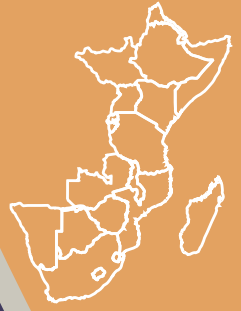# CIVIL SOCIETY OBSERVATORY OF
ILLICIT ECONOMIES
IN EASTERN AND SOUTHERN AFRICA

RISK BULLETIN

SUMMARY HIGHLIGHTS

1. **Recent high-profile arrests by US and Chinese law-enforcement agencies have dismantled major wildlife-trafficking networks that operated across the continent.**

    This year saw two major transnational investigations into wildlife trafficking networks operating in East and Southern Africa reach their conclusion: the US-led investigation of the Kromah cartel, and the Chinese-led investigation of the Shuidong network. The US and China take differing approaches to transnational investigations, and this has implications for the role of African law enforcement authorities in countering transnational crime.

2. **Attempts to fight human trafficking from Uganda are undermined by corrupt links between bogus recruitment agencies and people in positions of power.**

    The trafficking of migrant workers from Uganda to the Gulf and other Middle East countries using fraudulent recruitment agencies that give false promises of employment is on the rise. While the Ugandan authorities point to actions taken to counter human trafficking, it seems these actions are being undermined by people in positions of power.

3. **Placing Uganda's response to human trafficking, and its weaknesses, in a national and regional context: The findings of the Organised Crime Index Africa**

    Corruption undermines Uganda's efforts to counter human trafficking. Using the ENACT Organised Crime Index Africa, a powerful tool to measure countries' levels of organized crime and resilience to this threat, we can see how this finding is also typical of Uganda's responses to other forms of organized crime, and how low levels of victim protection are typical of the East Africa region.

4. **Anti-corruption efforts suffered a setback in the US trial of a businessman implicated in the 'secret loans' scandal in Mozambique – but the case has revealed vital information about the nature of illicit funding flows into politics.**

    In December 2019, Jean Boustani, an employee of United Arab Emirates-based shipbuilding conglomerate Privinvest, was acquitted in a US court of charges of defrauding US investors in the Mozambican 'secret loans' scandal. The acquittal may have been demoralizing for Mozambican and international anti-corruption advocates, but the case has been useful to their cause by providing detailed evidence of how and to whom bribes were paid.

GLOBAL INITIATIVE
AGAINST TRANSNATIONAL
ORGANIZED CRIME

ABOUT THIS ISSUE

This edition of the Risk Bulletin of Illicit Economies in Eastern and Southern Africa covers emerging trends in wildlife trafficking and human trafficking. It focuses in particular on how corruption, in many forms, facilitates organized crime and incentivizes decision makers to undermine reforms designed to improve the institutional response to crime.

In Uganda, we explore how seemingly legitimate labour recruitment agencies are behind a rising trend in human-trafficking cases from Uganda and the powerful interests that appear to be undermining attempts to better regulate the industry. Our second story makes use of the Organised Crime Index Africa (published in September) to contextualize trends observed in human trafficking from Uganda, and show how corruption, lack of support for victims and witnesses, and insufficient scrutiny from civil society hinder responses to many forms of organized crime in Uganda.

We also report on recent developments in the so-called 'secret loans' scandal, which is currently engulfing Mozambique's economy and political class. Understanding the role of illicit flows to Mozambique's ruling party, Frelimo, is vital to understanding how anti-corruption and anti-organized-crime strategies in the country might develop.

Much as these stories might suggest that tackling corrupt interests in organized crime is an insurmountable challenge, our lead story takes a different perspective. Two major transnational investigations into wildlife-trafficking networks reached their conclusion in 2019, with US and Chinese law-enforcement agencies cooperating with counterparts in Southern and East Africa. An analysis of these two investigations considers how the diverging foreign policy priorities of the US and China have shaped law-enforcement priorities, and the positive role that international law enforcement may play in conducting investigations into transnational networks operating in East and Southern Africa.

1. Recent high-profile arrests by US and Chinese law-enforcement agencies have dismantled major wildlife-trafficking networks that operated across the continent.

In June 2019, Moazu Kromah (of Liberian nationality) and three associates were indicted by the court of the Southern District of New York (SDNY) on charges of wildlife trafficking, money laundering and heroin distribution.[1] The indictment documents a conspiracy to traffic 190 kilograms of rhino horn and at least 10 tonnes of elephant ivory, and intent to distribute more than 10 kilograms of heroin.[2]

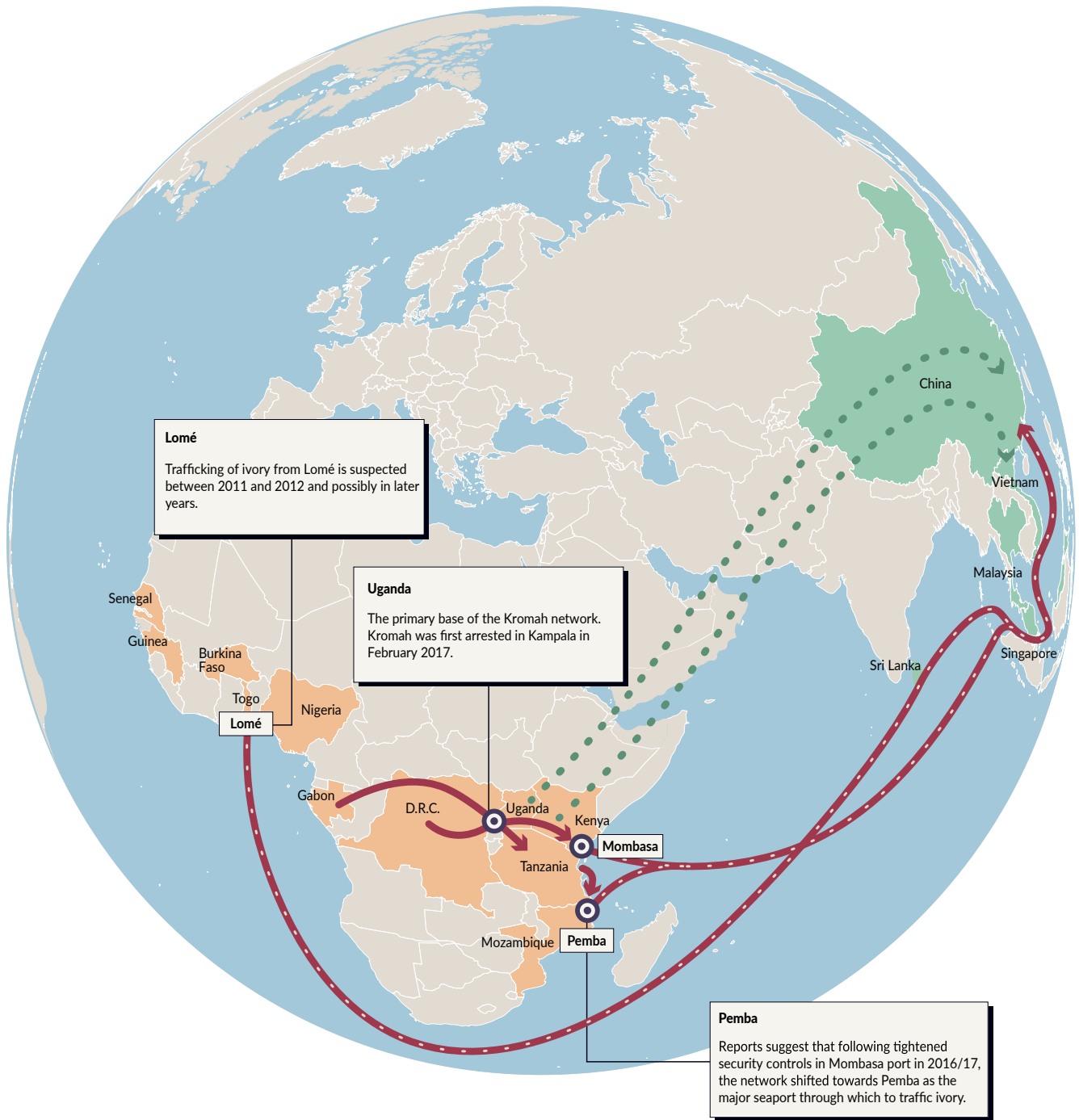In January 2019, the China Customs Anti-Smuggling Bureau (ASB) apprehended and repatriated Ou Haiqiang from Nigeria on an INTERPOL red notice.[3] Ou was the last of the three major ivory traffickers leading the Shuidong syndicate[4] to be arrested and brought back to China for prosecution.[5]

