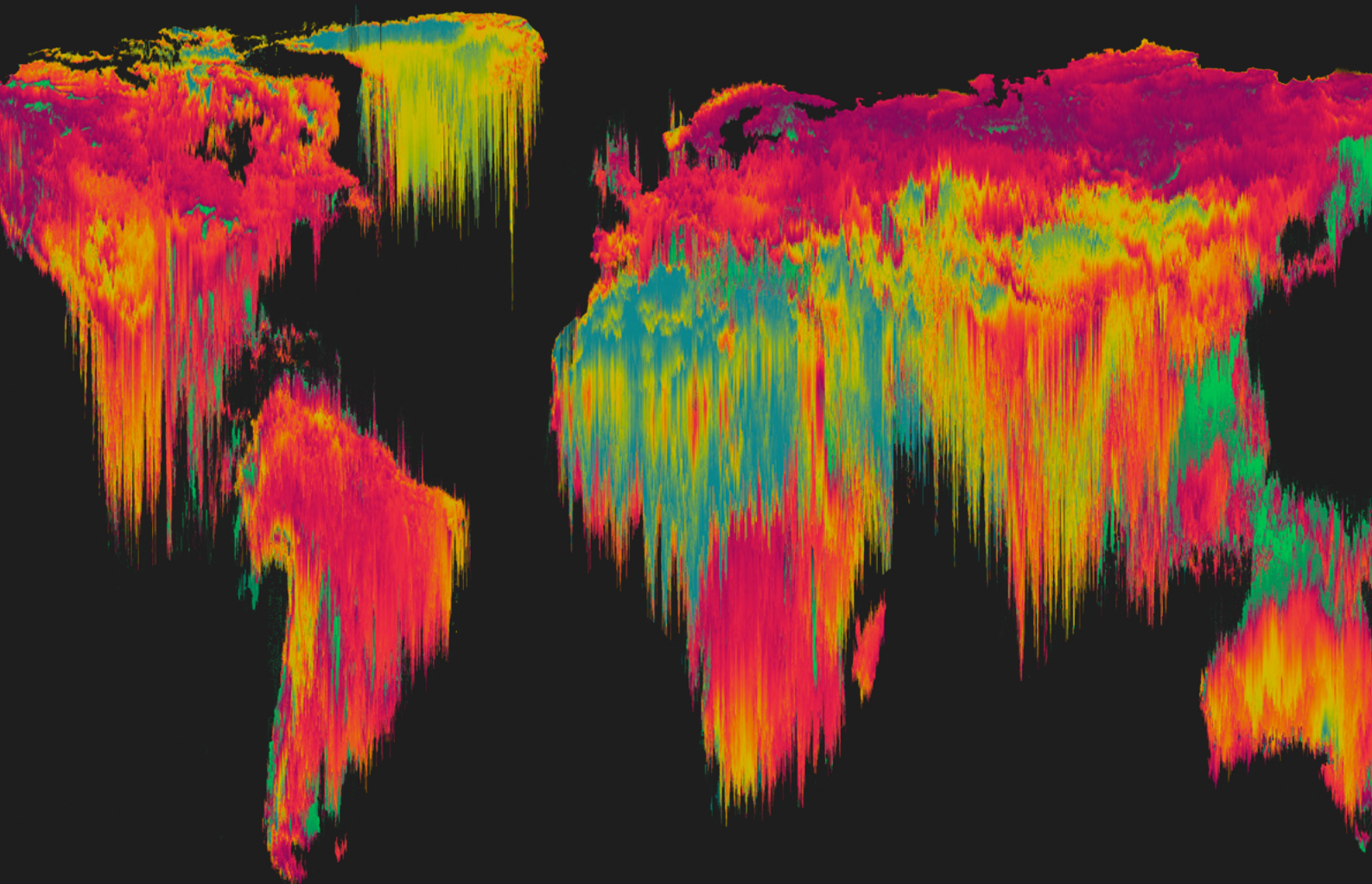


MARCH 2021

# THE GLOBAL ILLICIT ECONOMY



Trajectories of transnational  
organized crime



**GLOBAL  
INITIATIVE**  
AGAINST TRANSNATIONAL  
ORGANIZED CRIME

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## Preface

Through stark images and charts, this report gives a graphic illustration of how the global illicit economy has boomed in the past 20 years and how it poses a serious threat to security, development and justice.

With so many major challenges in our world today, it may seem that tackling transnational organized crime is a lower priority than addressing climate change, pandemics, inequality or migration. But organized crime is a common denominator to all of these challenges: it enables them, and it profits from them. As a result, organized crime is a driver of unsustainable development.

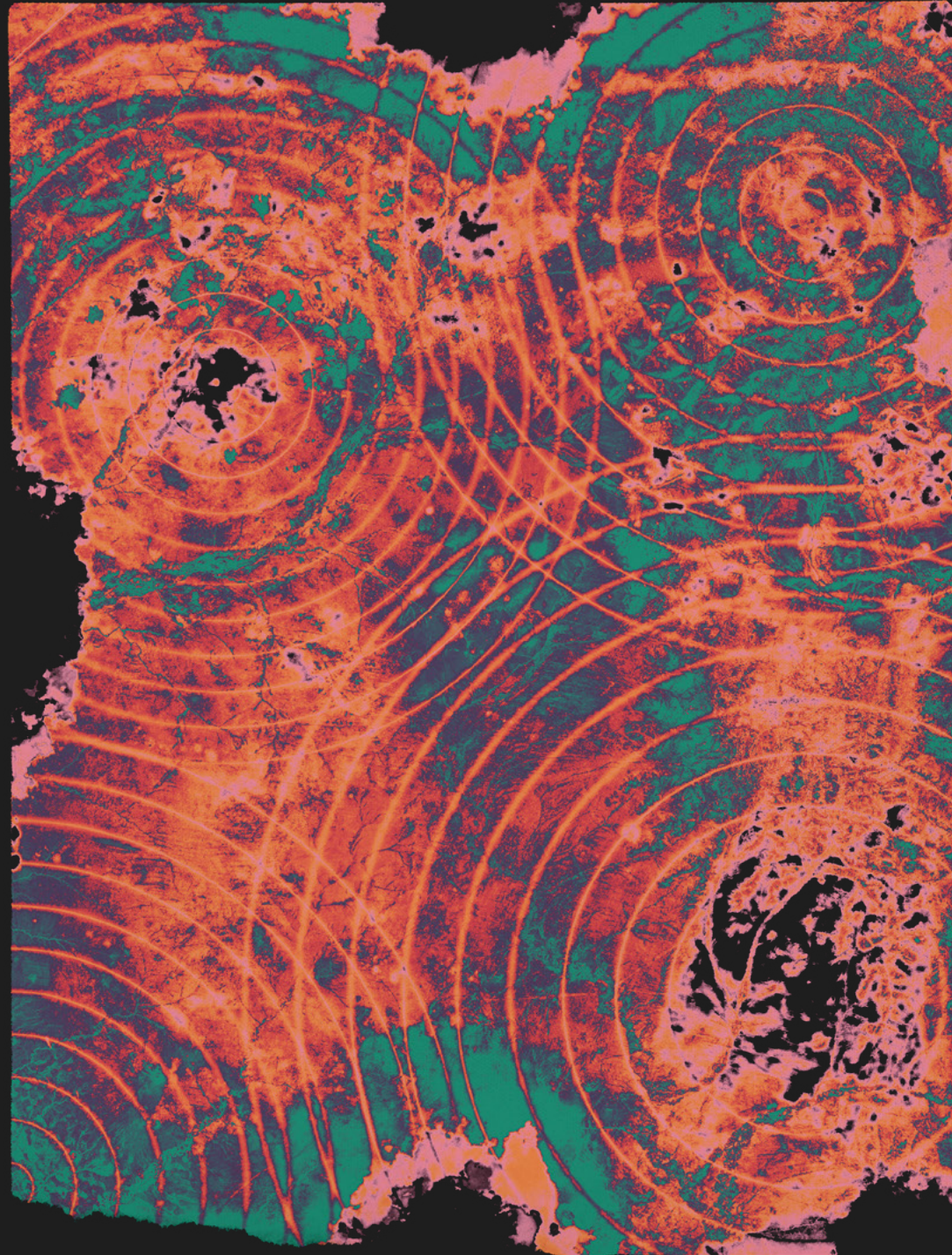
This report is impressionistic. It is designed to show the inter-relationships and interdependence between global mega-trends and the trajectories of organized crime since 2000, the year the UN Convention against Transnational Organized Crime (UNTOC) was adopted. It is written from the perspective of civil society, drawing on consultations with the Global Initiative Against Transnational Organized Crime's secretariat, its Network of Experts, and recipients of the Global Initiative Resilience Fund, including nine consultations held in five regions. It is based on data that is in the public domain that has been gathered through research and analysis.

We hope this report can bring fresh approaches and different perspectives to intergovernmental processes. Furthermore, we hope it can stimulate new thinking and be a catalytic resource for more effective responses to organized crime. We appreciate the opportunities available for us to do this, for example through the review mechanism of the UNTOC Conference of Parties as well as the UN Crime Congress.

As this report shows, organized crime is harming so many aspects of life on our planet. Left unchecked, the shadows of the future look even more sinister. We need to change the trajectory. We hope this report can raise awareness and provoke debate. Most importantly, we hope that it can stimulate action to strengthen local resilience and lead to a global strategy against organized crime.


Mark Shaw  
Director  
Global Initiative Against Transnational Organized Crime





# THE EXPANDING REACH OF TRANSNATIONAL ORGANIZED CRIME





# Transnational organized crime is both a driver and a profiteer of many of the ills affecting our planet

Since the early 1990s, transnational organized crime has boomed all over the world, a trend that has only accelerated in the past 20 years, despite the signing of the United Nations Convention against Transnational Organized Crime (UNTOC) in 2000.

In just a few decades, transnational crime as we know it has changed beyond recognition – and so has its impact. What was once thought of as a handful of mafias operating in a few problem cities has become a pervasive threat to peace, justice and development the world over.

This criminal transformation has been driven by the geopolitical, economic and technological shifts that have taken place since the turn of the century, with organized criminal groups some of the biggest beneficiaries of globalization. These groups have taken advantage of the opening of new markets, supply chains and technologies, while exploiting weak regulation in financial markets and cyberspace.

Since 2000, the ‘great accelerator’ – new technologies, including information communications technology (ICT) – has supercharged illicit markets by improving operations and covert communications, increasing crime groups’ adaptability to enforcement measures and expanding the size and diversity of both groups and markets. In the process, the criminal underworld has become seamlessly joined with the

upperworlds of business and politics, blurring distinctions between illegal and legal.

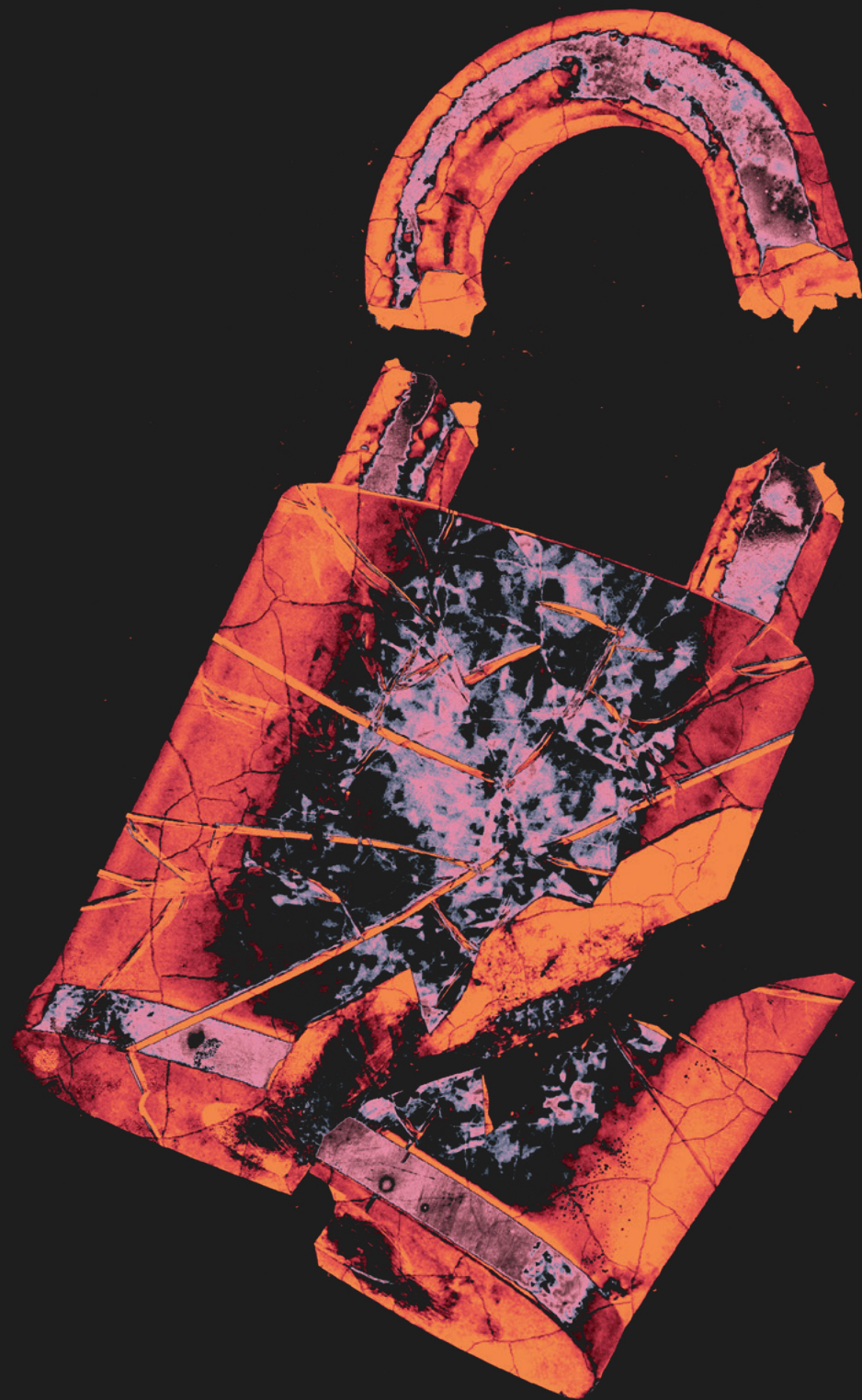
This concealed threat spreads where resistance is weak. The symptoms of harm manifest in politics, business, health, the environment, development and security. Where social antibodies are stronger, the contagion of crime mutates, looking for other opportunities to grow.

By exploiting weakness, organized crime in turn increases vulnerability, thereby exacerbating the very societal problems of underdevelopment, criminal governance, flows of people and violent conflicts that sustain organized crime, while also damaging our societies and planet in the process. As a result, transnational organized crime is both a driver and a profiteer of many of the ills affecting our planet.

Short-term, militarized or corrupt responses make the problem even worse.

This special report looks at the drivers and enablers of transnational organized crime, the trajectories of key illicit economies over the past 20 years and what those evolving paths indicate as to how organized crime groups will operate in the future. It concludes by forecasting the future of organized crime and sets out possible building blocks for a global strategy to counter the threat.





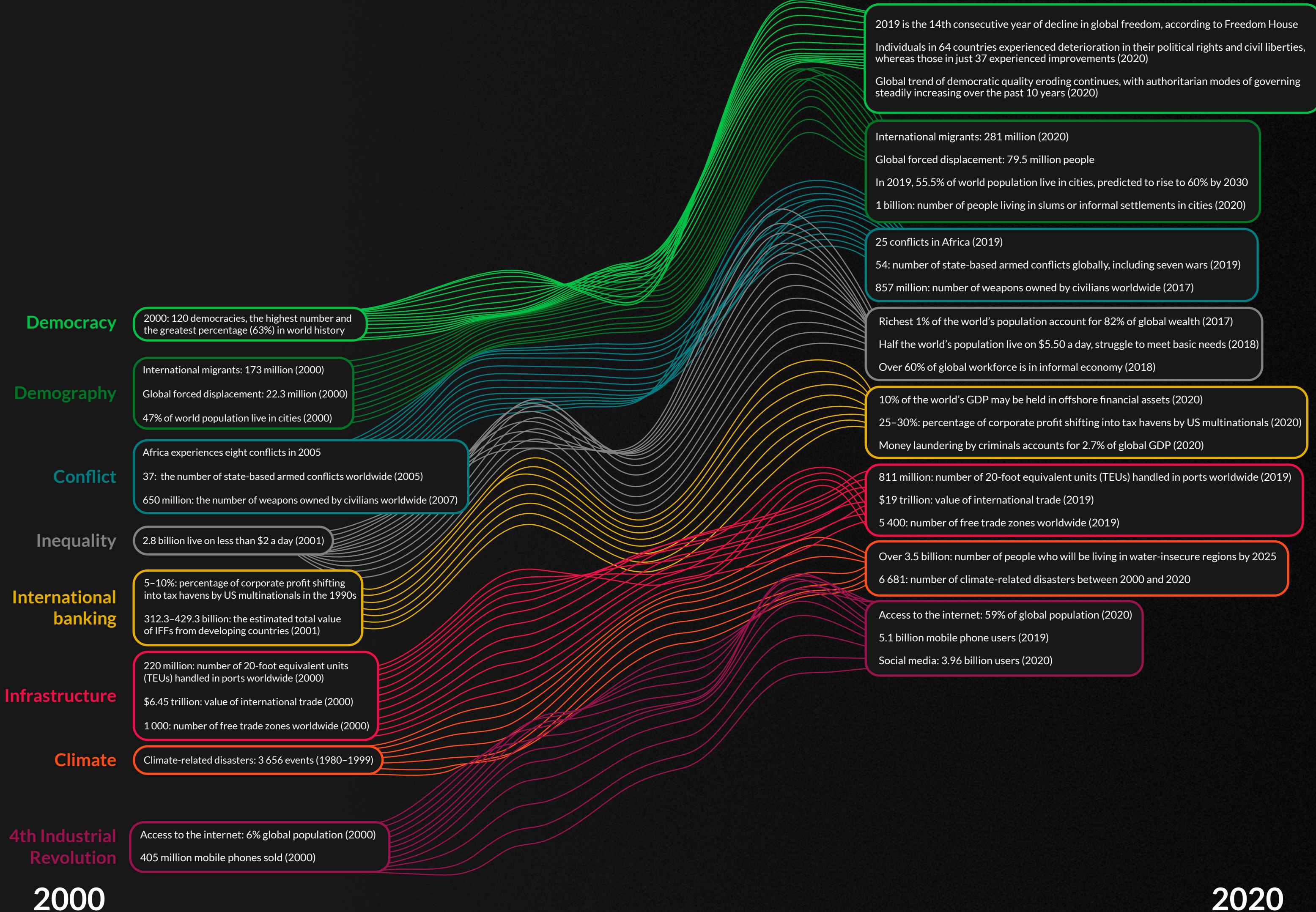
# ENABLERS OF ILLCIT ECONOMIES

Our world is changing at an almost unimaginable speed, but such change often comes at a high cost. In our relationship with the planet, we are living beyond our means, while economic growth continues in a way that disproportionately benefits a small global elite. The pace of innovation in spheres such as social media and artificial intelligence often outstrips awareness of what those innovations might entail, leaving regulators playing catch-up. But in other areas, we are not moving fast enough, such as conflict resolution and curbing climate change.

