

DEVELOPMENT DIALOGUE ON ORGANIZED CRIME, INSTABILITY AND DEMOCRACY

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ORGANIZED CRIME

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INTRODUCTION

Since 2013, the Development Dialogue series has been an integral part of the work of the Global Initiative Against Transnational Organized Crime (GI-TOC). The Development Dialogue is an opportunity for foreign policy and development officials, external experts and stakeholders to discuss contemporary, policy-relevant themes on the intersections between development, organized crime and politics.

This Development Dialogue was unique, in that it took place after a two-year hiatus due to COVID-19. In that period, the world changed fundamentally – it is a different place from the world that prevailed at the time of the previous meeting held in Brussels in December 2019 hosted by the European Commission.

COVID-19's impact on global health, economics, inequality and security; the fall-out of the Trump era; accelerating climate change; acute global wealth inequality; the war in Ukraine – these and many other critical events have changed the nature of global debate. At the same time, as we saw at the recent Development Dialogue in Berlin, many of these issues were already well embedded in discussions prior to COVID. They have just become more acute.

This Development Dialogue, co-hosted with the governments of Germany and the United States and with funding from the government of Norway, titled 'Organized Crime, Instability and Democracy', was a stock-taking of a post-COVID world. The discussion focused on two overarching themes: conflict, insecurity and the illicit economy; and organized crime and democracy, with a focus on corruption.

The aim of the Development Dialogues has always been to reinforce policymaking and the interventions of the development community. This report provides an overview of the discussions, addresses key themes and draws out the potential implications for development actors seeking to engage in development programming in these contexts. The Development Dialogue was hosted under the Chatham House Rule, where comments cannot be attributed.

Setting the scene: Geopolitics of organized crime post-COVID

There is a growing convergence between the work of responding to organized crime and illicit markets, and broader questions of geopolitics and governance. The extent of illicit markets around the world, their cross-cutting influence and their depth are expanding.

The Global Organized Crime Index 2021,¹ which provides a country-by-country measure of organized crime and resilience to it, found three interconnected points on conflict, governance and organized crime. First, organized crime is particularly serious in countries undergoing conflict, political instability or fragility. The Index shows that the top ten countries with high criminality scores were, at the time of data gathering, all undergoing conflict or significant political change or instability, including while being subject to sanctions. Connections between crime and conflict have evolved – and may evolve further.

In conflict zones, there is an even greater blurring between business interests, criminal ones and the purveyors of violence (or the providers of muscle). We have also seen that organized crime in contexts of conflict and insecurity has a greater propensity to be politicized. Political support for organized crime both enables illicit markets to flourish and instrumentalizes criminal networks as proxy actors in the conflict, either through generating revenue for their political sponsors, engaging in sanctions busting or projecting governance in areas where political



governance is weak or absent. But because conflicts have wider regional and global knock-on effects – and because they attract criminals and their political backers – that makes them essential places to intervene.

Second, the Index found that an astonishing number of countries – 112 out of 193 that are assessed in the Index – are rated as having state-embedded actors who have a significant to severe influence on society and state structures. Fifty countries are rated in the severe category – that is a quarter of all countries. In a large number of countries, the people who are supposed to be part of the solution are part of the problem. Overlain with these developments is the issue of state involvement in criminal activity – the second key conclusion from the Index data. In recent years, the so-called international rules-based order has come under increasing strain, creating space for states to make their own rules and follow their own agendas. The normative strictures that suggest that support for organized criminal activity is harmful for everyone and must be countered are simply no longer shared – if they ever were.

And it is this divided world that is an invitation for state involvement in organized crime, not only for elite enrichment, but also political survival. In the most extreme cases, we are seeing the reconstitution of the state as one in which crime is an indispensable element of the political economy. Where corruption and criminality end and statecraft begins has become hard to determine in many cases. Indeed, making sure that it is hard to distinguish the boundaries and motives of such activities is part of their attraction. This creates challenges to making and building peace, and increases unpredictability in inter-state relations.

