to a score of three (3), which represents the most serious situation.<sup>6</sup> All scores are expressed out of 3.

<sup>5</sup> Illicit Economies under the cloak of impunity 2023. Transparencia Venezuela, Available at: <https://transparenciave.org/economias-ilicitas/home-economias-ilicitas-2023/>

<sup>6</sup> Illicit Economies Index 2023. Venezuela. See Methodology at the end of this report.



## STRUCTURE OF THE IEI

### CRIMINAL AGENTS

Here we assess the power exercised by criminal organizations and guerrilla groups, as well as the enablers in some regions where they have a presence, and the symbiotic relationship that exists with government representatives.

ASPECTS	VARIABLES
<b>Criminal organizations (mega gangs, <i>pranes</i>, “sistemas”)</b>	<ul style="list-style-type: none"> <li>• Defined name and leadership.</li> <li>• Territorial control and social impact where they operate.</li> <li>• Links with the government.</li> <li>• Use of violence.</li> </ul>
<b>Guerrilla groups</b>	<ul style="list-style-type: none"> <li>• Defined name and leadership.</li> <li>• Territorial control and social impact where they operate.</li> <li>• Links with the government.</li> <li>• Use of violence.</li> </ul>
<b>Enablers or gray agents<sup>7</sup></b>	<ul style="list-style-type: none"> <li>• Diversity of service offerings.</li> <li>• Degree of influence in institutions.</li> <li>• Number of clients.</li> </ul>

### ILLCIT ECONOMIES

Illegal activities with relevance in Venezuela’s micro and macroeconomic behavior are evaluated here. The illicit economies considered for this analysis include: (i) human trafficking, (ii) drug trafficking, (iii) fuel smuggling, (iv) extortion, (v) corruption in ports and airports, and (vi) the illicit gold business. To this end, we considered the size of the illicit economy, i.e. its estimated share in Venezuela’s Gross Domestic Product (GDP), as a result of the production and marketing of goods and services defined as illegal in the country’s laws. The level of citizen participation in the illicit business was also taken into consideration, insofar as it is a job option and source of income, as well as the existence of clusters (a group of interrelated companies that work and collaborate strategically with illicit activities) of inputs, transportation, and third-party services around the illicit business.

ASPECTS	VARIABLES
<b>Human Trafficking</b>	<ul style="list-style-type: none"> <li>• Market size (GDP share).</li> <li>• Approximate number of people working in the illicit business or associated activities.</li> <li>• Existence of clusters around the illicit business (inputs, transportation, third-party services).</li> </ul>
<b>Drug Trafficking</b>	<ul style="list-style-type: none"> <li>• Market size (GDP share).</li> <li>• Approximate number of people working in the illicit business or associated activities.</li> <li>• Existence of clusters around the illicit business (inputs, transportation, third-party services).</li> </ul>

<sup>7</sup> Although enablers are not usually considered to be criminal agents, they are given this designation in the IEI 2023.

ASPECTS	VARIABLES
Fuel smuggling	<ul style="list-style-type: none"> <li>Market size (GDP share).</li> <li>Approximate number of people working in the illicit business or associated activities.</li> <li>Existence of clusters around the illicit business (inputs, transportation, third-party services).</li> </ul>
Extortion	<ul style="list-style-type: none"> <li>Market size (GDP share).</li> <li>Approximate number of people working in the illicit business or associated activities.</li> <li>Existence of clusters around the illicit business (inputs, transportation, third-party services).</li> </ul>
Corruption at ports and airports	<ul style="list-style-type: none"> <li>Market size (GDP share).</li> <li>Approximate number of people working in the illicit business or associated activities.</li> <li>Existence of clusters around the illicit business (inputs, transportation, third-party services).</li> </ul>
Illicit gold business	<ul style="list-style-type: none"> <li>Market size (GDP share).</li> <li>Approximate number of people working in the illicit business or associated activities.</li> <li>Existence of clusters around the illicit business (inputs, transportation, third-party services).</li> </ul>

## INSTITUTIONAL VULNERABILITY

It relates to the inability to prevent, control and punish the activities of organized crime as a whole through institutional instruments such as public policies, civil participation mechanisms and legal entities and agencies.

It also refers to the weaknesses of state structures in their organizational forms and responsiveness to meet the needs of society in the face of organized crime. It also includes the capacity of civil society organizations to promote the prevention and reporting of illicit activities.

ASPECTS	VARIABLES
Commitment and capacity of government leadership	<ul style="list-style-type: none"> <li>Willingness and accountability of leadership in the fight against organized crime.</li> <li>Leadership capacity and resources to act against organized crime.</li> </ul>
Transparency and accountability of public organizations	<ul style="list-style-type: none"> <li>Access to public information and public management accountability systems on actions to address organized crime and illicit economies.</li> <li>Evaluation of compliance with objectives and goals of policies and operations against illicit economies.</li> <li>Personnel selection and management system.</li> </ul>
Corruption levels	<ul style="list-style-type: none"> <li>Number of corruption cases identified.</li> <li>Scope of the illicit act that generates international corruption.</li> <li>Rank and number of public officials involved.</li> <li>Amounts of public budget committed in reported corruption cases.</li> </ul>

ASPECTS	VARIABLES
International cooperation	<ul style="list-style-type: none"> <li>• Requests for international cooperation to fight organized crime.</li> <li>• Acceptance of international cooperation to fight against organized crime.</li> <li>• Implementing international cooperation programs to fight organized crime.</li> </ul>
Anti-organized crime and money laundering regulations, policies and economic regulation	<ul style="list-style-type: none"> <li>• Regulations that encourage illegal activities, involve duplication of roles, dispersion, not in line with international practices.</li> <li>• Transparency on the final beneficiary (the actual owners of the companies).</li> <li>• Policies that encourage illicit activities.</li> <li>• Prevention against organized crime.</li> </ul>
Justice System	<ul style="list-style-type: none"> <li>• Promotion and assistance to whistleblowers and victims.</li> <li>• Transparency and accountability in the administration of justice.</li> <li>• Charges filed by the Public Prosecutor's Office in illicit economies cases.</li> <li>• Sanctions enforced against perpetrators of illicit activities investigated.</li> <li>• Revictimization.</li> </ul>
Law Enforcement	<ul style="list-style-type: none"> <li>• Level of complicity and permissiveness with illegal acts.</li> <li>• Duplication and overlapping of roles.</li> </ul>
Territorial Integrity	<ul style="list-style-type: none"> <li>• Level of control of the authorities over the territory.</li> <li>• Population in the territory under the control of illicit groups.</li> <li>• Area of territories under the control of illicit groups.</li> </ul>
Capacity of non-state or independent actors	<ul style="list-style-type: none"> <li>• Number of non-state organizations engaged in the fight against organized crime.</li> <li>• Number of statistics and data processed and published related to criminal actors, illicit economies and their victims.</li> <li>• Advocacy capacity to prevent organized criminal activities.</li> <li>• Capacity to assist victims of illicit and criminal organizations.</li> <li>• Ability to expose illicit and criminal organizations.</li> </ul>

## INSTITUTIONAL, ECONOMIC, SOCIAL, POLITICAL AND CULTURAL DEVIATIONS

This category measures the level of cooptation, interference and control of organized crime over the explicit and implicit rules of the social game, political processes, the market and public administration.

ASPECTS	VARIABLES
<b>Institutional Deviations</b>	<ul style="list-style-type: none"> <li>Confidence in government agencies and their action against organized crime.</li> <li>Usurpation of government functions by criminal groups.</li> <li>Deinstitutionalization of the State.</li> </ul>
<b>Economic Deviations</b>	<ul style="list-style-type: none"> <li>Informal economy associated with illicit economies.</li> <li>Reduced tax revenues due to the existence of illicit economies.</li> <li>Private sector disinvestment due to the growth of illicit economies.</li> <li>Money laundering and legalization of illegal operations.</li> </ul>
<b>Social Deviations</b>	<ul style="list-style-type: none"> <li>Social control and rule enforcement by criminal actors.</li> <li>Displacement or forced migration caused by criminal actors (including enablers and other gray agents).</li> <li>Human rights violations caused by criminal actors (including enablers and other gray agents).</li> </ul>
<b>Political Deviations</b>	<ul style="list-style-type: none"> <li>Interference of organized crime in political parties and electoral campaigns.</li> <li>Political actors seek authorization or support from criminal agents.</li> </ul>
<b>Cultural Deviations</b>	<ul style="list-style-type: none"> <li>Cultural acceptance of criminal activities as a life project to achieve economic and social mobility.</li> <li>Normalization of the power of criminal actors within the community.</li> </ul>

This Index is the effort of civil society to expose the patterns and consequences of illicit economies; it also helps measure the levels of infiltration of criminal activities and their financial flows in communities, institutions and the government.

The results presented in the IEI 2023 should be analyzed by all sectors, in particular by the political world and the institutions responsible

for devising public policies, legal and regulatory frameworks, so that they can be considered in the strategic definitions that seek to reduce or eradicate—being overly optimistic—the factors that prompt, facilitate, promote or protect the action of illicit economies, criminal networks and the co-optation of the State.

We encourage readers to review the methodology at the end of this report.

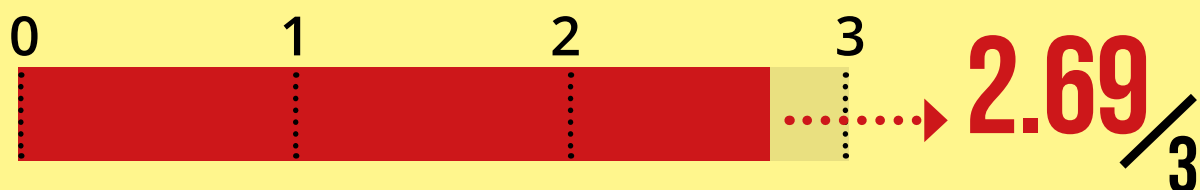
## RESULTS



The IEI 2023 is a quantitative assessment tool developed by Transparencia Venezuela based on research conducted by our organization between 2020 and 2023, to show the level of presence and impact of illicit economies in our country measured in four dimensions or categories: Criminal Agents, Illicit Economies, Institutional vulnerability and Deviations in all aspects.

Here are the results of the 2023 investigation.

Venezuela scored 2.69 out of a maximum of 3, with 3 being the worst score, which shows the profound impact of criminal networks that share control of society with factors within the institutional structure of the State.





## ANALYSIS OF OVERALL PERFORMANCE IN THE IEI 2023

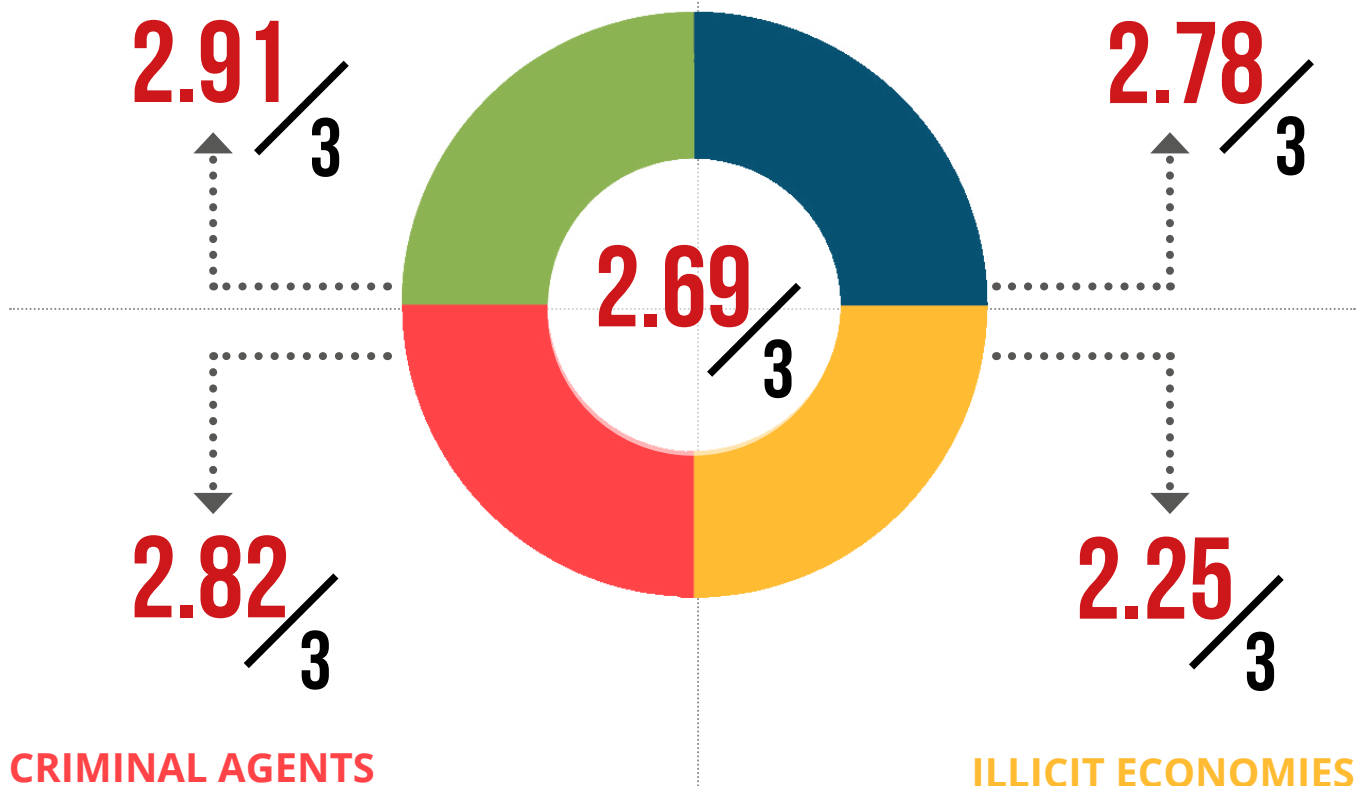
In the Illicit Economies Index 2023 Venezuela scored 2.69 out of 3, which shows how illegal economies and criminal groups enjoy a favorable scenario in Venezuela to thrive thanks to severe institutional weakness, which is the area in which the country scored the worst.

This assessment is the result of the quantitative and qualitative estimation of four categories, including Institutional vulnerability, Criminal agents, Deviations in five sectors and, finally, Illicit economies; these parameters are defined in the methodology of this Index.<sup>8</sup>

## RESULTS BY CATEGORY OF THE IEI 2023

### INSTITUTIONAL VULNERABILITY

### INSTITUTIONAL ECONOMIC, SOCIAL, POLITICAL AND CULTURAL DEVIATIONS



\*SIENDO 3 LA PEOR PUNTUACIÓN

8 Illicit Economies Index 2023. Venezuela. Methodology.


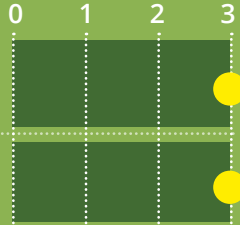

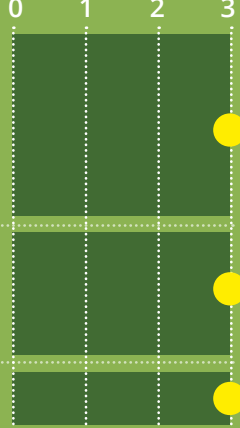

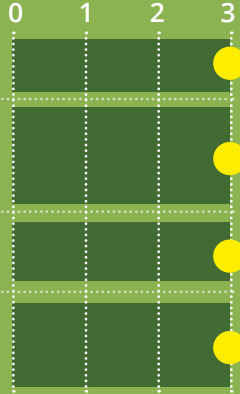
## OVERALL PERFORMANCE BY CATEGORY




OVERALL PERFORMANCE:

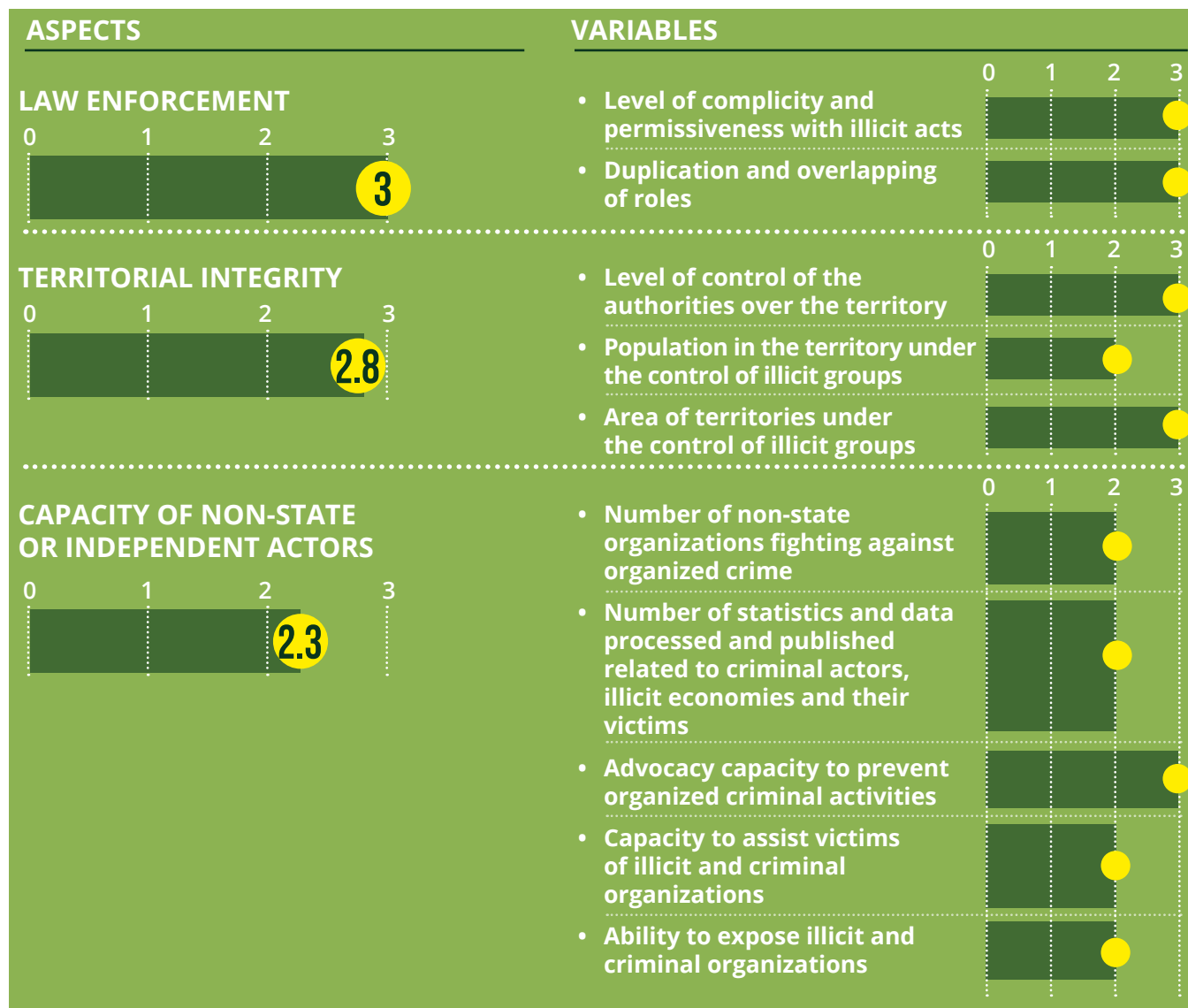
**INSTITUTIONAL VULNERABILITY**

**2.91**  
**3**

## PERFORMANCE BY ASPECTS AND VARIABLES:

ASPECTS	VARIABLES
<b>GOVERNMENT LEADERSHIP COMMITMENT AND CAPACITY</b> 	<ul style="list-style-type: none"> <li>Willingness and accountability of leadership in the fight against organized crime</li> <li>Leadership capacity and resources to act against organized crime</li> </ul> 
<b>TRANSPARENCY AND ACCOUNTABILITY OF GOVERNMENT AGENCIES</b> 	<ul style="list-style-type: none"> <li>Access to public information and public management accountability systems on actions to combat organized crime and illicit economies</li> <li>Evaluation of compliance with objectives and goals of policies and operations against illicit economies</li> <li>Personnel selection and management system</li> </ul> 
<b>CORRUPTION LEVELS</b> 	<ul style="list-style-type: none"> <li>Number of corruption cases identified</li> <li>Scope of the illicit act that generates international corruption</li> <li>Rank and number of public officials involved</li> <li>Amounts of public budget committed in reported corruption cases</li> </ul> 

ASPECTS	VARIABLES
<b>INTERNATIONAL COOPERATION</b> 	<div> <div>0123</div> <ul style="list-style-type: none"> <li>• Requests for international cooperation to fight organized crime</li> <li>• Acceptance of international cooperation to fight against organized crime</li> <li>• Implementing international cooperation programs to fight organized crime</li> </ul> </div>
<b>ANTI-ORGANIZED CRIME AND MONEY LAUNDERING REGULATIONS, POLICIES AND ECONOMIC REGULATION</b> 	<div> <div>0123</div> <ul style="list-style-type: none"> <li>• Regulations that encourage illegal activities, involve duplication of roles, dispersion, not in line with international practices.</li> <li>• Transparency on the final beneficiary (the actual owners of the companies)</li> <li>• Policies that encourage illicit activities</li> <li>• Prevention against organized crime</li> </ul> </div>
<b>JUSTICE SYSTEM</b> 	<div> <div>0123</div> <ul style="list-style-type: none"> <li>• Promotion and assistance to whistleblowers and victims</li> <li>• Transparency and accountability in the administration of justice</li> <li>• Public Prosecutor's Office charges in illicit economies cases</li> <li>• Sanctions enforced against perpetrators of illicit acts investigated</li> <li>• Revictimization</li> </ul> </div>



### ANALYSIS OF INSTITUTIONAL VULNERABILITY PERFORMANCE 2.91/3:

Most of the aspects considered to evaluate this category obtained the most worrying results because they reached the maximum level of this Index (3). These include:

#### 1. Commitment and capacity of government leadership in face of criminality and illicit economies (3/3):

We did not find any evidence or indication of public policies or actions by Venezuelan authorities to effectively combat criminal networks and illegal economies,<sup>9</sup> whether due to absencede of political will, because

<sup>9</sup> Illicit Economies under the cloak of impunity. 2023. Institutional framework, an enabling environment for organized crime. Available at: <https://transparenciave.org/economias-ilicidas/institucionalidad-un-entorno-favorable-al-crimen-organizado-inaccion-complicidad-y-opacidad/>

Advantages for illicit activities resulting from institutional changes. Available at: <https://transparenciave.org/economias-ilicidas/distorsiones-producto-de-la-criminalidad-en-venezuela-ventajas-para-los-ilicitos-producto-de-cambios-institucionales/>



funds are not allocated and capacities are not generated. The aforementioned investigations describe and analyze the military movements - such as the "Relampago del Catatumbo", "Roraima" and "Autana" - that began in 2022 and continued in 2023 with much outreach effort, with no impact on illicit economies.

## 2. Transparency and accountability of government agencies (3/3):

In Venezuela, secrecy has been established as a government policy and there is no verifiable public information. Thus, citizens have seen their right to access public information infringed.<sup>10</sup> The information provided, for example, by the Public Prosecutor's Office and the National Armed Forces on the prosecution and punishment of persons involved in illicit economies and criminal organizations is scarce and incomplete. The official data offered cannot be verified.

## 3. Corruption levels (3/3):

In Venezuela there are grand corruption networks with economic and political power, guaranteed impunity and transnational reach.<sup>11</sup> For years, the national public patrimony has been embezzled through sophisticated schemes that have impacted the financial systems and real estate markets of at least 27 countries in the world. Venezuelans have seen their human rights violated by the embezzlement of billions of dollars that should have been earmarked for their welfare and quality of life.

Population displacement to other countries in the region and the world is unprecedented.

## 4. International cooperation against crime and economic regulation against organized crime and money laundering (3/3):

We found that there is little or no willingness on the part of Venezuelan government agencies and law enforcement to request and facilitate international support in ongoing investigations and court proceedings. This has resulted in investigations for corruption with Venezuelan money initiated, for example, in Argentina, being closed or shelved due to lack of response from Venezuelan authorities. We also observed that the rules, regulations and policies to fight against agents involved in illicit economies often enable crime, as a result of a "reinstitutionalization" in Venezuela pushed at high levels of government since 2000, in order to attain greater control and ensure permanence in power.<sup>12</sup>

## 5. Justice system (3/3):

We note that the capacities and resources of the Venezuelan justice system to address allegations, initiate investigations and punish perpetrators of organized crime are very limited, which is essentially due to the co-optation of the judiciary for more than two decades<sup>13</sup> and to the level of involvement of some government actors in certain activities analyzed.

10 Illicit Economies under the cloak of impunity. 2023. Institutions, an enabling environment for organized crime. Available at: <https://transparenciave.org/economias-ilicitas/institucionalidad-un-entorno-favorable-al-crimen-organizado-inaccion-complicidad-y-opacidad/>

11 Idem.

12 Illicit Economies under the cloak of impunity. 2023. Advantages for illicit activities resulting from institutional changes. Available at: <https://transparenciave.org/economias-ilicitas/distorsiones-producto-de-la-criminalidad-en-venezuela-ventajas-para-los-ilicitos-producto-de-cambios-institucionales/>

13 Illicit Economies under the cloak of impunity. 2023. Institutions, an enabling environment for organized crime. Available at: <https://transparenciave.org/economias-ilicitas/institucionalidad-un-entorno-favorable-al-crimen-organizado-inaccion-complicidad-y-opacidad/>

Advantages for illicit activities resulting from institutional changes. Available at: <https://transparenciave.org/economias-ilicitas/distorsiones-producto-de-la-criminalidad-en-venezuela-ventajas-para-los-ilicitos-producto-de-cambios-institucionales/>

Here we observe that the Public Prosecutor's Office regularly fails to initiate investigations for actions against consolidated criminal structures such as drug cartels or mega-criminal gangs.<sup>14</sup> The Public Prosecutor's Office has not been able to convict any high-level officials for criminal activities. In 2023 an unprecedented investigation was initiated—called PDVSA-Crypto—, as the Prosecutor acted against well-known officials in office who are linked to the governing party PSUV, but the information on the role of those involved in this scheme and the status of the judicial proceedings is scarce.

In the area of security, the military plays a fundamental role and its only spokesperson is General Domingo Hernández Lárez, who uses social media to report on military actions, but does not provide details on the identity of the detainees or assets seized, or whether the General Prosecutor's Office is being called upon to impose sanctions.<sup>15</sup>

## 6 National Security Forces (3/3):

This is the last aspect with the worst score according to the IEI 2023 in the Institutional vulnerability category. In Venezuela, no action is taken against large criminal networks, even when the government has had substantial resources at its disposal.

Nor are capacities generated to fight against criminal organizations and illegal economies. In many cases, there is complicity between law enforcement officials and illicit economies and organized crime activities.<sup>16</sup>

## 7. Aspects with slightly lower scores

The aspects Territorial Integrity (2.80) and Capacity of non-state or independent actors (2.30) did not obtain the highest score, which for IEI purposes is still a sign of a serious problem. In terms of territory, we find that criminal agents exercise control over certain geographic areas, imposing their order,<sup>17</sup> as in the state of Zulia, bordering Colombia, or the state of Bolívar, which borders Brazil, where criminal groups enforce their own particular rules, in many cases with the collaboration of government officials. The second aspect mentioned refers to civil society organizations, which, according to the findings, have a moderate capacity to address to and expose the actions of organized crime, because they are subjected to criminalization by government agencies.

14 They are gangs with at least 50 or 60 associated members (up to hundreds). They control a given territory, have high-powered firearms (including rifles and grenades) and have a well-defined vertical command structure. Available at: <https://transparenciave.org/wp-content/uploads/2020/07/I-Taxonomia-del-crimen-Los-9-bloques-delictivos-que-controlan-Venezuela.pdf>.

15 Illicit Economies under the cloak of impunity. 2023. Disinformation, an ally of illicit economies. Available at: <https://transparenciave.org/economias-ilicitas/la-desinformacion-aliada-de-las-economias-ilicitas/>

16 Illicit Economies under the cloak of impunity. 2023. Deviations of illicit economies.

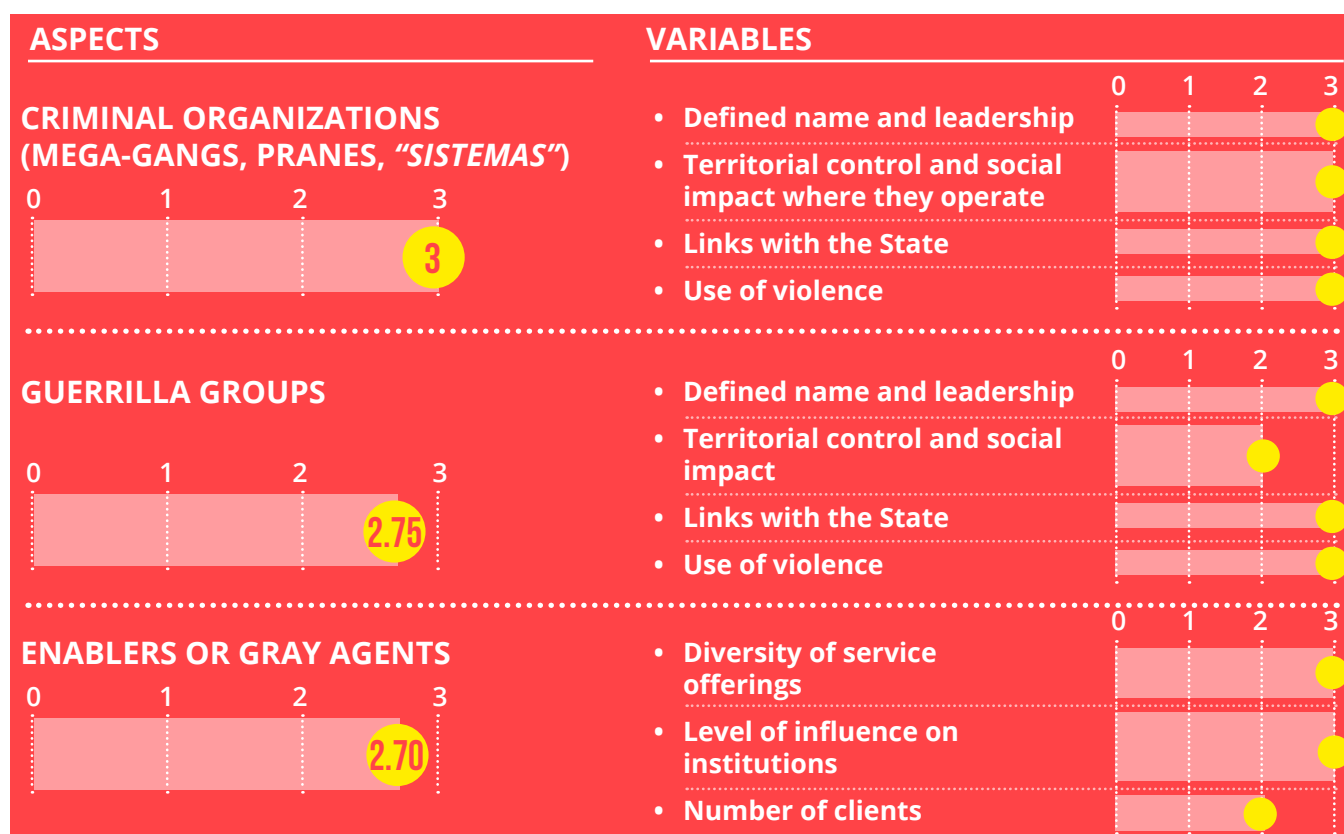
17 Idem.

OVERALL PERFORMANCE:

**CRIMINAL AGENTS**

**2.82**  
**3**

PERFORMANCE BY ASPECTS AND VARIABLES:



**ANALYSIS OF PERFORMANCE OF CRIMINAL AGENTS 2,82/3:**

This category analyzes criminal organizations whose acts of violence and corruption have transcended the limits of Venezuelan territory and now represent a security problem in the region. It focuses on three aspects: criminal organizations, guerrilla groups and enablers or gray agents.<sup>18</sup>

**1. Criminal organizations (3/3):**

The so-called "mega-gangs", the "gold and construction syndicates" (now called

"sistemas", led by the "pranes"), as well as other criminal groups, have a presence in certain areas of Venezuela, especially in states such as Zulia, Bolivar and Sucre.<sup>19</sup> There are links between these criminal organizations and factors within the Venezuelan government. The level of institutional corruption often leads to the integration of criminal groups into the state apparatus.<sup>20</sup>

<sup>18</sup> These facilitators or gray agents are referred to in the scientific literature as "enablers".

<sup>19</sup> Illicit Economies under the cloak of impunity. 2023. Criminal agents, obscure interactions. <https://transparenciave.org/economias-ilicitas/agentes-criminales-interacciones-oscuras-los-agentes-que-lideran-las-economias-ilicitas/>

<sup>20</sup> Illicit Economies under the cloak of impunity. 2023. Deviations of illicit economies. Available at: <https://transparenciave.org/economias-ilicitas/wp-content/uploads/2023/09/Distorsiones-producto-de-la-criminalidad-en-Venezuela.pdf>

We observe that criminal organizations in the areas where they operate directly impact society through the use of atrocious violence against residents and rival gangs. This form of violence has led to a form of peace based on fear and, on many occasions, has resulted in gang leaders attaining a strong social status in the towns where they exercise some degree of control, often becoming “protectors” and “benefactors” of the communities.<sup>21</sup>

## 2. Guerrilla Groups (2.75/3):

The two groups with the greatest presence in Venezuela—with firepower, defined leadership, organization and cohesion—are the Revolutionary Armed Forces of Colombia (FARC) and the National Liberation Army (ELN),<sup>22</sup> which engage in illegal economies in Venezuelan territory to finance their activities. We also observed the presence of other organizations of this type, with less influence and of Venezuelan origin, such as the so-called Bolivarian Liberation Front (FBL).<sup>23</sup> We found that the social impact and territorial control of the guerrillas is limited to border and narcotics transit zones, somewhat distant from the most densely populated urban areas.<sup>24</sup>

## 3. Enablers or gray agents<sup>25</sup> (2.70/3):

These actors are highly relevant to acts of crime because of the contributions they make from legal, public and private organizations. From their formal jobs, such as lawyers, bankers, accountants, real estate brokers, they help launder the revenues generated by the purely criminal agents and hinder the work of investigators of the justice system.

21 Idem.

22 In the IEI 2023 the FARC and ELN are considered as criminal actors and not as political actors.

23 Illicit Economies under the cloak of impunity. 2023. Criminal agents, obscure interactions. <https://transparenciave.org/economias-ilicitas/agentes-criminales-interacciones-oscuras-los-agentes-que-lideran-las-economias-ilicitas/>

24 Illicit Economies under the cloak of impunity. 2023. Deviations of illicit economies. Available at: <https://transparenciave.org/economias-ilicitas/wp-content/uploads/2023/09/Distorsiones-producto-de-la-criminalidad-en-Venezuela.pdf>

25 Enablers or gray agents are actors that operate from organizations with a lawful status, and were included in this IEI 2023 because of their role in the dynamics and structure of illegal economies, acting always in favor of criminal activities.