Both these cases led to the dismantling of major wildlife trafficking networks. Both involved long-term investigations into transnational crime syndicates led by investigators from jurisdictions outside the continent, who had been given the mandate and resources to investigate transnational organized wildlife crime relatively recently.
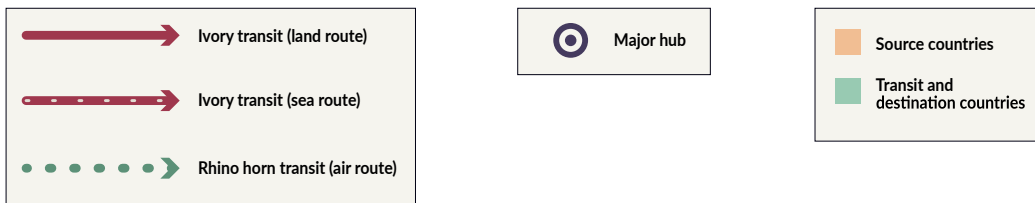
THE KROMAH CARTEL

The Kromah cartel, or Guinea cartel, was one of the major organized wildlife crime networks operating in Africa.[6] Based out of Uganda, their operations stretched from West Africa, through Central Africa, to East Africa – shipping ivory in containers from Mombasa, Kenya, and Pemba, northern Mozambique, and rhino horn by air from Entebbe, Uganda, and Nairobi, Kenya.[7] At one time, the network reached as far south as the Mozambican capital, Maputo.[8] The indictment reads that Kromah's wildlife trafficking activities dated back to at least December 2012.[9] This is significant because the date tallies with a landmark seizure by Malaysian customs officers on 11 December 2012,[10] which contained four tonnes of ivory from East Africa and two tonnes from West Africa.[11] At the time, this was the second largest ivory seizure ever, and the only large seizure to contain ivory of mixed origins – suggesting a criminal network that extended across Africa.

Lomé

Trafficking of ivory from Lomé is suspected between 2011 and 2012 and possibly in later years.

Uganda

The primary base of the Kromah network. Kromah was first arrested in Kampala in February 2017.

Pemba

Reports suggest that following tightened security controls in Mombasa port in 2016/17, the network shifted towards Pemba as the major seaport through which to traffic ivory.

China

Vietnam

Malaysia

Singapore

Sri Lanka

Senegal

Guinea

Burkina Faso

Togo

Lomé

Nigeria

Gabon

D.R.C.

Uganda

Kenya

Mombasa

Tanzania

Mozambique

Pemba

Key

→ Ivory transit (land route)

→ Ivory transit (sea route)

• • • • → Rhino horn transit (air route)

⊙ Major hub

▮ Source countries

▮ Transit and destination countries

FIGURE 1 *Overview of the Kromah network: major trafficking routes, key hubs and countries of activity*

SOURCE: Members of African criminal enterprise charged with large-scale trafficking of rhinoceros horns and elephant ivory and heroin distribution, Department of Justice, U.S. Attorney's Office, Southern District of New York, 13 June 2019, https://www.justice.gov/usao-sdny/pr/members-african-criminal-enterprise-charged-large-scale-trafficking-rhinoceros-horns, along with author's own research.

Kromah was first arrested in February 2017 in a compound in Kampala, Uganda, where 437 pieces of ivory weighing 1.3 tonnes were also found.[12] The Uganda Wildlife Authority (UWA), who made the arrest, and the Natural Resources Conservation Network, a Ugandan NGO that supports the UWA with investigations and prosecutions, described Kromah as being at 'the centre of a vast ring of organized criminals ... connected to at least four other major criminal syndicates ... supplying the biggest wildlife criminal syndicates worldwide.'[13] The case never progressed through the Ugandan courts, which is perhaps not surprising, given that an internal INTERPOL document referring to Kromah was found in the house where he was arrested.[14]

The size and importance of the Kromah cartel, and its members' impunity, attracted the attention of the United States Fish and Wildlife Service (USFWS) Office of Law Enforcement in early 2017. Crucially, new legislation had just come into force. The 2016 END Wildlife Trafficking Act[15] and the February 2017 Presidential Executive Order on Transnational Criminal Organisations and Trafficking[16] expanded the USFWS's mandate to investigate international wildlife traffickers.
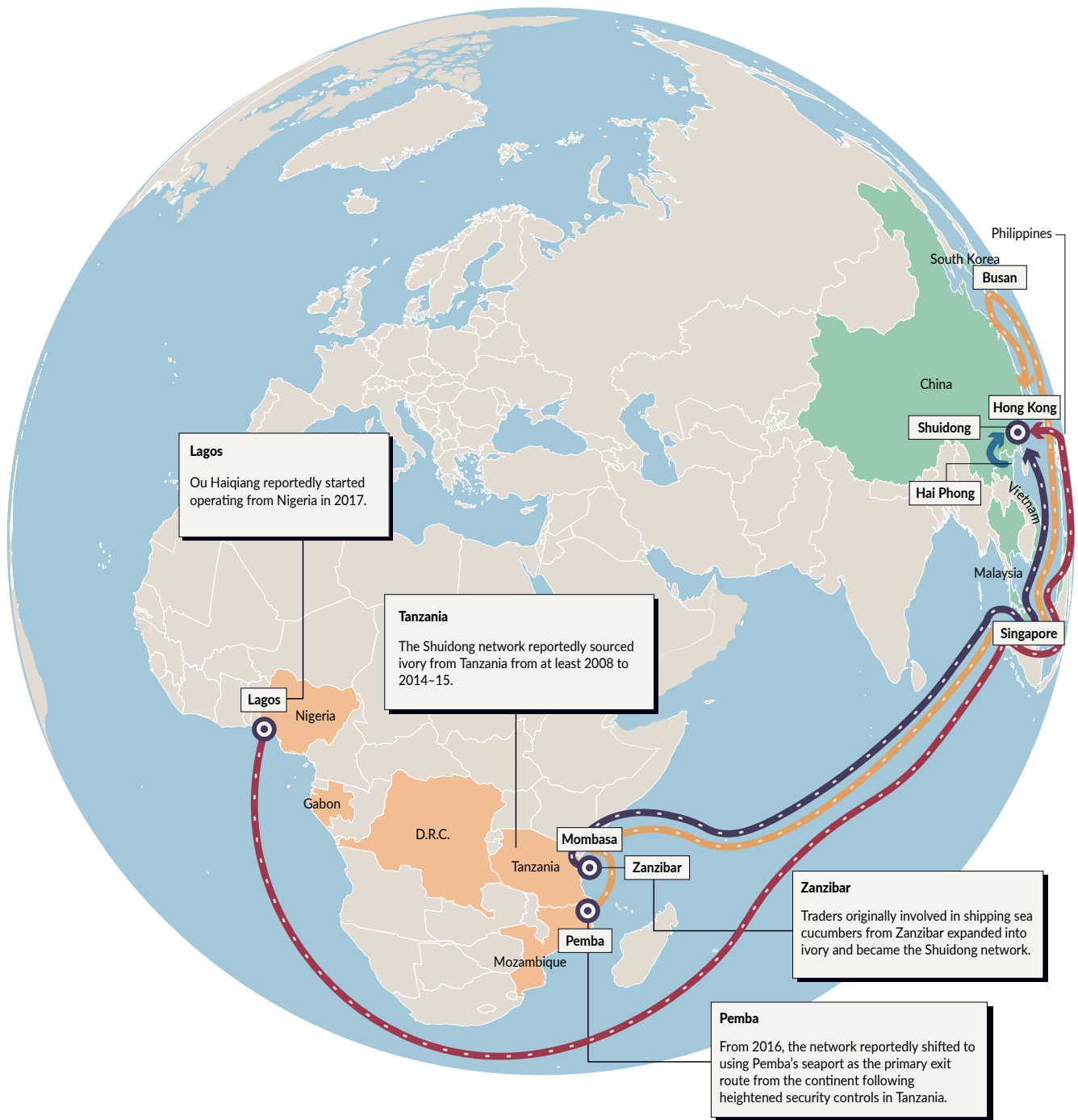
THE SHUIDONG SYNDICATE

Like the Kromah cartel, the Shuidong syndicate, named for the town in southern China, was a major ivory trafficking network. This network had been smuggling ivory from Tanzania to China for more than 20 years[22] and claimed that Shuidong was the destination for 80% of all poached ivory illegally trafficked to China from Africa.[23] The Environmental Investigation Agency's (EIA) two-year undercover investigation revealed the syndicate's trafficking and money-laundering methods. It emerged that traders from Shuidong originally involved in shipping sea cucumbers from Zanzibar had diversified into illicit trade in ivory and other wildlife products.[24] When enforcement tightened up in Tanzania in 2015/16, they shifted operations to Pemba and, latterly, Nigeria in 2017. The syndicate relied on corruption and money laundering, and concealed their ivory shipments among legitimate products. They chose routes using several transit ports to avoid detection. Accomplices, including corrupt government officials and complicit freight agents, were placed at strategic points along the trade chain, which enabled the syndicate to 'own the route'.[25]
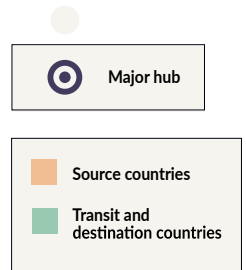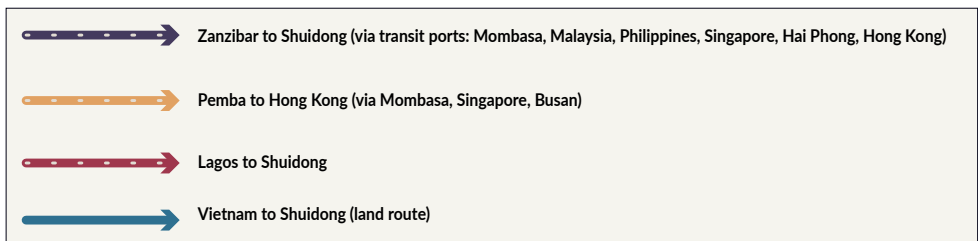
They drew on expertise from the US Drug Enforcement Administration (DEA), which has longstanding experience tackling transnational criminal networks[17] and had recently dismantled the Akasha network in Kenya, which had been involved in narcotics and ivory trafficking (see Risk Bulletin issue 1 for more on the Akasha network).[18] The two-year USFWS-led investigation involved national law-enforcement authorities and partners in at least five African countries, and was supported by the DEA and SDNY.