This environment provides the ideal conditions – a growing consumer base, more advanced tools and more areas of instability and low governability – for transnational organized crime to operate, expand and more deeply embed itself in modern society.

The eight drivers and enablers outlined below have all accelerated the growth of illicit markets and created new opportunities for the convergence of the illicit and licit worlds, and will continue to do so in the near future.





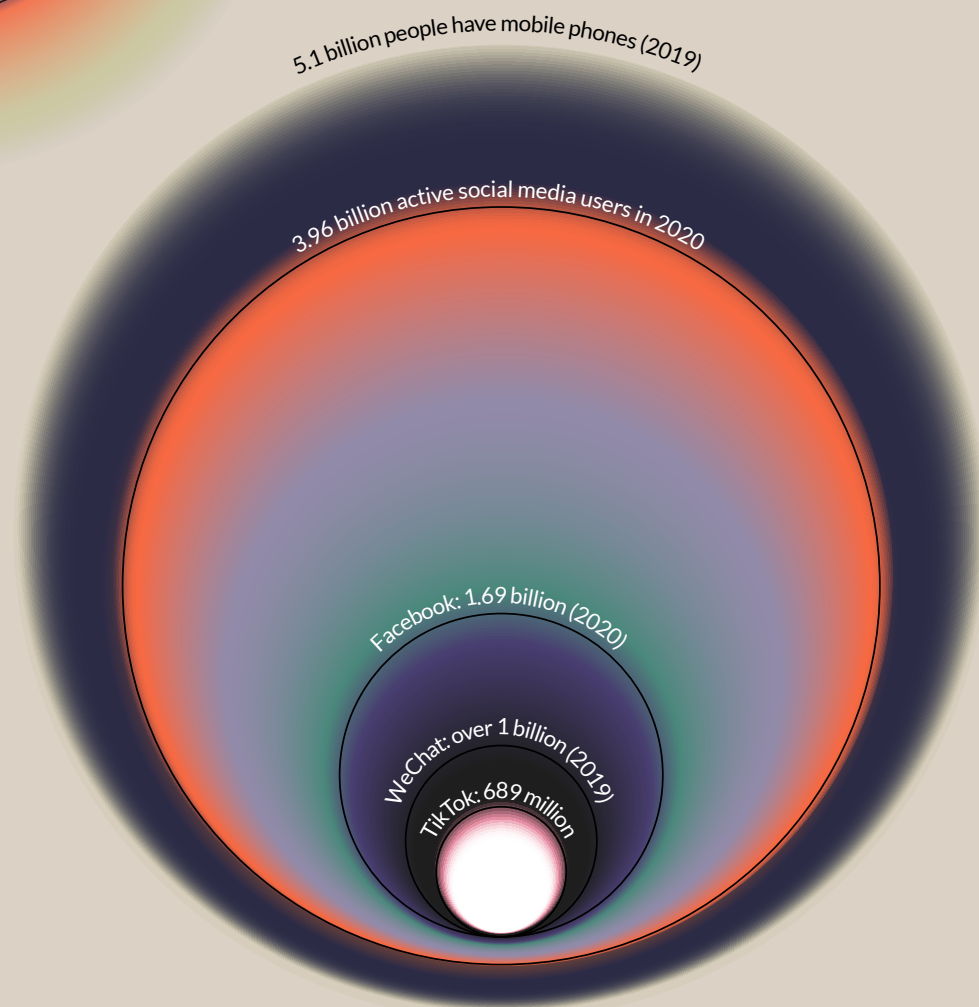
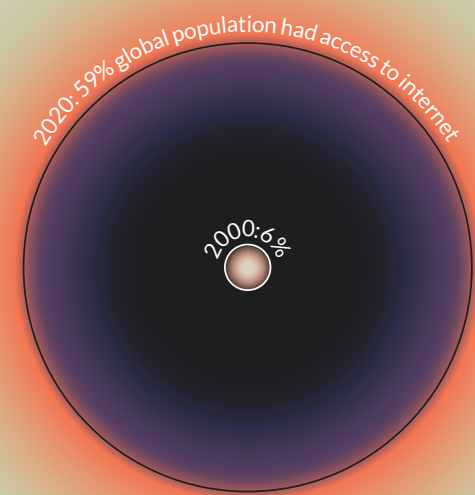




# THE FOURTH INDUSTRIAL REVOLUTION

The great accelerator





Since 2000, the Fourth Industrial Revolution has been building on the digital revolution at an exponential rate,<sup>1</sup> reshaping the world with the rapid introduction and uptake of new communications tools, the digitalization of everything from the public square to shopping centres, and rapid advances in technology such as artificial

intelligence (AI), robotics and the Internet of Things (IoT). Following the transformations brought on by globalization, technological innovations have been the most novel factor changing illicit economies in the last 20 years, including the rapid expansion of the cybercrime market.



As innovation continues to outpace regulation, new technologies allow illicit economies to grow by improving and encrypting communications; creating new marketplaces on the surface web and dark web; changing ways of doing business (for example, by anonymizing payments through cryptocurrencies); increasing adaptability to enforcement measures through tools such as encrypted phones; and expanding reach. The internet has shaped illicit economies by widely expanding the customer base, lowering the barriers of entry for supply and demand and enabling greater anonymity and access to new recruits for employment and/or victimization. It has fostered the dramatic growth of the cybercrime market itself, and escalated new forms of crime within that market, such as ransomware and phishing. Lockdowns during the coronavirus pandemic showed how reliant populations are on technology, in particular the internet and ICT, and how quickly this reliance can be exploited by criminals.

Tech tools are changing how criminal groups operate – and further insulating them from detection. Not

only are there encrypted communication apps, but there are encrypted mobile devices. In 2020, European authorities hacked EncroChat, an encrypted phone system used by criminals, resulting in over 800 arrests across multiple countries.<sup>2</sup> Digital technology has modernized monetary transactions between smugglers and migrants, among others. Central American gangs use social media to threaten and extort payments from emigrants across borders. The ability for surveillance has exploded and democratized in alarming ways. High-end spyware that can hack phones has been bought by cartels through corrupt officials,<sup>3</sup> but lower quality bugging devices and spyware are readily available for criminal groups to purchase online or in shops. Mexican cartels have used drones for surveillance, to drop shipments and even as weapons.<sup>4</sup> In illegal, unreported and unregulated fishing, criminals abuse the Automatic Identification System (AIS) for fishing vessels by manipulating GPS data, spoofing the system to create ‘ghost boats’, going dark by turning off their AIS and failing to report their next port of call.



## ILLICIT ECONOMIES GROW ONLINE

Some illicit markets are easy to access on the surface web, such as the illicit wildlife trade and illicit trade in cultural property. Digitally enabled trade is a major and growing part of the international illicit wildlife market, with the world's major social networking and e-commerce platforms being used for illegal activity. Looking to the future, rapidly expanding internet access in key source countries for illegally traded species (such as Indonesia, one of the world's great biodiversity hotspots and a hub for trade in endangered reptile and parrot species) and demand countries (such as China, a major destination market for ivory and rhino horn) indicates that the role of technology as a facilitator will only continue to grow.

The illicit trade in cultural property has moved away from established auction houses (which are exposed to public scrutiny) and now takes place largely on the surface web. Traders advertise on public and semi-public platforms, and sales are negotiated using closed communication channels. The online trade in antiquities affords illegal traders greater anonymity and allows them to exploit the lack of awareness and understanding of the legal framework governing the selling and buying of antiquities online. Pushback against such practices has been limited: social media platforms have not changed their policies to deter illegal traders, but merely shut down groups and block vendors after a sale has taken place.

Technology has also changed the way human

traffickers operate. They no longer have to be in the same physical space as their victims, but can use webcams and voicechat systems to coerce and exploit victims into making online sexual material that is livestreamed and/or recorded for distribution. Human traffickers also utilize encrypted messaging apps to maintain their anonymity when recruiting and grooming victims on networking sites. Traffickers market their victims on various online platforms, both on the surface web and dark web, while buyers use technologies to access, watch, record, disseminate and store information and materials on the victims.

The illicit drug market is active on both the surface and dark web (where illegal drugs constitute the majority of products sold). On the surface web, consumers can buy substances that are technically legal, called 'legal highs' or new psychoactive substances (NPS) through online sites. On the dark web, the drug trade is characterized by low operating costs, high use of cryptocurrency and young tech-savvy dealers, rather than cartels. For the consumer, risks of making purchases in open-air markets are reduced and anonymity is easier to maintain. Illegal drugs are also marketed and sold on social media platforms, and consumers can comment, message or contact the seller directly to make a purchase. Sellers advertise illicit substances through photos and status updates. Drug trafficking organizations also use social media to recruit low-level employees, such as couriers.

Cryptocurrency exchange hacks are at the frontier of cybercrime. Cryptocurrencies have been used for a range of criminal activities, from facilitating sales of illicit drugs to hiring hitmen. They have also transformed in the last five years, from underground payment systems to tradeable commodities in stock markets. In 2019, US banks began offering digital currency transactions between corporate clients, and China is developing its own national cryptocurrency.

The 2018 hack of a small South Korean cryptocurrency exchange Coinrail stole 30% of the coins on the exchange and caused a 10% drop in the price of Bitcoin. While the currency exchange cooperated with investigators, it immediately worked with other exchanges and coin companies to freeze or withdraw two-thirds of the stolen cryptocurrency. In 2019, Hackers breached 11 major cryptocurrency exchanges, stealing over \$283 million worth of cryptocurrency.

As more private and institutional investors invest in cryptocurrencies, some blame a lack of regulation for the lack of consumer protection in the aftermath of the hacks. For now, the increasing investment and use of cryptocurrencies sits uneasily with a lack of understanding about how to regulate and protect these markets from theft or doubling as markets supporting illicit funds.

## EXPANDING AREAS OF ORGANIZED ONLINE CRIMINALITY

The growth in cybercrime and cyber-enabled crime, through tech advancements, is likely to far outstrip the ability of the state and private sector to counter it. When regulation lags behind innovation, technological developments further link legal, grey and illegal activity. The more permissible private tech enterprises are, the more these platforms and services can be used for legal and illegal purposes.

One area to watch is un- and under-regulated online political campaigning. The interest and ability for hacker groups and criminal entities to work alone or with governments to manipulate political processes will only increase. Research found 32 of the 40 elections and referendums held between June 2018 and May 2020 experienced digital election interference.<sup>5</sup> The 2016 US election campaign revealed how governments, companies and campaigns all took advantage of unregulated spaces such as Facebook to manipulate voters through opaque and legally ambiguous means. On top of this, fake news has proved to be a nascent grey transnational industry, with a global reach. A fake news industry built around the US election cycle in

North Macedonia has the support of the town's mayor, who noted that it was not breaking any laws and was generating income.

A second area to watch is the rapidly growing data industry, which is ripe for an illicit economy to build around the opaque legal one. A largely unregulated data market links together and sells information collected largely covertly through online activity. Companies gather and trade in people's health stats, GPS location, contact lists, political leanings, purchase histories, browsing histories and numerous other data points – largely without people's knowledge. As personal histories and identities are catalogued by a growing for-profit industry or by government agencies, these databases are a gold mine for the purposes of corruption, coercion and extortion. Criminal groups could access these systems through theft, hacking, corruption, purchasing the data through a front company – and as long as it remains a secretive industry, the ability to tap into it remains that much easier.





# CLIMATE CHANGE

## A threat multiplier



Over  
3.5 billion

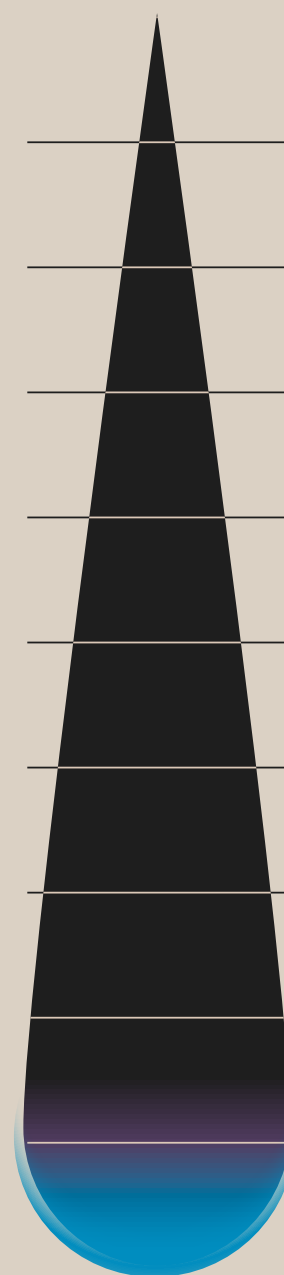
people will be living in  
water-insecure regions  
by 2025.

265  
million

people could face acute  
food insecurity by the  
end of 2020 unless  
urgent action is taken.

Nearly  
90%

of the world's marine  
fish stocks are  
now fully exploited,  
overexploited  
or depleted.



# Transnational organized crime profits from the plundering of our planet

The impact of climate change is being felt in all areas, and illicit markets are no exception. Crime and environmental degradation have a circular relationship. Environmental shifts driven by climate change, such as extreme weather and drought, increase resource scarcity, put pressure on local economies and generate instability – all of which encourages the emergence of new illicit markets, which themselves aggravate environmental degradation. Unregulated extraction, for example, pollutes air, land and waterways, and causes deforestation, while landing strips and roadways built for illicit trafficking have brought about deforestation. Nearly half of all tropical deforestation is caused by illegal logging to convert land for commercial agriculture.<sup>6</sup>

While the exploitation of resources such as oil, precious stones, minerals and timber has been widely reported, there are ever-growing markets based on development and the unregulated sale of natural resources. Sand is used to produce concrete and cement for construction, as well as for glass, ceramics and electronic devices; with construction booms in many cities across the world, a need for sand has spurred an illicit trade. In India, sand mafias are illicitly mining sand and link up to 'land mafias' known to seize well-located real estate from its original occupants through threats of violence for a lucrative construction project.<sup>7</sup> These gangs are known to use violence

against community leaders, and have murdered reporters who expose this market and law enforcement officials who attempt to combat it.<sup>8</sup>

The risks from climate change are greater in poorer countries already struggling to provide opportunities for their citizens and where state resources are limited. In some instances, these pressures, in combination with political choices, generate a pressing need for basic resources, such as water and energy – a need which is met by illicit markets, and in some cases, are monopolized by criminal group.<sup>9</sup>

If you just consider water, there are many examples across the globe. In Bangalore, India, while the population doubled from 2001 to 2017, water infrastructure did not keep pace. As a result, a group of tanker truck owners, known as the 'water mafia', distribute water across the city, fixing prices and controlling the market.<sup>10</sup> There is no running water in the Kibera slum in Nairobi, Kenya, where residents pay water cartels up to 50 times more than in the city's most affluent areas.<sup>11</sup> In Karachi, Pakistan, armed gangs steal water from illegal water stations to sell in the black market at an inflated rate, selling approximately 70% of the stolen water to big business.<sup>12</sup> A crackdown by the government on these water mafia has doubled the price of illegal water throughout the city.<sup>13</sup> A water scarcity crisis in South Africa in 2018 led to panic stockpiling and a black market selling water to individuals.<sup>14</sup>





# INFRASTRUCTURE AND TRADE

Co-opting globalization



# Organized crime has been one of the biggest beneficiaries of globalization



Globalization has given rise to unprecedented movements of money, goods, people and contraband around the world, bringing enormous opportunities for both licit and illicit markets. Infrastructure hubs – for air, sea and land travel, as well as trade – create particular vulnerabilities.<sup>15</sup> The phenomenal growth in trade using containers, for example, has aided and abetted the illicit movement of goods. By 2019, some 811 million 20-foot containers were in service around the world, up from 220 million in 2000.<sup>16</sup> The sheer volume makes monitoring extremely difficult; more than 90% of global trade goes via containers, but only around 2% is controlled.<sup>17</sup>

The number of commercial airlines and flights also experienced similar growth: by 2018 the International Civil Aviation Organization reported that the total number of passengers being carried on scheduled services had risen to 4.3 billion – a figure that (pre-pandemic) was expected to double every 15 years.<sup>18</sup> Air travel has been a key conduit of illicit goods, most of which goes undetected. The occasional news reports of sensational seizures at major international airports of contraband (mainly drugs but also wildlife products) represent only a tiny proportion of the illicit movements that take place on commercial airlines.<sup>19</sup>

Furthermore, the rapid growth of the internet and the creation of Free Trade Zones (FTZs), privacy jurisdictions and tax havens has significantly reduced the ability of governments to regulate the smuggling of licit and illicit goods. Since 1986, the number of FTZs has grown from 176 to more than 3 500 today, with the biggest growth in Asia. These FTZs – where oversight and regulation is poor – offer an entry point for the blending of illicit goods into licit supply chains.<sup>20</sup> The OECD estimates a 5.9% increase in total value of fake goods for each free trade zone added to an economy.<sup>21</sup> But while lack of regulation is often to blame, overregulation can also be a problem. Too much bureaucratic red tape, an increase in the number of borders

(and heightened border security after 9/11 and then the pandemic) as well as high taxes (for example, on cigarettes and alcohol) create incentives for illicit trade.

Development projects, such as construction, also represent opportunities for criminal groups. The construction of Highway 10 in Iraq linking Baghdad to Amman, which was part of US\$12 billion investment by the US, was exploited by gangs, militias and jihadists of the Islamic State, who extorted drivers by setting up roadblocks and demanding US\$300 for passage.<sup>22</sup> In El Salvador, the construction of the Northern Transnational Highway resulted in an increase in gang-related crimes including extortion and homicide.<sup>23</sup>

With China predicted to lead global growth by 2025,<sup>24</sup> its Belt and Road Initiative – an economic growth policy spanning 140 countries – is a critical project to watch in this regard. In Latin America and the Caribbean, China's development lending has been larger than that of the World Bank, Inter-American Development Bank (IDB) and the CAF Development Bank of Latin America combined, totalling roughly US\$140 billion between 2005 and 2018.<sup>25</sup> Mega-projects create opportunities – including for corruption. In Africa, fast-paced, poorly governed infrastructure developments are attempting to shrink an 'identified 50% gap between infrastructure needs and projected expenditure'.<sup>26</sup>

The shutdown caused by the coronavirus pandemic has created deeper and more sudden shocks to the global economy than previous global disruptions.<sup>27</sup> It has had major impacts on logistics operations for criminal groups. And the shuttering of businesses has dried up revenue for extortion payments by criminal groups. But the post-pandemic recovery will also offer opportunities for criminal groups to exploit both the economic hardship caused by the pandemic and the major inflows of capital designed to alleviate it.