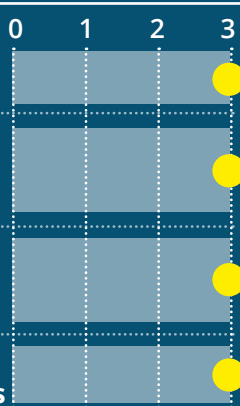

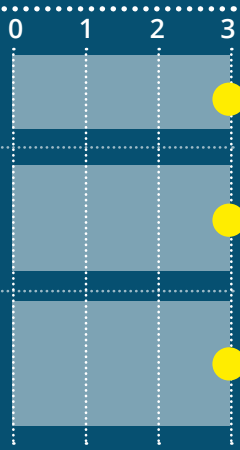

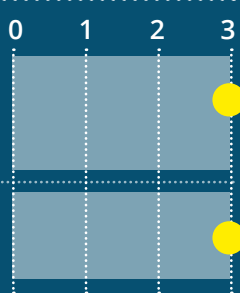


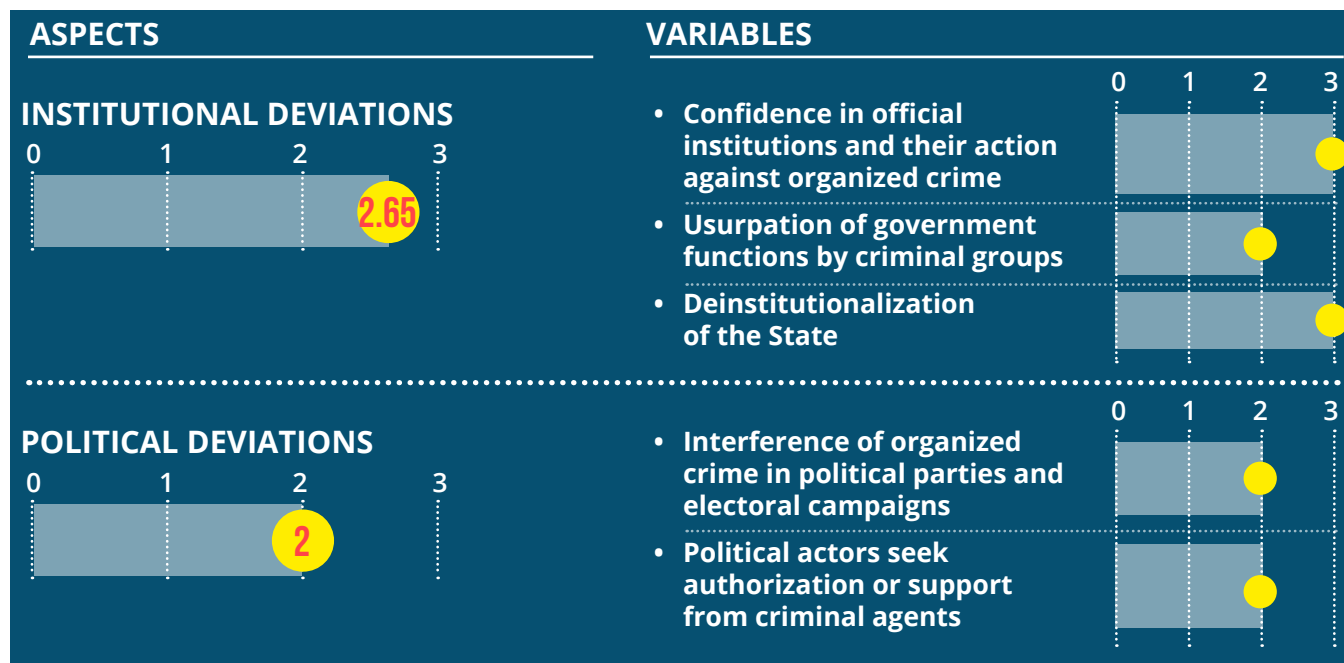
OVERALL PERFORMANCE:

# INSTITUTIONAL, ECONOMIC, SOCIAL, POLITICAL AND CULTURAL DEVIATIONS

2.78  
/ 3

PERFORMANCE BY ASPECTS AND VARIABLES:

ASPECTS	VARIABLES
<b>ECONOMIC DEVIATIONS</b> 	<ul style="list-style-type: none"> <li>• Informal economy associated with illicit economies</li> <li>• Reduced tax revenues due to the existence of illicit economies</li> <li>• Private sector disinvestment due to the growth of illicit economies</li> <li>• Money laundering and legalization of illegal operations</li> </ul> 
<b>SOCIAL DEVIATIONS</b> 	<ul style="list-style-type: none"> <li>• Social control and rule enforcement by criminal actors.</li> <li>• Displacement or forced migration caused by criminal actors (including enablers and other gray agents).</li> <li>• Human rights violations caused by criminal actors (including enablers and other gray agents).</li> </ul> 
<b>CULTURAL DEVIATIONS</b> 	<ul style="list-style-type: none"> <li>• Cultural acceptance of criminal activities as a life project to achieve economic and social mobility</li> <li>• Normalization of the power of criminal actors within the community</li> </ul> 



## ANALYSIS OF PERFORMANCE OF INSTITUTIONAL, ECONOMIC, SOCIAL, POLITICAL AND CULTURAL DEVIATIONS 2.78/3:

### 1. Economic Deviations (3/3):

There is an extremely serious situation in this aspect due to the growth of illegal economies in Venezuela. We observed how the informal economy associated with these illicit activities undermines tax revenues not only because of the contraction of formal economic activities, but also because of the poor management of tax collection mechanisms. We found a lack of incentives for private investment, substitution of traditional economic activities and a boom in money laundering in various sectors.<sup>26</sup>

### 2. Social Deviations (3/3):

The investigation shows severity of criminal groups' control over communities where they operate through coercion, violence or threats, impacting the rights to free

mobility and association; we also observe forced migration as a way out to safeguard personal integrity and the systematic violation of human rights of the population in the regions under analysis.<sup>27</sup>

### 3. Cultural Deviations (3/3):

We found that there are visible changes in the customs and rules of populations subjected to the high incidence of criminal groups and illicit economies in their daily lives. There is acceptance of criminal activities as a lifestyle choice for many Venezuelans living in violent environments because of the potential economic benefits, and it is even perceived as more desirable than any legitimate occupation due to the lack of opportunities, as in the state of Zulia, where young people continue to

<sup>26</sup> Illicit Economies under the cloak of impunity. 2023. Deviations of illicit economies. Available at: <https://transparenciave.org/economias-ilicitas/wp-content/uploads/2023/09/Distorsiones-producto-de-la-criminalidad-en-Venezuela.pdf>

<sup>27</sup> Illicit Economies under the cloak of impunity. 2023. Deviations of illicit economies. Available at: <https://transparenciave.org/economias-ilicitas/wp-content/uploads/2023/09/Distorsiones-producto-de-la-criminalidad-en-Venezuela.pdf>

be captured by Colombian rebels, drug trafficking cartels and criminal gangs. There is also evidence of the normalization of the power of criminals in the community because they offer security and benefits to the most unprotected population. In Bolívar state, for example, a criminal group set up a healthcare center in the sector known as Las Claritas. According to several sources consulted, the facility is in better shape than many of the hospitals in large Venezuelan cities such as Venezuela's capital Caracas.<sup>28</sup>

#### 4. Institutional Deviations (2.65/3):

The population analyzed, which is subjected to high levels of criminality, distrusts government agencies and does not recognize legal and formal mechanisms as a way to shield themselves from criminal actions.<sup>29</sup> We observed in the results of the IEI 2023 that in these precarious environments there is a tendency for residents to turn to criminals when it comes to solving problems of coexistence and security, which is understood as a usurpation of the role of the state by some criminal groups.

#### 5. Political Deviations (2/3):

In some specific cases, we have observed how elected officials become instruments of crime. An example occurred in the state of Zulia with the arrest in 2022 of a sitting mayor for the crime of drug trafficking.<sup>30</sup>

The support or authorization that candidates for elected office seek from criminal actors, especially for funding of their electoral campaigns, is common in some municipalities in the state of Zulia, bordering Colombia, especially in areas dominated by Colombian irregular groups and local criminal gangs, who grant permits to carry out proselytizing activities around election time. Also reported is the establishment of mutually beneficial agreements between political and criminal actors.<sup>31</sup>

28 Illicit Economies under the cloak of impunity. 2023. Deviations of illicit economies. Available at: <https://transparenciave.org/economias-ilicitas/wp-content/uploads/2023/09/Distorsiones-producto-de-la-criminalidad-en-Venezuela.pdf>. Page 13.

29 Illicit Economies under the cloak of impunity. 2023. Deviations of illicit economies. Available at: <https://transparenciave.org/economias-ilicitas/wp-content/uploads/2023/09/Distorsiones-producto-de-la-criminalidad-en-Venezuela.pdf>.

30 Illicit Economies under the cloak of impunity. 2023. Deviations of illicit economies. Available at: <https://transparenciave.org/economias-ilicitas/wp-content/uploads/2023/09/Distorsiones-producto-de-la-criminalidad-en-Venezuela.pdf>




31 Illicit Economies under the cloak of impunity. 2023. Deviations of illicit economies. Available at: <https://transparenciave.org/economias-ilicitas/wp-content/uploads/2023/09/Distorsiones-producto-de-la-criminalidad-en-Venezuela.pdf>

OVERALL PERFORMANCE:

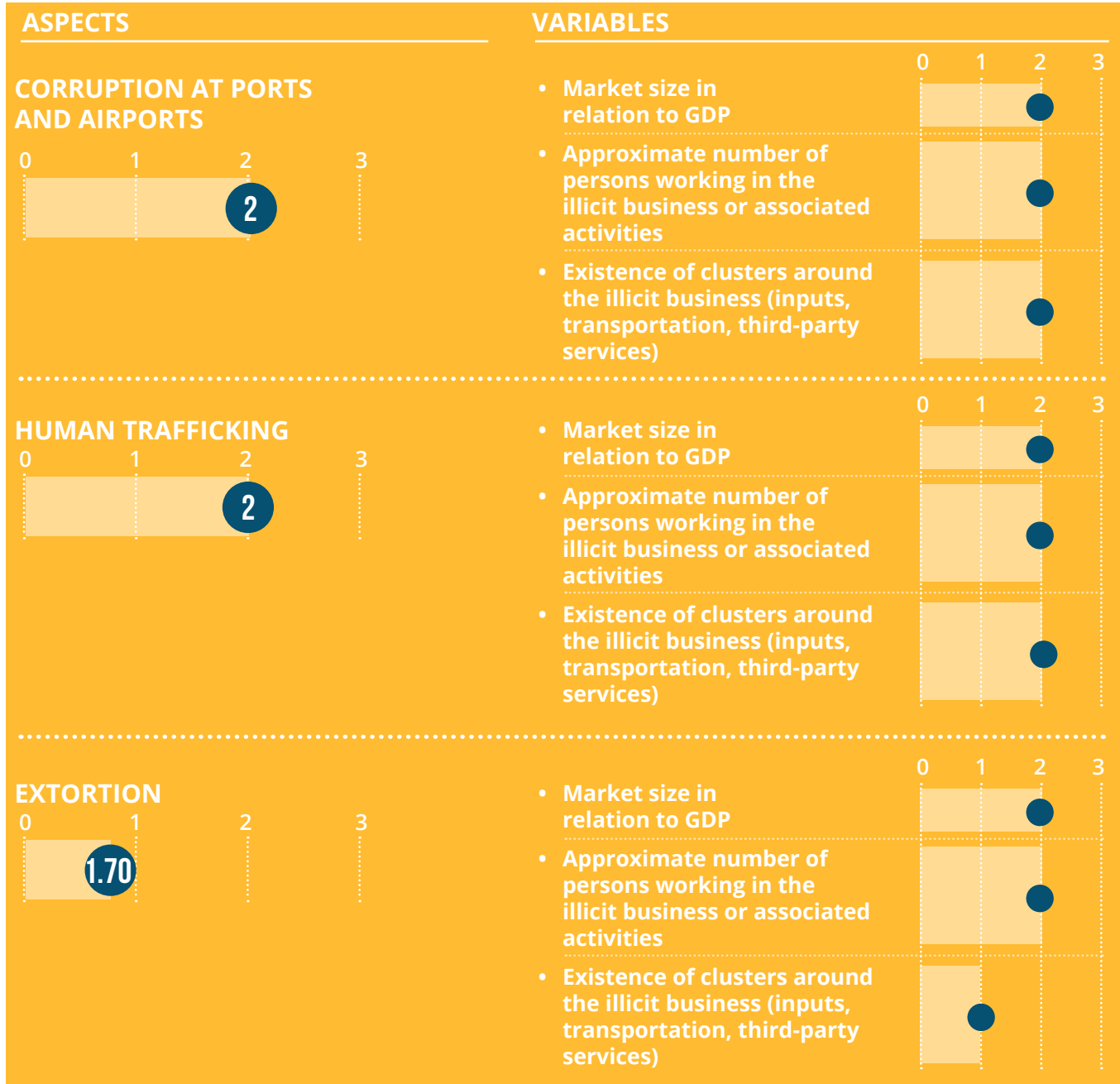
ILLCIT ECONOMIES

2.25 / 3

PERFORMANCE BY ASPECTS AND VARIABLES:

ASPECTS	VARIABLES	0	1	2	3
<b>ILLCIT GOLD BUSINESS</b> 	• Market size in Relation to GDP				●
	• Approximate number of persons working in the illicit business or associated activities				●
	• Existence of clusters around the illicit business (inputs, transportation, third-party services)				●
<b>DRUG TRAFFICKING</b> 	• Market size in relation to GDP				●
	• Approximate number of persons working in the illicit business or associated activities			●	
	• Existence of clusters around the illicit business (inputs, transportation, third-party services)				●
<b>FUEL SMUGGLING</b> 	• Market size in relation to GDP			●	
	• Approximate number of persons working in the illicit business or associated activities			●	
	• Existence of clusters around the illicit business (inputs, transportation, third-party services)			●	





## ANALYSIS OF PERFORMANCE OF ILLICIT ECONOMIES 2.25/3:

In the case of illicit economies, we analyzed variables especially related to market structure, population involved and how much money they generate in relation to the country's economy, calculated on the basis of the Gross Domestic Product (GDP).

The Illicit Economies 2023 report found that these activities produced profits in the order of USD 9,402 million, which represents 15.67% of the total Venezuelan economy.<sup>32</sup> They are strong and well-organized economies, which are supported by different types of activities and services such as extraction, processing (in the case of mining), transportation, among other activities.

These structures can be seen as clusters, albeit with moderate development in some cases, but with significant involvement in the case of drug trafficking and mining activities, which the entire population in these areas is forced to become engaged in due to poverty and lack of institutional protection.

### 1. Illicit gold business (3/3):

Illegal exploitation and trade of minerals (gold, coltan and rhodium) is the worst-scoring illicit economy in IEI 2023, not only because of the size of this activity in relation to Gross Domestic Product (GDP), but also because of the number of people involved in it and the existence of clusters around it.

According to a measurement conducted by Transparencia Venezuela, in partnership

with the firm Ecoanalítica, in 2022 alone, this activity will yield 2.13 billion dollars for the criminal organizations involved, which is equivalent to 3.6% of the GDP. In addition, in the mining areas, most families usually participate with at least one of their members. Over time, this practice has been perfected, as the necessary inputs (such as mercury and illegal gasoline) are readily available, transportation is controlled through clandestine tracks, boats or overland routes, and alliances are created with international marketing networks.<sup>33</sup>

### 2. Drug Trafficking (2.70/3):

In 2022, drug trafficking produced USD 5.11 billion, or 8.5% of GDP, under guerrilla control and with the alleged participation of civilian and military officials.<sup>34</sup> We observed that drug trafficking does not create as many jobs as the illicit gold business. In the state of Zulia, residents claim that, in addition to the Colombian irregular groups, there is a presence of Mexican cartels in the area.<sup>35</sup>

### 3. Fuel smuggling (2/3) and Corruption at ports and airports (2/3):

Fuel smuggling in Venezuela, with a score of 2 out of 3, as well as corruption at ports and airports (2). In numbers, the illicit fuel smuggling in Zulia, Táchira and Bolívar, accounts for USD 760 million per year—equivalent to 1.3% of the GDP. Corruption in the main ports (La Guaira, Maracaibo and Puerto Cabello) yields USD 1.39 billion,

32 Illicit Economies under the cloak of impunity. 2023. Illicit Economies in Venezuela: growing revenue shared among allies. Available at: <https://transparenciave.org/economias-ilicidas/economias-ilicidas-en-venezuela-una-renta-creciente-repartida-entre-aliados/>

33 Illicit Economies under the cloak of impunity. 2023. Orinoco Mining Arc, the legalization of illicit acts. Available at: <https://transparenciave.org/economias-ilicidas/economias-ilicidas-en-venezuela-una-renta-creciente-repartida-entre-aliados-el-arco-minero-del-orinoco-la-legalizacion-de-lo-ilicito/>

34 Illicit Economies under the cloak of impunity. 2023. Drug trafficking at the forefront of illicit economies. Available at: <https://transparenciave.org/economias-ilicidas/economias-ilicidas-en-venezuela-una-renta-creciente-repartida-entre-aliados-el-narcotrafico-a-la-cabeza-de-las-economias-ilicidas>

35 Illicit Economies under the cloak of impunity. 2023. Deviations of illicit economies. Available at: <https://transparenciave.org/economias-ilicidas/wp-content/uploads/2023/09/Distorsiones-producto-de-la-criminalidad-en-Venezuela.pdf>

which is equivalent to 2.3% of GDP.<sup>36</sup> We observed extortion in ports, involving military personnel who set a “fee schedule” for each container for so-called “door-to-door” shipments. In 2022, an average of USD 16 was charged for each cubic foot of container..