The investigation worked with so-called vetted units,[19] which have been established to investigate organized crime and for which personnel undergo formal vetting procedures, such as interviews, polygraph tests and background checks.[20] The investigation also worked with other 'trusted partners', which may not have undergone formal vetting but which are known to operate effectively and typically without the influence of corruption, as well as experienced confidential sources. The case was built until it included a US nexus[21] – which allows the senior figures to be prosecuted by the SDNY, who specialize in complex cases involving corruption and transnational organized crime.

Before they published their report, the EIA provided confidential information to China Customs.[26] The ASB then led a raid of Shuidong, involving some 500 enforcement officers. One of the three key syndicate figures, Wang Kangwen, was arrested, convicted and sentenced to 15 years' imprisonment.[27] The two other key figures were found to be in Africa. Under instructions from President Xi Jinping to focus on the illegal wildlife trade (IWT) and ivory trafficking in particular,[28] the ASB launched an international investigation, gathering information on the suspects and engaging with law-enforcement authorities in Tanzania, Mozambique and Nigeria. The second key trafficker, Xie Xingbang, was tracked down in Tanzania and voluntarily returned to China to face trial. He was convicted and sentenced to six years' imprisonment. Finally, on 5 January 2019, in a coordinated operation, Ou Haiqiang was arrested by law enforcement in Nigeria and repatriated to China. So far, 11 suspects have been convicted in China .[29]

Lagos

Ou Haiqiang reportedly started operating from Nigeria in 2017.

Tanzania

The Shuidong network reportedly sourced ivory from Tanzania from at least 2008 to 2014–15.

Zanzibar

Traders originally involved in shipping sea cucumbers from Zanzibar expanded into ivory and became the Shuidong network.

Pemba

From 2016, the network reportedly shifted to using Pemba's seaport as the primary exit route from the continent following heightened security controls in Tanzania.

Key

- Zanzibar to Shuidong (via transit ports: Mombasa, Malaysia, Philippines, Singapore, Hai Phong, Hong Kong)
- Pemba to Hong Kong (via Mombasa, Singapore, Busan)
- Lagos to Shuidong
- Vietnam to Shuidong (land route)

⦿ Major hub

◼ Source countries

◼ Transit and destination countries

FIGURE 2 *Overview of the Shuidong network: major trafficking routes, key hubs and countries of activity*

SOURCE: The Shuidong connection: Exposing the global hub of the illegal ivory trade, Environmental Investigation Agency, 4 July 2017, https://eia-international.org/report/shuidong-connection-exposing-global-hub-illegal-ivory-trade/.

DIFFERENT MOTIVATIONS

Despite the similarities between these two investigations – both of which were led by competent national law-enforcement authorities from well-resourced countries that were given the mandate and means to operate transnationally – the motivations of the US and China are nevertheless markedly different. It is worth understanding their mandates, and how they might affect the prospects for more investigations of this kind.

The US authorities engage in long-term investigations that dismantle transnational criminal networks on the premise that these networks are either involved in shipping illicit products that will end up in the US, are associating with terrorist networks, or, more broadly, disrupt global governance and rule of law, which leads to a more insecure world and thus negatively impacts US security.

These broad motivations mean that US law enforcement will often support investigations that don't involve US citizens or where the US connection takes time to become apparent. The focus on global governance also means that they broadcast their actions widely.

Chinese law-enforcement authorities seek to prevent accusations of neocolonial intervention and emphasize the national sovereignty of law-enforcement action.[30] However, they have become more involved in tackling transnational organized crime that involves Chinese citizens for two main reasons – firstly, because President Xi has articulated his interest in positioning China as a global leader on ecological governance,[31] which includes making wildlife crime a priority law-enforcement issue.[32] Secondly, these investigations protect China's international image, especially in priority countries for China's Belt and Road initiative.[33] Therefore, Chinese law-enforcement activities outside China focus only on Chinese citizens, with a view to bringing them back to China for prosecution. And the Chinese authorities, unlike their American counterparts, do not broadcast their interventions internationally, as China views law-enforcement action as the sole purview of the sovereign state where it occurred.

Promising as these investigations are, the risk of relying on external countries to drive them is that domestic priorities are not addressed if they don't fall within the scope of these mandates. Transnational wildlife trafficking networks that do not involve Chinese nationals, affect Chinese citizens, or where no US nexus can be found or developed, would not fall under the purview of either country. For example. Vietnamese networks, which play a major role in trafficking all kinds of wildlife products, including ivory and rhino horn from southern Africa to Vietnam, might not fall within these US or Chinese mandates, and therefore may go uninvestigated.[34]

THE ROLE OF AFRICAN STATES IN TRANSNATIONAL IWT INVESTIGATIONS

The fact that these investigations were driven by non-African countries demonstrates that the countries directly affected by poaching activities of transnational syndicates are not able to build prosecutions themselves. Across the Eastern and Southern African region, corruption sours prospects for effective local enforcement of wildlife trafficking laws. In many countries, syndicates are protected by political figures, sometimes at very high levels, who use their influence to ensure that investigations do not proceed or that prosecutions fail.

What's more, in resource-strapped countries investigation agencies often do not take on these complex cases because they lack the resources to fund lengthy investigations that require transnational liaison and payments to confidential informants or sources. Where caseloads are overwhelming, and success is measured by the number of cases closed, investigators are incentivized to focus on easier cases.

However, the Chinese and American investigative teams both worked in close cooperation with national authorities and their partners – often relying on them for local investigations, expertise and operational capacity. These collaborations mitigated the potential for corruption to influence the investigations by working with vetted units and trusted individuals within national authorities. They also kept different parts of the investigations separate to limit the damage of information leaking out, and sometimes exerting higher-level

political pressure to ensure that the arrest and expulsions of key individuals happened. Given greater independence, access to resources and an incentive to investigate transnational syndicates, local investigative authorities were able to perform to high standards.

These cases demonstrate what local authorities are capable of when given the required support. Tackling transnational organized crime in this region will require changes. These cases show that it can be done, hand-in-hand with local authorities.

2. Attempts to fight human trafficking from Uganda are undermined by corrupt links between bogus recruitment agencies and people in positions of power.

A recurring narrative has emerged in media reporting on the growing problem of human trafficking from Uganda. A number of licensed and unlicensed Kampala-based recruitment agencies continue to exploit weak regulation and law enforcement oversight to recruit Ugandans for work overseas, particularly to Persian Gulf countries such as Oman and the United Arab Emirates (UAE).[35] Victims may originally travel with these agencies willingly, eager to take up promised employment opportunities – predominantly in the service sector and in domestic help in the case of women, and in the construction, agriculture and service sectors for men.[36] Upon arrival, these promises transpire to be false.