# INTERNATIONAL BANKING AND ILLICIT FINANCIAL FLOWS Dark money



Opaque banking systems  
let corrupt officials,  
businesses and criminals  
hide vast amounts of wealth



#### WANDERING MONEY



The opaque global banking system that developed at the start of the new millennium has allowed legal and illegal profits to come together to create billion-dollar reservoirs of untouchable assets, while reinforcing the power and influence of the actors who utilize them. Despite the lessons learned from the 2008 financial crisis and the desperate need for revenue in state coffers, this system continues to provide a shared opportunity for governments, businesses and criminals to hide vast amounts of wealth, as revealed by investigations such as the Panama Papers.

Diversion of resources through illicit financial flows (IFFs) from developing countries and the enabling environment created by anonymous company structures, global financial centres and offshore jurisdictions have been widely described as major obstacles to global equality and

development. The syphoning off of money into tax havens by wealthy individuals and corporations lowers revenue for a government to perform its functions, making it harder for governments to respond to the needs of the people and provide basic public services.

In this way, a symbiotic relationship exists between the elites who champion the existing systems and the criminal groups who add financial weight to the banking system while enjoying its lack of transparency. Those who profit from this system have few incentives to change. As trillions of dollars are being mobilized for the pandemic economic recovery, the lack of will to track and regulate informal financial flows makes the moment ripe for significant movements of IFFs, and deeper involvement by criminal actors in the legal economy.



## THE BATTLE AGAINST DARK MONEY WAGES ON



**Oliver Bullough** is a UK-based journalist and author who specializes in covering financial crime and the former Soviet Union. His most recent book is *Moneyland: Why Thieves and Crooks Now Rule the World and How to Take It Back*.

### **What has changed in your view regarding illicit economies?**

It may not always feel like it, but the last decade has been a golden age in the battle against dark money. Public anger about tax dodging following the financial crisis of 2008/2009, combined with increased awareness of the damage being done by kleptocracy, has put the struggle for oversight of the global financial system onto the political agenda more than ever before.

In 2010, Obama signed the Foreign Account Tax Compliance Act, to compel foreign banks to help deter hiding income offshore; and in a string of anti-money-laundering directives, the European Union extended transparency into trusts, foundations and shell companies. Britain's parliament imposed transparency on the UK's recalcitrant offshore territories. In the last days of the Trump presidency, Congress started the process of stripping anonymity from shell companies, which could spell the end to the largest surviving secrecy haven.

Enforcement has also got tougher. Twenty years ago, some regimes still treated a bribe as a legitimate tax-deductible business expense, which is now unimaginable, so we have come a long way.

### **What are the biggest risks?**

The battle against the misuse of the world's financial system remains dependent on the whims of politicians. For example, Britain launched the Extractive Industries Transparency Initiative in 2002, which made transparency a theme for the G8 in 2013. But then, in 2017, the US Department of the Interior announced that American oil majors would not need to comply with requirements of the Initiative. Transnational financial crime is dealt with by many government portfolios and, without clear political direction from the top, there is a tendency for it to drift into the 'someone else's problem' file.

### **What do you think the situation will be like in five years?**

With Brexit and Trump's administration, it was possible we'd lose the will of the two countries that pushed hardest for transnational action against illicit finance. Biden has promised to revive the momentum, but the new president has many priorities, and it is unclear whether he will have time to tackle dirty money, alongside all the other crises in his in-tray.

So we need to guard against retrogression. As long as kleptocrats remain in power and use the West's financial system to hide their money, as the recent revelations about Isabel dos Santos's business empire have revealed, we will continue to face this problem.

### **What approaches work to strengthen responses against illicit economies in your field?**

The fight against tax dodging was overwhelmingly driven by Barack Obama's Justice Department. Legal initiatives from that time have stripped away much of the murky undergrowth that money used to hide beneath.

In the battle against kleptocracy, meanwhile, the political direction has come from Britain, which – with its traditional genius for hypocrisy – has on the one hand the City of London, the world's largest laundromat for dirty money, while its foreign policy pushes hard against corruption. Various UK prime ministers have sought to shine light into the dark places where kleptocrats, organized criminals and corporations hide their money.

Civil society activists have also risen to the challenge worldwide. The stand-out example has been the International Consortium of Investigative Journalists, which united writers from all over the world to bring offshore skulduggery to our front pages in the form of the Panama Papers, which drew attention to the tricks of the rich and powerful.





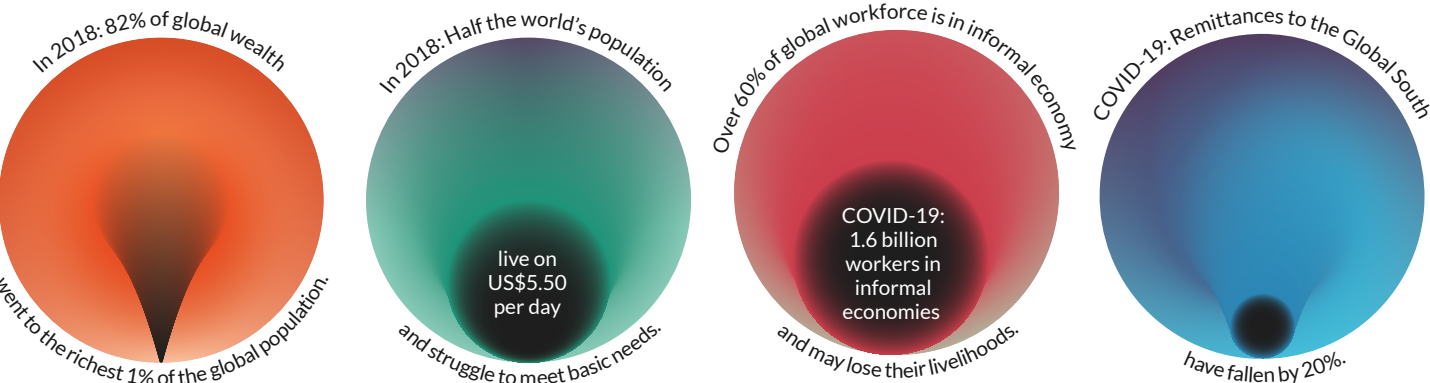
# INEQUALITY

## The widening gap



Decades of globalization and trade liberalization have created massive disparities in wealth and power. Before the coronavirus pandemic, opportunities for working in the legal economy were already diminishing. As a result of the pandemic, the situation has become even worse, especially for those working in the informal economy – estimated at 60% of the global workforce.

These conditions create space for illicit economies to expand, offer services and employ (often coercively) an increasing number of people. Those who control such markets grow in power and influence (and cross over into legal spaces), while those at the lowest levels face greater risks and hardship, such as being coerced into forced and child labour markets or subjected to human trafficking or extortion. People at the lowest levels also bear the brunt of law enforcement, typically in the lowest-income, most marginalized areas. Enforcement of illicit markets meets the least resistance in settings that are ignored by the more affluent in society and where people are



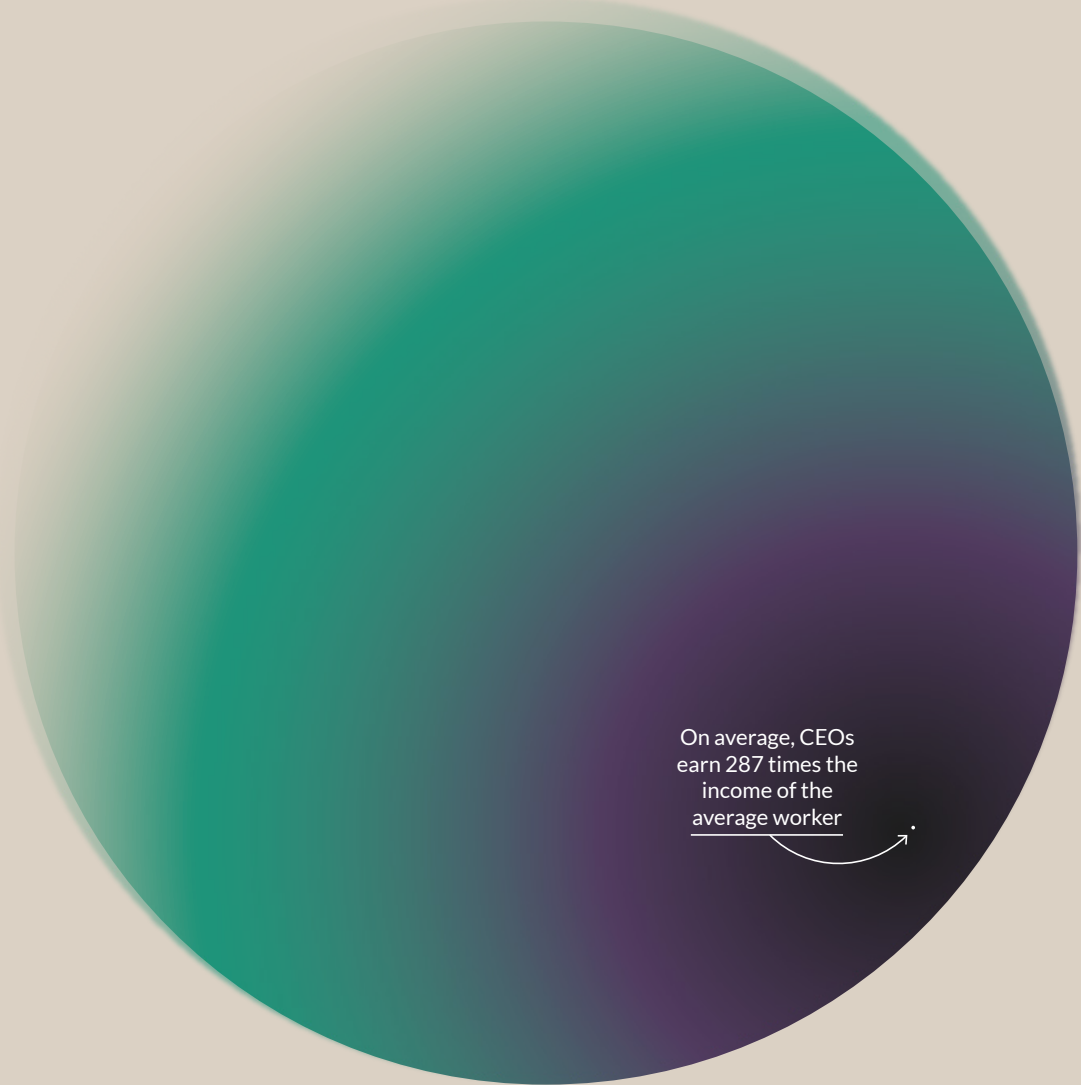
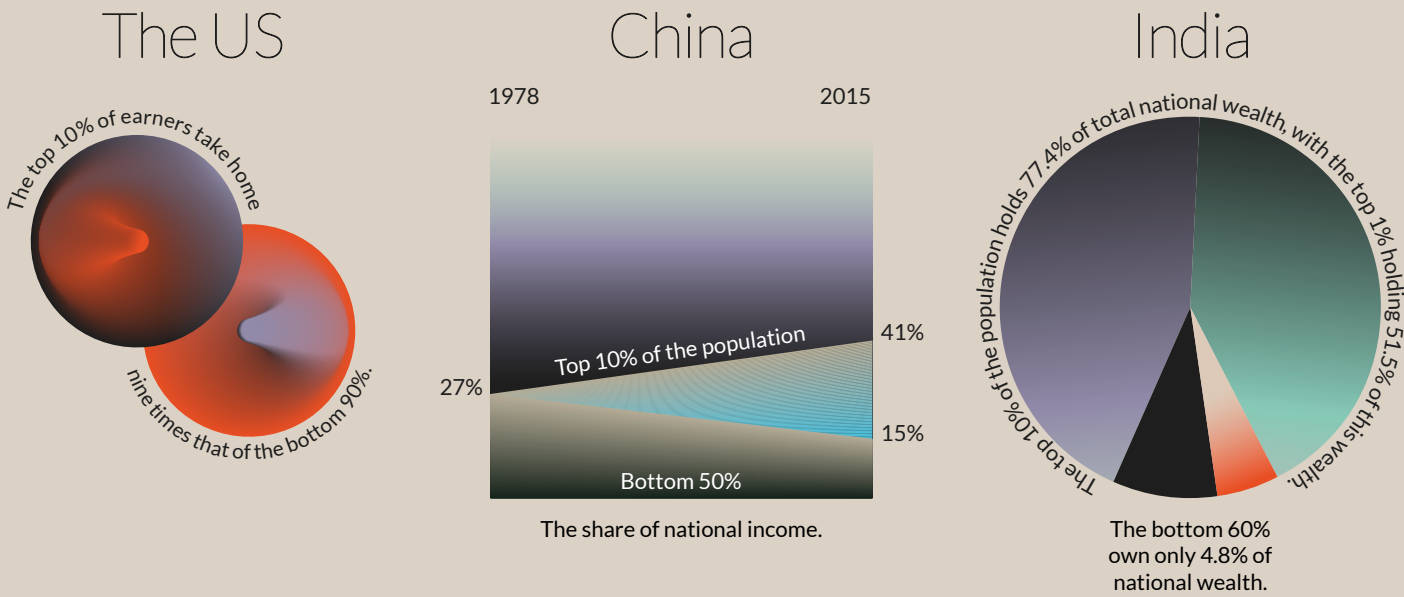
# Illicit markets depend on exploiting inequalities

less empowered to resist – not least because abuses are undocumented or unaddressed. Heavy-handed responses by armed police or the military often result in deaths and arrests, but change little for the criminal market overall or the structural factors that create vulnerability in marginalized communities.

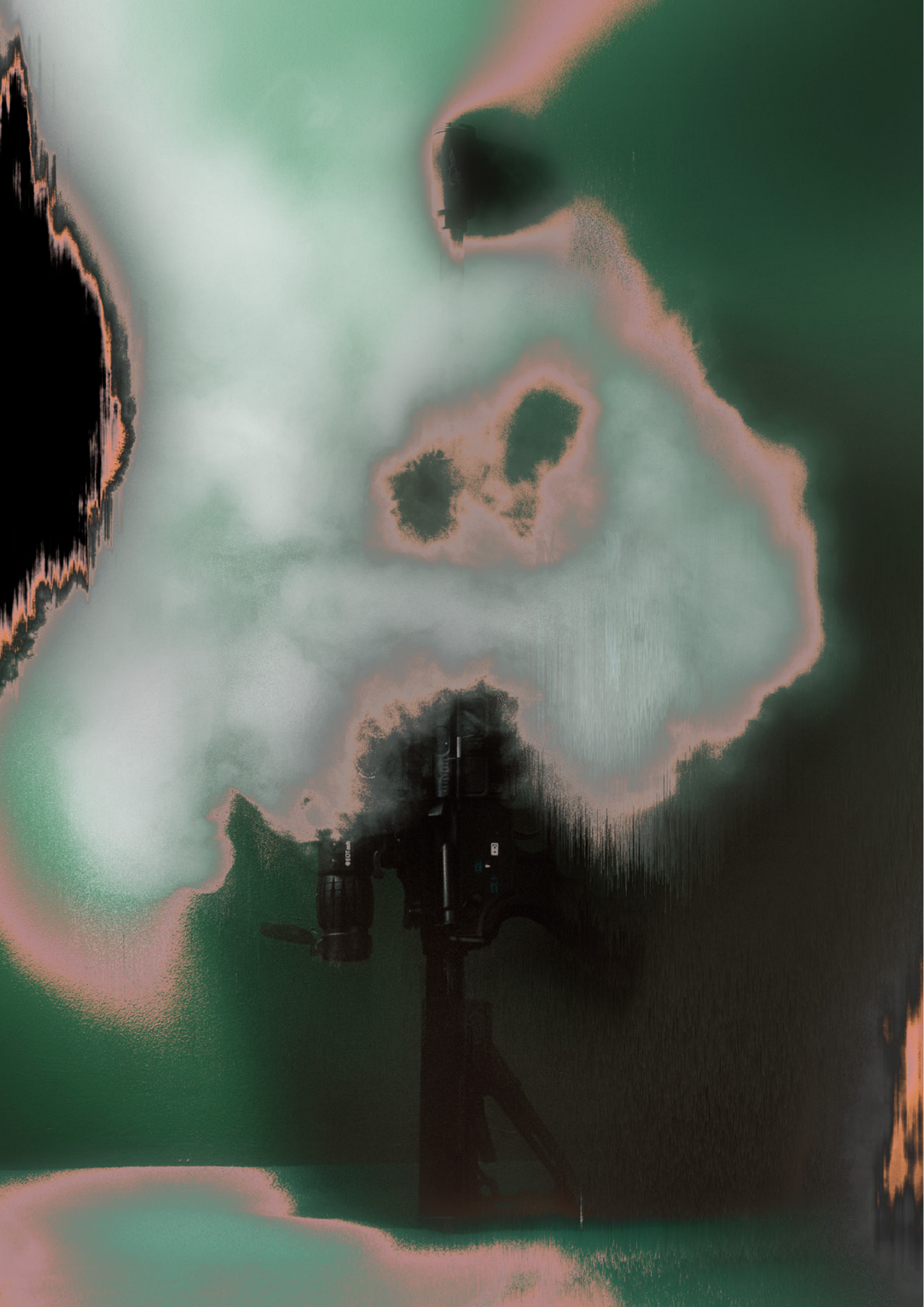
These illicit economies often intersect with and feed into any number of legal industries, including fishing, cobalt and gold mining and the timber trade. A lack of transparency in global supply chains allows companies and consumers to ignore the criminal behaviour that is often behind the production of many popular products. Such behaviour has been further enabled by privatization, the creation of tax havens and growing online commerce, all of which have eroded the state's ability to regulate trade. The current global economic crisis is an opportunity for criminal groups to further entrench their hold over these secondary economies.

## THE RICH AND THE POOR

## A WIDENING GAP CAN BE SEEN ACROSS MAJOR ECONOMIC POWERS







# CONFLICT AND ILLICIT MARKETS

The benefits of instability



# Those who profit from conflict have few incentives for peace



Areas of violent conflict are incubators for a range of illicit markets, including arms smuggling, oil extraction, migrant smuggling, human trafficking, opium production, gold and mineral mining or charcoal trafficking. In such contexts institutions are usually weak, opportunities for profiteering are high and there is a volatile mix of weapons, lawlessness and young combatants who are desensitized to violence. For instance, human smuggling and trafficking, as well as drug trafficking, occurs through points of instability in the Sahel and Libya. And illicit diamond mining is fuelling conflict in the Central African Republic.