#### 4. Human Trafficking (2/3):

Human trafficking is a practice that has been escalating in Venezuela and that generates large sums of money, impacting a large number of people. In the state of Sucre, for example, in 2022 alone, civil society organizations devoted to assisting communities reported that they had handled more than 40 cases of human trafficking. The main victims are women because they are taken to Trinidad and Tobago to be sexually exploited. Trafficking figures are much higher, but victims refuse to report it because of fear of reprisals by traffickers, distrust of the justice system due to the lack of punishment for those accused, and the presumption—or certainty—that police and military officials play a decisive role in this crime, or at least are accomplices to it.<sup>37</sup>

#### 5. Extortion (1.70/3):

Extortion is practiced by criminal gangs against retailers and ranchers in the states analyzed, along with violent actions, such as shots fired at establishments or grenades thrown as a warning to those who do not pay protection fees, or “*vacuna*.”

In the state of Zulia, in particular, human rights activists claim that several gangs have been recently charging the same retailer at the same time, which has led to the displacement of those who cannot afford to pay. There was a spike and in March 2023 a supermarket was attacked. The ringleader was the commander of the fire department.<sup>38</sup>

36 Illicit Economies under the cloak of impunity. 2023. Gasoline smuggling, a reversible business. Available at: <https://transparenciave.org/economias-ilicidas/economias-ilicidas-en-venezuela-una-renta-creciente-repartida-entre-aliados-contrabando-de-gasolina-un-negocio-reversible/>

37 Illicit Economies under the cloak of impunity. 2023. Deviations of illicit economies. Sucre: Booming drug trafficking and territories handed over to drug traffickers. Page 31. Available at: <https://transparenciave.org/economias-ilicidas/wp-content/uploads/2023/09/Distorsiones-producto-de-la-criminalidad-en-Venezuela.pdf>

38 Illicit Economies under the cloak of impunity. 2023. Deviations of illicit economies. Zulia, Drug trafficking, the collusion of complicity, power and social control Available at: <https://transparenciave.org/economias-ilicidas/wp-content/uploads/2023/09/Distorsiones-producto-de-la-criminalidad-en-Venezuela.pdf> . Page 22.

## SPECIFIC PERFORMANCE BY CATEGORY, ASPECT AND VARIABLE

<b>CATEGORY 1</b>	<b>Minimum value 1</b>	<b>Average value 2</b>	<b>Maximum value 3</b>	<b>Weight %</b>	<b>Weighted score out of 3</b>
<b>CRIMINAL AGENTS</b>				<b>25%</b>	<b>2.82</b>
<b>ASPECT 1.1. CRIMINAL ORGANIZATIONS (MEGA-GANGS, PRANES, "SISTEMA")</b>				<b>35%</b>	<b>3.00</b>
Defined name and leadership	<b>1</b> No definition / no known public denomination.	<b>2</b> With publicly known reference or defined denomination.	<b>3</b> Clearly defined name.	5%	3.00
Territorial control and social impact where they operate	<b>1</b> No control of territory.	<b>2</b> Exerts some control.	<b>3</b> Exerts near total control.	25%	3.00
Links with the State	<b>1</b> Limited links.	<b>2</b> Some linkage.	<b>3</b> Intense linkage.	35%	3.00
Use of violence	<b>1</b> No use of violence.	<b>2</b> Some degree of violence.	<b>3</b> Intense use of violence (number or types of violent acts).	35%	3.00
<b>ASPECT 1.2. GUERRILLA GROUPS</b>				<b>35%</b>	<b>2.75</b>
Defined name and leadership	<b>1</b> No definition / no known public denomination.	<b>2</b> With publicly known reference or denomination.	<b>3</b> Clearly defined name.	5%	3.00
Control territorial and social impact	<b>1</b> No control of territory.	<b>2</b> Exerts some control.	<b>3</b> Exerts near total control.	25%	2.00
Links with the State	<b>1</b> Limited links.	<b>2</b> Some linkage.	<b>3</b> Intense linkage.	35%	3.00
Use of violence	<b>1</b> No use of violence.	<b>2</b> Some degree of violence.	<b>3</b> Intense use of violence (number or types of violent acts).	35%	3.00
<b>ASPECT 1.3. ENABLERS OR GRAY AGENTS</b>				<b>30%</b>	<b>2.70</b>
Diversity in service offerings	<b>1</b> Single service.	<b>2</b> Offers two services.	<b>3</b> More than three services.	30%	3.00
Level of influence on institutions	<b>1</b> No influence.	<b>2</b> Some degree of influence.	<b>3</b> High degree of documented and publicly known influence.	40%	3.00
Number of clients	<b>1</b> One client only.	<b>2</b> between 1 and 4 clients.	<b>3</b> Five clients or more.	30%	2.00



## CATEGORY 2

	Minimum value 1	Average value 2	Maximum value 3	Weight %	Weighted score out of 3
<b>ILLCIT ECONOMIES</b>				<b>25%</b>	<b>2.25</b>
<b>ASPECT 2.1. HUMAN TRAFFICKING</b>				<b>15%</b>	<b>2.00</b>
Market size (GDP share)	<b>1</b> Low (less than 1% of GDP).	<b>2</b> Medium (greater than or equal to 1%, less than or equal to 4.99%).	<b>3</b> High (over 5% of GDP).	40%	2.00
Approximate number of people working in the illicit business or associated activities.	<b>1</b> Few/some.	<b>2</b> A significant proportion, while not a majority.	<b>3</b> The majority of the population.	30%	2.00
Existence of clusters around the illicit business (inputs, transportation, third-party services)	<b>1</b> No or little cluster development.	<b>2</b> Some development.	<b>3</b> Intense cluster development.	30%	2.00
<b>ASPECT 2.2. DRUG TRAFFICKING</b>				<b>18%</b>	<b>2.70</b>
Market size (GDP share)	<b>1</b> Low (less than 1% of GDP).	<b>2</b> Medium (greater than or equal to 1%, less than or equal to 4.99%).	<b>3</b> High (over 5% of GDP).	40%	3.00
Approximate number of people working in the illicit business or associated activities.	<b>1</b> Few/some.	<b>2</b> A significant proportion, while not a majority.	<b>3</b> The majority of the population.	30%	2.00
Existence of clusters around the illicit business (inputs, transportation, third-party services)	<b>1</b> No or little cluster development.	<b>2</b> Some development.	<b>3</b> Intense cluster development.	30%	3.00
<b>ASPECT 2.3. FUEL SMUGGLING</b>				<b>16%</b>	<b>2.00</b>
Market size (GDP share)	<b>1</b> Low (less than 1% of GDP).	<b>2</b> Medium (greater than or equal to 1%, less than or equal to 4.99%).	<b>3</b> High (over 5% of GDP).	40%	2.00
Approximate number of people working in the illicit business or associated activities.	<b>1</b> Few/some.	<b>2</b> A significant proportion, while not a majority.	<b>3</b> The majority of the population.	30%	2.00
Existence of clusters around the illicit business (inputs, transportation, third-party services)	<b>1</b> No or little cluster development.	<b>2</b> Some development.	<b>3</b> Intense cluster development.	30%	2.00

<b>ASPECT 2.4. EXTORTION</b>				<b>18%</b>	<b>1.70</b>
Market size (GDP share)	<b>1</b> Low (less than 1% of GDP).	<b>2</b> Medium (greater than or equal to 1%, less than or equal to 4.99%).	<b>3</b> High (over 5% of GDP).	40%	2.00
Approximate number of people working in the illicit business or associated activities.	<b>1</b> Few/some.	<b>2</b> A significant proportion, while not a majority.	<b>3</b> The majority of the population.	30%	2.00
Existence of clusters around the illicit business (inputs, transportation, third-party services)	<b>1</b> No or little cluster development.	<b>2</b> Some development.	<b>3</b> Intense cluster development.	30%	1.00

<b>ASPECT 2.5. CORRUPTION AT PORTS AND AIRPORTS</b>				<b>15%</b>	<b>2.00</b>
Market size (GDP share)	<b>1</b> Low (less than 1% of GDP).	<b>2</b> Medium (greater than or equal to 1%, less than or equal to 4.99%).	<b>3</b> High (over 5% of GDP).	40%	2.00
Approximate number of people working in the illicit business or associated activities.	<b>1</b> Few/some.	<b>2</b> A significant proportion, while not a majority.	<b>3</b> The majority of the population.	30%	2.00
Existence of clusters around the illicit business (inputs, transportation, third-party services)	<b>1</b> No or little cluster development.	<b>2</b> Some development.	<b>3</b> Intense cluster development.	30%	2.00

<b>ASPECT 2.6. ILLICIT GOLD BUSINESS</b>				<b>18%</b>	<b>3.00</b>
Market size (GDP share)	<b>1</b> Low (less than 1% of GDP).	<b>2</b> Medium (greater than or equal to 1%, less than or equal to 4.99%).	<b>3</b> High (over 5% of GDP).	40%	3.00
Approximate number of people working in the illicit business or associated activities.	<b>1</b> Few/some.	<b>2</b> A significant proportion, while not a majority.	<b>3</b> The majority of the population.	30%	3.00
Existence of clusters around the illicit business (inputs, transportation, third-party services)	<b>1</b> No or little cluster development.	<b>2</b> Some development.	<b>3</b> Intense cluster development.	30%	3.00

## CATEGORY 3

	Minimum value 1	Average value 2	Maximum value 3	Weight %	Weighted score out of 3
<b>INSTITUTIONAL VULNERABILITY</b>				<b>25%</b>	<b>2.91</b>
<b>ASPECT 3.1. COMMITMENT AND CAPACITY OF GOVERNMENT LEADERSHIP</b>				<b>15%</b>	<b>3.00</b>
Willingness and accountability of leadership in the fight against organized crime	<b>1</b> High degree of willingness and accountability of the leadership during the period evaluated	<b>2</b> Moderate degree of willingness and accountability of the leadership during the evaluated period	<b>3</b> Little or no willingness and accountability of leadership	50%	3.00
Leadership capacity and resources to act against organized crime	<b>1</b> Large economic and institutional resources to implement actions against illicit economies	<b>2</b> Moderate degree of economic and institutional resources to implement actions against illicit economies	<b>3</b> Low or non-existent economic and institutional resources to implement actions against illicit economies	50%	3.00
<b>ASPECT 3.2. TRANSPARENCIA Y RENDICIÓN DE CUENTAS DE LAS ORGANIZACIONES PÚBLICAS</b>				<b>10%</b>	<b>3.00</b>
Acceso a la información pública y sistemas de rendición de cuentas de la gestión pública sobre las acciones para enfrentar el crimen organizado y las economías ilícitas	<b>1</b> Permanent and updated publication of information and the existence of adequate systems of accountability for public management in the area of security.	<b>2</b> Eventual and outdated publication of information and the existence of adequate systems of accountability for public management in the area of security.	<b>3</b> Little or no publication of updated information and no adequate accountability systems for public management in the area of security.	33%	3.00
Evaluation of compliance with objectives and goals of policies and operations against illicit economies.	<b>1</b> Systematic, permanent and technical evaluation.	<b>2</b> Occasional and not very technical evaluation.	<b>3</b> Sporadic or no evaluation.	33%	3.00
Personnel selection and management system	<b>1</b> Personnel hiring and management system based on professional and technical criteria of civil service, without nepotism, cronyism or political affinity.	<b>2</b> Personnel hiring and management system based on professional and technical criteria of civil service, without nepotism or cronyism, but with sporadic or occasional application.	<b>3</b> Recruitment and management system without professional and technical criteria, mainly characterized by nepotism, cronyism, and political affinity.	34%	3.00

<b>ASPECT 3.3. CORRUPTION LEVELS</b>				<b>10%</b>	<b>3.00</b>
Number of corruption cases identified	<b>1</b> Low level of "grand corruption" = less than 2 cases of grand corruption.	<b>2</b> Moderate degree of "grand corruption" = more than 2 and less than 5 cases of "grand corruption".	<b>3</b> High degree of "grand corruption" = 5 or more cases of "grand corruption".	25%	3.00
Scope of the illicit generates international corruption	<b>1</b> Low level of transnational corruption = 1 documented case.	<b>2</b> Moderate level of transnational corruption = 2 documented cases.	<b>3</b> High degree of "grand corruption" = 5 or more cases of "grand corruption."	25%	3.00
Rank and number of public officials involved	<b>1</b> Documented cases involve only low-level officials at the municipal, state, or national level.	<b>2</b> Documented cases of high-ranking municipal or state officials (mayors, expenditure authorizers, treasurers, deputies of regional assemblies, councilmen, directors and secretaries of municipal and regional governments).	<b>3</b> Documented cases of high-ranking officials at the national level (President, Ministers, expenditure authorizers, treasurers, deputies of the National Assembly, presidents of state-owned companies), Governors.	25%	3.00
Amounts of public budget committed in reported corruption cases	<b>1</b> Low amount = documented cases involve less than USD 100,000.	<b>2</b> Mid-range amount = documented cases involve more than USD 100,000 and less than USD 500,000.	<b>3</b> Large amount = documented cases involving more than USD 500,000.	25%	3.00

<b>ASPECT 3.4. INTERNATIONAL COOPERATION</b>				<b>10%</b>	<b>3.00</b>
Requests for international cooperation to fight organized crime	<b>1</b> More than 10 requests for international cooperation recorded.	<b>2</b> Between 5 and 10 requests for international cooperation recorded.	<b>3</b> Less than 5 international cooperation requests made	33%	3.00
Acceptance of international cooperation to fight against organized crime	<b>1</b> More than 10 international cooperation requests accepted.	<b>2</b> Between 5 and 10 international cooperation requests accepted.	<b>3</b> Less than 5 international cooperation requests accepted	33%	3.00
Implementing international cooperation programs to fight organized crime	<b>1</b> More than 10 international cooperation programs have been recorded.	<b>2</b> Between 5 and 10 international cooperation programs recorded.	<b>3</b> Less than 5 international cooperation programs are implemented	34%	3.00

<b>ASPECT 3.5. ANTI-ORGANIZED CRIME AND MONEY LAUNDERING REGULATIONS, POLICIES AND ECONOMIC REGULATION</b>				<b>10%</b>	<b>3.00</b>
Regulations that encourage illicit activities, involve duplication of roles, dispersion, not in line with international practices.	<b>1</b> Acceptable quality of rules = focused, defined, with coordination with international best practices.	<b>2</b> Medium quality of rules = poorly defined and coordinated, and moderately aligned with international best practices.	<b>3</b> Low quality of rules = encourage wrongdoing, involve duplication of roles and deviate from international best practices.	25%	3.00
Transparency on the final beneficiary (the actual owners of the companies)	<b>1</b> Acceptable transparency = low opacity = Final beneficiaries can be identified in the majority of cases consulted.	<b>2</b> Average transparency = average opacity = end beneficiaries can be identified in few cases.	<b>3</b> Low transparency = high opacity = almost impossible to identify final beneficiaries.	25%	3.00
Policies that encourage illicit activities.	<b>1</b> Low encouragement = there are no public policies and economic regulations that encourage crime, especially because they do not favor opacity.	<b>2</b> Moderate encouragement = some public policies and economic regulations encourage crime, especially because they favor opacity.	<b>3</b> High encouragement = The majority of public policies and economic regulations encourage crime, especially because they favor opacity.	25%	3.00
Prevention against organized crime	<b>1</b> High prevention = more than 10 programs on prevention against organized crime recorded.	<b>2</b> Moderate prevention = between 5 and 10 programs on prevention against organized crime.	<b>3</b> Low prevention = less than 4 programs on prevention against organized crime.	25%	3.00

<b>ASPECT 3.6 JUSTICE SYSTEM</b>				<b>15%</b>	<b>3.00</b>
Promotion and assistance to whistleblowers and victims	<b>1</b> High assistance = there are institutional channels with relative assistance and protection to whistleblowers and victims.	<b>2</b> Moderate assistance = there are institutional channels to receive complaints, but they do not inspire confidence in the complainant and the victim.	<b>3</b> Low assistance = no institutional channels to guarantee assistance and protection of whistleblowers and victims.	20%	3.00
Transparency and accountability in the administration of justice	<b>1</b> High transparency = permanent access to public information and accountability systems for the administration of justice.	<b>2</b> Medium transparency = there are accountability mechanisms for the administration of justice, but the information is published only occasionally.	<b>3</b> Low transparency = no accountability mechanisms for administration of justice, or if they exist, they are rarely used.	15%	3.00
Charges brought by the Public Prosecutor's Office in cases of illicit economies	<b>1</b> High number = Public Prosecutor's Office brings charges in more than 10% cases filed.	<b>2</b> Average number = Public Prosecutor's Office brings charges in between 5 and 10% of the cases.	<b>3</b> Low number = Prosecutor's Office brings charges in less than 4% of cases.	20%	3.00

Sanctions enforced against perpetrators of illicit acts under investigation	<b>1</b> Low Number of convictions = more than 50% of the indictments end in sentences	<b>2</b> Average number of convictions = between 50% and 20% of indictments end in convictions	<b>3</b> Low number of convictions = less than 20% of indictments end in convictions.	30%	3.00
Revictimization	<b>1</b> Low chance of revictimization = less than two cases of revictimization have been recorded.	<b>2</b> Average chance of revictimization = more than 2 cases of revictimization.	<b>3</b> High chance of revictimization = more than 10 cases of revictimization.	15%	3.00