Victims are trafficked into forced labour and endure egregious human rights abuses, from non-payment of wages to confiscation of passports and restrictions on travel, and subjected to physical, psychological and sexual abuse.[37] The fraudulent agencies may also trap victims into debt bondage by charging extortionate fees for the recruitment process, leaving little opportunity for victims to escape their conditions of exploitation.[38]

The available data suggests that trafficking transnationally from Uganda is on the rise, and that recruitment agencies play a major facilitating role.[39] While the Ugandan government is taking steps to counter trafficking, investigations for this Risk Bulletin have shown that these efforts are being undermined by corrupt links between the recruitment agencies and people in positions of power who are able to facilitate trafficking and quash investigations.
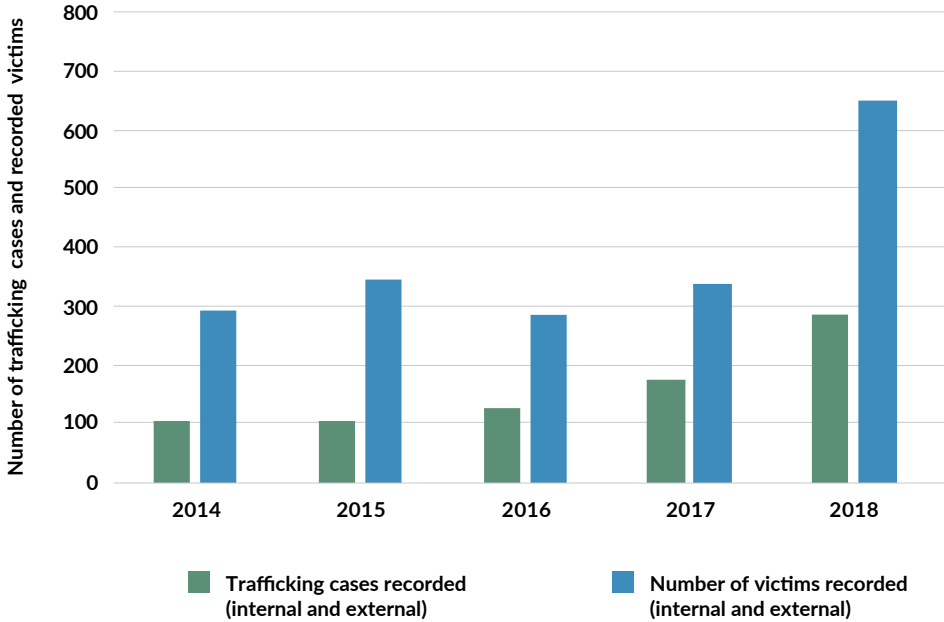
FIGURE 3 *Reported trafficking cases and number of victims involved, according to Uganda Police Force data, 2014–2018*

SOURCE: Uganda Police Force, Annual Crime Reports: 2015, https://www.upf.go.ug/download/publications(2)/Annual-Crime-Report-2015.pdf?x45801; 2017, https://www.upf.go.ug/wp-content/uploads/2018/07/ANNUAL-CRIME-REPORT-2017.pdf; and 2018, https://www.upf.go.ug/wp-content/uploads/2019/05/annual-crime-report-2018..pdf. Data for interim years is reported in the three reports publicly available above.
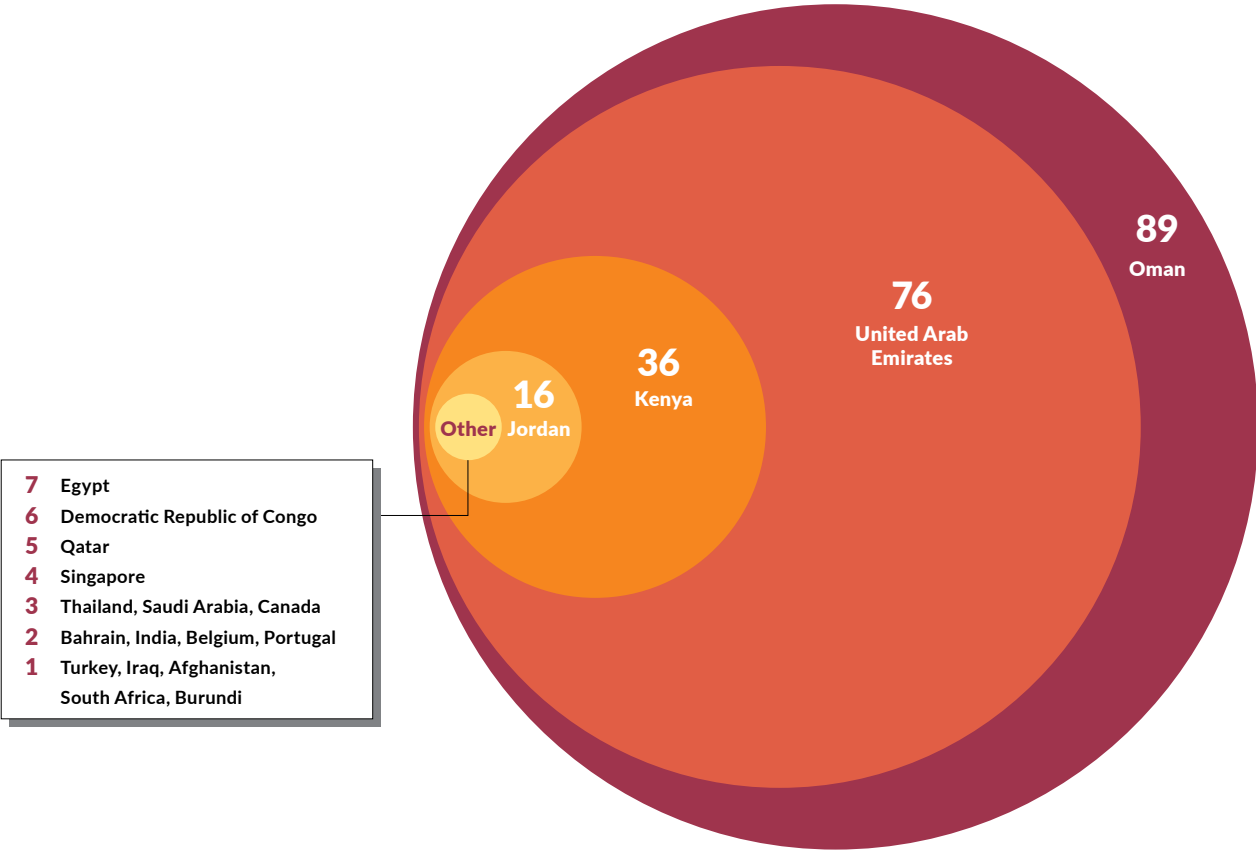
Reporting from the Uganda Police Force (UPF) suggests an increase in the annual number of people trafficked (both internally and transnationally) since 2016 (see Figure 3).[40] Our understanding from our interviews is that this increase has continued during 2019. This tallies with qualitative reporting from other sources which suggest that human trafficking from Uganda has expanded from small, informal structures (primarily individuals and family groups) to complex networks with more structured activities in which the recruitment agencies play a bigger role.[41]

The number of licensed recruitment agencies in Uganda has grown from 46 in 2013 to 106 in September 2018;[42] in addition, there is an unknown number of unlicensed agencies. This proliferation of agencies seems to be part of a broader picture of increasingly sophisticated, higher-volume trafficking. In 2018, 234 agencies or individuals connected with recruitment agencies were investigated in connection with human trafficking. Three agencies had licences revoked and seven suspended

for failure to comply with their obligations relating to labour export.[43]

Trafficking trends can be further broken down into trafficking from Uganda and trafficking of non-Ugandan victims to and within Uganda (Figures 4 and 5). In terms of trafficking within Uganda, the overwhelming majority of victims are from countries immediately bordering Uganda (such as Burundi and South Sudan) and from regions currently or recently affected by conflict and political unrest. As Uganda is currently estimated to be the biggest recipient of refugees in Africa,[44] it seems that these refugee populations are more vulnerable to trafficking and exploitation.

The leading destination countries for Ugandan victims of trafficking are in the Middle East, especially the Gulf region. These victims are predominantly women.[45] Kenya, which also features highly as a destination country for trafficking victims, has been identified as a major transit point for trafficked people en route to

7	Egypt
6	Democratic Republic of Congo
5	Qatar
4	Singapore
3	Thailand, Saudi Arabia, Canada
2	Bahrain, India, Belgium, Portugal
1	Turkey, Iraq, Afghanistan, South Africa, Burundi

FIGURE 4 *Destination countries of people trafficked from Uganda*

SOURCE: Uganda Police Force, Annual Crime Report 2018, www.upf.go.ug/wp-content/uploads/2019/05/annual-crime-report-2018..pdf?x45801.
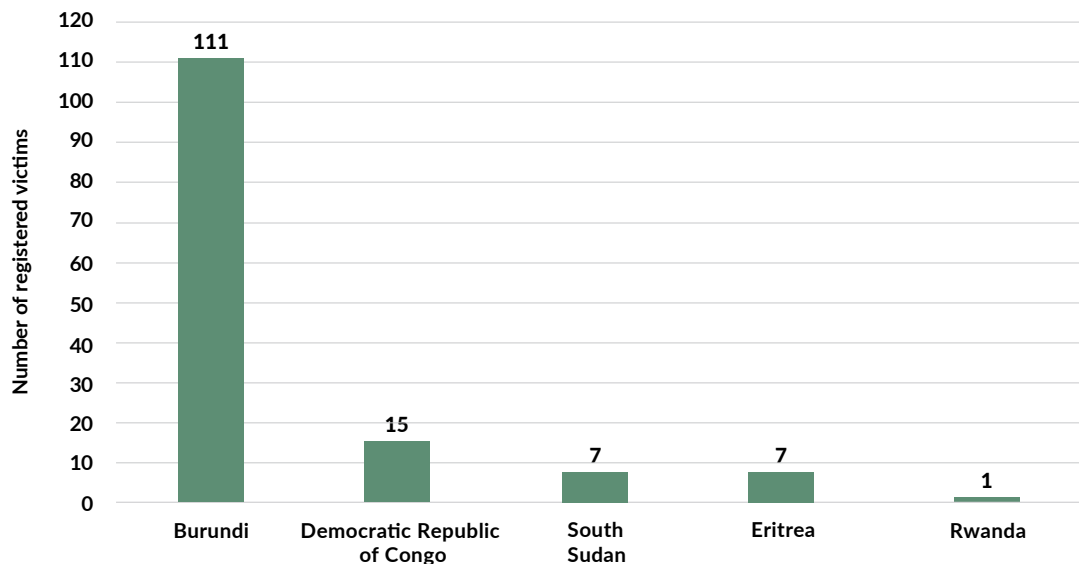
FIGURE 5 *Countries of origin of victims of trafficking rescued in Uganda in 2018*

SOURCE: Uganda Police Force, Annual Crime Report 2018, www.upf.go.ug/wp-content/
uploads/2019/05/annual-crime-report-2018..pdf?x45801.