The relationship between conflict and crime is circular: while conflict may give rise to illicit activity, crime also further entrenches conflict. The illicit arms trade – from small arms to military equipment – floods fragile states with weapons and vastly increases the power of armed groups over the government. Criminal actors and conflict actors become merged, with armed non-state actors often controlling illicit markets, the proceeds from which enrich the groups and perpetuate violence.

The 2018 World Atlas of Illicit Flows states that environmental crime – which includes wildlife crime, fuel smuggling and the illicit mining of gold, diamonds and other

natural resources – is now the largest source of income for non-state armed groups and terrorist organizations, accounting for 38% of the financing of conflicts.<sup>28</sup> The commodities flow from armed groups along the supply chain to businesses and legal operations around the world. In this context, failures of conflict resolution may fuel a self-supporting dynamic between conflict and crime. Indeed, it is often the case that conflict mediation and high-level bargains to resolve fighting do not address the underlying illicit economies, enabling armed groups to emerge from conflicts to continue to pursue criminal agendas.

In addition to traditional conflicts, new modalities of cyber warfare and the criminal markets associated with them are developing with little pushback. States and their intelligence agencies often use criminal proxies to carry out attacks on military facilities, critical infrastructure, hospitals, businesses and energy facilities. Disinformation campaigns launched by one state to interfere in another's politics and society are becoming increasingly common. This looks likely to become a lucrative and growing opportunity space for criminal groups, with serious consequences for international relations.



## FINDING COMMON GROUND, NOT A COMMON ENEMY, AMIDST A WAR ON DRUGS



**Ma. Inez Feria** is the founder and director of NoBox Philippines, a civil society organization working on reforming drug policies and laws through advocacy, community engagement and capacity building.

### **What has changed in your community regarding organized crime?**

Although the so-called 'war on drugs' is not a new strategy in the Philippines, it is only now that the larger community has become conscious about extrajudicial killings and arbitrary raids linked to the anti-drugs campaign, and the apparent use of this campaign to target political opponents. Since the majority killed are alleged to be low-level traffickers, there's a sense that those who may be involved at the top of the drug networks are walking away untouched, protected by impunity. This is distracting us from dealing with the system that needs to be fixed. As a result, we end up making people deemed disposable pay with their lives for the failure of this system.

### **What are the biggest risks faced by your community?**

The space we work in can be a highly politicized and dangerous environment where organizations can be arbitrarily targeted by the government. It requires

being constantly on alert. There's an 'if you're not aligned with us, you're against us' political mentality, feeding into increased perception of surveillance and fear. Though no longer front-page news, extrajudicial killings linked to the anti-drugs campaign continue. Outside the main cities, things are happening but are not reported. That's the scary part – there might be things that we don't hear about and therefore cannot respond to. Mistrust is palpable. It becomes harder for community members to know who they can trust.

### **What do you think the situation will be like in five years?**

We have our elections in 2022, and so many things can happen between now and then. The focus on drug-related issues during these past four years is the most there's ever been, and we hope this continues, only in a more informed way. Now is also the time to contribute to making changes in the system. For example, we are currently paying more attention to women who are incarcerated because of drug-related charges, and this is something we weren't looking at before. We also need to ask ourselves why this administration was able to use drugs so effectively as a tool against our people.

### **In your experience, what approaches work to weaken organized crime in your community?**

How we understand the issue always dictates how we will respond. So treating the drugs situation as a public-health issue might be one step in the right direction. It is important, however, that those in power cease perpetuating stigma and shift their mindset to recognize the range of realities of the drug use experience. The voices and experiences of people involved with drugs must be valued and respected. They need to be at the decision-making table, together with government officials. Not only will this make for more responsive policies and programmes, but it will also allow officials to recognize how people who use drugs are, in fact, part of the community. We need to listen to each other more. Respecting each other's realities, and connecting with each other as human beings are key. When we do that, we become better able to recognize the bits of common ground between us.





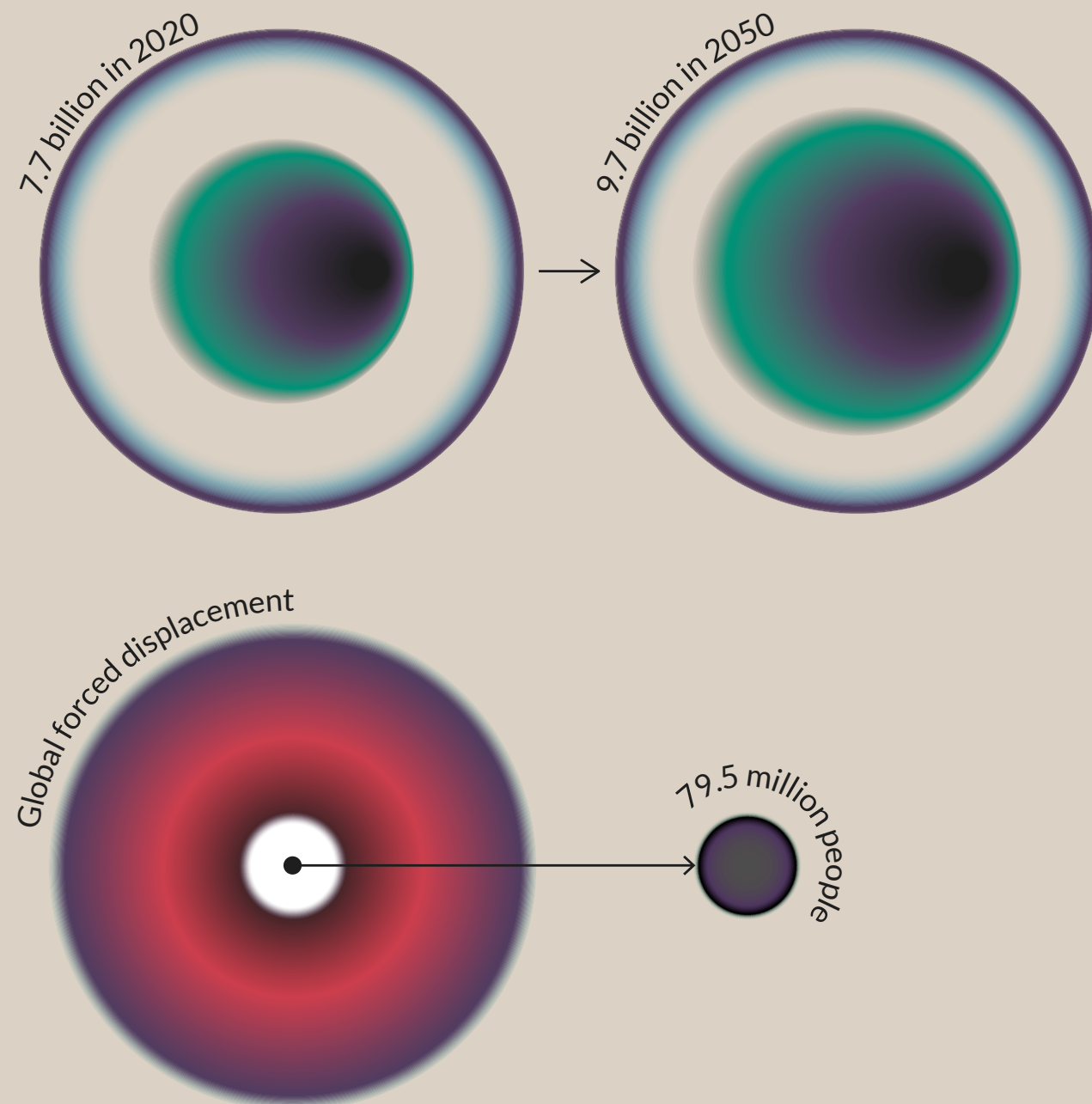
# DEMOGRAPHY AND MOBILITY

Rising vulnerabilities



# For smugglers, the failure by states to provide safer and more secure legal alternatives for movement has been good business

## POPULATION GROWTH



The number of refugees and migrants has been rising in recent years, driven by instability in Syria, Libya and the Sahel region, and across Central America, among other places, but the number of legal avenues in which to move has been decreasing. Many of the vulnerabilities that enable organized crime also act as drivers for migration: inequality; underdevelopment; violent conflicts; political instability; gang violence; and climate change. Between 2014 and 2016, the European migration crisis (as it has been referred to by some states) and the surge in smuggling along the US southern border prompted political ructions and a rise in populism in both regions, resulting in more stringent anti-migrant measures being imposed.

Faced with more and more legal and physical barriers to mobility, many have turned to human smugglers to facilitate their passage, often at the risk of their lives. Between June 2014 and July 2017, the death or disappearance of some 22 500 migrants was recorded by the International Organization for Migration (IOM).<sup>29</sup> For smugglers, however, the failure by states to provide safer and more secure

legal alternatives for movement has merely been good business, generating demand and driving up the prices they can charge. Even many who move legally, receiving a work permit, end up in conditions of forced labour, often called bonded labour, where debts rise and which cannot be repaid.

The tendency for governments worldwide to increase border controls was stepped up dramatically as a result of the coronavirus pandemic, yet this will not stop migration. Indeed, the economic fallout from the pandemic may exacerbate some of the underlying conditions that prompt people to move.

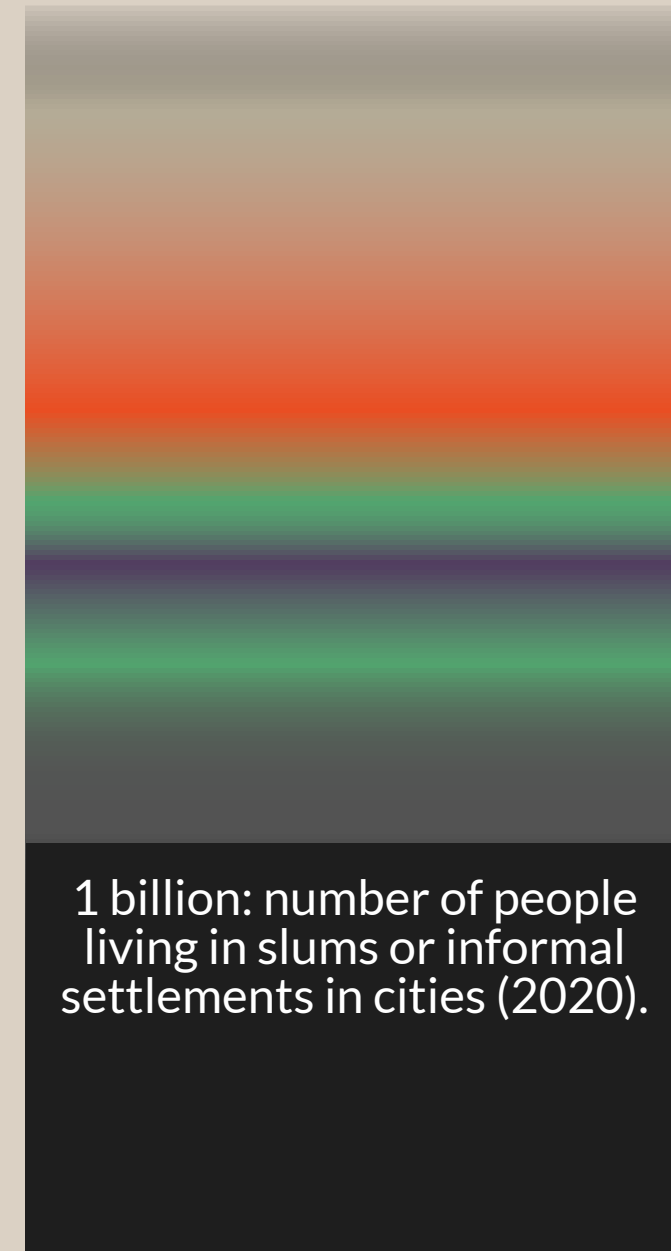
The combination of xenophobic populism and push factors for migration could lead to increased militarization of borders, a further reduction in the number of safe and legal migration routes and an increase in the pool of people trying to cross borders. This would be a boon for migrant smugglers and human traffickers, who profit from the promise of circumventing borders.





## URBAN POPULATION GROWTH

Proportion of world population  
living in cities



1 billion: number of people living in slums or informal settlements in cities (2020).

## URBANIZATION

Many people on the move are heading for cities. The speed and scale of this rural-to-urban migration has been outstripping the ability of many municipalities to provide public services, administration and security. The result, particularly in the developing world, is often the growth of informal urban settlements, such as slums. Where the state cannot or does not provide governance, services and protection, criminal groups and gangs often step in and take advantage. During the coronavirus crisis, gangs and criminal groups have enforced quarantines, bought groceries and offered extensions on extortion payments, all in an effort to further embed their community leadership role. But these same gangs extort local communities, escalate levels of violence and create unstable living conditions for residents. Studies show that many of the most violent cities in the world are not in war zones but in Latin America, the Caribbean, the US and South Africa, largely attributed

to gang violence. For example, Cape Town, with a population of some 4 million people, saw 2 868 murders in 2018 (a homicide rate of 69 murders per 100 000 inhabitants).<sup>30</sup>

Rapid urbanization creates high demand for resources such as sand for the production of concrete and glass, water in areas lacking infrastructure and charcoal to heat homes and for use as cooking fuel. Unregulated markets – such as for water or charcoal – are often co-opted by organized criminal groups, enriching them and creating a dependency for certain urban communities. Legal economies have not kept up with urban population growth, allowing illicit economies to provide an alternative space for work and income generation. Urban migration is also driven by resource scarcity and degradation in rural areas. Illegal or unregulated logging, for example, has displaced populations to urban centres, further straining civic resources.

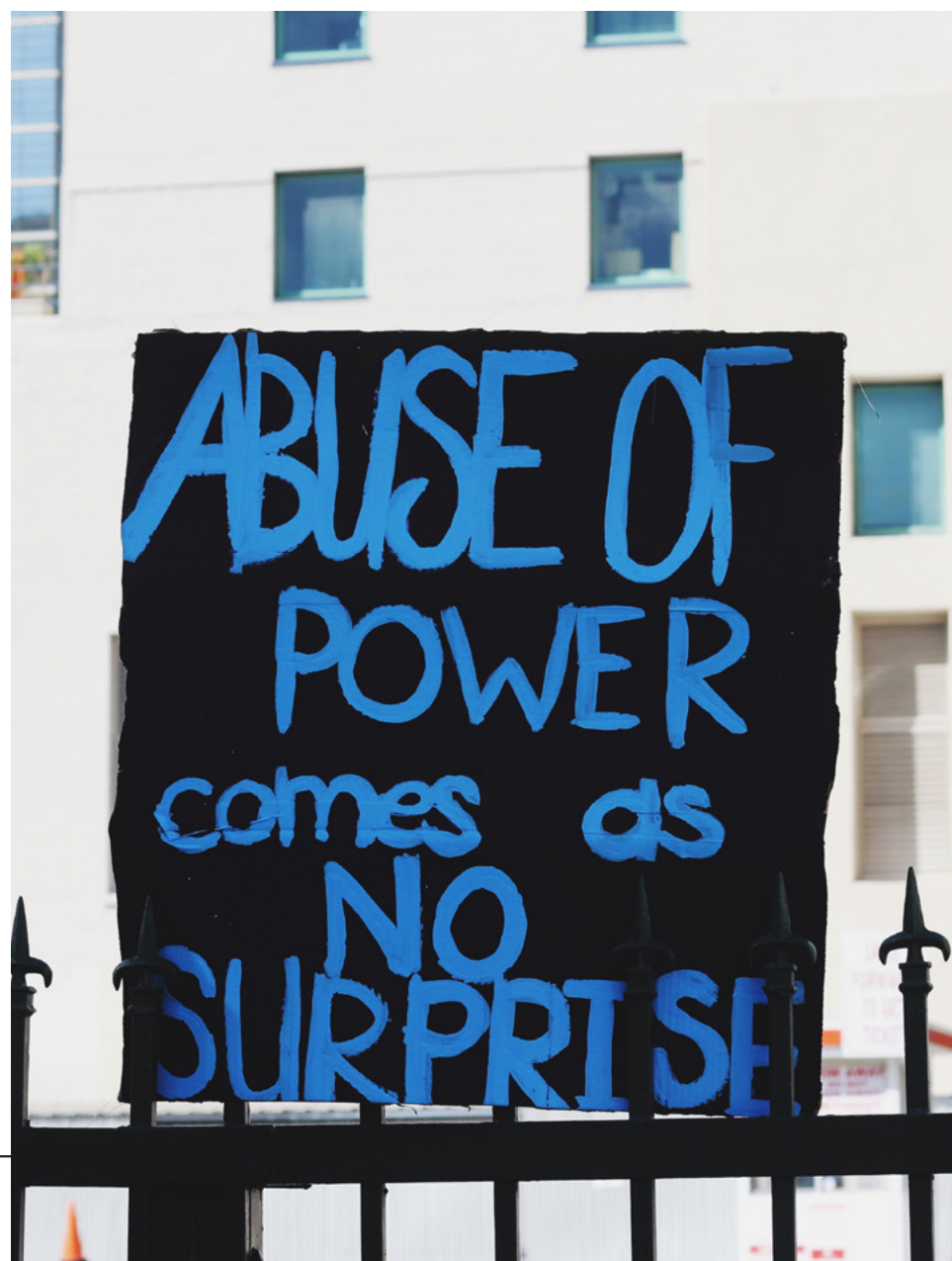




# THE PRICE OF DEMOCRACY

Soaring costs and corruption





Democracy is under threat  
from the criminalization  
of power

Democracies are straining under the pressure of cascading challenges. Dealing with crises of the day leaves little time and money to focus on slower-burning issues, from tech regulation to climate change. In many countries, trust in governments is eroding and the social contract is broken.