<b>ASPECT 3.7.</b> <b>SECURITY FORCES</b>				<b>10%</b>	<b>3.00</b>
Level of complicity and permissiveness with illicit acts	<b>1</b> Low level of complicity = no cases of public law enforcement officials involved in crimes or linked to criminal networks.	<b>2</b> Medium level of complicity = there are few cases in which public law enforcement officials participate in crimes or are linked to criminal networks.	<b>3</b> High level of complicity = law enforcement officers are involved in most cases of illicit activities and criminal networks.	60%	3.00
Duplication and overlapping of roles	<b>1</b> Low duplicity = the roles of security forces are clearly defined in their territorial jurisdiction and administrative level.	<b>2</b> Moderate duplicity = the roles of security forces are not well defined in their territorial jurisdiction and administrative level. There are some cases of duplicity.	<b>3</b> High duplicity = the roles of law enforcement agencies are not clearly defined at their territorial jurisdiction and administrative level. There are multiple cases of duplicity.	40%	3.00

<b>ASPECT 3.8.</b> <b>TERRITORIAL INTEGRITY</b>				<b>10%</b>	<b>2.80</b>
Level of control of the authorities over the territory	<b>1</b> High control = the authorities exercise adequate control over most of the territory.	<b>2</b> Medium control = authorities exercise an acceptable level of control over most of the territory.	<b>3</b> Low control = there are large areas where authorities do not exercise any control.	45%	3.00
Population in the territory under the control of illicit groups	<b>1</b> Low population density.	<b>2</b> Average population density.	<b>3</b> High population density.	20%	2.00
Area of territories under the control of illicit groups	<b>1</b> Limited territorial area.	<b>2</b> Average territorial area.	<b>3</b> Large territorial area.	35%	3.00



<b>ASPECT 3.9. CAPACITY OF NON-STATE OR INDEPENDENT ACTORS</b>				<b>10%</b>	<b>2.30</b>
Number of non-state organizations engaged in the fight against organized crime	1 = More than 10 organizations nationwide, or one organization in each state of the territory.	2 = Between 5 and 9 organizations nationwide, or one organization in each state of the territory.	3 = Fewer than 4 organizations recorded nationwide.	20%	0.40
Amount of statistics and data processed and published related to criminal actors, illicit economies and their victims.	1 = More than 10 reports with permanent and independent statistics and data have been published.	2 = Between 5 and 9 reports with permanent and independent statistics and data are published.	3 = Less than 5 reports with permanent and independent statistics and data are published.	15%	0.30
Advocacy capacity to prevent organized criminal activities	1 = There are more than two cases of public policies, regulations, or laws to combat organized crime that were originally proposed by independent civil society organizations, or their formulation and approval process was done in permanent consultation with civil society organizations.	2 = There is at least one case of public policies, regulations or laws to combat organized crime that were originally proposed by independent civil society organizations, or whose formulation and approval process involved ongoing consultation with civil society organizations.	3 = There are no cases of public policies, regulations or laws to combat organized crime that were originally proposed by independent civil society organizations, or whose formulation and approval process involved ongoing consultation with civil society organizations.	30%	0.90
Capacity for the care of victims of illicit and criminal organizations	1 = Good capacity = thirty (30) or more independent civil society organizations nationwide specialize in assisting victims of criminal networks involved in illicit economies.	2 = Average capacity = between 10 and 30 independent civil society organizations at the national level specializing in assisting victims of criminal networks involved in illicit economies.	3 = Low capacity = less than 10 independent civil society organizations at the national level	20%	0.40
Ability to expose illicit and criminal organizations	1 = Good capacity = more than 30 independent civil society organizations denounce and expose the negative effects of illicit economies at the national level, have access to public communication channels, and free mobility throughout most of the national territory.	2 = Average capacity = between 10 and 30 independent civil society organizations denounce and expose the negative effects of illicit economies nationwide, have access to public communication channels, and free mobility throughout most of the national territory.	3 = Low capacity = less than 10 independent civil society organizations at the national level	15%	0.30

## CATEGORY 4

	Minimum value 1	Average value 2	Maximum value 3	Weight %	Weighted score out of 3
<b>INSTITUTIONAL, ECONOMIC, SOCIAL, POLITICAL AND CULTURAL DEVIATIONS</b>				<b>25%</b>	<b>0.70</b>
<b>ASPECT 4.1. INSTITUTIONAL DEVIATIONS</b>				<b>20%</b>	<b>0.53</b>
Confidence in official institutions and their action against organized crime	1 High trust = no cases of citizens rely only on official government institutions.	2 Average trust = citizens resort to some public institutions with some frequency.	3 Low trust = Does not rely on government institutions.	25%	0.75
Usurpation of government functions by criminal groups	1 Low usurpation = no cases of criminal agents intervening in conflicts of security, coexistence, healthcare problems, shortages, and infrastructure problems.	2 Medium level of usurpation = sporadic cases of criminal agents intervening in security and coexistence conflicts. There are some cases of citizens who turn to criminal agents to solve healthcare, food shortages and infrastructure problems.	3 High usurpation = There are multiple cases of citizens who turn to criminal agents to solve healthcare, food shortages, coexistence, work and infrastructure problems. Criminal agents commonly intervene in the resolution of security and coexistence conflicts.	35%	0.70
Deinstitutionalization of the State	1 Low deinstitutionalization = high level of fulfillment of institutional roles to confront organized crime = Most people clearly identify the procedures, channels, and institutions available to them for the State to guarantee their security and confront organized crime.	2 Average deinstitutionalization = average level of fulfillment of institutional roles to confront organized crime = some people clearly identify procedures, channels, and institutions available to them for the State to guarantee their security and confront organized crime.	3 High deinstitutionalization = low fulfillment of institutional roles to confront organized crime = few people clearly identify procedures, channels, and institutions available to them for the State to guarantee their security and confront organized crime.	40%	1.20
<b>ASPECTO 4.2. ECONOMIC DEVIATIONS</b>				<b>20%</b>	<b>0.60</b>
Informal economy associated with illicit economies	1 Low level of informal economy = weakening of the informal economy = very few citizens engage in informal economic activities derived from or associated with illicit economies.	2 Average level of informal economy = Citizens engage, in similar proportion, in informal economic activities derived from or associated with illicit economies, and in formal activities of licit economies.	3 High level of informal economy = strengthening of the informal economy = Most people are engaged in informal economic activities derived from or associated with illicit economies.	25%	0.75
Reduced tax revenues due to the existence of illicit economies	1 Low reduction in tax revenues = tax collection remains at rates typical of operating secure and free market contexts.	2 Average reduction in tax revenues = reduction in tax collection rates, and this reduction can be temporarily associated with the increase in crime and corruption cases.	3 A High reduction of tax revenues = tax collection shows historic lows that can be temporarily associated with the increase in crime and corruption cases.	25%	0.75

Private sector disinvestment due to the growth of illicit economies	<b>1</b> Low disinvestment = abundant private investment = investment levels remain at rates typical of security and free market contexts.	<b>2</b> Average disinvestment = some effect on private investment = reduction in private investment rates, and this reduction can be temporarily associated with an increase in crime and corruption cases.	<b>3</b> High disinvestment = private investment at historic lows, which can be temporarily associated with the increase in crime and corruption cases.	25%	0.75
Money laundering and legalization of illegal operations	<b>1</b> Low levels of money laundering = no cases of money laundering through legal businesses and financial entities, or sporadic and not systematic cases.	<b>2</b> Moderate levels of money laundering = some cases of money laundering through legal businesses and financial institutions. Some systematic behavior or patterns.	<b>3</b> High levels of money laundering = money laundering cases are at historic highs, characteristic of dysfunctional economies dominated by illicit activities.	25%	0.75

<b>ASPECT 4.3.</b> <b>SOCIAL DEVIATIONS</b>				<b>30%</b>	<b>0.90</b>
Social control and rule enforcement by criminal actors.	<b>1</b> Low level of enforcement = citizens do not need to ask for authorization or heed restrictions other than institutional and legal limits in order to pursue activities and can move freely in any sector.	<b>2</b> Medium level of enforcement = citizens do not need to request authorization for some activities, but comply with restrictions on times or places imposed by criminal actors.	<b>3</b> High level of enforcement = citizens need to ask for authorization for some activities and follow instructions imposed by criminal actors, such as time and place restrictions.	30%	0.90
Displacement or forced migration caused by criminal actors (including enablers and other gray agents).	<b>1</b> Zero level of displacement or forced migration = no cases of people having to flee their place of residence or work to protect their safety from the actions of criminal actors.	<b>2</b> Moderate level of displacement or forced migration = there are some sporadic cases in which citizens must flee their place of residence or work to protect their safety from the actions of criminal actors.	<b>3</b> High level of displacement or forced migration = although not massive, there are many cases in which citizens must flee their place of residence or work to protect their safety from the actions of criminal actors..	40%	1.20
Human rights violations caused by criminal actors (including enablers and other gray agents).	<b>1</b> Zero level of human rights violations = no human rights violations by criminal actors or gray agents against citizens.	<b>2</b> Low level of human rights violations = some sporadic cases of human rights violations by criminal actors or gray agents against citizens.	<b>3</b> High level of human rights violations = there are systematic or massive cases of human rights violations by criminal actors or grey agents against the citizens.	30%	0.90

<b>ASPECT 4.4. POLITICAL DEVIATIONS</b>				<b>15%</b>	<b>0.30</b>
Interference of organized crime in political parties and electoral campaigns	<b>1</b> No interference = no cases of interference by organized crime in political or electoral processes, through coercion of citizens, or through financial or in-kind support to candidates, parties, or political movements.	<b>2</b> Medium interference = there are some cases of interference by organized crime in political or electoral processes, through coercion of citizens, or financial or in-kind support to candidates, parties, or political movements.	<b>3</b> High interference = Political or electoral processes are characterized by the systematic intervention of gray and criminal agents, through coercion of citizens or financial or in-kind support to candidates, parties, or political movements.	50%	1.00
Political actors seek authorization or support from criminal agents.	<b>1</b> High political independence = low level of solicitation = political actors act independently of criminal actors = no cases of solicitation of authorization or support from political actors to criminal actors.	<b>2</b> Moderate political independence = some cases at the municipal level and allegations of interference at other levels = political actors request authorization or support from criminal actors in some cases.	<b>3</b> Low or no political independence = high level of solicitation = political actors request authorization or support systematically and in most electoral and political processes, from criminal actors.	50%	1.00
<b>ASPECT 4.5 CULTURAL DEVIATIONS</b>				<b>15%</b>	<b>0.45</b>
Cultural acceptance of criminal activities as a life project to achieve economic and social mobility.	<b>1</b> Low cultural acceptance = the majority of citizens contemplate life projects based on legality, as a mechanism for economic and social mobility.	<b>2</b> Moderate cultural acceptance = some citizens contemplate life projects based on legality, as a mechanism for economic and social mobility.	<b>3</b> High cultural acceptance = a high percentage of the population contemplates life projects based on illegality and involvement in activities associated with illicit markets, as a mechanism for economic and social mobility.	50%	1.50
Normalization of the power of criminal actors within the community	<b>1</b> Low cultural normalization = most people reject leadership derived from violent and illicit power exercised by criminal actors in the community.	<b>2</b> Moderate cultural normalization = some people accept the leadership derived from the violent and illicit power exercised by criminal actors among the community.	<b>3</b> High cultural normalization = most people accept or praise the leadership derived from the violent and illicit power exercised by criminal actors among the community.	50%	1.50



# METHODOLOGY

## INTRODUCTION

The Illicit Economies Index of Venezuela is an instrument that measures the scope, presence, and impact of illicit activities in the country based on four categories: (1) criminal agents, (2) economic scope of illicit activities, (3) institutional vulnerability, and (4) institutional, political, economic, social, and cultural deviations.

The calculation of the index is based on the methodological framework developed by Transparencia Venezuela in the research “Illicit Economies: Under the cloak of impunity” 2023, in the Global Organized Crime Index 2021,<sup>39</sup> and in the analysis of criminal networks developed by the Vortex Foundation <sup>40</sup>.

The objective of the index is to facilitate and promote diagnoses on criminality and illicit economies in Venezuela in order to propose legal reforms, design public policy proposals, and carry out dissemination campaigns to

combat and mitigate the impact of criminal agents and illicit economies in the country.

Each category, aspect and variable—including their weight—aims to show the capacity of influence of illicit economies on the institutional functioning of Venezuela. This is in contrast to the hypothetical, desirable situation of a country free of illicit economies. As will be seen, the relevance of Illicit Economies in Venezuela has been exacerbated in a generalized context of micro- and macro-economic poverty and institutional weakness.

For the definition of the methodology, Transparencia Venezuela gathered four research experts and 15 corruption specialists to assign the scores according to the reports on illicit economies that the organization’s investigation team prepared between 2022 and 2023.

## ILLICIT ECONOMIES INDEX 2023

**4** **CATEGORIES**

**23** **ASPECTS**

**55** **VARIABLES**

The Illicit Economies Index has a score between 1 and 3, with 3 being the worst score, which describes the seriousness of the situation in Venezuela.

39 Global Organized Crime Index 2021. Global Initiative (<https://ocindex.net/assets/downloads/global-ocindex-report-spanish.pdf>)

40 Salcedo-Albarán, E. & Garay-Salamanca, L.J. (2021). Súper red de Corrupción en Venezuela: Cleptocracia, Nepotismo y Violación de Derechos Humanos. Bogotá: Fundación Vortex.



## CATEGORIES

The scope of each category proposed in the index is as follows:

### CRIMINAL AGENTS IN THE ILLICIT ECONOMIES

These are groups that act together, engaging in acts of violence, corruption or related activities, in order to obtain, directly or indirectly, a financial or material benefit. These agents may act within a country or transnationally.<sup>41</sup> In preparing this analysis, Transparencia Venezuela considered three types of agents in Venezuela's criminal activities, which group together the diversity of criminal groups:

1. **Criminal organizations:** This category includes the "mega-gangs", the former "gold and construction syndicates" that evolved into "sistemas" led by "pranes," and other criminal groups with a strong regional presence.
2. **Guerrilla groups:** They are armed groups with the aim of seizing political power in their respective countries by use of firearms. These individuals are involved in illicit economies in order to finance their activities.
3. **Enablers or gray agents:** Although these types of agents are usually considered different from strictly criminal agents because they operate through legal entities, for the purposes of this index we consider their functional relevance in the dynamics and structure of illicit economies.

### ILLICIT ECONOMIES

This refers to the magnitude of illegal activities and their impact on the main macroeconomic indicators. This category considers: (i) the size of the illicit economy, i.e. the equivalence of its weight in relation to GDP; (ii) the degree of participation of regular citizens in the illicit business, insofar as it is a source of employment and income; and (iii) the existence of clusters of inputs, transportation, and third-party services around the illicit business. Specifically, the following illicit markets are considered:

1. **Human trafficking**
2. **Drug Trafficking**
3. **Fuel smuggling**
4. **Extortion**
5. **Corruption in port and customs management**
6. **Illicit gold business**

41 Ibidem

## **INSTITUTIONAL VULNERABILITY**

It is understood as the inability to prevent, control and penalize the activities of organized crime through public policies, civil participation mechanisms, and legal entities and agencies. In this sense, institutional vulnerability reflects the lack of resilience; that is, it is the opposite of the notion of resilience as defined in the Global Organized Crime Index 2021.<sup>42</sup> Institutional vulnerability also refers to the weaknesses of state structures in their organizational forms and capacity to respond to the needs of society in the face of organized crime. It also includes the capacity of civil society organizations to promote the prevention and denunciation of illicit activities.

## **INSTITUTIONAL, POLITICAL, ECONOMIC, SOCIAL AND CULTURAL DEVIATIONS**

Measures the level of cooptation, interference and control of organized crime over the explicit and implicit rules of the social game, political processes, the market and public management.

42 Ibidem

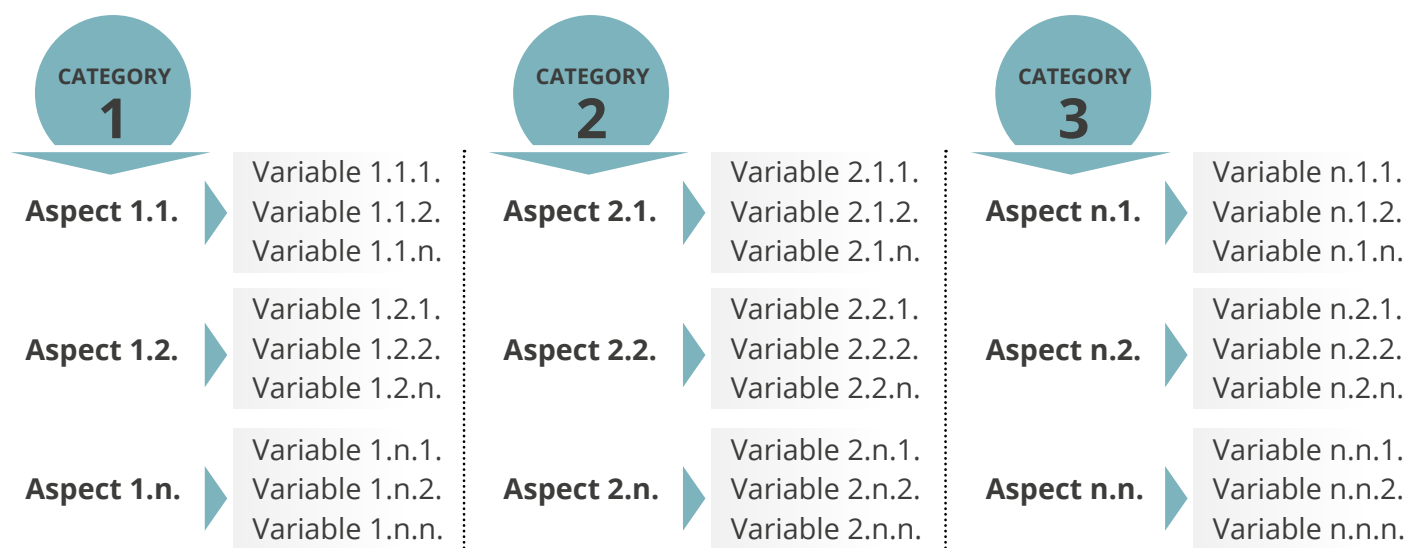
## HOW IS THE INDEX CALCULATED?