Oman and the UAE.[46] In an interview, an officer of the Ugandan Criminal Investigations Department estimated that between 2017 and 2018, about 50 trafficked people per month passed undetected from Uganda to Kenya between the Malaba and Busia border posts, and then onwards via Nairobi's Jomo Kenyatta International Airport.[47] This route appears to have been used more frequently in recent years following heightened security at Entebbe Airport.[48]

Members of Uganda's Anti-Trafficking Task Force and other law enforcement officials have suggested that these figures are a considerable underestimate, and that the vast majority of trafficking from Uganda takes place undetected. Estimates that up to 50 girls may be trafficked per day have been cited widely.[49] While perhaps an underestimate in absolute terms, the numbers presented here may still provide an indication of the increase in trafficking and the leading destination and source countries for trafficking victims.

The transnational trend is driven by a number of factors. The push towards migration created by Uganda's high unemployment rates, particularly among young people, is matched by the reliance of key sectors of the economy in the UAE and Oman on inexpensive migrant labour.[50] Aspects of Omani and Emirati employment law leave migrant workers vulnerable to exploitation. These include visa sponsorship schemes, under which migrant workers are unable to change jobs or employers without the consent of the visa sponsor (often the recruitment agency or the employer), who can object and revoke the visa.[51] This makes workers dependent on exploitative employers. A recent US State Department analysis noted that the proportion of East and West Africans within the UAE's vast migrant population has grown in recent years.[52] Observers have argued that recruitment agencies in Oman have turned to East Africa as South Asian countries have successfully negotiated with destination country authorities for improved workers' rights.[53]

The UPF has emphasized increased efforts by law enforcement and government to counter trafficking, and has argued that these efforts account, at least in part, for the rise in the number of documented trafficking cases and number of victims.[54] The Anti-Trafficking Task Force, judiciary and other law enforcement agencies have intensified training and local partnership with civil society and community leaders to increase the reporting of people suspected of illegal labour recruitment. As a result, law enforcement officials have begun to prosecute significant criminal actors associated with illegal recruitment.

Although the government of Uganda banned recruitment and exportation of labour to the Middle East in January 2016, the activities of licensed and unlicensed agencies in recruiting labour continued.[55] In fact, the ban reportedly boosted the irregular recruitment market and left migrants more vulnerable.[56] Accordingly, the ban was lifted in 2017, and the government has worked with recruitment agencies to ensure the relevant Ugandan embassies are aware of citizens working abroad, in a bid to protect migrant workers and regularize their employment and immigration status.

Whatever successes these initiatives may have had, stakeholders on the front lines of the anti-trafficking fight have argued that the real issue is corruption and have condemned the lack of transparency in ownership of recruitment agencies.[57] One police officer interviewed for this report noted that many of these companies ultimately belong to powerful individuals in government, often with their identities hidden.[58]

These conflicts of interest create a culture of political protection, which also affects many other industries in Uganda. This has allowed the people running recruitment agencies to avoid monitoring and regulation of their business activities, and to evade legal requirements, for example by obtaining licences irregularly or obtaining tax waivers. Lack of compliance with legal standards has become the norm across businesses. As such, apparently legitimate businesses have been able to provide a front for sophisticated human-trafficking operations. While the Ugandan government has promised to investigate corruption in labour recruitment agencies, the promised report has failed to materialize.

Corruption and complicity of border and airport officials are significant challenges in the context of cross-border trafficking. A commissioner from the Ministry of Finance, security officers at the Malaba border crossing, Entebbe Airport staff and officials of civil aviation authorities have been investigated in Uganda in 2018 in relation to human trafficking,[59] but as yet no one has been prosecuted. Other investigations have cited the corrupt involvement of border officials at Uganda–Kenya land borders and at Jomo Kenyatta Airport.[60]

High-level officials with interests in recruitment agencies have reportedly obstructed judicial processes and investigations, which exacerbates the resource constraints under which these institutions already operate.[61] Law enforcement staff interviewed for this report recounted that counter-trafficking investigations have been thwarted by fellow officers who acted on directives 'from above'.[62] Suspects have used their power and influence to delay prosecution, tamper with evidence, and threaten and harass victims.[63] The first major suspects arrested in relation to illegal labour recruitment and trafficking of persons were released on bail, even though substantial evidence was available of forgery of signatures and documents of the Ministry of Gender Labour and Social Development.[64]

Civil society groups have called for more transparency, and for the ultimate beneficiaries of these recruitment agencies to be publicly named. Unless the corrupt interests associated with these agencies are identified and addressed, human trafficking from Uganda may continue to grow, regardless of other regulatory and law-enforcement efforts to eliminate it.

3. Placing Uganda's response to human trafficking, and its weaknesses, in a national and regional context: The findings of the Organised Crime Index Africa

As the previous story has discussed, Uganda faces a growing challenge in fighting human trafficking, in particular with respect to corruption derailing judicial processes and investigations into powerful individuals. Important as it is to emphasize this trend, questions remain as to how it fits into the broader picture of Uganda's organized-cri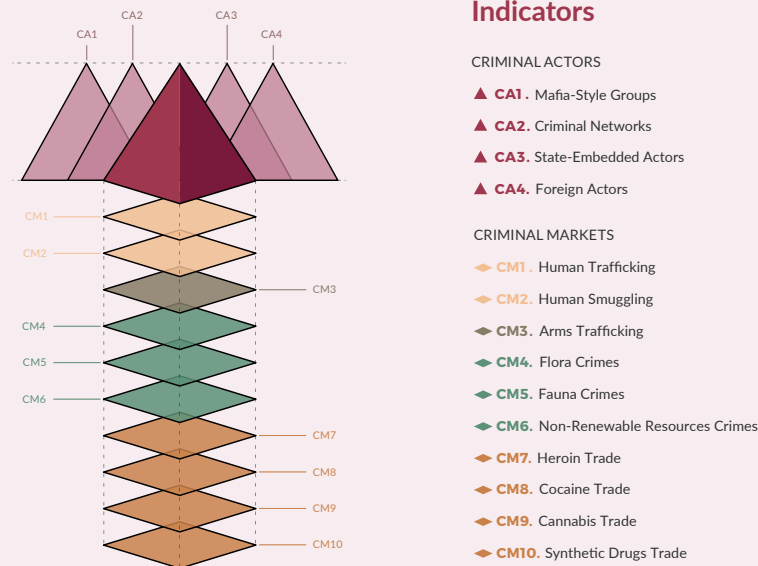me landscape, the resilience of its institutions and the effectiveness of its response. How Uganda's challenges related to human trafficking compare to regional dynamics is also an open question. To give some insight into these broader questions, we can make use of the findings of the ENACT 2019 Organised Crime Index Africa.[65]

Organised Crime Index Africa

STRUCTURE AND METHODOLOGY OVERVIEW

Under the Index, each country is assigned a **criminality score** and a **resilience score**.
These scores can in turn be disaggregated to their subcomponents/indicators, allowing users to explore countries and regions in greater detail.

Criminality

Indicators

CRIMINAL ACTORS

▲ **CA1.** Mafia-Style Groups
▲ **CA2.** Criminal Networks
▲ **CA3.** State-Embedded Actors
▲ **CA4.** Foreign Actors

CRIMINAL MARKETS

◆ **CM1.** Human Trafficking
◆ **CM2.** Human Smuggling
◆ **CM3.** Arms Trafficking
◆ **CM4.** Flora Crimes
◆ **CM5.** Fauna Crimes
◆ **CM6.** Non-Renewable Resources Crimes
◆ **CM7.** Heroin Trade
◆ **CM8.** Cocaine Trade
◆ **CM9.** Cannabis Trade
◆ **CM10.** Synthetic Drugs Trade

The criminality score is based on two subcomponents: criminal markets and criminal actors.

There are 10 distinct criminal markets and four criminal actor types.

The height of the pyramid represents the level of criminal actors' structure and influence.

The base width of the pyramid represents the level of criminal market impact.