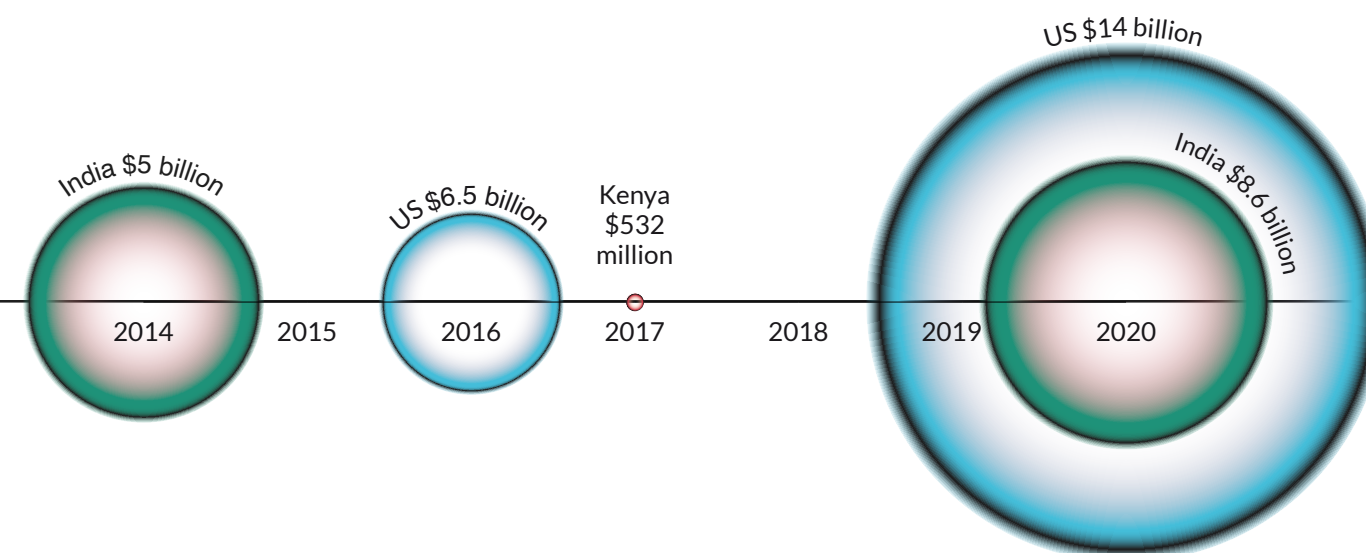
Democratic systems became the norm in most parts of the world after the end of the Cold War. However, in many countries, national governments continue to serve only a small subset of the population, due to the influence of a variety of patronage systems. Together with the rising costs of elections, the money needed to influence policy has reinforced elite and corporate influence over decision-making, strengthening the impression that money buys power.

Corruption is a well-known enabler of organized crime, so when political systems themselves operate through corrupt means and reinforce impunity, it creates entry points for criminal groups, diminishes consequences for others in

society to operate in this way and delegitimizes government responses to corruption and organized crime. This has led to the instrumentalization of democracy and political machinery for corrupt and criminal purposes, degrading the value of democracy. One well-known example, the Odebrecht case, swept up at least 10 countries in a transnational bribery schemes: Argentina, Brazil, Colombia, Dominican Republic, Ecuador, Guatemala, Mexico, Panama, Peru and Venezuela. There is a common perception in many countries, be they democracies or autocracies, that the ruling class uses public resources and systems to enrich themselves, while ignoring the interests of citizens.

Leaders take a tough, even militarized response to some types of crime, like the drug trade, while turning a blind eye to or even engaging in political corruption, financial crimes and new forms of illicit activity, such as cybercrime. This further erodes trust in the state and politics, with the risk that people may turn to criminals who offer 'protection'.

#### THE COST OF DEMOCRACY: NATIONAL ELECTIONS SPENDING





## A HAVEN FOR DRUG LORDS PROTECTED BY THE STATE



This person works for an NGO and addresses the impacts of organized crime in Guinea-Bissau. Given the nature of the interview, he asked not to be named.

### **What has changed in your community regarding illicit economies?**

Guinea-Bissau has been an established transit point for drug trafficking for some time, but now the number of drug users in the country is growing each day. Our youth are developing mental-health problems, while criminality rates have been on the rise over the last two years. Our health system is not capable of responding to these problems, and our police officers, and the law enforcement system generally, are not equipped to respond to these developments. Things will only get worse as long as no new systems are put in place to counter this.

### **What are the biggest risks?**

The biggest risk is that drug traffickers are trying to take over the country, getting involved in politics and influencing political decisions. Drug traffickers exert a lot of influence over our politicians. If the situation continues, in the very short term we will lose control of our country and it will become a paradise for drug lords and other criminals.

### **What do you think the situation will be like in five years?**

As predicted, the current authorities lack political willingness to fight drug trafficking. As a result, the country's law enforcement agencies, in particular

the Judicial Police, cannot undertake investigations into drug trafficking in a proper manner. Also, the Office of the Prosecutor General has been under political influence. This poses a huge obstacle in the fight against organized crime and allows criminals to take advantage of the situation. Ever since Guinea-Bissau's independence, the state has failed to enhance institutions and build an effective law-enforcement system. Poor oversight and a lack of border surveillance permit criminals to operate in our country.

### **What approaches are successful in strengthening responses in your area of work?**

Since criminals have captured government institutions, civil society is our only hope. More work needs to be done to establish a bigger civil society network and strengthen its capacity. One of the most important approaches is to raise awareness in the community, because transnational organized crime is not well known in the country – citizens don't examine the situation critically. We need to start overseeing and monitoring criminal patterns, and involve decision-makers and the international community. People need to understand the dire consequences of drug trafficking, and not only focus on its immediate material value.





# ILLICIT MARKETS

In November 2000, UNTOC was adopted by a resolution of the UN General Assembly and came into force in September 2003. UNTOC was designed to promote cooperation in the global effort to prevent and combat transnational organized crime, but in the 20 years that have elapsed since the first countries signed on in Palermo, illicit markets have boomed, diversified and become ever more interlinked.

This section examines five overarching markets: (1) markets for human exploitation, (2) illicit environmental markets, (3) illicit drug markets, (4) cybercrime and (5) illicit trade in legal goods.

We find that globalization has facilitated a global architecture for operating outside the legal economy that is so robust that when one product becomes risky or unprofitable, organized criminal groups shift to a new one, either by tapping existing connections or engaging with a new set of service providers.

The timelines in the following sections are illustrative trajectories of the five illicit markets, depicting visually how these markets have developed over the last 20 years. They are not intended as trend analysis.



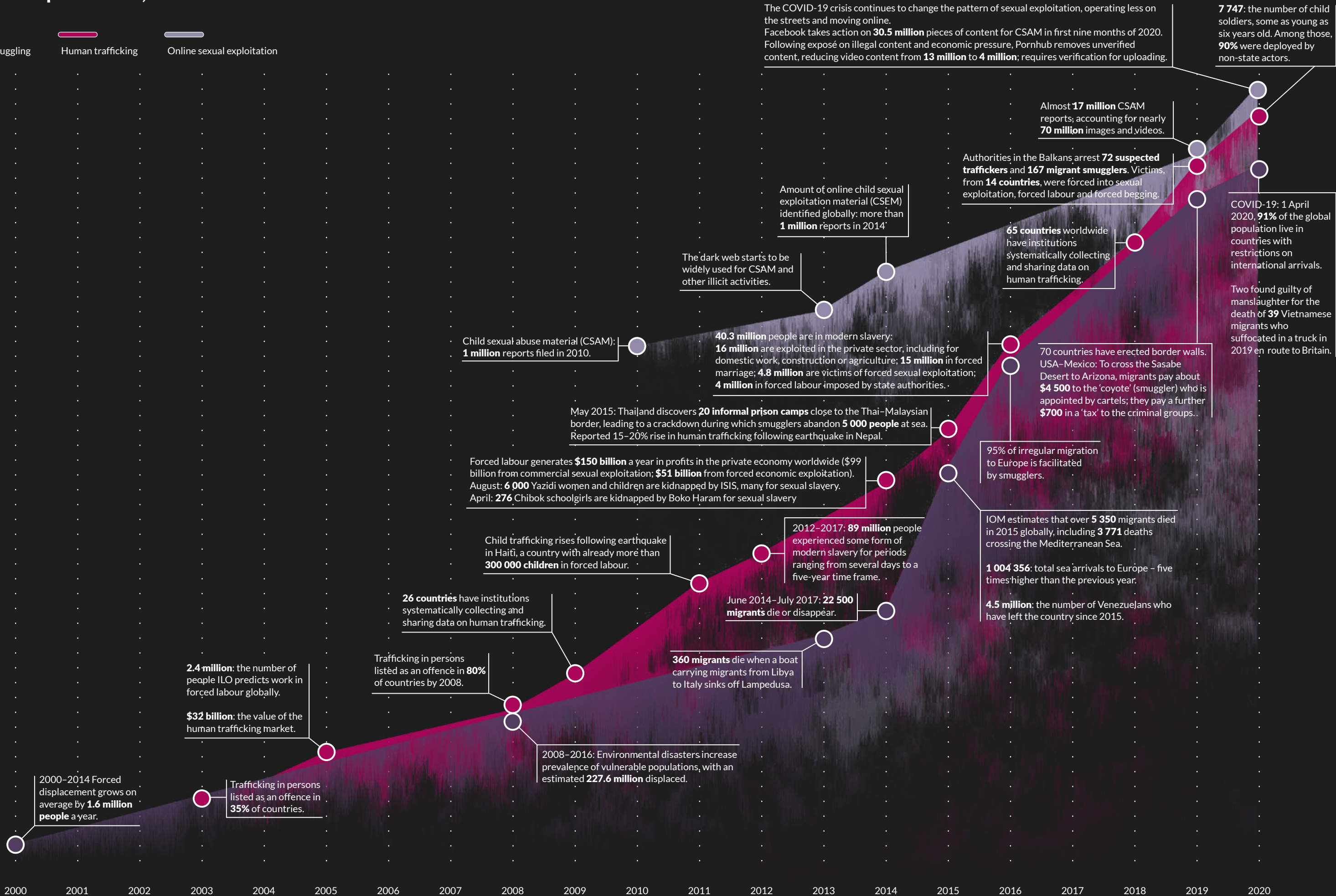


# HUMAN EXPLOITATION



Human exploitation, 2000–2020

Human smuggling  
Human trafficking  
Online sexual exploitation





This section explores illegal markets associated with the exploitation of people. In cases of trafficking in humans, the exploitation is of the person themselves, for instance forced labour; the market for migrant smuggling exploits the need for mobility and migration for humans, but is not itself an exploitation of the migrant, except in cases where smuggling blurs with human trafficking (an increasing trend).



## HUMAN TRAFFICKING

Opportunities for human trafficking have grown with advances in technology and the increasing incidence worldwide of vulnerable populations. As of 2017, the total number of detected victims of human trafficking around the world was estimated to be roughly 40.3 million. The vast majority are women and girls, who are victims of both labour and sexual exploitation.<sup>31</sup> Egregious displays of sexual slavery and slave markets in Syria, Iraq, Libya and Nigeria have exposed the dangers among occupied populations, refugees and internally displaced people.

The internet has fundamentally changed the market for sexual exploitation, in particular that of children, making it far more widespread and difficult to police<sup>32</sup> and providing criminals with access, affordability and anonymity (the so-called ‘triple phenomenon’).<sup>33</sup> Traffickers are facilitating online child sexual exploitation, modernizing payment transactions, marketing women and girls via the internet and social media, and using chat groups for communication and solicitation on the dark web.<sup>34</sup> The last 20 years have witnessed a rise in online communities built

around predatory criminal sexual interests. As well as facilitating the sharing and spreading of illicit sexual abusive material, these virtual communities provide a (misplaced) sense of validation and legitimization for potential and current sexual offenders.<sup>35</sup>

Forced labour is found in many sectors: domestic servitude; agriculture and fishing; begging; construction, mining, quarrying and brick kilns; and manufacturing, processing and packaging. It is also linked to fraudulent recruitment practices and debt bondage: people borrowing money or being trapped into paying inflated costs for food, accommodation and transportation and then having to work until it is paid off. The coronavirus pandemic increased the probability of abuse and reduced the chance of being identified and rescued, especially in sectors that are hard to access or dangerous, for instance in areas of illegal logging, illegal mining and illegal fishing, which all saw a drop in labour inspections and weak enforcement of laws on labour trafficking (which were already lax for victims in exploitative situations before the pandemic).<sup>36</sup>

## MIGRANT SMUGGLING

Over the last 20 years, migrant smuggling markets have grown as a result of a number of push factors, including conflict and violence, inequality, demography and climate change. Migration policies have become increasingly linked to national security agendas and handled within governments’ security portfolios. Wealthy countries have been fortifying their borders; in 1990, only 15 countries worldwide had border walls, whereas by 2019, there were about 70.<sup>37</sup> Hostility towards migrants has made them an increasingly vulnerable population: receiving countries have reduced opportunities for lawful entry, including seeking asylum, and in transit countries migrants are increasingly at risk of violence and of becoming victims of human trafficking. Migrants are dying en route in greater numbers. Heightened border controls are forcing people onto riskier routes, and migrant smugglers treat their lives with greater disdain.

COVID-19 containment measures may have temporarily slowed the flow of refugees and migrants in many areas, but have not stopped it. Indeed, the pandemic (and the measures introduced to control it), are likely to

increase the drivers for movement. But the risks faced by migrants – and the degree of difficulty experienced on their journeys – will also increase.<sup>38</sup>

If the operating risks continue to rise, operators with a lower risk appetite will be driven out, leaving an opening for organized crime groups, who are more likely to exploit migrants for greater profit.<sup>39</sup> This will be used to further justify tough measures against migrant smuggling networks by governments and accelerate the dynamics of criminal-group capture of migration.

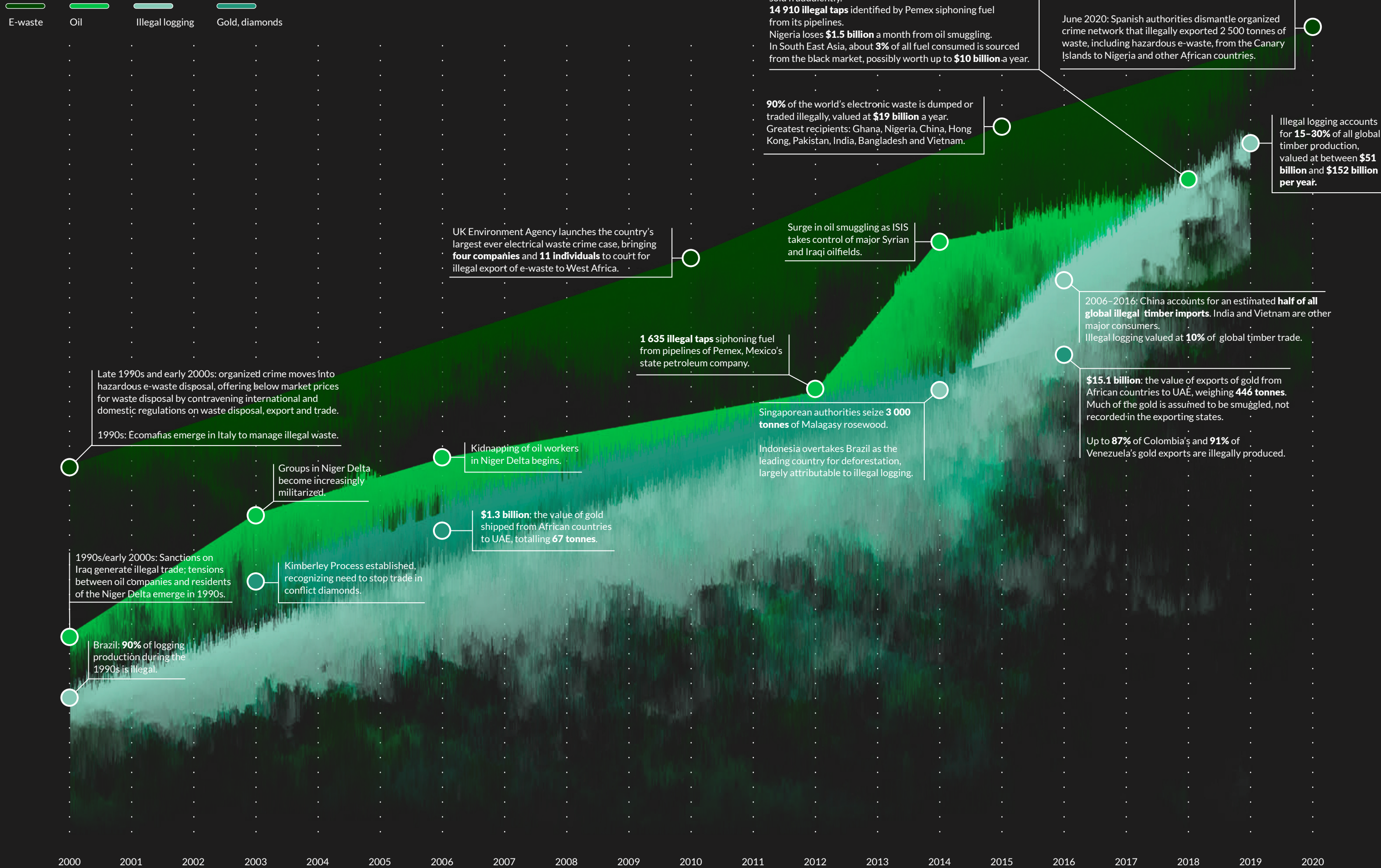




# ILLICIT ENVIRONMENTAL MARKETS

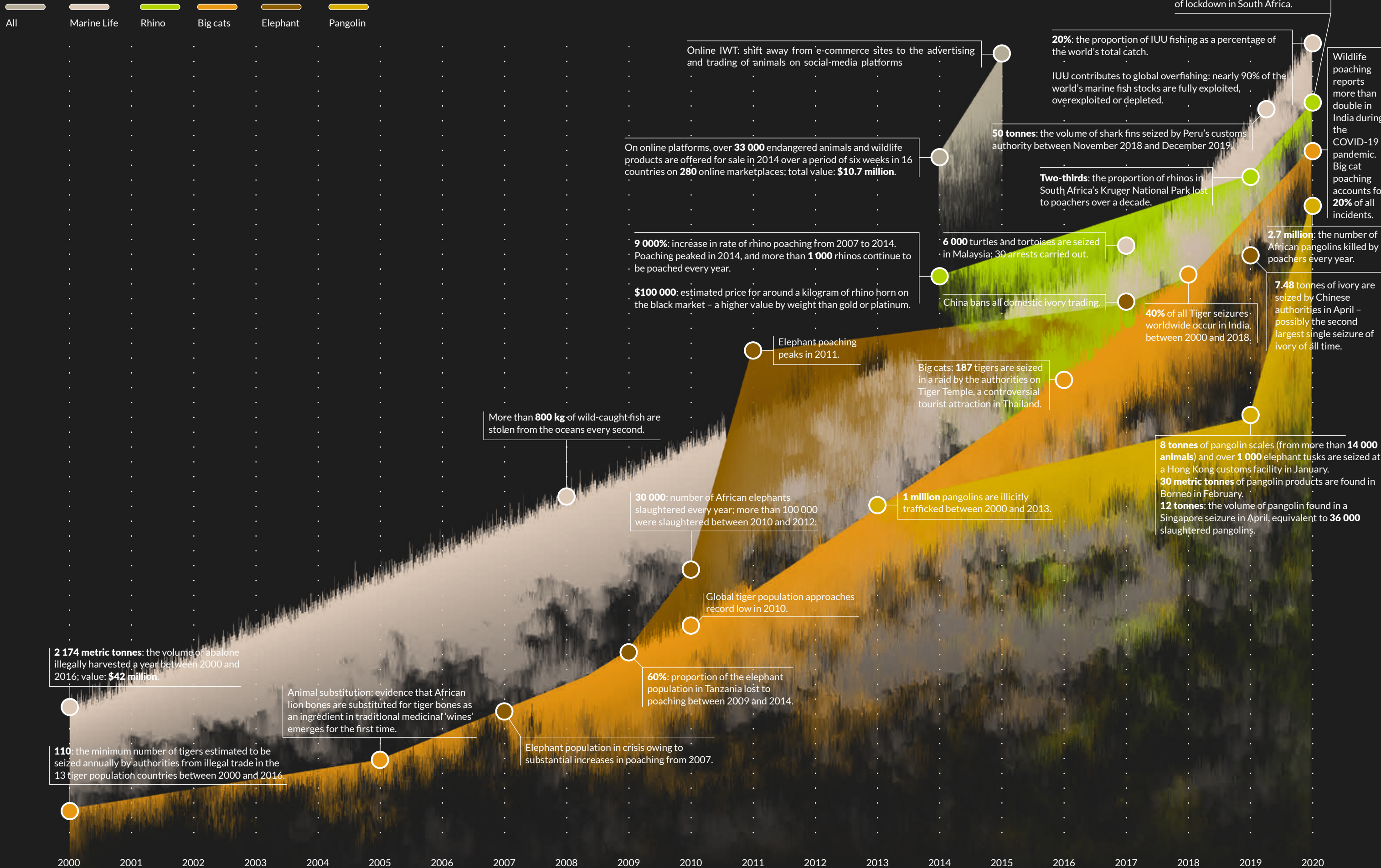


Environmental crime markets, 2000–2020





Wildlife crimes, 2000–2020





# With high demand and profits, illicit wildlife trafficking has become a multi-billion-dollar industry

Unsustainable growth, over-consumption, waste and greed have propelled the growth of environmental illicit markets. While environmental markets are diverse, ranging from natural mineral resources to flora and fauna, several key factors have contributed to their common growth in the past 20 years, such as instability and conflict at the source; urbanization and resource scarcity; and expanding consumer markets.