Each of the four categories, with an equal percentage value of 25%, is composed of a unique set of aspects to be evaluated, whose weight varies according to their importance in the successful operation of the illicit economy

analyzed. In turn, each aspect is made up of variables that are also distinct and weighted according to their relevance in the illicit economy under analysis:

## INDEX COMPONENTS

TABLE NO. 2



The variables are scored with integer values that indicate low, medium or high levels of the institutional resources, quality, impact, operation, uses; in some cases, the minimum value indicates the absence of the evaluated element. The valuation assigned to the categories is constructed using a different set of aspects, and each aspect considers variables for applying the index.

For each variable the score ranges from 1 to 3, according to specific criteria.

The average score is then totaled and the weight assigned to each category, aspect and variable is applied to obtain final results, where 3 is the worst score.

The following table shows an example of this, with the weight for the 25% category.

**CATEGORY 1: CRIMINALS IN THE ILLICIT ECONOMIES**

<b>CATEGORY 1</b>	<b>Minimum value 1</b>	<b>Average value 2</b>	<b>Maximum value 3</b>	<b>Weight %</b>	<b>Weighted score out of 3</b>
<b>CRIMINAL AGENTS IN ILLICIT ECONOMIES</b>				<b>25%</b>	<b>2.82</b>
<b>ASPECT 1.1. CRIMINAL ORGANIZATIONS (MEGA-GANGS, PRANES, "SISTEMA")</b>				<b>35%</b>	<b>3.00</b>
Defined name and leadership	<b>1</b> No definition / no known public denomination.	<b>2</b> There is a known public reference or denomination.	<b>3</b> Clearly defined and known name.	5%	3.00
Territorial control and social impact where they operate	<b>1</b> No control of territory.	<b>2</b> Exerts some control.	<b>3</b> Exerts near total control.	25%	3.00
Links with the State	<b>1</b> Limited links.	<b>2</b> Some linkage.	<b>3</b> Intense linkage.	35%	3.00
Use of violence	<b>1</b> No use of violence.	<b>2</b> Some degree of violence.	<b>3</b> Use of intense violence (number or types of violent acts).	35%	3.00
<b>ASPECT 1.2. GUERRILLA GROUPS</b>				<b>35%</b>	<b>2.75</b>
Defined name and leadership	<b>1</b> No definition / no known public denomination.	<b>2</b> There is a known public reference or denomination.	<b>3</b> Clearly defined and known name.	5%	3.00
Territorial control and social impact	<b>1</b> No control of territory.	<b>2</b> Exerts some control.	<b>3</b> Exerts near total control.	25%	2.00
Links with the State	<b>1</b> Limited links.	<b>2</b> Some linkage.	<b>3</b> Intense linkage.	35%	3.00
Use of violence	<b>1</b> No use of violence.	<b>2</b> Some degree of violence.	<b>3</b> Use of intense violence (number or types of violent acts).	35%	3.00

The variables of these two components are defined below:

- **Defined name and leadership:** It informs whether the criminal agent has a publicly recognized name, and whether there is a person in the group, also publicly recognized, who exercises structural and operational leadership.
- **Territorial and social control:** It is understood as the de facto exercise of authority over territories and communities

by criminal groups. This control translates, for example, into the group controlling and restricting free mobility; authorizing or limiting parties and meetings; controlling the trafficking of legal and illegal substances; offering supposed protection for people and property; exerting pressure on public officials; providing public services; and, in general, substituting for the institutional and legal functions of the State in the territory.

- **Links with the State:** As occurs in socio-political contexts with high levels of cooptation and institutional corruption, this variable reflects the fact that criminal groups are made up not only of strictly criminal actors but also of public officials, which facilitates the adaptation of criminal structures to institutional and political changes. The higher the degree of linkage and, consequently, the higher the levels of cooptation and institutional corruption, the more the criminal group can be expected to operate in coordination with public administration officials through economic and political agreements. In fact, in some cases the level of co-optation can be so intense that the criminal group is integrated into the state apparatus, acting from institutional settings to promote criminal interests.
- **Use of violence:** Refers to the use of threats and physical, sexual, emotional, economic and psychological coercion to achieve the criminal group's objectives.

The greater the use of violence, the greater the psychological damage, injuries, deaths and deprivation of mobility among citizens who are subject to the de facto control exercised by the criminal group.

**Aspect 1.3:** In the case of gray agents or enablers, the following are considered as variables:

- the diversity of services offered
- the level of influence over public and private institutions;
- the scope of their operations
- the number of criminal agents they service

The level of influence in the institutions has the highest weight (40%), while the scope of their operations and the number of criminal agents they work for have 30% each.

## VARIABLES THAT INCLUDE ENABLERS OR GRAY AGENTS OF THE CATEGORY CRIMINAL AGENTS IN ILLICIT ECONOMIES

TABLE NO. 6

	Minimum value 1	Average value 2	Maximum value 3	Weight %	Weighted score out of 3
<b>ASPECT 1.3. ENABLERS OR GRAY AGENTS</b>				<b>30%</b>	<b>2.70</b>
Diversity in service offerings	<b>1</b> Single service.	<b>2</b> Offers two services.	<b>3</b> More than three services.	30%	3.00
Level of influence on institutions	<b>1</b> No level of influence.	<b>2</b> Some level of influence.	<b>3</b> High degree of documented and publicly known influence.	40%	3.00
Number of clients	<b>1</b> One client only.	<b>2</b> between 1 and 4 clients.	<b>3</b> Five clients or more.	30%	2.00

The scope of each variable is defined below.

- **Diversity of the service portfolio:** Reflects the diversity of services offered by the gray agent, for example: legal management, financial consulting, hosting, banking, supply of inputs, transportation, real estate business, or money laundering advisory.
- **Level of influence on institutions:** Reports on the ability of gray agents to influence the functioning of public and private institutions to achieve their objectives..
- **Number of clients:** Reports the number of individuals and companies that request the services offered by the gray agent.

## CATEGORY 2: ECONOMIC SCOPE OF ILLICIT ACTS

Table 7 shows the most commonly recorded illicit economies in Venezuela, as identified in

investigations prior to the preparation of the index, as well as their assigned weightings.

### ASPECTS INCLUDED IN THE CATEGORY ILLICIT ECONOMIES

TABLE NO. 7

CATEGORY 2	Minimum value 1	Average value 2	Maximum value 3	Weight %
<b>ILLCIT ECONOMIES</b>				<b>25%</b>
<b>ASPECT 2.1. HUMAN TRAFFICKING</b>				<b>15%</b>
<b>ASPECT 2.2. DRUG TRAFFICKING</b>				<b>18%</b>
<b>ASPECT 2.3. FUEL SMUGGLING</b>				<b>16%</b>
<b>ASPECT 2.4. EXTORTION</b>				<b>18%</b>
<b>ASPECT 2.5. CORRUPTION AT PORTS AND AIRPORTSOS</b>				<b>15%</b>
<b>ASPECT 2.6. ILLICIT GOLD BUSINESS</b>				<b>18%</b>

Each illicit economy is defined as follows:

- **Aspect 2.1. Human Trafficking:** It is understood as the activities involving coercion, deception, abduction or fraud for the purpose of exploitation, regardless of the victim's consent. This includes sexual exploitation, forced labor or services, slavery or slavery-like practices, servitude, or organ removal, which must be understood within the framework of modern slavery. This illicit act includes each phase of the chain: capture, transfer, reception, and exploitation of persons..
- **Aspect 2.2. Drug Trafficking:** Although Venezuela has been identified primarily as a drug transit country, the illicit economy analyzed here encompasses the production, distribution and marketing of narcotics. We consider the drugs most frequently seized in law enforcement operations, i.e., marijuana and, mainly, cocaine.



- **Aspect 2.3. Fuel smuggling::**  
Refers to the process of illegal purchase and sale of fuel, within or outside the country's borders.
- **Aspect 2.4. Extortion:**  
It comprises the pressure exerted on the conduct of individuals or groups, companies or organizations, by means of threats or coercion, to compel a specific conduct for the benefit of a third party.
- **Aspect 2.5. Corruption at ports and airports:**  
It is understood as the abuse of power by public officials for their own benefit or that of a third party, which occurs in ports and airports to obtain economic benefits in an irregular manner.

- **Aspect 2.6. Illicit gold business:**  
It encompasses the illegal exploitation, production, distribution, and commercialization of gold. Illegal exploitation generally takes place in protected natural areas.
- The variables used to calculate the index for all aspects of illicit economies are as follows:
- the size of the illicit economy in relation to the Gross Domestic Product (GDP), as the most important factor in the Weight of the illicit economy,
  - the number of people engaged in the activity, which informs the capacity of the illegal market to become an employment option for the population,
  - the existence of clusters around the illicit business.

The following table shows an example:

## VARIABLES THAT INCLUDES EACH ASPECT OF THE CATEGORY ILLICIT ECONOMIES

TABLE NO. 8

CATEGORY 2	Minimum value 1	Average value 2	Maximum value 3	Weight %	Weighted score out of 3
<b>ILLICIT ECONOMIES</b>				<b>25%</b>	<b>2.25</b>
<b>ASPECT 2.1. HUMAN TRAFFICKING</b>				<b>15%</b>	<b>2.00</b>
Market size (GDP share)	<b>1</b> Low (less than 1% of GDP).	<b>2</b> Medium (greater than/ equal to 1%, less than/equal to 4.99%).	<b>3</b> High (over 5% of GDP).	40%	2.00
Approximate number of people working in the illicit business or associated activities.	<b>1</b> Few/some.	<b>2</b> A significant proportion, while not a majority.	<b>3</b> The majority of the population.	30%	2.00
Existence of clusters around the illicit business (inputs, transportation, third-party services)	<b>1</b> No or little cluster development.	<b>2</b> Some development.	<b>3</b> Intense cluster development.	30%	2.00

The scopes of each variable are described below.

- **Market size (as % of GDP):** At 40% of Weight, this variable reports the size of the illicit economy compared to the value of all goods and services produced in a given region in a given year.
- **Approximate number of people working in the illicit business or associated activities:** This is an estimate of the number of economically active persons working directly in the illicit economy, or indirectly in associated and derived activities. It is assigned 30% of weight.
- **Existence of clusters around the illicit business:** Reflects the contracting of suppliers of goods and services required by the business to operate, e.g., supplies, transportation, and other services. As with the previous variable, a 30% weight is assigned to this variable.

### CATEGORY 3: INSTITUTIONAL VULNERABILITY

Institutional vulnerability is understood as the inability and fragility of the state and society to confront the criminal agents involved in the illicit economies.

Table 9 shows the aspects considered for rating vulnerabilities, seven with a weight of 10% and two with a weight of 15%. The application of the vulnerability index refers to a specific national or regional geographic area.

### ASPECTS INCLUDED IN THE CATEGORY INSTITUTIONAL VULNERABILITIES

TABLE NO. 9

CATEGORY 3	Minimum value 1	Average value 2	Maximum value 3	Weight %	Weighted score out of 3
<b>INSTITUTIONAL VULNERABILITY</b>				<b>25%</b>	<b>2.91</b>
<b>ASPECT 3.1. COMMITMENT AND CAPACITY OF GOVERNMENT LEADERSHIP</b>				<b>15%</b>	<b>3.00</b>
<b>ASPECT 3.2. TRANSPARENCY AND ACCOUNTABILITY OF GOVERNMENT AGENCIES</b>				<b>10%</b>	<b>3.00</b>
<b>ASPECT 3.3. CORRUPTION LEVELS</b>				<b>10%</b>	<b>3.00</b>
<b>ASPECT 3.4. INTERNATIONAL COOPERATION</b>				<b>10%</b>	<b>3.00</b>
<b>ASPECT 3.5. ANTI-ORGANIZED CRIME AND MONEY LAUNDERING REGULATIONS, POLICIES AND ECONOMIC REGULATION</b>				<b>10%</b>	<b>3.00</b>
<b>ASPECT 3.6. JUSTICE SYSTEM</b>				<b>15%</b>	<b>3.00</b>
<b>ASPECT 3.7. SECURITY FORCES</b>				<b>10%</b>	<b>3.00</b>
<b>ASPECT 3.8. TERRITORIAL INTEGRITY</b>				<b>10%</b>	<b>2.80</b>
<b>ASPECT 3.9. CAPACITY OF NON-STATE OR INDEPENDENT ACTORS</b>				<b>10%</b>	<b>2.30</b>

- **Aspect 3.1. Government leadership:** Refers to the political will, accountability, capacity and resources of the governmental leadership to fight the structures that sustain the illicit economies analyzed.
  - **Aspect 3.2. Transparency and accountability:** It includes access to public management information regarding the control and monitoring of policies and programs against organized crime, as well as the operation of suitable systems to monitor personnel hiring and management.
  - **Aspect 3.3. Corruption levels:** Reflects the number and magnitude of corruption cases, the relationship of public officials with international criminal networks, the hierarchy and number of public officials involved, and the amounts of money linked to the cases. In general, it is assumed that higher corruption levels in a society facilitate the operation of all the illicit economies analyzed, and of any that may arise in the future.
  - **Aspect 3.4. International cooperation:** It is understood as the willingness of governmental bodies and law enforcement agencies to request and facilitate international support during investigations and judicial and administrative proceedings against agents involved in illicit economies.
  - **Aspect 3.5. Policies and regulations not sufficiently dispersed or duplicated, up to date and in line with international best practices:** Evaluates the quality of the rules established to fight against agents involved in illicit economies.
  - **Aspect 3.6. Judicial system:** Refers to the capacity and resources of the judicial system of the administrative entity analyzed to hear complaints, initiate investigations, issue and enforce sanctions to combat organized crime.
  - **Aspect 3.7. Security forces:** Refers to the capacity and resources of the judicial system of the administrative entity analyzed to hear complaints, initiate investigations, issue and enforce sanctions to combat organized crime.
  - **Aspect 3.7. Security forces:** Refers to the capacity, resources, clarity of roles and commitment that law enforcement agencies have to confront organized crime.
  - **Aspect 3.9. Capacity of non-state or independent actors:** Reflects the capacity of civil society organizations to address and expose the results of the actions of organized crime.
- Aspect 3.1:** The aspect related to Commitment and capacity of government leadership is evaluated with the variables described below, each with a weight of 50% as shown in Table 10.
- **Willingness and accountability of leadership in the fight against organized crime:** Reflects the systematic intent and fulfillment of the obligations of the government leadership of a given region to confront criminal actors involved in illicit economies.
  - **Leadership capacity and resources to act against organized crime:** Refers to the set of competencies, conditions, skills, and economic and institutional resources to fight organized crime. This variable is relevant because we have observed in Venezuela, for example, states with opposition governors receive little or no financial resources from the central government. Thus, it may happen that the government of a state shows the will and interest to combat the criminal networks involved in the illicit economies, but does not have the economic or institutional resources necessary to put this will into practice.

## VARIABLES CONSIDERED FOR COMMITMENT AND CAPACITY OF GOVERNMENT LEADERSHIP

TABLE NO. 10

CATEGORY 3	Minimum value 1	Average value 2	Maximum value 3	Weight %
<b>INSTITUTIONAL VULNERABILITY</b>				<b>25%</b>
<b>ASPECT 3.1. COMMITMENT AND CAPACITY OF GOVERNMENT LEADERSHIP</b>				<b>15%</b>
Willingness and accountability of leadership in the fight against organized crime	<b>1</b> High level of willingness and accountability of the leadership during the period evaluated	<b>2</b> Moderate level of willingness and accountability of the leadership during the period evaluated	<b>3</b> Little or no willingness and accountability of leadership	50%
Leadership capacity and resources to act against organized crime	<b>1</b> Large economic and institutional resources to implement actions against illicit economies	<b>2</b> Moderate economic and institutional resources to implement actions against illicit economies	<b>3</b> Low or no economic and institutional resources to implement actions against illicit economies	50%

**Aspect 3.2:** In the aspect related to Transparency and accountability of government agencies, the following variables are included, the weighting of which is specified in Table 11.

- **Access to information and accountability systems for public management of actions to combat organized crime:** Describes the institutional policies and means for publishing information and accountability systems for public management, specifically about actions against criminal agents involved in illicit economies (33% weight)..

- **Evaluation of compliance with objectives and goals of policies and operations against illicit economies:** Evaluates the existence of permanent institutional mechanisms for follow-up and control of compliance with policies, plans, and action programs against criminal networks involved in illicit economies (33% weight).
- **Personnel selection and management system:** It covers the implementation of mechanisms and tools for hiring and management of human talent required by the public administration to guarantee the honesty and professionalism of officials in charge of public security, prosecution of illegal activities and national defense (34% weight).