Resilience

The resilience score is based on 12 indicators of countries' resilience to organized crime.

These distinct indicators cover a range of resilience areas, including countries' political, economic, criminal justice, security and social frameworks.

The height of each block represents the effectiveness of each resilience measure.

Indicators

■ **R1.** Political Leadership and Governance
■ **R2.** Government Transparency and Accountability
■ **R3.** International Cooperation
■ **R4.** National Policies and Laws
■ **R5.** Judicial System and Detention
■ **R6.** Law Enforcement
■ **R7.** Territorial Integrity
■ **R8.** Anti-Money Laundering
■ **R9.** Economic Regulatory Environment
■ **R10.** Victim and Witness Support
■ **R11.** Prevention
■ **R12.** Non-State Actors
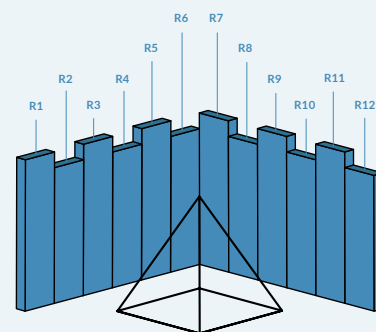
To determine scores, research drew from other indices, media sources, official reports, fieldwork and grey literature, among others. Scores for each subcomponent/indicator were assigned, evaluated and verified in a series of rounds by hundreds of experts.

The criminality and resilience scores are based on the average of their respective subcomponents/indicators.
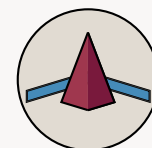
Example of a country with high criminality and low resilience score

ocindex.net

FIGURE 6 *Methodology underlying the scores in the Organised Crime Index Africa; for more information, see http://ocindex.net*

The Index is an innovative tool designed to measure levels of organized crime in various forms as well as countries' resilience to organized criminal activity. Figure 6 gives an overview of the indicators that together make up the Index scores on criminality and resilience, which measure countries' political, social, economic and security frameworks. The first iteration of the Index compares all African countries that are recognized by the United Nations; it provides a comprehensive assessment across the continent using a standardized methodology and incorporating the broadest possible range of sources. It is therefore designed as a tool to provide constructive guidance to support both policymaking and policy analysis.

In terms of its overall resilience to organized crime, Uganda ranked 29th out of the 54 African countries. In terms of the detailed scores on specific aspects of Uganda's resilience, two main patterns emerge which are relevant to the institutional response to human trafficking.

First, while Uganda has comprehensive legal frameworks in place to address organized crime, law enforcement and other institutions have not taken comprehensive action to put them into practice. Accordingly, the score given for national policies and laws (3.5 out of a possible 10) is lower than the legal framework would otherwise suggest.

This is true with respect to human trafficking. Uganda is signatory to the United Nations Convention against Transnational Organized Crime and its protocol relating to human trafficking, and has reached bilateral agreements with Saudi Arabia and Jordan, both of which are significant destination countries for trafficked Ugandan citizens, on protection of migrant workers. In 2009, Uganda enacted the Prevention of Trafficking in Persons Act, its most comprehensive legislation to counter trafficking, which established the Uganda National Counter Human Trafficking Task Force. But the Task Force does not have the legal authority to compel other institutions to follow its recommendations, and, as such, the weight of the Act is diminished. A similar lack of enforcement and implementation of legal frameworks was found with respect to other criminal markets, including illegal trade in wildlife and firearms and illicit mining.
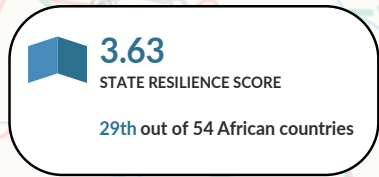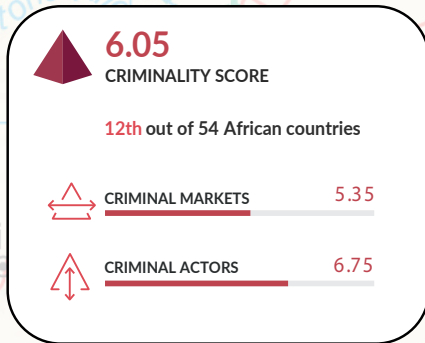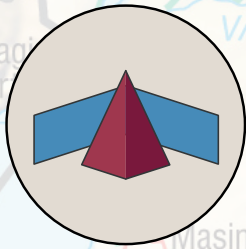
The inability of the Ugandan state to implement its legal frameworks effectively was, in turn, linked to the high prevalence of state-embedded criminal actors in key criminal markets (which scored 7.5 out of 10). This is demonstrably true for human trafficking (see the story above); it was also found by the Index to be true on a broader scale, as high-level officials have been implicated in the trade of natural resources and illicit arms, among others. On the indicator for 'government transparency and accountability', Uganda also scored only 2.0 out of a possible 10.

Corruption has subverted not only law enforcement but also other state-led initiatives designed to counter human trafficking. The External Employment Management System, launched by the government in 2018, was designed as an internet portal through which licensed recruitment companies could advertise pre-vetted overseas employment opportunities, enabling job-seekers to avoid exploitation and human trafficking.[66] However, the system was suspended in May 2019 following allegations of abuse; officials were accused of conspiring with illegal recruitment agencies to traffic underage girls abroad.[67]

Second, non-state actors and civil-society groups have a prominent but limited role in countering organized crime, mainly centring on victim support. Uganda scored low on measures of victim support and witness protection (3.0 out of 10), which is representative of the East Africa region as a whole (see Figure 8). In fact, resilience measures in East Africa were found to be primarily focused on 'hard' security frameworks (such as law enforcement and territorial integrity) with less emphasis on 'softer' resilience measures, such as victim support and witness protection. While this is particularly true for East Africa, it is also in line with findings for the continent as a whole.

UGANDA

6.05 CRIMINALITY SCORE

12th out of 54 African countries

CRIMINAL MARKETS 5.35

CRIMINAL ACTORS 6.75

3.63 STATE RESILIENCE SCORE

29th out of 54 African countries

Criminality score

CRIMINAL ACTORS	6.75
MAFIA-STYLE GROUPS	5.5
CRIMINAL NETWORKS	6.5
STATE-EMBEDDED ACTORS	7.5
FOREIGN ACTORS	7.5

CRIMINAL MARKETS	5.35
HUMAN TRAFFICKING	4.5
HUMAN SMUGGLING	4.0
ARMS TRAFFICKING	5.0
FLORA CRIMES	7.0
FAUNA CRIMES	6.5
NON-RENEWABLE RESOURCES CRIMES	7.0
HEROIN TRADE	5.0
COCAINE TRADE	3.0
CANNABIS TRADE	7.0
SYNTHETIC DRUGS TRADE	4.5
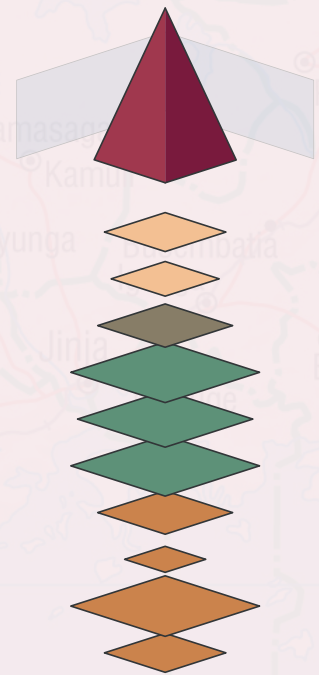
Resilience score

POLITICAL LEADERSHIP AND GOVERNANCE	4.0	TERRITORIAL INTEGRITY	4.5
GOVERNMENT TRANSPARENCY AND ACCOUNTABILITY	2.0	ANTI-MONEY LAUNDERING	3.0
INTERNATIONAL COOPERATION	4.5	ECONOMIC REGULATORY ENVIRONMENT	3.5
NATIONAL POLICIES AND LAWS	3.5	VICTIM AND WITNESS SUPPORT	3.0
JUDICIAL SYSTEM AND DETENTION	3.5	PREVENTION	4.0
LAW ENFORCEMENT	3.0	NON-STATE ACTORS	5.0