Illegal logging and the illicit wildlife trade remain key markets, and a growing array of natural resources are sourced and traded illegally. With high demand and profit (and low enforcement, punishment and prosecution), illicit wildlife trafficking has become a multi-billion-dollar industry.<sup>40</sup> Demand for scarce natural resources has grown, including endangered species; rare tropical hardwoods for furniture; terrestrial fauna for use in traditional medicine; and marine species for cuisine. Online trade, including on major social networking and e-commerce platforms, is a large and growing part of the international market. Scarcity fuels wildlife substitution across wildlife markets. For instance, as poaching drastically reduced the tiger population, a growing illegal wildlife trade in lion parts emerged in 2005.<sup>41</sup> In another example, the increasing scarcity of pangolin – today the world’s most trafficked mammal – in

Asia has increased the market for more abundant African pangolin species.<sup>42</sup>

The burden in supplying these markets falls disproportionately on the Global South, where high levels of biodiversity and numbers of ‘exotic’ species can be found. In particular, equatorial and tropical states have been plundered, since this region is the source of the world’s highest concentration of biodiversity and many of the sought-after minerals and diamonds. Trafficking in wildlife is threatening human health, increasing species extinction and damaging the ecosystem. As has been pointed out, ‘sustainable development cannot occur in the world when such significant resources are looted’.<sup>43</sup>

Some criminal organizations have diversified into environmental crime. In South America, the historic rise in gold prices during the 2008 financial crisis led drug trafficking organizations to move into mining. By 2016, FARC, the Colombian left-wing guerrilla group, was estimated to generate 20% of its funding from illegal gold mining.<sup>44</sup> As a consequence of this increase in gold mining, deforestation in the Amazon has increased, fuelling climate change and increased human and labour rights violations related to the extraction process.

In some instances, demand for natural resources



for licit markets has led to environmental crime. The tech boom of the late 1990s significantly increased the need for rare earth and precious metals and minerals, such as gold, cobalt and coltan. But many of these supply chains – for instance for gold,<sup>45</sup> coltan, wolframite and cassiterite<sup>46</sup> – are controlled, traded and taxed by armed insurgents or corrupt officials.

The massive growth of the tech industry has also led to the dumping of illicit e-waste to dispose of some of the 20 million to 50 million metric tonnes of e-waste now generated worldwide each year. In 2015, the UN Environment Programme estimated that 90% of the world’s e-waste, worth some US\$19 billion, is traded or dumped<sup>47</sup> illegally. In countries such as Ghana, Nigeria, Pakistan, India and Brazil,<sup>48</sup> millions of tonnes of hazardous e-waste are illegally imported from Europe and the US.

In addition to illegal dumping, a lack of due diligence by waste generators and government regulators has allowed organized criminal groups to create licit recycling, scrap and waste-disposal firms, which claim to dispose of e-waste legally, but in reality fraudulently export the waste as ‘re usable’ or ‘second-hand’ to developing countries, where it is stripped in dangerous conditions involving acid baths, open flames and other techniques.<sup>49</sup>

Combating environmental crimes is hindered by the fact that illicit markets run in parallel with the exploitation of the planet’s finite resources for human development and profit incentives by governments and corporations. Illicit natural-resource markets also often connect with informal markets, such as the charcoal trade, which in some cases provide basic needs for large populations, and sometimes involve complex issues of land rights and access.

When governments turn their attention to these markets, they often criminalize impoverished communities involved in the trade. Some enforcement efforts have tended towards militarization, for instance in addressing the wildlife trade across Africa. While the connections between legal and illegal markets and supply chains make it harder to disentangle the two from a policy perspective, trying to suppress certain markets through military or law enforcement alone will not stop environmental crime.



## ILLICIT MINING HOLLOWS OUT HOPE FOR VILLAGERS



**Sandhya Ravishankar** is a journalist from Chennai, India. She is the founder and editor of The Lede, an independent journalistic portal covering the south of India. She has reported extensively on illegal sand mining along the south India coastline.

### **What has changed in your community regarding illicit economies?**

Along India's southern coast, mining groups have been disrupting life in villages so they can mine for sand. They buy up land and apply for mining commissions by greasing palms. They promise the village heads that they will fix things in the community, say a temple renovation, but it is mostly mining that goes ahead. They recruit unemployed youngsters to be their eyes and ears, and to work as their local enforcers. These youngsters have been known to attack villagers opposed to the mining projects. Villages would become divided over support for the projects.

### **What are the biggest risks?**

Sand mining is changing the coastline. Besides resources being looted, mining depletes fishing stock. Those of us working to expose these corrupt practices

live with the constant fear of what will happen to us and our families. The miners said they were hiring private detectives to follow me around and take photos and videos. I have suffered character assassination as a result of my reporting. In 2018, I met with a police officer, a source for one of my investigations. Someone took the CCTV footage and edited it to create the lie that I was a political spy. The most frustrating part of it is that no matter how many complaints you file to the police, nothing happens. You need to be self-reliant for your protection – you can't rely on law enforcement.

### **What do you think the situation will be like in five years?**

Sand mining could go from being completely banned to being privatized in two years. Last year, the central government banned private companies from mining sand. Anyone who wants to export sand has to go through the government agency. But it's not yet an act of parliament, so it might be repealed. Miners used the confusion between central and state government to flood courts with litigation to get a stay order so as to be able to continue exporting.

The miners have the support of the political system. Politicians and police don't take action, because the head miner has been a proxy for their ill-gotten wealth. Miners fund elections for political parties. Many, not all, policemen are on their payroll, so as long as this system of corruption continues, the miners are not likely to see any major action being taken against them. Corruption is in their blood, in the system. It's an economy that functions better than the real one, so why let it stop?

### **What approaches can strengthen responses against illicit economies in your area of work?**

I'm not sure what people can do other than alert journalists like me, because it is a frightening situation for the villagers. If I were a villager, I wouldn't want to be disappeared. There is a need for this to be treated as a global problem, and not only as a local issue. There is lack of awareness of how the whole of India is affected by this issue.

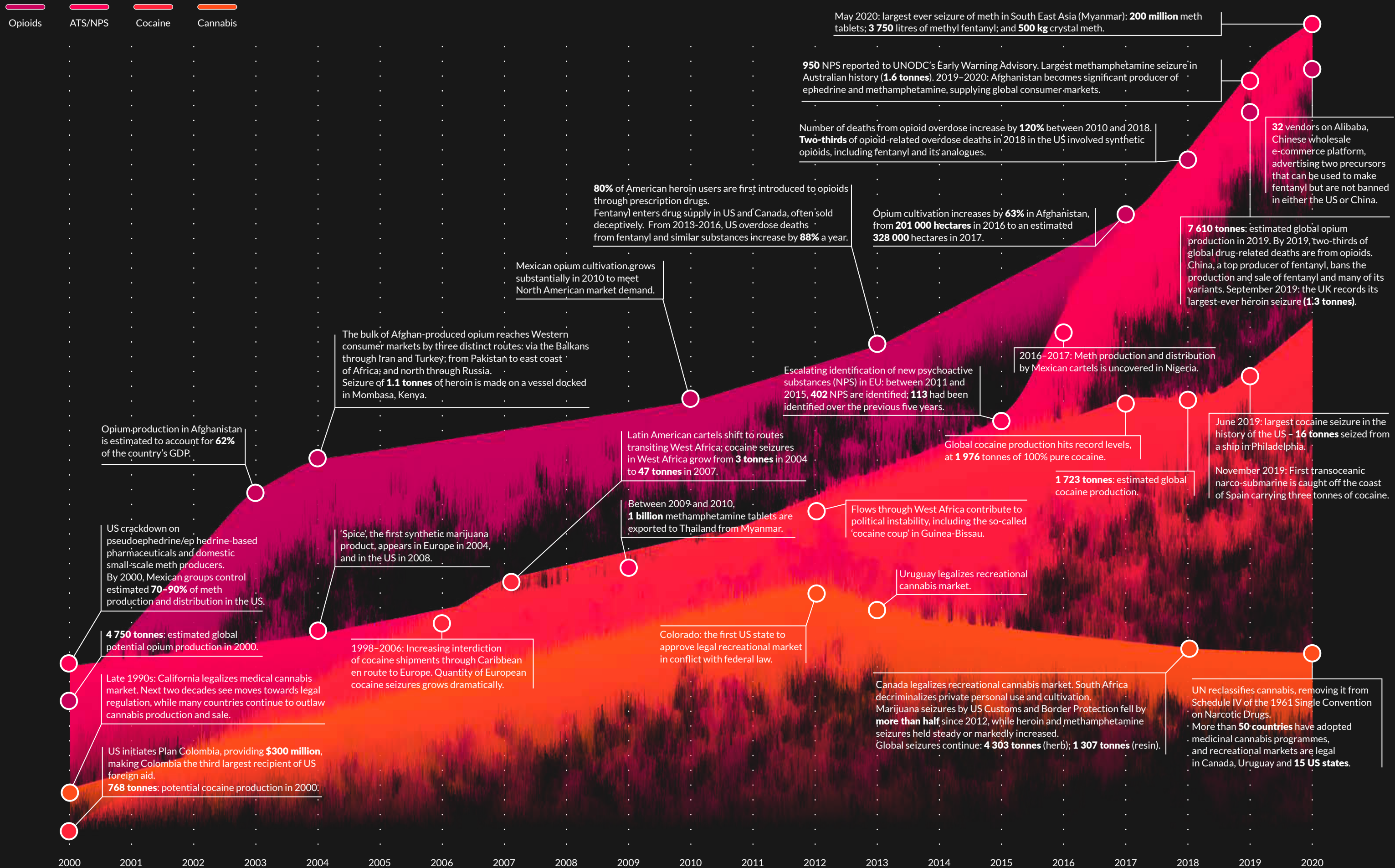




# ILLICIT DRUGS



Global drug market evolutions, 2000–2020







Over the last 20 years, the volume of drugs, types of illegal substances and reach of drug markets through new trafficking routes have all grown significantly. Poppy cultivation for opium and heroin production is soaring, with Afghanistan continuing to produce roughly 85% of global supply.<sup>50</sup> The introduction and mass marketing of highly addictive opioid pharmaceuticals by large pharmaceutical companies in the US since in the late 1990s have created a health epidemic, which in turn has given rise to a heroin and fentanyl crisis. After a brief decline in cocaine production between 2006 and 2013, production hit an estimated all-time high of 1 976 tonnes in 2017, with markets in Europe driving much of the demand.<sup>51</sup>

New psychoactive substances (NPS) – synthetic substitutes for illicit substances – have proliferated in the past 20 years, with over 950 different types reported to the UNODC’s Early Warning Advisory on NPS by December 2019.<sup>52</sup> Meanwhile, cannabis herb and resin continue to be produced and traded with relative ease.

This boom in the market has empowered criminal groups and led to new relationships between criminal groups, armed groups and political actors. Entire service

industries exist alongside drug trafficking, combining protection (legal support) and management of illicit assets (including banking, real estate development, and money laundering for political contributions). Many drug trafficking organizations have also diversified their portfolio to include resource extraction, migrant smuggling and extortion, further enriching themselves and establishing power.

Modes of production have also gone global, with the increasing shift to synthetic substances over the last 20 years decreasing dependence on proximity to crop cultivation. (Mexican cartels, for instance, have been involved in establishing meth labs in Nigeria to sell to markets in Asia.)<sup>53</sup> In addition, new retail markets on the surface and dark web have created new avenues for selling and purchasing substances, particularly NPS, which began showing up in online marketplaces in the first decade of the twenty-first century. While dark web sales remain a niche market in comparison to traditional retail modes of the drug trade, illicit drugs are the dominant product on dark web marketplaces.<sup>54</sup> There is an increasing prominence of internet-based tools in the drug trade, including secure communications platforms, financial transfer instruments,

anonymized e-currencies and closed online marketplaces across various platforms, including Facebook.

The illicit drug trade has generated huge amounts of money and influence, both of which can destabilize existing political conditions, economic development, state security and public safety. But instability and conflict can disrupt drug trafficking as much as they create new opportunities. Across the Sahel, banditry and instability caused by conflict in Libya and Mali have disrupted high-value drugs trafficking, evidenced by violent competition for control.<sup>55</sup>

Militarized responses to drug markets have accelerated since the turn of the millennium, and appear set to carry forward into the next five years. Particularly after the end of the Cold War, the US redirected military cooperation across Latin America to drug trafficking responses, including Plan Colombia in 2000 and Plan Mérida in 2007. In the Philippines, President Rodrigo Duterte’s own ‘war on drugs’ has led to an estimated unofficial death toll of 20 000 people, most of whom have been killed by security forces and armed vigilante groups. In Mexico, 60 000 people have disappeared at the hands of cartels and state security forces since the country’s ‘war on drugs’ began in 2006,<sup>56</sup> with the state’s targeting of ‘kingpins’

resulting in the splintering of the four major cartels into nine major groups.<sup>57</sup> Drug smuggling groups, cartels and gangs have in turn further militarized as they compete for control, and extreme levels of violence are common place between rival groups, and between cartels and governments, leading to major human rights abuses in the communities in which they operate.

In the last 10 years, the opening up of regulated recreational markets for cannabis in Canada, Uruguay and South Africa, plus legal markets within prohibitionist regimes, such as 15 US states, have pushed a legalization debate at the global level, although most countries continue law enforcement measures against the cannabis trade. At the multilateral level, there have been major shifts in policy discussions in the period between the United Nations General Assembly special sessions on the world drug problem (UNGASS) in 1998 and 2016, with signs that the ‘drug-free world’ consensus is cracking.



## RECLAIMING THE SPACE FROM CRIMINAL NETWORKS



This Colombian civil society activist, who prefers to remain anonymous, works for an organization that contributes to building reconciliation and peace within communities. The interviewee used to be a member of a criminal organization, but changed direction when a relative was assassinated.

### **What has changed in your community regarding organized crime?**

The biggest change is that the large criminal organizations are no longer visible in society. Today, the boss is not named, they have more of a business profile. Years ago, people liked to show that they were close to a big boss, they were even paid a salary. But these structures have broken down. Now, their operations are run more along the lines of service provision, where young people are used for extortion, prostitution, micro trafficking, theft and arms trafficking. Hired killers are no longer adult men; they are now children, since they don't face the country's judicial system. Recently a young boy was arrested in Cali; he is 17 and has already killed 30 people.

In Cali, we now have many small groups in the same neighbourhoods selling different drugs but still competing. This has led to other crimes, like human trafficking and killings. It's difficult for the community to live peacefully and move freely. It is also now possible for criminal groups to continue operating businesses within the prison system, whereas, before, if people were arrested, their criminal operations would be affected.

### **What are the biggest risks faced by your community?**

Synthetic drug use is a grave risk. Kids are using these substances from an early age. There is no prevention strategy and we don't know how their chemical components are going to impact our youth's health.

### **What do you think the situation will be like in five years?**

It's uncertain. Criminals might focus more on state institutions, because they understand that if they can permeate them, due to corruption, they will dominate state business.

I do know that some people involved in drug trafficking have the intention of legalizing their business if it becomes possible, but others will fight to stop drug legalization to maintain complete control of production, distribution and profits. For instance, psychiatric drugs are produced legally by pharmaceutical labs that comply with regulations, but criminal organizations become involved during distribution. So some of the business becomes illegal, and some remains legal. Without any drug-use prevention strategy, legalizing drugs would send a bigger supply to consumers. And I believe those controlling the market would be the same drug trafficking groups.

### **In your experience, what approaches work to weaken organized crime in your community?**

In our community, there are many criminal opportunities, while a legal 'culture' is lacking. So we talk to the youth about legal opportunities, about the dignity of the human being. So we promote culture, sports and art, as ways of generating leisure for at-risk young people; we suggest a new life plan that will allow them to have a respectable job – promoting a culture of legality, and not of easy money from crime. We want them to recover hope and faith in legal institutions, and take that space away from criminal networks.