## VARIABLES CONSIDERED FOR TRANSPARENCY AND ACCOUNTABILITY OF GOVERNMENT AGENCIES

TABLE NO. 11

CATEGORY 3	Minimum value 1	Average value 2	Maximum value 3	Weight %
<b>INSTITUTIONAL VULNERABILITY</b>				<b>25%</b>
<b>ASPECT 3.2.</b> <b>TRANSPARENCY AND ACCOUNTABILITY OF GOVERNMENT AGENCIES</b>				<b>10%</b>
Access to public information and public management accountability systems on actions to address organized crime and illicit economies	<b>1</b> Permanent and updated publication of information and existence of adequate accountability systems for public management in the area of security.	<b>2</b> Occasional and outdated publication of information and the existence of adequate systems of accountability for public management in the area of security.	<b>3</b> Little or no publication of up-to-date information and the existence of adequate systems of accountability for public management in the area of security.	33%
Evaluation of compliance with objectives and goals of policies and operations against illicit economies.	<b>1</b> Systematic, permanent and technical evaluation.	<b>2</b> Occasional, not highly technical evaluation.	<b>3</b> Sporadic or no evaluation.	33%
Personnel selection and management system	<b>1</b> Personnel hiring and management system based on professional and technical criteria of civil service, without nepotism, cronyism or political affinity.	<b>2</b> Personnel hiring and management system based on professional and technical criteria of civil service, without nepotism or cronyism, but with sporadic or occasional application.	<b>3</b> Personnel hiring and management system without professional and technical criteria, mainly characterized by nepotism, cronyism, and political affinity.	34%

**Aspect 3.3:** In the aspect Corruption levels, the number and magnitude of corruption cases recorded are evaluated according to the following variables, whose weighting is specified in Table 12.

- **Number of cases:** It is understood as the number of cases of "grand corruption" occurring in a region.
- **Generation of corruption with international scope:** Describes the recording of corruption cases involving transnational crime networks or third countries.
- **Rank and number of public officials involved:** Evaluates the magnitude of the involvement of public officials in acts of corruption, as well as their rank in the public administration.
- **Amounts of public budget committed in reported corruption cases:** Refers to the total amount of money involved in the identified corruption cases.

## BLES CONSIDERED FOR CORRUPTION LEVELS

TABLE NO. 12

CATEGORY 3	Minimum value 1	Average value 2	Maximum value 3	Weight %
<b>VULNERABILIDAD INSTITUCIONAL</b>				<b>25%</b>
<b>ASPECT 3.3. CORRUPTION LEVELS</b>				<b>10%</b>
Number of corruption cases identified	<b>1</b> Low level of "grand corruption" = less than 2 cases of grand corruption.	<b>2</b> Medium level of "grand corruption" = more than 2 and less than 5 cases of "grand corruption".	<b>3</b> High level of "grand corruption" = 5 or more cases of "grand corruption".	25%
Scope of the illicit act that generates international corruption	<b>1</b> Low level of transnational corruption = 1 documented case.	<b>2</b> Medium level of transnational corruption = 2 documented cases.	<b>3</b> High level of transnational corruption = 3 or more documented cases.	25%
Rank and number of public officials involved	<b>1</b> Documented cases involve only low-level officials at the municipal, state, or national level.	<b>2</b> Documented cases of high-level municipal or state officials (mayors, expenditure authorizers, treasurers, deputies of regional assemblies, councilmen, directors and secretaries of municipal and regional governments).	<b>3</b> Documented cases of high-ranking officials at the national level (President, Ministers, expenditure authorizers, treasurers, Parliamentarians, presidents of state-owned companies), Governors.	25%
Amounts of public budget committed in reported corruption cases	<b>1</b> Low amount = documented cases involve less than USD 100,000.	<b>2</b> Moderate amount = documented cases involve more than USD 100,000 and less than USD 500,000.	<b>3</b> High amount = documented cases involve more than USD 500,000.	25%

**Aspect 3.4:** As for the international cooperation aspect, it evaluates the three stages for developing cooperation mechanisms: request, acceptance and implementation. Each variable is explained below. Their weight is specified in Table 13.

- **International cooperation requests:** Consists of the number of international cooperation requests made by regional and national governmental bodies to governments or international organizations that have the tools to confront criminal actors.
- **Acceptances of international cooperation:** Refers to the number of requests for international cooperation that are voluntarily received by regional and national government agencies from governments or international organizations that have the tools to confront criminal actors.
- **Implementation of international cooperation programs:** Describes the number of international cooperation programs implemented by regional and national government agencies with the support of governments or international organizations that have the tools to confront criminal actors.



## VARIABLES CONSIDERED FOR INTERNATIONAL COOPERATION

TABLE NO. 13

<b>CATEGORY 3</b>	<b>Minimum value 1</b>	<b>Average value 2</b>	<b>Maximum value 3</b>	<b>Weight %</b>
<b>INSTITUTIONAL VULNERABILITY</b>				<b>25%</b>
<b>ASPECT 3.4. INTERNATIONAL COOPERATION</b>				<b>10%</b>
Requests for international cooperation to fight organized crime	<b>1</b> More than 10 requests for international cooperation recorded.	<b>2</b> Between 5 and 10 requests for international cooperation.	<b>3</b> Less than 5 international cooperation requests made.	33%
Acceptance of international cooperation to fight against organized crime	<b>1</b> More than 10 international cooperation acceptances.	<b>2</b> Between 5 and 10 acceptances of international cooperation.	<b>3</b> Less than 5 international cooperation acceptances made.	33%
Implementing international cooperation programs to fight organized crime	<b>1</b> More than 10 international cooperation programs.	<b>2</b> Between 5 and 10 international cooperation programs.	<b>3</b> Less than 5 international cooperation programs implemented.	34%
Amounts of public budget committed in reported corruption cases	<b>1</b> Low amount = documented cases involve less than USD 100,000.	<b>2</b> Medium amount = documented cases involve more than USD 100,000 and less than USD 500,000.	<b>3</b> High amount = documented cases involve more than USD 500,000.	25%

**Aspect 3.5:** In terms of policies, regulations, and economic regulation against organized crime and money laundering, we evaluate their alignment with international best practices, law enforcement, and prevention of organized crime. Each variable in this aspect is described below, with a weight of 25% each.

- **Policies and regulations with no dispersion or duplication of objectives, sufficient, updated and in line with international best practices:** Evaluates whether policies and regulations are well formulated and focused and whether there is an acceptable level of alignment with international best practices in legal, regulatory and regulatory matters to address criminal activities.
- **Transparency on the final beneficiary of government concessions and awards:** Refers to the clarity with which benefits are granted in areas of the economy and public institutions (companies, ports, airports,

borders), which could be of interest to criminal actors.

- **Policies that encourage illicit activities:** Considering the co-optation of executive and judicial bodies in Venezuela, this variable evaluates the existence of public policies that facilitate the commission of crimes in the context of the illicit economies analyzed.
- **Legalization of illicit activities:** This variable is related to the existence of laws that legalize or enable illicit activities.
- **Crime prevention:** Evaluates the existence of programs to prevent crimes in the context of illicit economies. A score of 1 is assigned when there is at least one program for each illicit economy analyzed.

## VARIABLES CONSIDERED FOR POLICIES, STANDARDS AND ECONOMIC REGULATION AGAINST ORGANIZED CRIME AND MONEY LAUNDERING

TABLE NO. 14

CATEGORY 3	Minimum value 1	Average value 2	Maximum value 3	Weight %
<b>INSTITUTIONAL VULNERABILITY</b>				<b>25%</b>
<b>ASPECT 3.5.</b> <b>ANTI-ORGANIZED CRIME AND MONEY LAUNDERING REGULATIONS, POLICIES AND ECONOMIC REGULATION</b>				<b>10%</b>
Regulations that encourage illicit activities, involve duplication of roles, dispersion, not in line with international practices.	<b>1</b> Acceptable quality of rules = targeted, defined, with some alignment with international best practices.	<b>2</b> Average quality of rules = poorly defined and coordinated, and moderately aligned with international best practices.	<b>3</b> Low quality of standards = encourage illicit activities, involve duplication of roles and deviate from international best practices.	25%
Transparency on the final beneficiary (the actual owners of the companies)	<b>1</b> Acceptable transparency = low opacity = Final beneficiaries can be identified in the majority of cases consulted.	<b>2</b> Average transparency = average opacity = end beneficiaries can be identified in few cases.	<b>3</b> Low transparency = high opacity = almost impossible to identify final beneficiaries.	25%
Policies that encourage illicit activities.	<b>1</b> Low incentive = there are no public policies and economic regulations that encourage crime; they do not favor opacity.	<b>2</b> Moderate incentive = some public policies and economic regulations encourage crime commission, especially because they favor opacity.	<b>3</b> High incentive = The majority of public policies and economic regulations stimulate the commission of crimes, especially because they favor opacity.	25%
Prevention against organized crime	<b>1</b> High prevention = more than 10 programs on prevention of organized crime.	<b>2</b> Moderate prevention = 5 to 10 programs on prevention of organized crime.	<b>3</b> Low prevention = less than 4 programs on prevention of organized crime.	25%

**Aspect 3.6:** The justice system aspect includes the variables described below, with the weight specified in Table 15:

- **Promotion and assistance to whistleblowers and victims:** Describes the activities implemented by the judicial system to promote the reception and channeling of denunciations, as well as the protection of complainants and victims against criminal agents involved in illicit economies.
- **Transparency and accountability in the administration of justice:** It refers to permanent access to public information and accountability systems for the administration of justice.
- **Public Prosecutor's Office charges in cases of illicit economies:** Evaluates the number of allegations related to illicit economies and for which the Ministry files charges.

- **Convictions against perpetrators of illicit acts under investigation:** With a weight of 30%, this variable reflects the number of convictions enforced against perpetrators of organized crime. The highest score is assigned when the majority of the investigations initiated end with a properly substantiated lack of merit for trial, or without punishment for offenders.
- **Revictimization:** It is understood as the potential for victims of illicit activities who speak out against their situation to be accused of being responsible for the crime, or to be exposed to situations in which their initial status as victims is exacerbated without receiving any protection, guarantees, or reparations.

## VARIABLES CONSIDERED FOR SISTEMA JUDICIAL

TABLE NO. 15

CATEGORY 3	Minimum value 1	Average value 2	Maximum value 3	Weight %
<b>INSTITUTIONAL VULNERABILITY</b>				<b>25%</b>
<b>ASPECT 3.6. JUSTICE SYSTEM</b>				<b>15%</b>
Promotion and assistance to whistleblowers and victims	<b>1</b> High assistance = there are institutional channels with relative assistance and protection to whistleblowers and victims.	<b>2</b> Moderate assistance = there are institutional channels to receive complaints, but they do not create trust in the complainant and the victim.	<b>3</b> Low assistance = no institutional channels to guarantee assistance and protection of whistleblowers and victims.	20%
Transparency and accountability in the administration of justice	<b>1</b> High transparency = permanent access to public information and accountability systems of the administration of justice.	<b>2</b> Medium transparency = there are accountability mechanisms for the administration of justice, but the information published is sporadic.	<b>3</b> Low transparency = no accountability mechanisms for administration of justice, or if any, they are rarely used.	15%
Public Prosecutor's Office charges brought in illicit economies cases	<b>1</b> High number = Public Prosecutor's Office files charges in more than 10% of cases.	<b>2</b> Average number = Prosecutor's Office brings charges in between 5 and 10% of cases.	<b>3</b> Low number = Prosecutor indicts less than 4% of cases.	20%
Convictions against perpetrators of illicit acts under investigation	<b>1</b> Number of convictions = more than 50% of indictments end in convictions.	<b>2</b> Average number of convictions = between 50% and 20% of indictments end in conviction.	<b>3</b> Low number of convictions = less than 20% of indictments end in conviction.	30%
Revictimization	<b>1</b> Low probability of revictimization = less than two cases of revictimization have been recorded.	<b>2</b> Average probability of revictimization = more than 2 cases of revictimization have been recorded.	<b>3</b> High probability of revictimization = more than 10 cases of revictimization.	15%

**Aspect 3.7:** The security forces component includes the variables defined in Table 16 below:

- **Level of complicity and permissiveness of illicit acts:** With a 60% weight, it reflects the involvement of the security forces in an illicit act, without taking part in its material execution, and their tolerance of said act. This involvement is based on information provided by the media; therefore, if the amount of news information reflects little control by the authorities over the territory, the highest score is assigned.

- **Duplication and overlapping of roles:** Describes the repetition and overlapping of the roles of law enforcement bodies. If the roles are clear and are not repeated in any security body, the score would be 1, as this reflects a clear definition of functions that prevents criminal networks from taking advantage of institutional gaps. A 40% weight is also assigned to this variable.

## VARIABLES CONSIDERED FOR SECURITY FORCES

TABLE NO. 16

CATEGORY 3	Minimum value 1	Average value 2	Maximum value 3	Weight %
<b>INSTITUTIONAL VULNERABILITY</b>				<b>25%</b>
<b>ASPECT 3.7. SECURITY FORCES</b>				<b>10%</b>
Level of complicity and permissiveness of illegal acts	<b>1</b> Low level of complicity = no cases of public law enforcement officials involved in crimes or linked to criminal networks.	<b>2</b> Medium level of complicity = there are few cases of public law enforcement officials involved in crimes or linked to criminal networks.	<b>3</b> High level of complicity = in most cases of illicit activities and criminal networks, public officials from law enforcement agencies are involved.	60%
Duplication and overlapping of roles	<b>1</b> Low duplication = the functions of the security forces are clearly defined in their territorial jurisdiction and administrative level. There are no cases of duplicity.	<b>2</b> Medium duplicity = the functions of law enforcement agencies are not fairly well defined in their territorial jurisdiction and administrative level. There are some cases of duplicity.	<b>3</b> High duplicity = the roles of law enforcement agencies are not clearly defined in their territorial jurisdiction and administrative level. There are multiple cases of duplicity.	40%

**Aspect 3.8: Territorial Integrity** is composed of:

- **Level of control of the authorities over the territory:** It refers to the presence and control of the authorities over the territories where criminal actors operate. If the media report little control of the authorities over the territory, the highest score is assigned. This variable has the highest weight, i.e. 45%.
- **Population in the territory:** If the territory where criminal groups operate has a high population density, the impact of crime levels will be greater.
- **Area of the territory:** This variable assumes that in a limited area of control where criminal agents operate, the authorities will better exercise their criminal prosecution activities.

## VARIABLES CONSIDERED FOR TERRITORIAL INTEGRITY

TABLE NO. 18

CATEGORY 3	Minimum value 1	Average value 2	Maximum value 3	Weight %
<b>INSTITUTIONAL VULNERABILITY</b>				<b>25%</b>
<b>ASPECT 3.8. TERRITORIAL INTEGRITY</b>				<b>10%</b>
Level of control of the authorities over the territory	<b>1</b> High control = the authorities exercise adequate control over most of the territory.	<b>2</b> Medium control = the authorities exercise an acceptable level of control over most of the territory.	<b>3</b> Low control = there are large areas where authorities exercise no control.	45%
Population in the territory under the control of illicit groups	<b>1</b> Low population density.	<b>2</b> Average population density.	<b>3</b> High population density.	20%
Area of territories under the control of illicit groups	<b>1</b> Reduced territorial area.	<b>2</b> Average territorial area.	<b>3</b> Large territorial area.	35%

**Aspect 3.9:** The last aspect considered in the vulnerabilities category is the Capacity of non-state or independent actors, such as civil society organizations (NGOs), to raise awareness about the negative effects of illicit economies, help prevent illicit acts, promote denunciations and attend to victims. To evaluate this aspect, the following variables described below are considered, whose weight is specified in Table 19.

- **Number of non-state or independent organizations engaged in the fight against organized crime:** Describes the presence of non-governmental organizations (NGOs), academic institutions, trade unions and other non-governmental actors that pursue this objective. Sufficient number of active social organizations is scored as 1, defined as more than 10 organizations nationwide, or at least one organization in each state.
- **Number of statistics and data processed and published on criminal actors, illicit economies and their victims:** Refers to whether active civil society organizations process and publish statistics and data on criminal actors, illicit economies and victims. informes. A score of 1 is assigned if more than 10 reports are recorded, and 3 if there are less than 5 reports.

- **Advocacy capacity to prevent organized criminal activities:** This is understood as the capacity of non-state or independent organizations to influence public policy proposals and work plans to denounce and prevent criminal acts to be accepted by public entities such as national, regional and municipal governments, justice systems and security forces.
- **Capacity for assistance to victims of illicit and criminal organizations:** Describes the adequacy and sufficiency of resources of non-state or independent organizations to meet this objective.
- **Ability to expose the existence of illicit and criminal organizations:** Describes the sufficiency of resources that non-state or independent organizations have to communicate and expose the problems and propose solutions to the negative effects of the action of criminal networks.