ocindex.net

FIGURE 7 *Organised Crime Index Africa profile for Uganda; for more information, see http://ocindex.net*
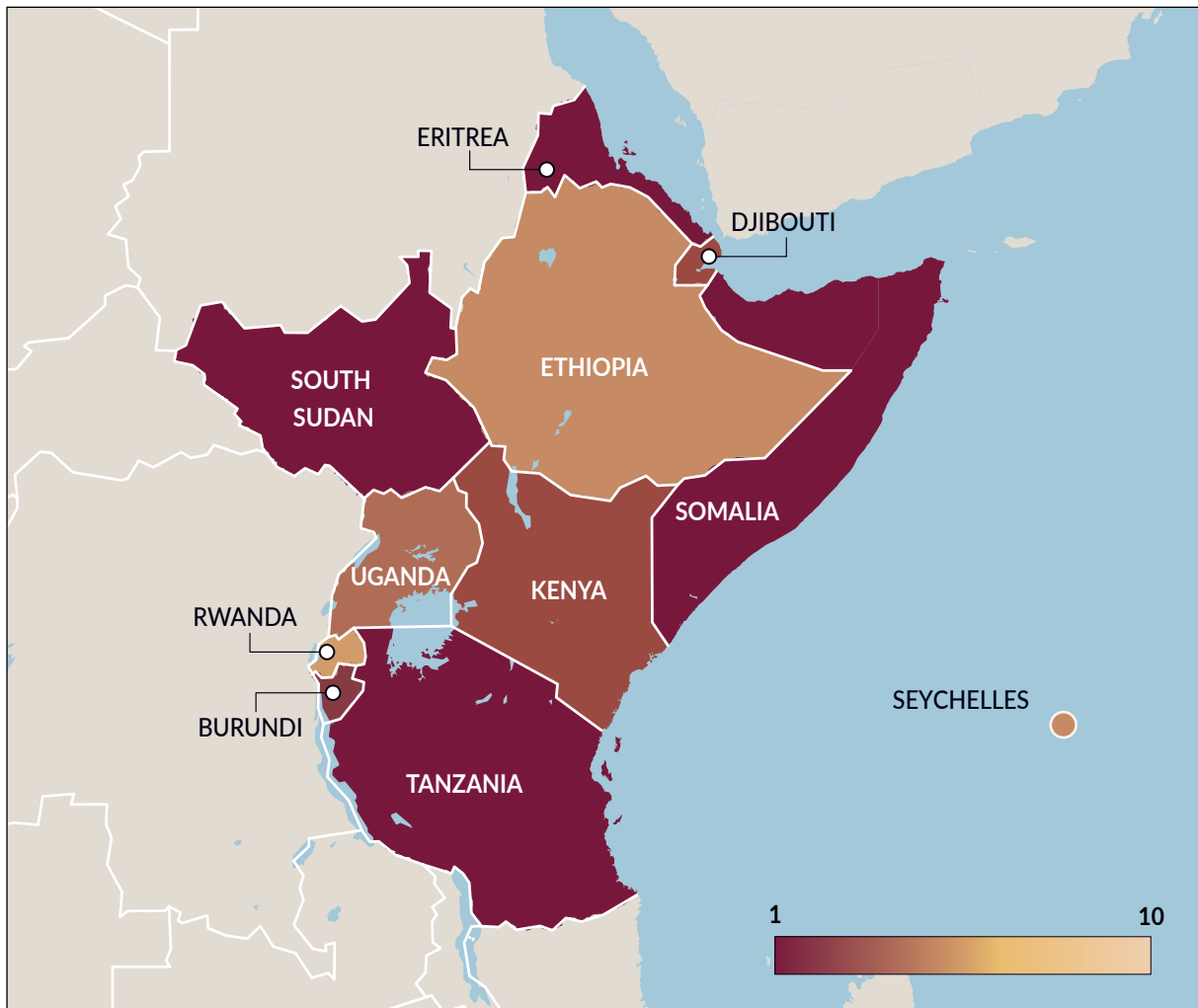
FIGURE 8 *Heatmap showing 'victim and witness support' scores across East Africa, from the Organized Crime Index Africa*

NOTE: Victim and witness support refers to the existence of assistance provided to victims of various forms of organized crime. When states provide support mechanisms and treatment programmes for victims, citizens are able to recover more quickly from the effects of organized-criminal activities. Initiatives such as witness protection programmes are essential (and often the only way) to successfully prosecute organized criminals. As such, victim and witness support builds state resilience to organized crime. See more at https://enactafrica.org/organised-crime-index.

Ugandan civil society plays a large role in supporting victims of human trafficking, as the provisions for victim support from the state are limited. For example, civil society plays a crucial role in facilitating the return of Ugandan migrants who have been trafficked into forced labour and sexual exploitation.[68] State support for civil society's protection role is also limited.

The role of civil society in countering drug trafficking and providing support to people who use drugs is similar to that seen with respect to human trafficking. The Uganda Harm Reduction Network plays a prominent role in caring for users and advocates for their protection and rights, whereas state-led provisions are

limited.[69] Therefore the work of civil-society groups in filling the vital role of victim support is not unique to the sphere of human trafficking, but is a broader feature of the approach of the Ugandan state. However, while civil society plays a prominent role in victim support and rehabilitation in Uganda, civil-society groups working in the areas of governance and accountability, including journalism and activist organizations, are not afforded the same freedoms to conduct their work. These groups play a crucial role in crime prevention and investigation, as they are able to scrutinize institutions and expose instances of corruption, and campaign for preventative action to support communities affected by organized crime. A free press, for example, is a crucial

part of the social framework that makes countries resilient to organized crime.

However, in Uganda, preventing and investigating crime is seen as mainly the prerogative of the state. Freedom of the press is restricted, as the Ugandan state has brought criminal charges against journalists, revokes broadcasting rights without due process and makes efforts to silence other elements of civil society, such as human-rights groups campaigning for government accountability and transparency.[70]

The 2019 Press Freedom Index from Reporters Without Borders ranks Uganda 125th globally, a fall of eight places from its 2018 position, citing intimidation and violence that reporters regularly face, particularly at the hands of the security services.[71] This situation does not make for a conducive and secure environment in which journalists can investigate state involvement in organized crime and the activities of often violent and dangerous groups.

These two issues – the restrictions placed on civil society in Uganda and the undermining of law enforcement by high-level corruption – are interconnected. Where the space for civil society is limited, the opportunity for journalists and NGOs to investigate corruption is also curtailed, and this has been identified as a primary weakness in Uganda's response to organized crime. The Index scores provide a tool whereby the challenges in countering human trafficking can be seen in terms of these broader, systemic issues of institutional accountability.

4. Anti-corruption efforts suffered a setback in the US trial of a businessman implicated in the 'secret loans' scandal in Mozambique – but the case has also revealed vital information about the nature of illicit funding flows into politics.

On 2 December 2019, Jean Boustani, an executive of shipbuilding multinational Privinvest, was acquitted of charges of defrauding US investors, which had been brought by a team of US prosecutors in connection with allegations of corruption, bribery and money laundering in the 'secret-loans' scandal in Mozambique.

This fraud case (also known as the 'tuna bonds' scandal) is one of the largest and most shocking debt scandals to have unfolded in decades. In 2010, shortly after the discovery of large offshore natural gas deposits in Mozambican waters, Privinvest staff, most notably Boustani, approached the Mozambican government with a plan to provide a fishing and maritime security fleet for the Mozambique coastline. Three state-owned companies were created for the ostensible purpose of carrying out these activities, and received financing from the major international banks Credit Suisse and VTB to establish themselves under the premise that they would eventually turn a profit, repay investors and generate income for the government.[72]

In 2013 and 2014, senior Mozambican government officials contracted a number of non-concessionary loans under the pretext of these plans. Later, after an independent forensic analysis by the Swedish auditor Kroll, it emerged that no business plans were ever created for the companies beyond brief and superficial feasibility studies drawn up by corruption conspirators in the banks and Privinvest.[73] The US indictment under which Boustani was arrested and tried described the companies as nothing more than fronts under which various parties illegally siphoned millions of dollars from international investors, on the Mozambican government's credit record.[74]

The loans themselves were taken out in secret and illegally,[75] and were discovered only in 2016, after an exposé by the *Wall Street Journal* prompted the International Monetary Fund to force the government to disclose them. In total they amounted to over $2 billion – almost 13% of the country's gross domestic product at the time they were discovered.[76] Their discovery precipitated an economic disaster for Mozambique, one of the world's poorest countries: donor aid was cut off, the currency was devalued and rating agencies downgraded the country's investment status. Almost immediately, Mozambique began to default on the loans.

The US indictment named eight suspects. Along with Boustani, three Credit Suisse bankers were arrested. Four others are not in US custody: Najib Allam, the chief financial officer of Privinvest, and three

Mozambicans, including the former head of the intelligence services, António Carlos do Rosário, a Mozambican intermediary, and the former minister of finance, Manuel Chang, who is currently fighting extradition from South Africa.

In addition to charges of wire fraud, securities fraud and money laundering, the US court also charged the Credit Suisse bankers with conspiracy to violate the Foreign Corrupt Practices Act anti-bribery and internal controls provisions, due to the use of Credit Suisse accounts in New York to pay bribes. In the months following their arrest, the three former Credit Suisse bankers all pleaded guilty to some of the charges they faced and testified against Boustani. Ultimately, the jury in the

trial acquitted Boustani because jurors did not believe the Southern District of New York (where the trial was held) had a strong enough jurisdictional claim to press charges against the Privinvest employee.[77]

While Boustani denied that he and his company had engaged in bribery, during the trial he admitted having made payments to members of the Mozambican government in order to secure business for Privinvest, and his lawyer described these as 'the cost of doing business' in Mozambique.[78] Boustani's acquittal has been demoralizing for Mozambican and international anti-corruption advocates, but the case has been useful to their cause by providing detailed evidence of how and to whom bribes were paid.