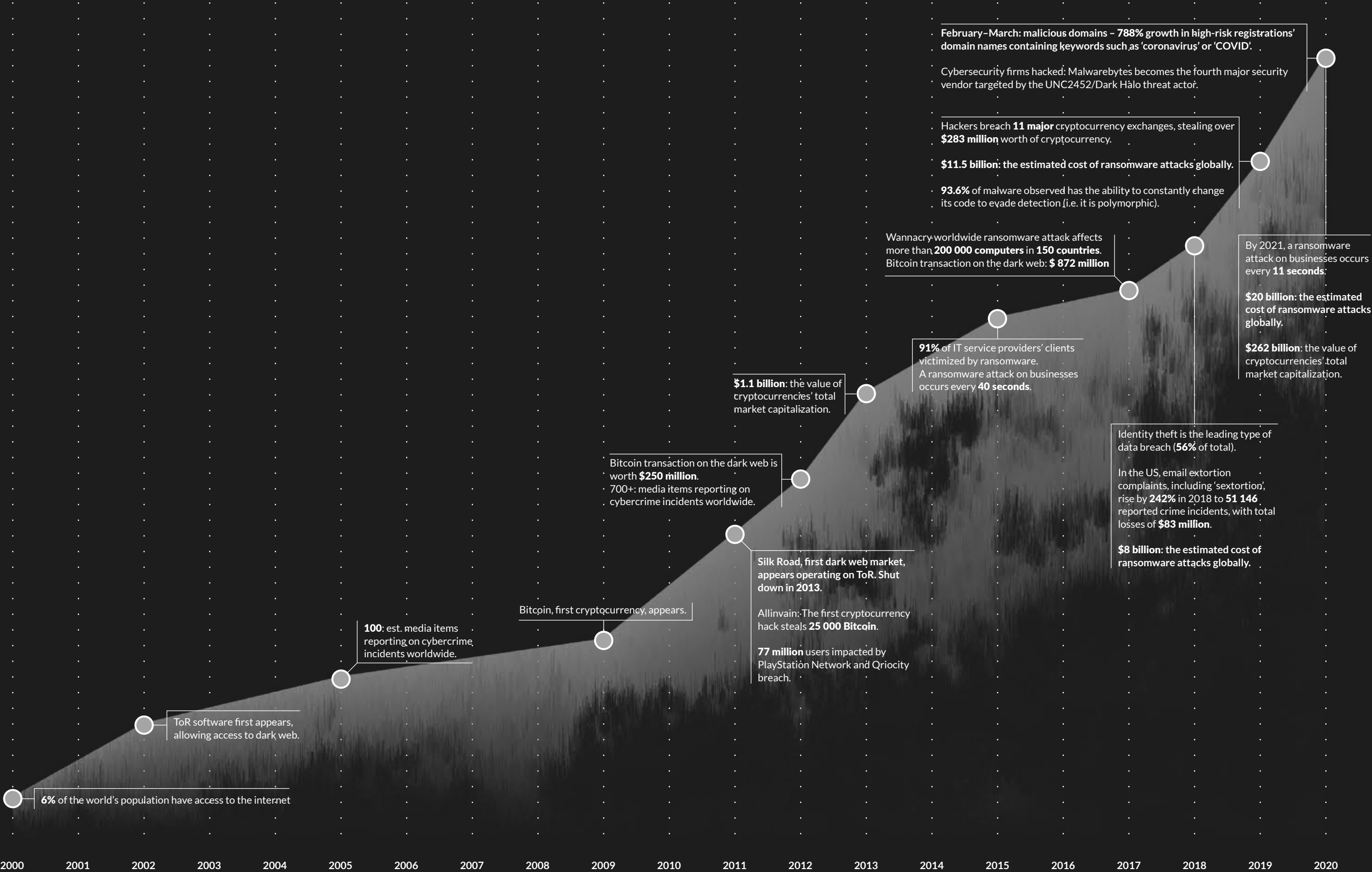




# CYBERCRIME



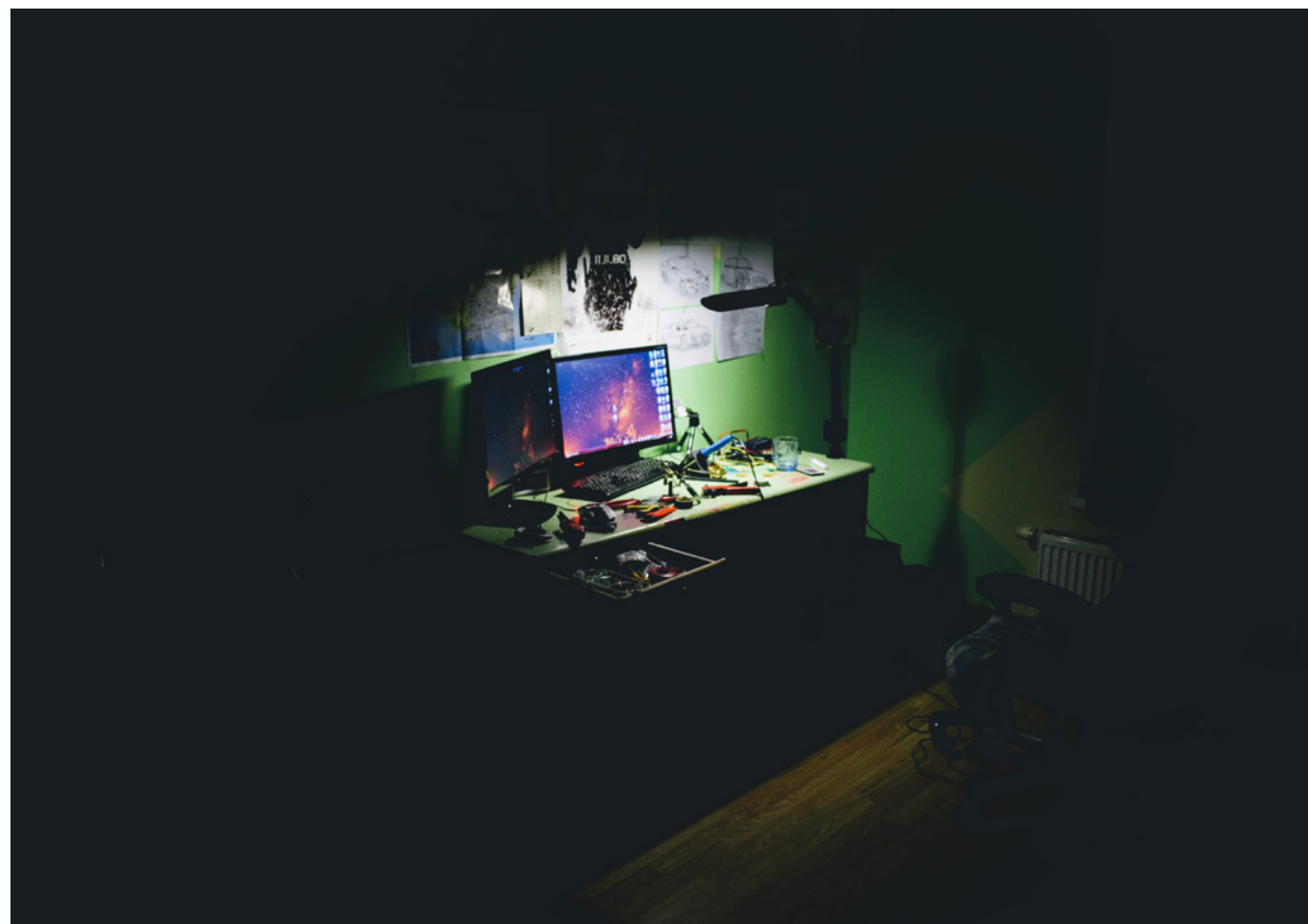
Cyber-dependent crimes, 2000–2020





Since 2000, the cybercrime market has professionalized, the dark web has matured and the ease of engaging in criminal activity on the internet has lowered the threshold for engagement and increased opportunities. The growth of online commercial activity – a key feature of the virtual economy – has provided enormous opportunities for fraud, identity theft and cyber extortion. Movement restrictions imposed by the coronavirus pandemic saw people move online to an unprecedented degree – children in online school, adults working from home and people socializing online. Online shopping increased by 6–10 percentage points as a result of the pandemic,<sup>58</sup> and many of these trends may persist in its aftermath.

What is often called cybercrime is actually a large, diversified, profit-driven industry, with individuals or groups often filling specific functions, with a division of labour.<sup>59</sup> It is its own illicit market and is readily available to drive activity in other illicit markets.<sup>60</sup> On dark web marketplaces, people buy and sell illicit goods such as compromised credit cards, lists of passwords, Instagram user names and weapons, as well as services ranging from spam campaigns to targeted hits. People can also buy the tools to carry out cyber-dependent crimes. For instance, a ransomware kit can be bought for US\$175 on the dark web, while, according to one source, the average ransom payment for a large enterprise is \$780 000.<sup>61</sup> This market is truly global – it has no boundaries. Activities can move from one continent to the next almost in an instant.



Organized criminal groups do not govern the cybercrime industry or marketplace, but rather operate within the system by investing, selling their skills, making use of new revenue streams through cybercrime and purchasing assistance.<sup>62</sup> They engage in cybercrime activities, for instance by laundering money through online gambling or purchasing bulk credit card details.<sup>63</sup>

At the UN, states have struggled to address cybercrime in a coherent manner, with the increased use of cyber tools and platforms for political and military objectives by states contributing to a lack of trust among governments over cyber-related issues. While states agree that cybercrime is a common international concern, they do not share a common understanding of how cooperation should work to address the challenge. In many ways, this lack of agreement has given a central role to private sector online service providers, including social networking platforms, in sharing data with enforcement and removing content relating to illicit markets. The lack of agreement in the international response is connected to a growing breakdown in trust among governments, private companies and citizens regarding how cyberspace could, or should, be regulated – even at national and regional levels.

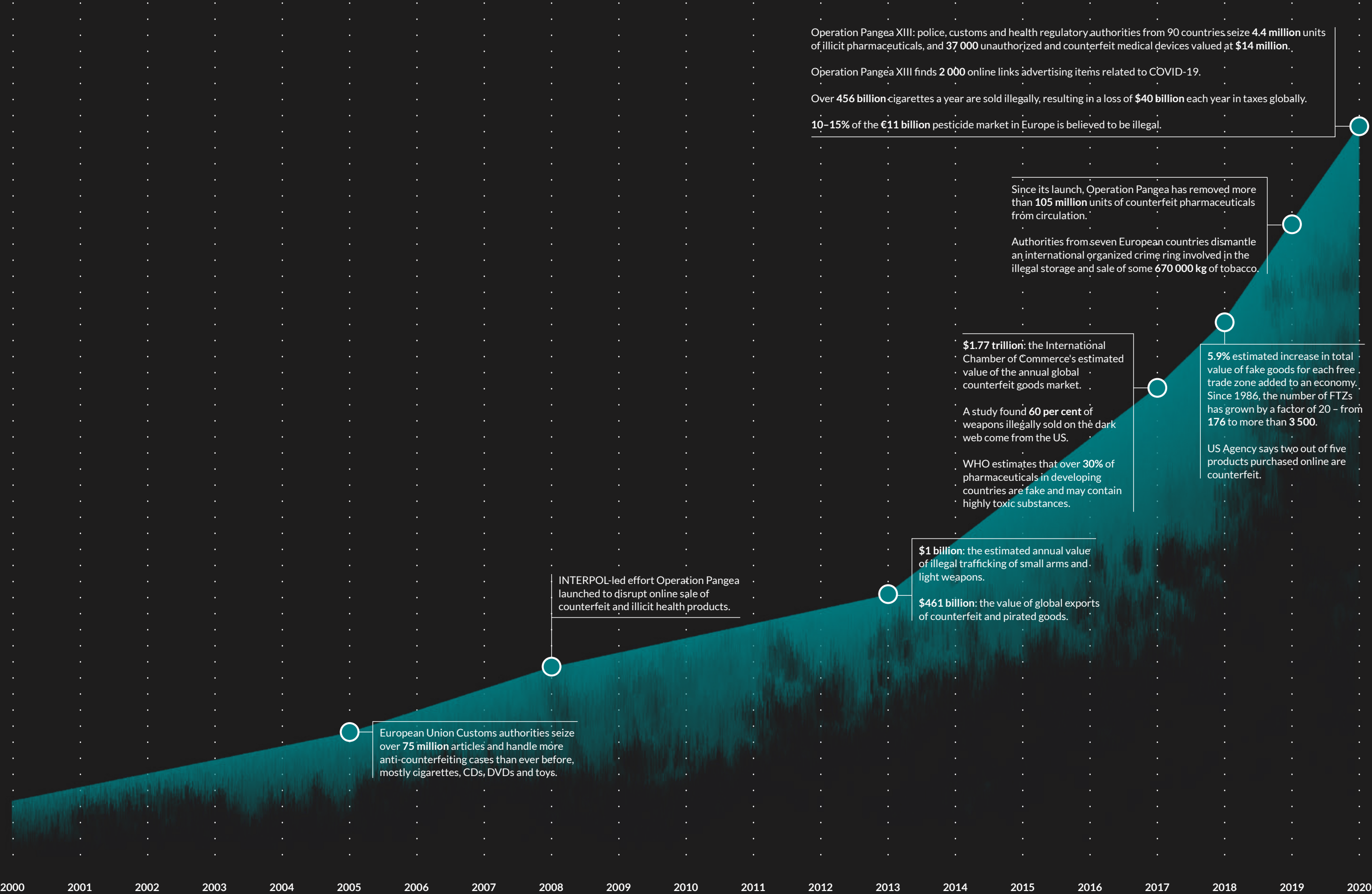




# ILLEGAL TRADE IN LICIT AND COUNTERFEIT GOODS



# Licit goods, 2000–2020





As this report has made clear, the lines between the underworld and upperworlds of business and politics have become blurred. The illicit trade in legal goods – which includes the theft and diversion of products, and the adulteration, counterfeiting and production of substandard goods – clearly demonstrates this, being characterized by one expert as ‘a full-fledged exchange in which legal, illegal, and gray-area goods can be endlessly substituted and combined.’<sup>64</sup> Licit and illicit goods often use the same supply chains and are sold by the same vendors.<sup>65</sup> Cargo aircraft may carry an illicit commodity (like weapons) in one direction, and a licit one (like flowers) on the return journey.

Illicit trade is initiated, enabled and protected by a wide range of actors, from violent groups in conflict zones to unethical corporations and corrupt officials at all levels of government. Criminal organizations play a major role in facilitating illicit trade, exploiting vulnerabilities throughout supply chains (including regulatory and legislative weaknesses) and governance and market failures. In other cases, legal products are diverted – wittingly or unwittingly – by criminal groups with the help of corrupt officials. These products range from cigarettes to precursor chemicals and e-waste. Other legal goods – like luxury goods (watches and jewellery), cars, art or antiquities – are stolen by criminal groups and gangs on request for rich clients. The negative impacts of illicit trade are felt most in developing countries and among vulnerable populations,

yet dealing in illicit goods remains a low-risk business since the issue receives little attention.

The global illicit arms trade is one of the most dangerous examples of this phenomenon. Despite the 2014 Arms Trade Treaty, global arms trading is on the rise and many of these arms end up in the illicit trade.<sup>66</sup> The UN’s High Representative for Disarmament Affairs said in 2020 there ‘were approximately one billion small arms in circulation around the world,’ being used by ‘terrorists, parties to intra-State conflict, organized criminals and warring gangs.’<sup>67</sup> Conflict zones and areas of instability act as bazaars for illicit arms trafficking by enabling access to previously restricted weapons through looted stockpiles and by increasing legal procurement in unstable conditions. One report found that in Yemen the Saudi-led coalition was handing US military equipment – guns, anti-tank missiles, and artillery – to third parties to buy the loyalties of militias or tribes, strengthen armed actors and influence political dynamics.<sup>68</sup> These weapons were found to be openly sold by arms dealers in markets. These arms markets are never contained to the conflict areas, increasing the risk of violence and instability regionally and circulating long after conflict is over. For instance, in El Salvador, assault rifles currently used by gangs are believed to be from the 1980–1992 civil war, while in the Balkans, criminal groups still use and trade weapons from the conflicts that ravaged the former Yugoslavia in the 1990s.







The diversion of arms from domestic legal markets remains a key challenge. Most illegal and unregistered guns in Mexico, Guatemala, El Salvador and Honduras come from sellers in the US. In Mexico alone, the illegal trade generates a hundred million dollars in annual revenue for US gun makers. Seventy per cent of guns recovered by authorities in Mexico, for instance, were originally sold in the US, most of them in border states such as Texas, California and Arizona.<sup>69</sup> A 2017 study found 60% of weapons illegally sold on the dark web come from the US.<sup>70</sup>

Some smuggling groups provide black market goods such as medications, foodstuffs or fuel as almost a humanitarian or redistributive service, and broadcast these purportedly benevolent acts among their local communities in order to acquire greater legitimacy and advantage. (For example, in return, after receiving such goods, local communities may be inclined to overlook or even participate in the smuggling of drugs or guns, or fail to cooperate with law enforcement.) This phenomenon is common along borders where conflicts and sanctions regimes have hindered legal trade, such as on the Syria–Turkey border or the Iraq–Iran border, and in areas where states are absent, as was seen when cartels and gangs delivered food and other supplies during the pandemic in certain neighbourhoods around the world.

The OECD claims the trade in counterfeit and pirated goods was estimated at 3% of global trade in 2019.<sup>71</sup>

Counterfeit products, including toys, electronics, beauty products and fake luxury goods, make up a large percentage of the market. It is estimated that counterfeit fashion alone brings in US\$600 billion a year (representing 5 to 7% of the market).<sup>72</sup> Some fake products have serious health and safety implications, like substandard or fake pesticides, medical equipment, industrial goods, contaminated food and beverages, and counterfeit medicine. For instance, 10–15% of the €11 billion pesticide market in Europe is believed to be illegal.<sup>73</sup> Online marketplaces have become major sources for counterfeit trade. One study by the US Government Accountability Office found that two out of five products online were counterfeit.<sup>74</sup>

The World Health Organization estimates that counterfeit medicines could be responsible for more than one million deaths a year. In March 2020 – the height of the first wave of the pandemic – the INTERPOL-coordinated Operation Pangea saw authorities from 90 countries take collective action against the illicit online sale of medicines and medical products, resulting in 121 arrests worldwide and the seizure of potentially dangerous pharmaceuticals worth more than US\$14 million.<sup>75</sup> Counterfeit masks were seized in Italy, while online adverts for masks exploded on both dark web forums and the surface web.<sup>76</sup> The cynical exploitation of the pandemic to sell useless protective and medical equipment is now compounded by fake vaccines.



## PRESS FREEDOM THREATENED BY CRIMINAL AND CORRUPT INTERESTS



**Vladimir Otasevic** is a Montenegrin investigative journalist. He writes for the daily newspaper, *Dan*, on organized criminal corruption and government institutions in Montenegro. He is also the CEO and editor of crime and corruption reporting network LUPA, a non-profit association that develops investigative journalism in Montenegro. The country's press freedom is currently ranked one of the lowest in Europe according to Reporters Without Borders' Press Freedom Index.

### **What has changed in your community regarding illicit economies?**

Drug trafficking and cigarette smuggling have become the most important elements of the Montenegrin organized crime structure. The whole criminal industry in this country largely depends on these markets. Drug trafficking, especially cocaine from Latin America, is becoming the top criminal activity in Montenegro. This is a huge problem. We knew these drugs used to go through Portugal, Spain or Italy, but Montenegrin gangs are now diverting them to the Balkans. Contract killings are also a huge industry – paid assassins are not hard to find in this country.