## VARIABLES CONSIDERED FOR THE CAPACITY OF NON-STATE ACTORS

TABLE NO. 19

CATEGORY 3	Minimum value 1	Average value 2	Maximum value 3	Weight %
<b>INSTITUTIONAL VULNERABILITY</b>				<b>25%</b>
<b>ASPECT 3.9. CAPACITY OF NON-STATE OR INDEPENDENT ACTORS</b>				<b>10%</b>
Number of non-state organizations engaged in the fight against organized crime	1 = More than 10 organizations nationwide, or one organization in each state of the territory.	2 = Between 5 and 9 organizations nationwide, or one organization in each state of the territory.	3 = Fewer than 4 organizations nationwide.	20%
Number of statistics and data processed and published related to criminal actors, illicit economies and their victims	1 = More than 10 reports with permanent and independent statistics and data have been published.	2 = Between 5 and 9 reports with permanent and independent statistics and data are published.	3 = Less than 5 reports with permanent and independent statistics and data are published.	15%
Advocacy capacity to prevent organized crime activities	1 = There are more than two cases of public policies, regulations or laws to combat organized crime that were originally proposed by independent civil society organizations, or whose formulation and approval process involved ongoing consultation with civil society organizations.	2 = There is at least one case of public policies, regulations or laws to combat organized crime that were originally proposed by independent civil society organizations, or whose formulation and approval process involved ongoing consultation with civil society organizations.	3 = There are no cases of public policies, regulations or laws to combat organized crime that were originally proposed by independent civil society organizations, or whose formulation and approval process involved ongoing consultation with civil society organizations.	30%

Capacity for assistance to victims of illicit and criminal organizations	1 = Good capacity = thirty (30) or more independent civil society organizations at the national level specialize in assisting victims of criminal networks involved in illicit economies.	2 = Average capacity = between 10 and 30 independent civil society organizations at the national level specializing in assisting victims of criminal networks involved in illicit economies.	3 = Low capacity = less than 10 independent civil society organizations at the national level.	20%
Ability to expose illicit and criminal organizations	1 = Good capacity = more than 30 independent civil society organizations condemn and expose the negative effects of illicit economies nationally, have access to public communication channels, and free mobility throughout most of the national territory.	2 = Average capacity = between 10 and 30 independent civil society organizations condemn and expose the negative effects of illicit economies at the national level, have access to public channels of communication, and free mobility throughout the majority of the national territory.	3 = Low capacity = less than 10 independent civil society organizations at the national level.	15%

## CATEGORY: INSTITUTIONAL, ECONOMIC, SOCIAL, POLITICAL AND CULTURAL DEVIATIONS

In the Venezuela Illicit Economies Index 2023, deviations are understood as the consequences that organized crime has on the daily functioning of society and the regions where it operates, in terms of institutional quality; micro- and macroeconomic dynamics; social life; the functioning of political and electoral processes; and customs. In this sense,

the assumption is that higher levels of crime not only have immediate and evident effects on the victims, but also have medium- and long-term effects on the institutional, economic, social, political and cultural aggregate.

The “deviations” category includes the aspects described below, with the weights specified in Table 20.

### ASPECTS INCLUDED IN THE DEVIATIONS CATEGORY

TABLE NO. 20

CATEGORY 4	Minimum value 1	Average value 2	Maximum value 3	Weight %
INSTITUTIONAL, ECONOMIC, SOCIAL, POLITICAL AND CULTURAL DEVIATIONS				25%
ASPECT 4.1. INSTITUTIONAL DEVIATIONS				20%
ASPECT 4.2. ECONOMIC DEVIATIONS				20%
ASPECT 4.3. SOCIAL DEVIATIONS				30%
ASPECT 4.4. POLITICAL DEVIATIONS				15%
ASPECT 4.5. CULTURAL DEVIATIONS				15%



- **Institutional Deviations:** It reflects the effects on “the rules of the game in society,” i.e., on the constitution, laws, property rights,<sup>43</sup> among other explicit regulations and norms that guarantee proper coexistence and security. To this extent, the capacity of institutions to function is affected by the permanent and generalized action of criminal agents, to the point of creating distortions in which citizens no longer recognize them as they should in conditions of full coexistence and security. This aspect is focused on the distrust of citizens towards formal institutions, as well as on the appropriation of public functions by irregular groups, and the institutional legal failure of government agencies to comply with the law in the face of illegal acts and their perpetrators.
- **Economic Deviations:** This refers to changes in commercial and labor behavior in the daily lives of citizens and at the macroeconomic level, such as the abuse of financial systems and companies to engage in money laundering. These changes represent a departure from the commercial and financial conduct that should be observed under conditions of full citizen security and free markets. The scope of Economic Deviations includes general aspects, but emphasis is placed on the illicit economies analyzed.
- **Social Deviations:** These are the changes in the daily behaviors of movement and association of citizens, which are a departure from the social behaviors that should be expected under the rule of law, and which are the result of restrictions imposed by criminal actors. Examples of these deviations are: territorial control of free mobility in communities, forced migration, forced detentions, and other human rights violations.
- **Political Deviations:** This refers to changes in political and electoral behavior. As in the Economic Deviations, these changes represent a departure from the behaviors that should be expected to develop in conditions of citizen security and free exercise of democracy. In general, these deviations lead to political behavior and mechanisms being manipulated by criminal groups for their own benefit.
- **Cultural Deviations:** These deviations refer to the anomalous behaviors of the population, a departure from the cultural behaviors that should be expected in conditions of public security and free democratic values. The recording of information on Cultural Deviations considers the normalization of violence understood as the absence of rejection and moral condemnation of violent acts committed by criminal actors. This “normalization” is reinforced by the defenselessness of citizens, government support or indifference, and the fear created among communities. These are distortions that affect non-explicit customs, due to the action and control of organized crime.

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**Aspect 4.1.:** The institutional deviations aspect includes the level of public confidence in legal and formal institutions in the face of criminal action, the usurpation of public roles by criminal agents, and the Deinstitutionalization of the State, understood as the failure to comply with constitutional provisions. The specific scopes of each variable are presented below and their weight is specified in Table 21.

- **Confidence in official institutions and their action against organized crime:**  
It reflects the extent to which citizens resort to legal and formal instances to report wrongdoings and protect themselves from the actions of criminal actors and, in general, to seek the basic fulfillment of their basic rights. This is because citizens tend to turn to these legal and formal instances when they trust their general institutional functioning. In this sense, the lower the levels of institutional trust, the more citizens will refrain from resorting to legal and formal instances, in favor of criminal actors as they seek to safeguard their basic levels of elemental rights.

- **Usurpation of government functions by criminal groups:** This variable reflects the extent to which criminal actors replace formal and legal institutions in providing public security and enforcing justice. The lower the levels of trust in security institutions, the more citizens will turn to criminal actors to solve security and coexistence conflicts.
- **Deinstitutionalization of the State:** This variable reflects the extent to which citizens recognize the legal and formal mechanisms to effectively protect themselves from criminal actors. In this case, institutional trust is considered to be based on citizens' recognition of constitutional mechanisms for their defense against criminal action.

## VARIABLES CONSIDERED FOR INSTITUTIONAL DEVIATIONS

TABLE NO. 21

CATEGORY 4	Minimum value 1	Average value 2	Maximum value 3	Weight %
INSTITUTIONAL, ECONOMIC, SOCIAL, POLITICAL AND CULTURAL DEVIATIONS				25%
<b>ASPECT 4.1.</b> INSTITUTIONAL DEVIATIONS				20%
Trust in official institutions and their action against organized crime	1 High trust = citizens only turn to official government institutions.	2 Average trust = citizens are somewhat frequent users of some government institutions.	3 Low confidence = They do not use government institutions.	25%

Usurpation of government functions by criminal groups	<b>1</b> Low usurpation = no cases of criminal agents intervening in security conflicts, coexistence, health problems, shortages, and infrastructure issues.	<b>2</b> Average usurpation = there are sporadic cases of criminal agents intervening in security and coexistence conflicts. There are some cases of people who turn to criminal agents to address healthcare issues, food shortages and infrastructure problems.	<b>3</b> High usurpation = There are multiple cases of people who turn to criminal agents to solve healthcare issues, food shortages, coexistence conflicts, labor and infrastructure problems. Criminal agents commonly intervene in the resolution of security and coexistence conflicts.	35%
Deinstitutionalization of the State	<b>1</b> Low deinstitutionalization = high level of fulfillment of institutional functions to confront organized crime = most people clearly identify the procedures, channels, and institutions available to them for the State to guarantee their security and confront organized crime.	<b>2</b> Average deinstitutionalization = average level of fulfillment of institutional functions to confront organized crime = some people clearly identify the procedures, channels, and institutions available to them for the State to guarantee their security and confront organized crime.	<b>3</b> High deinstitutionalization = low fulfillment of institutional functions to confront organized crime = few citizens clearly identify the procedures, channels, and institutions available to them for the State to ensure their security and confront organized crime.	40%

**Aspect 4.2.:** Economic Deviations include the size of the informal economy, the impact on tax revenues, the lack of incentives for private investment, and the extent of money laundering as a result of criminal activity. The variables analyzed are described below. Their weights are specified in Table 22.

- **Informal economy associated with illicit economies:** This variable assumes that higher levels of informality facilitate the participation of the economically active population in activities directly or indirectly associated with illicit economies. To this extent, the growth of the informal economy is a cause and a consequence associated with the strengthening of illicit economies.
- **Reduced tax revenues due to the existence of illicit economies:** Reflects tax evasion associated with the existence of illicit economies, as a result of the inadequate functioning of collection

mechanisms and, in general, the reduction of legal and formal economic activities.

- **Private sector disinvestment due to the growth of illicit economies:** This variable reflects the fact that private investment depends on compliance with the legal and institutional guarantees that protect such investment; therefore, in the presence of strong criminal activity, the lawful private sector tends to cut back on investment.
- **Money laundering and legalization of illegal operations:** Refers to the extent of money laundering as a result of widespread criminal activity, which is nurtured and promoted by this activity.

## VARIABLES CONSIDERED FOR ECONOMIC DEVIATIONS

TABLE NO. 22

CATEGORY 4	Minimum value 1	Average value 2	Maximum value 3	Weight %
INSTITUTIONAL, ECONOMIC, SOCIAL, POLITICAL AND CULTURAL DEVIATIONS				25%
<b>ASPECT 4.2.</b> ECONOMIC DEVIATIONS				20%
Informal economy associated with illicit economies	1 Low level of informal economy = weakening of the informal economy = very few people participate in informal economic activities derived from or associated with illicit economies.	2 Average level of informal economy = People participate, in similar proportion, in informal economic activities derived from or associated with illicit economies, and in formal activities in licit economies.	3 High level of informal economy = strengthening of the informal economy = Most people are engaged in informal economic activities derived from or associated with illicit economies.	25%
Reduced tax revenues due to the existence of illicit economies	1 Low reduction in tax revenues = tax collection remains at rates typical of a secure, free market context.	2 Average reduction in tax revenues = there is a reduction in tax collection rates, and this reduction can be temporarily associated with the increase in crime and corruption cases.	3 High reduction in tax revenues = tax collection reaches historic lows, which can be temporarily associated with the increase in crime and corruption cases.	25%
Private sector disinvestment due to the growth of illicit economies	1 Low disinvestment = abundant private investment = investment levels are maintained at rates typical of a secure, free market context.	2 Average disinvestment = some impact on private investment = there is a reduction in private investment rates, and this reduction can be temporarily associated with a rise in crime and an upsurge in corruption cases.	3 High disinvestment = private investment reaches historic lows, which can be temporarily associated with the increase in crime and corruption cases.	25%
Money laundering and legalization of illegal operations	1 Low levels of money laundering = no cases of money laundering through legal businesses and financial entities, or there are sporadic cases with no systematic cases.	2 Medium levels of money laundering = there are some cases of money laundering through legal businesses and financial entities. Some systematic cases or patterns are recorded.	3 High levels of money laundering = money laundering cases are at historic highs, characteristic of dysfunctional economies dominated by illicit activities.	25%

**Aspect 4.3.:** Social Deviations include the control exercised by criminal groups over communities, the impact on free mobility and association, forced migration as a mechanism to safeguard personal integrity, and the systematic violation of human rights. The variables and their respective weights are explained below. (Table 23).

- **Social control and imposition of population rules by criminal groups:**  
Refers to practices to preserve the order established by criminal agents in the communities where they operate, using coercion, violence or threats to restrict the free mobility and association of citizens.

- **Forced migration caused by criminal actors (including gray agents and enablers):**

It reflects how typical it is for people to have to flee their place of residence or work in order to safeguard their personal integrity or basic levels of human and civil rights. It highlights the action of gray agents and enablers who can also exert economic pressure to forcibly expel people from their homes.

- **Human rights violations caused by criminal actors (including enablers and gray agents):**

It relates to the actions of organized crime that threaten, ignore and negatively affect the rights set forth in the Universal Declaration of Human Rights and regional human rights instruments.

## VARIABLES CONSIDERED FOR SOCIAL DEVIATIONS

TABLE NO. 23

CATEGORY 4		Minimum value 1	Average value 2	Maximum value 3	Weight %
INSTITUTIONAL, ECONOMIC, SOCIAL, POLITICAL AND CULTURAL DEVIATIONS					25%
<b>ASPECT 4.3.</b> SOCIAL DEVIATIONS					30%
Social control and rule enforcement by criminal actors.		1 Low level of imposition = people do not need to ask for authorization or observe restrictions other than institutional and legal limitations in order to perform their activities, and can move freely in any sector.	2 Medium level of imposition = people do not need to request authorization for some activities, but comply with restrictions on times or places imposed by criminal actors.	3 High level of imposition = people must ask for authorization to carry out certain activities and follow instructions imposed by criminal actors, such as time and place restrictions.	30%

Displacement or forced migration caused by criminal actors (including enablers and other gray agents).	1 Zero level of displacement or forced migration = no cases of people being forced to flee their place of residence or work to protect their safety from the actions of criminal actors.	2 Medium level of displacement or forced migration = there are some sporadic cases in which people must flee their place of residence or work to protect their safety from the actions of criminal actors.	3 High level of displacement or forced migration = although not massive, there are many cases in which people must flee their place of residence or work to protect their safety from the actions of criminal actors.	40%
Human rights violations caused by criminal actors (including enablers and other gray agents).	1 Zero level of human rights violations = no human rights violations by criminal actors or gray agents against citizens.	2 Low level of human rights violations = some sporadic cases of human rights violations by criminal actors or gray agents against citizens.	3 High level of human rights violations = systematic or massive cases of human rights violations by criminal actors or gray agents against citizens.	30%

**Aspect 4.4.:** Political Deviations encompasses the interference of criminal actors in electoral and political processes, which distorts the free exercise of politics by citizens. Each variable is described below and its respective weight is specified in Table 24.

- **Interference of organized crime in political parties and electoral campaigns:** Describes the influence of criminal actors on the behavior of candidates, political parties and movements, through economic and financial intervention or coercion of citizens. Under conditions of high interference, independent candidates, as well as political parties and movements, become an instrument of criminal actors to legitimize their objectives.

- **Political actors seek authorization or support from criminal agents:** It describes those situations in which candidates, political parties and movements must request authorization from criminal actors to develop their campaigns. Additionally, it considers those situations in which, even without the need for it, political actors seek the support of criminal actors, establishing mutually beneficial agreements.

## VARIABLES CONSIDERED FOR POLITICAL DEVIATIONS

TABLE NO. 24

CATEGORY 4	Minimum value 1	Average value 2	Maximum value 3	Weight %
INSTITUTIONAL, ECONOMIC, SOCIAL, POLITICAL AND CULTURAL DEVIATIONS				25%
ASPECT 4.4. POLITICAL DEVIATIONS				15%
Interference of organized crime in political parties and electoral campaigns	1 No interference = no cases of interference by organized crime in political or electoral processes, through coercion of citizens, or through financial or in-kind support to candidates, parties, or political movements.	2 Medium interference = there are some cases of interference by organized crime in political or electoral processes, through coercion of citizens, or financial or in-kind support to candidates, parties, or political movements.	3 High interference = Political or electoral processes are characterized by the systematic intervention of gray and criminal agents, through coercion of citizens, or financial or in-kind support to candidates, parties, or political movements.	50%
Political actors seek authorization or support from criminal agents.	1 High political independence = low level of solicitation = political actors act independently from criminal actors = no cases of solicitation of authorization or support from political actors to criminal actors.	2 Moderate political independence = some cases are reported at the municipal level and allegations of interference at other levels = political actors request authorization or support from criminal actors in some cases.	3 Low or no political independence = high level of solicitation = political actors systematically request authorization or support from criminal actors in most electoral and political processes.	50%

**Aspect 4.5.:** Cultural Deviations reflect the changes in the customs and implicit rules of citizens as a result of their permanent exposure to a context of intense criminal activity. The variables are explained below, and their corresponding weights are specified in Table 25.

- **Cultural acceptance of criminal activities as a life project to attain economic and social mobility:** Reflects those situations in which citizens generally interpret illicit activities as valid and legitimate options for achieving social and economic mobility.

In these cases, direct or indirect involvement in activities associated with illicit economies is not only a last resort, but a valid, legitimate and even a desirable option than lawful options.

- **Normalization of the power of criminal actors in the community:**

This variable reflects the process in which citizens' behavior shift from rejecting criminal actors as figures with economic and social power, to normalizing them and even praising the leadership derived from illegality.



## VARIABLES CONSIDERED FOR CULTURAL DEVIATIONS

TABLE NO. 25

CATEGORY 4	Minimum value 1	Average value 2	Maximum value 3	Weight %
INSTITUTIONAL, ECONOMIC, SOCIAL, POLITICAL AND CULTURAL DEVIATIONS				25%
ASPECT 4.5. CULTURAL DEVIATIONS				15%
Cultural acceptance of criminal activities as a life project to achieve economic and social mobility.	1 Low cultural acceptance = Most people contemplate life projects based on lawful activities, as a mechanism for economic and social mobility.	2 Moderate cultural acceptance = some people contemplate life projects based on lawful activities, as a mechanism for economic and social mobility.	3 High cultural acceptance = a high percentage of the population contemplates life projects based on illegality and involvement in activities associated with illicit markets, as a mechanism for economic and social mobility.	50%
Normalization of the power of criminal actors in the community	1 Low cultural normalization = Most people reject leadership derived from violent and illicit power exercised by criminal actors in the community.	2 Average cultural normalization = some people accept leadership derived from violent and illicit power exercised by criminal actors among the community.	3 High cultural normalization = Most citizens accept or praise the leadership derived from the violent and illicit power exercised by criminal actors among the community.	50%



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