NEW INFORMATION ABOUT SECRET PAYMENTS TO STATE OFFICIALS

Boustani testified that he met Armando Guebuza on 20 January 2011 at the then president's 70th birthday party, and proposed establishing a 'coastal protection system' in person.[79] He testified that he and Najib Allam (the executive director of finance at Privinvest) negotiated with Mozambican fixer Teófilo Nhangumele to

decide, approve and make the payments to the people who benefited from the secret loans, though he claimed these were facilitation payments, and not bribes. In various conversations between the three, the alleged beneficiaries were often given code names, as shown in Table 1.[80]

REAL NAME	NICKNAME	JOB	AMOUNT (USD)
Manuel Chang	Chopstick	Former Minister of Finance of Mozambique	7 million
Filipe Nyusi	New man or Nuy	Current President of Mozambique and former Minister of Defence	1 million
Gregório Leão	DG	Former Director General of the Mozambican Intelligence Service, SISE (Servico de Informacao e Seguranca do Estado)	13 million
Renato Matusse	Prof.	Political adviser to President Armando Guebuza	1 million
Armando Ndambi Guebuza	Junior	Son of former President Armando Guebuza	33 million
António Carlos do Rosário	Ros.	Former director of SISE	15 million
Rosario (Cipriano) Mutota	Ros. 2	SISE officer	1 million
Teófilo Nhangumele	Teo	Fixer	8.5 million
Bruno Langa	Bruno	Fixer	8.5 million
Isaltina Lucas	Esalt.	Former Deputy Minister of Finance	3 million
Eugénio Matlaba	Euge.	CEO of ProIndicus	1 million
Armando Inroga	Inro.	Former Minister of Industry and Commerce	1 million

TABLE 1 *Alleged beneficiaries' code names, positions and payments received, according to the United States government*

SOURCE: *U.S. v. Boustani*, 18-cr-681, U.S. District Court, Eastern District of New York (Brooklyn); the full transcript can be found at https://cipmoz.org/documentos/.

The trial uncovered new information about the payments that were made to secure the loans (some of which had already been disclosed in the US indictment). An email from Najib Allam, intercepted by the FBI, is believed to detail the payment of bribes to figures in the Mozambican government and Credit Suisse, whose names were disguised by easily decipherable nicknames. Boustani confirmed and corrected some of these payments in court. For example, the original email lists a payment of 2 million to Nyusi, but in court Boustani claimed only 1 million was donated (see Table 1).

Boustani testified that Frelimo, the Mozambican ruling Party, did receive money from Privinvest, though he said it was lower than the amount the US prosecutors had evidence of: bank transfers show that Privinvest sent $10 million to the party's central committee through their account at the Banco Internacional de Moçambique in Maputo, in four transactions.[81] Boustani claimed that the money paid to Nyusi and the party was used to support Frelimo's electoral campaign in 2014,

during which Filipe Nyusi was elected to his first term. Boustani claimed there was nothing untoward about this payment and drew a comparison to the system of lobbying donations that exists in the United States.

The documents and testimony from Boustani's trial add to a developing picture of the illicit flows related to the secret loans scandal. These figures (used to compile Figure 9) are taken from the US Indictment, the proceedings of the Boustani trial, and the investigations of the Mozambican Prosecutor General's office. They account for payments allegedly made by Privinvest to external entities to secure access to state officials, state contracts, and loans that bypassed regulatory controls. This picture is partial and evolving – it primarily concerns one of the three loans, for the company EMATUM, which was the subject of Jean Boustani's trial and the US Indictment. As such, payments which were likely to have been made in connection with loans to the other two state companies – Proindicus and MAM – are still largely in the shadows.
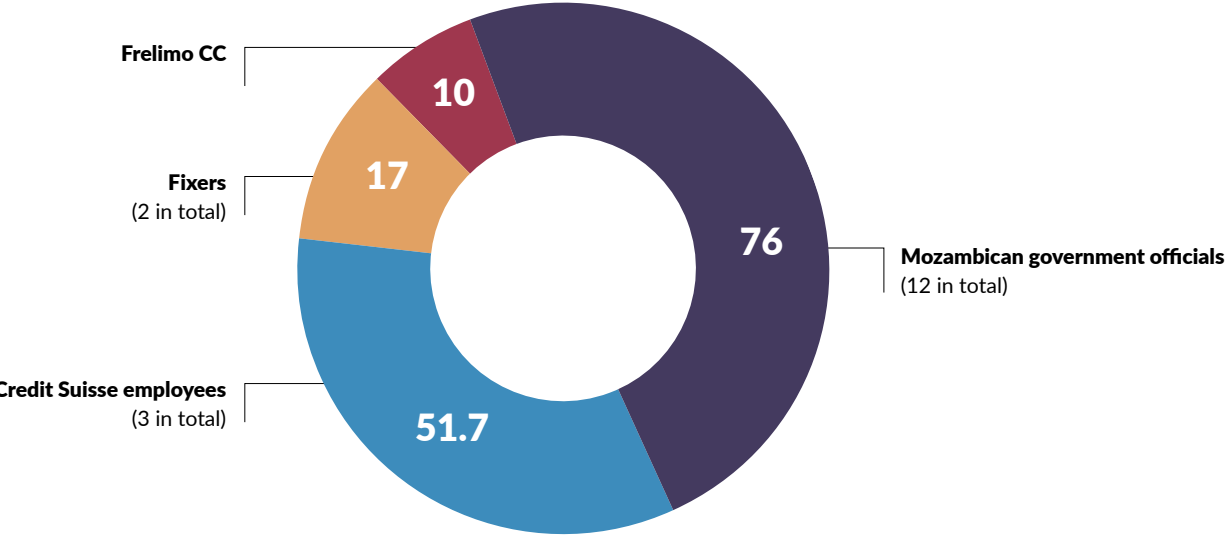
FIGURE 9 *Alleged bribes paid by Privinvest to external entities (USD, millions)*

SOURCE: See the Indictment available at US Department of Justice: Mozambique's former finance minister indicted alongside other former Mozambican officials, business executives, and investment bankers in alleged $2 billion fraud and money laundering scheme that victimized US investors, 7 March 2019, www.justice.gov/opa/pr/mozambique-s-former-finance-minister-indicted-alongside-other-former-mozambican-officials; as well as *U.S. v. Boustani*, 18-cr-681, U.S. District Court, Eastern District of New York (Brooklyn). The full transcript can be found at https://cipmoz.org/documentos/.

POLITICAL FINANCE AND ILLICIT FUNDING

The Global Initiative has previously written about the complex relationship between grand corruption, organized crime and political finance in Mozambique. [82] Transparency International defines 'grand corruption' as 'the abuse of high-level power that benefits the few at the expense of the many, and causes serious and widespread harm to individuals and society'. It is notable that the common features between the scandals our reports have covered – such as illegal timber exports and allegations of drugs and ivory trafficking – and those of 'the secret loans' scandals are the facilitating nature of Mozambique's weak criminal justice system and poorly regulated financial system, and the fact that illicit flows benefit not just individuals, but the ruling party itself.

In reports on the illicit economy in Mozambique,[83] we have argued that the problems of corruption and organized crime are not solely the expression of individual greed or deviance on the part of state officials. At a low level, customs and police officers pay for their positions, often entering into them in debt to their superiors, who expect them to cover these debts by extracting bribes from the populace. At a higher level, there is evidence that funds which are systematically sourced from the illicit economy are used to support the political elite's continued grip on power.

One example of this is the arrangement documented by Centro de Integridade Pública in 2014 in Zambezia Province, where officials in the Forestry Department were instructed by Frelimo to make a large donation to the party. With no explicit instruction to do so, these officials then illegally sold a number of licences to Chinese companies to cut timber, and the proceeds were deposited into the Frelimo Provincial Committee's bank account.[84]

In the north, the heroin trade provides a starker example of an established system of bribes. Our analysis has argued that family syndicates located in the Port of Nacala provide payments to a network within the political elite in exchange for facilitating the passage of their product through the country. This arrangement has endured through several administrations, which suggests it is more closely linked to political party interests than individual ones.[85]

The evidence presented at Boustani's trial may not have convinced the US jury that he should face sanction there, but it could still be put to use by anti-corruption advocates in legal processes aimed at shifting responsibility for the debt from Mozambican citizens to the institutions and individuals who profited from corruption, or by investigations aimed at recouping money for investors.[86] There is also still scope for Mozambican citizens to seek compensation for the huge damage the loans wrought on the Mozambican economy.[87]

But whatever the consequences for future debt payments, the trial underscores the difficulties that face organizations in Mozambique pushing for greater accountability and stronger institutions. As long as political parties benefit from illicit funding flows, their resolve to reform laws and institutions will always be undermined.

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