### **What are the biggest risks?**

It's devastating to know that there has been no political change in the country since the fall of the Berlin Wall. This system has been set up to support ruling elites, organized crime and corrupt officials. That makes everyday life for ordinary citizens very difficult. In a small country like Montenegro, where everybody knows each other, it's not possible to have a serious, coordinated, organized multi-billion-dollar criminal industry without the involvement of state authorities.

Journalists, me included, have been threatened by criminals and top government officials emboldened by impunity. We operate on the assumption that our phones are under surveillance and that our meetings and contacts are being monitored by the secret service. Press freedom in Montenegro is bad – it's not an easy job to do in a country like this, and young journalists are afraid to cover these forms of malpractice.

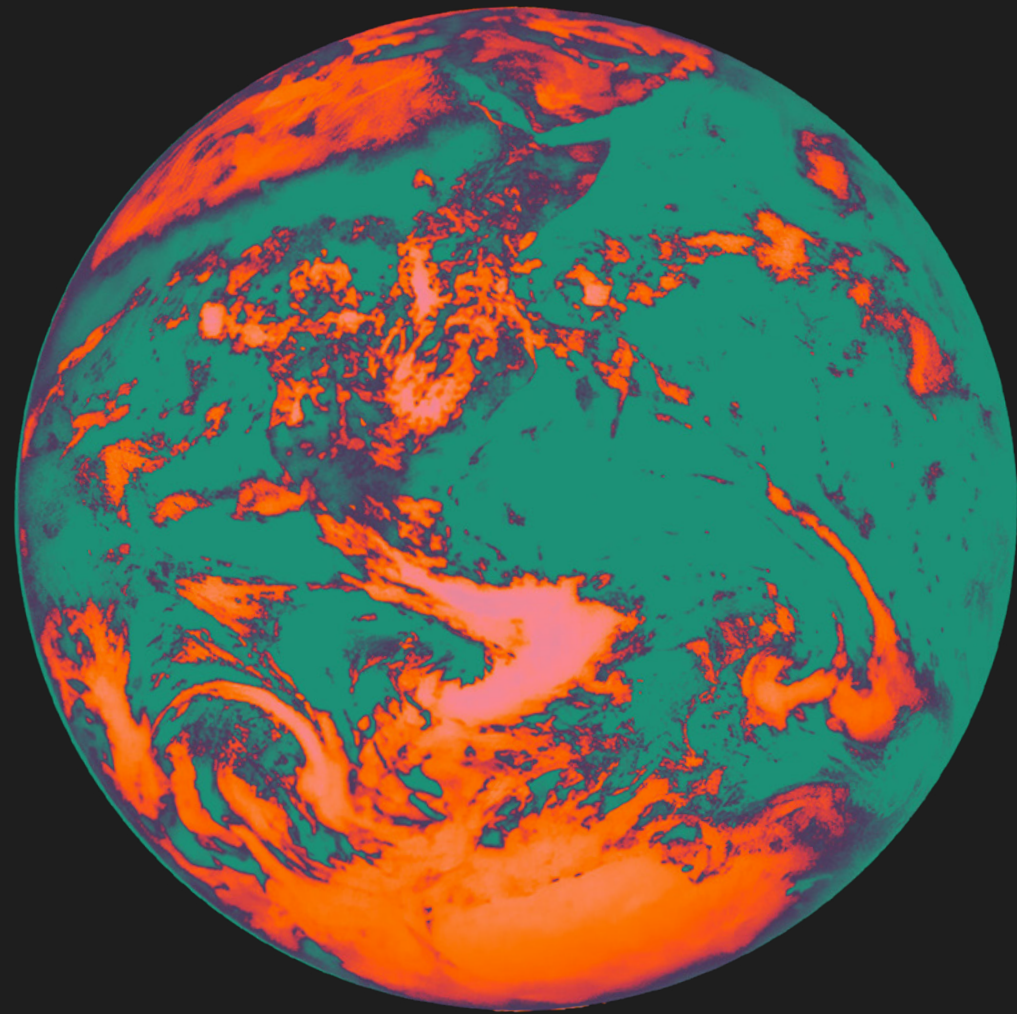
### **What do you think the situation will be like in five years?**

Certain changes can be expected, given that there were political changes in the country a few months ago. New people, new relations and new systems will be in place. However, corruption and clientelism are very much present in this country, and it's not easy to talk about regime change. Due to political support, we think organized crime will remain powerful in the next five years.

### **What approaches can strengthen responses in your area of work?**

Media freedom is crucial. The media needs to be financially and logistically supported in a better way to avoid depending on the government or any other structure in Montenegro. Only then will the press be free to operate. In addition, the EU should put more pressure on the government with regard to investigating attacks on journalists. We need international media to conduct investigations here and expose what is happening; Montenegro cannot produce any results on its own.





# A MORE EFFECTIVE RESPONSE



# EMERGING TRENDS: HOW WILL TRANSNATIONAL ORGANIZED CRIME OPERATE?

The many trends, challenges and opportunities discussed above have several main implications for transnational organized crime:

- Groups that have dominated markets have an advantage to maintain control and expand into other forms of crime.
- The global growth in illicit economies has also created a larger pool of service providers operating within and across markets, having a stake in their continuation.
- Transnational organized crime will continue to fill an intermediary role in a rapidly changing and fortifying world.
- Violence related to transnational organized crime will increase.
- Groups will seek increasing political power.

## DOMINANT GROUPS AND NETWORKS WILL EXPAND

Organized criminal groups are key benefactors in these markets. The cost of dominating an illicit market has gone up as government enforcement has become more militarized, requiring more money, hardware and the ability to circumvent military tactics and fortified borders. This has strengthened known criminal groups and cartels, from the Balkans to Italy to Mexico. Some operate as if they were multinational organizations; some operate with the support of the highest levels of government and military; and some are able to challenge the authority of the state in their regions.

## AS THESE ECONOMIES GROW, SO WILL NETWORKS OF SERVICE PROVIDERS

For example, where there are barriers to mobility, criminal groups will play a key role as gatekeepers and service providers – a form of ‘Uberization’ of crime – providing select services as part of a larger illegal economy, such as trafficking goods and people, smuggling migrants and providing protection. In conflict and post-conflict zones, from the Sahel to the DRC to Colombia, the number of armed groups operating as illicit market entrepreneurs, rather than ideologically-driven spoilers, has expanded and presents a major challenge to conflict resolution. As can be seen with cybercrime, the market is made up of individuals with certain specialities.

## LUCRATIVE INTERMEDIARIES

Where there is inequality or instability, organized crime groups will advance their role as intermediaries. Whereas criminal groups once focused on gambling or circumventing prohibition, they now supply communities with commodities needed for human survival<sup>77</sup> and preside ‘over markets providing the staples of life.’<sup>78</sup> As certain commodities become more scarce, expect mafias to profit from food and water insecurity and counterfeit medicines (not least anti-viral drugs). As long as conflicts remain unresolved and there is even more instability as a result of geopolitical rivalries, criminals will exploit new opportunities: war profiteering (trafficking of weapons and smuggling); extracting commodities (gold, minerals, oil, antiquities and drugs); smuggling through ‘grey areas’ of instability and weak governance; busting sanctions; and teaming up with governments to carry out assassinations or cyber attacks.



## VIOLENCE RELATED TO TRANSNATIONAL ORGANIZED CRIME WILL INCREASE

Not only are conflicts between, and within, criminal groups often settled with violence, but such violence also regularly claims the lives of innocent people – those caught in the crossfire between rival criminal groups, or between criminals and the authorities. A very large number of people are targeted for murder because they choose to take a stand against organized crime, or because it is their job to investigate and end it.<sup>79</sup> For instance, in Colombia, the UN recorded the killing of 120 human-rights defenders in 2020, many at the hands of armed criminal groups.<sup>80</sup> Besides violence used to police opponents and fight for control of markets, the violence between criminal groups and the state continues to escalate in many countries and across more markets, such as the illegal wildlife trade.

Aggressive policing, including militarized responses, is often self-justified by the state’s countering of illicit economies, such as migrant smuggling, piracy and illicit drug markets. But just as criminal groups are splintering and fortifying with weapons, so too is the global security framework. One result has been the growth in the global market for private security services (PSS), which includes private guarding, surveillance and armed transport, now worth an estimated US\$24 billion.<sup>81</sup> These fractured security structures blend private and public regimes, national and international actors, and are ripe for corruption and violence – and even criminal group infiltration – as transparency shrinks. Private multinational companies use PSSs to protect their assets in fragile states, where companies and/or PSSs cut deals with criminal groups (sometimes in league with other armed groups) to leave them alone. The privatization of the security space further undermines the credibility and legitimacy of the state, and its monopoly on the legitimate use violence.

## GROUPS WILL SEEK INCREASING POLITICAL POWER

Criminal groups will continue to fill leadership gaps where public security or governance is weak. They will offer protection through extortion and rackets, or by forming private security companies. As economies continue to struggle from the COVID-19 economic crisis and labour shifts to automation, people may find work and purpose by joining the ranks of criminal groups, while communities become dependent on them for loans, social support and ‘grey market’ services. This is already the case in many urban slums, but rural areas are increasingly depopulated and neglected, raising the risk of criminal governance in

key corridors, border areas or even regions of countries. As organized criminal groups employ the tools of business, technology and politics to their advantage, some will continue to move up the social ladder, furthering the convergence of interests among political, business and criminal elites. As economies weaken, affluent criminal groups will be well placed to buy up businesses, prop up banks, invest in real estate and employ the best lawyers and tech experts. As they gain respectability, access and money, criminal groups will start to look more like entrepreneurs, getting involved in tendering processes – for example for lucrative healthcare, renewable energy and infrastructure development projects. Advances in technology and its use by criminal groups, such as encryption, the dark web, or cryptocurrencies, will further conceal linkages between criminal actors, businesses and politicians.





## A BETTER RESPONSE

Given the current trajectories and without an adequate response, the problem of transnational organized crime will only get worse. Multilateral responses still take a formulaic approach to many markets, steeped in a decades-long belief in 'business as usual'. We are continuing to tinker around the edges of a phenomenon that is vast, invasive and highly adaptable. At face value, progress does appear to have been made, with more instruments and tools at the disposal of the international community than ever before. We now have UNTOC, UNCAC, OECD, OSCE, UNSC and the G20, as well as regional bodies such as the Organization of American States and Council of Europe – all producing instruments and recommendations on transnational organized crime – but in some ways the nature and proliferation of this multilateral action only makes matters worse, giving the sense of progress on paper but with no tangible return.

A set of traditionally promoted responses to organized crime and illicit trafficking may do as much harm as good. State violence targeted against criminal groups often catches the poor and marginalized in its vortex, leaving rich and influential crime bosses in safety (or even in government). Specialized police units may be directed at opposition politicians as much as at organized crime, and tough military-style measures against poaching, migrant smuggling or drugs (not least in cities) can become self-perpetuating ends in themselves, not resolving problems, but absorbing resources and creating militarized institutional interests in furthering 'a war on organized crime'.

The result has been a negative feedback loop between drivers and enablers – including weak governance, barriers to mobility and access, inequality, and impunity – that exacerbate vulnerability and promote an ecosystem conducive to illicit economies. There are no easy solutions to this plethora of interconnected problems, but continuing to consider them as a predominantly technical problem is stymying the response. And remaining inert will only continue to allow this tsunami of criminal intent to grow, diversify and further integrate itself into the legitimate economy, governance and society, with huge impact on people's life chances.

We propose the following nine recommendations, divided into three types: three structural kick-off requirements; three recommendations that address the most acute priority harms; and three foundational prerequisite needed to underpin all meaningful, long-term and sustainable responses.





# THREE STRUCTURAL REQUIREMENTS: CREATING AN EVIDENCE BASIS AND DIRECTION

## **DEVELOP AN OVERARCHING STRATEGIC RESPONSE**

Despite all the regulations, frameworks and cooperation, the problems are getting worse, while the need to address them has never been more urgent. In part, the lack of an effective coordinated response is structural: multilateral forums looking at organized crime are fragmented across multiple governance frameworks, agencies and mandates. Much like the response to terrorism, or the threat of piracy, the fight against transnational organized crime needs to be raised to a political level and given priority under an encompassing strategic umbrella.

## **ENSURE REGULAR GLOBAL REPORTING ACROSS A NUMBER OF MARKETS**

Again, the analytical framework on transnational organized crime is too siloed and too heavily driven by law enforcement analysis. There is no overarching framework to see what is happening, how dynamics are interconnected and to monitor how things are changing. There should be a single UN-system report on the organization's strategy and response to organized crime and illicit markets. This should include an assessment of the impact of diverse resolutions, and be used to build political momentum with strategic member state partners from all regions where organized crime is present as a policy issue. The assessment should also highlight issues related to distorted development, environmental consequences and the impact on politics, including political party funding.

## **ELEVATE LOCAL INPUTS IN POLICY**

The drivers, impacts and harms of transnational organized crime are diverse, yet the policy space is dominated by central government. In the global policy space, where major decisions trickle down to country- and local-level interventions, local policy and institutions are left out of the conversation, despite being central to enacting the response, and the input from civil society and local communities is often intentionally blocked rather than enabled. For a long-term and sustainable solution that is centred on furthering the development of all peoples, there should be a stronger focus on and greater investment in increasing resilience within communities.





## A COMMUNITY IN MEXICO LIVING UNDER SIEGE



**Griselda Triana** is a journalist and activist from Culiacán, Mexico. She works at Casa Refugio, a non-profit organization that seeks to provide safe space for persecuted writers. She supports the families of murdered journalists in Mexico. Triana's husband, Javier Valdez, was murdered by assassins in 2017.

### **In what ways have you seen things change in your community regarding organized crime?**

Things have changed in two ways. Firstly, there is a real fear in the community of losing one's life in the midst of the crossfire between criminal organizations and the state. And, secondly, people are now very aware of who actually governs, in the sense that the alliance between criminal organizations and some government officials is simply a known fact that people live with. We are used to co-existing with those who could perhaps be the actual perpetrators.

### **What are the biggest risks faced by your community?**

The violence. Living in Culiacán means feeling the constant threat of spontaneous shootings. Innocent people get killed, and women are especially vulnerable. Aggression, threats, forced displacements, disappearances and assassinations continue. And impunity is still very high for the perpetrators. There is a constant presence of the army in the streets, and you can't turn to the police for help. At certain times, the whole city has been under siege for days due to violent encounters between authorities and criminals. Organized crime has the power to keep everybody in lockdown.

### **What do you think the situation will be like in five years?**

As long as there is no political will to end impunity and counter the violence, the situation will continue or even worsen. Criminal organizations keep evolving; they adapt and reproduce, and will continue to be powerful if the state doesn't combat them effectively.

### **In your experience, what approaches can be effective in weakening organized crime in your community?**

Most approaches have ceased to be effective, with the exception of those that counter sociocultural practices that promote and encourage a drug-trafficking culture. In Sinaloa, the *narcos* have been there forever – and they have become socially accepted. Young people join criminal groups not only for the money but also to accrue power and achieve a greater status.

The biggest obstacle to combating organized crime is the state's incapacity to counter corruption and impunity. This is fuelled by complicity between the state and criminal organizations, which enables money laundering and corruption, and the lack of support forthcoming to victims of violence. As long as we have informal economies, the opportunity to accumulate wealth through transnational organized crime, a weak political system and the absence of rule of law, countering organized crime is practically a utopia.



# THREE PRIORITY HARMS: TAKING ACTION ON THE MOST URGENT ISSUES

## FOCUS ON REDUCING VIOLENCE DRIVEN BY ILLICIT MARKETS

The protection of human life should be a key aim in designing policy to mitigate illicit markets and transnational organized crime. This priority should focus on three areas:

- 1- Reduce violence perpetrated by criminal groups and associated with illicit markets.
- 2- Reduce violence and human rights abuses perpetrated by state forces, including extrajudicial killings, in their response to illicit markets and transnational organized crime.
- 3- Prioritize protection for those who are pushing back, such as journalists and civil society activists, in particular by fighting against the tactic of assassination to silence those who oppose organized crime and corrupt dealings.

## RECOGNIZE CRIMINAL (AND CORPORATE CRIMINAL) ROLES IN ENVIRONMENTAL DEGRADATION

The involvement of illicit interests in illegal logging, resource extraction, fishing and species predation has too long been considered an environmental issue to be addressed within the frameworks of trade policy. In fact, there is increasing evidence of systematic organized criminal intent and behaviour by a plethora of actors, and urgent action is required to protect the planet and key ecosystems.

## CREATE SPACE FOR OPEN DIALOGUE ON DRUG POLICY

With global cooperation on combating transnational organized crime heavily skewed towards efforts to reduce the illicit drug economy, the politicization and polarization of the drug policy forum has prevented the formation of an evidence-led response or coherent legal and enforcement frameworks, and hindered the capturing and sharing of experiences and innovations occurring at regional, national or sub-national levels. The drug policy debate needs a reset to ensure that responses can be designed both to suppress illegal drug trafficking and the criminal groups involved, and to reduce the harms that come from the illicit trade in narcotics.





# THREE PREREQUISITES: UNDERCUTTING THE ENABLING ENVIRONMENT OF CRIMINAL BEHAVIOUR

## ADDRESS ONLINE MARKETS

We need to make it harder for illicit markets to expand globally, and the internet is a key area for this. With an increasingly known volume of illicit trade occurring on social media platforms and the surface web, stronger online regulation is needed. There is also a need to build awareness of and filters around online criminality. Partnerships with online platform companies are critical, but so too is the need for regulation that both safeguards rights and safety.

## END TAX HAVENS

Multiple grand-scale investigations have laid bare the role of the private sector in creating the kind of facilitating environment that allows illicit finance to thrive. If governments and the private sector do not cut off opportunities to move dark money globally (and anonymously), the financing of criminal networks will continue to strengthen, while fundamentally undermining the response.

## PRIORITIZE ANTI-CORRUPTION

Citizens around the world have said that their key priority is to fight corruption. Regardless of the intervention, the effectiveness will always be undermined if high-level official involvement in criminal markets sustains and protects these markets and degrades the institutions of the people involved, be it business, a police force or a political party. Governments need to shine a light on and confront the links between organized crime, politics and business, in particular by promoting reforms and transparency in party political financing, and address the growing disconnect that corruption creates between citizens and state institutions.





# CONCLUSION: CHANGE THE TRAJECTORY

While the impression created by this report may be bleak, we cannot look away or be fatalistic. Rather, the challenge is to better understand the nature of the global illicit economy, its relationship with and impact on so many other challenges (like climate change, development, inequality, good governance and migration), and address it with a sense of urgency. Only in this way will we be able to change the trajectory of transnational organized crime and promote sustainable peace and development, and safer communities.



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**This report shows how organized crime has gone global in the past 20 years and is harming so many aspects of life on our planet.**

**Organized crime perpetuates and profits from the world's major challenges and is a driver of unsustainable development. Left unchecked, the shadows of the future look even more sinister.**

**New approaches and a global approach are needed if we are going to change the trajectories of organized crime.**