And the third key finding here is that democracies and open societies are proving much more resilient to the impacts of organized crime, precisely because there are dissenting voices at all levels that highlight criminal activity and government failure. Although they provide many enabling factors for organized crime through legitimate commerce – be they banks, stock brokers, real estate agents, lawyers, transportation companies and more – who move money around for tax evaders, high-end criminal operations, or kleptocrats, democracies have more checks and balances in the system, both at the institutional level and through the role of media and civil society.

One of the most important reasons that autocratic societies lack resilience to the organized crime ‘disease’ is that there are too few antibodies – independent courts, investigations unmarred by political interference, courageous journalists, local activists and civil society calling out corruption. In many places, civil society groups are dedicated to responding to crime and articulate another path, another vision of how life can be lived. What is common between autocratic leaders and mafia bosses is that they both demand silence.

Criminal or political; business outfit or state institution; mafia group or market or illicit network: it has become less clear where the boundaries are between one and the other, where one ends and one begins. Precisely because of the grey areas between them and the poverty of our terminology, we must understand in a more sophisticated way the political economies of the fading lines between the licit and the illicit; we must deploy a wider array of tools to counter them other than just law enforcement instruments. These must include the tools of diplomacy, the influence and regulation of the private sector, the countering of criminal information, the use of development resources and much more. And we must bolster and protect the antibodies without seeking to own them, to build global networks of integrity and activism.

The resilience of democracies to organized crime, the criminalization of autocracies and the geopolitics of a dividing world all have something important in common. That is, that fighting crime and criminal markets will be a central plank in an emerging contest of wills between those who believe that the rule of law protects and promotes people’s well-being and livelihoods, and those who have been subverted by criminal money and have become criminalized elites determined to hold onto networks of patronage and power – including also at local level.



In order to plan the future of our economies and our democratic systems, in a historical phase in which the pandemic creates very dangerous opportunities for organized criminal groups capable of mobilizing enormous financial flows and thus influencing not only the business world but also the mechanisms to obtain political consensus, the international community is building on a common framework of strategies and values. This requires an awareness that organized crime is based on articulated social and economic networks, and that the response to such a criminal system must also be based on a networked approach at the international level.

CONFLICT, INSECURITY AND THE ILLICIT ECONOMY

From the kidnap for ransom business in Mali to the diamond trade in Sierra Leone and the heroin trade in Afghanistan, illicit economies have been shown to contribute to different forms of conflict. The Global Organized Crime Index shows that across the globe, countries ranked with the highest criminality scores all experienced or are currently experiencing armed conflict or violence.²

Conflict also impacts a country's resilience to organized crime. The higher countries scored on the Fragile States Index, the less resilience to organized crime they appear to have under the GI-TOC's Index. It should not be surprising therefore that the lowest-scoring countries for resilience reflect this trend: Syria, Yemen, South Sudan, Somalia and Libya.

This Development Dialogue panel explored the fast-evolving interrelationships between crime and conflict, including terrorist financing, predation, state capture and protection rackets, as well as more recent developments, such as sophisticated international mercenary groups often embedding themselves in conflict and criminal spaces while pitching their services as security providers. The settings ranged from overt conflict zones to countries of relative stability but where organized crime is a key factor of instability. There was broad agreement that the international community as well as local governments are generally struggling to find solutions as the challenges become more complex and intractable.

The interlinkages between conflict and instability, and democracy and corruption, the two themes of the Development Dialogue, were evident throughout the meeting. A key issue that ran through this panel discussion centred on the question of governance – specifically, how in conflict settings, weak state institutions, poor governance and corruption create openings for criminal and conflict actors.³

In this connection, emphasis was placed on the need to nurture democracy as a bedrock of resilience shielding communities from precursors of the crime–conflict nexus, such as poor governance, disenfranchisement, underdevelopment and inequality, especially in contexts of weak or non-existent basic state services.

Fundamentally, interventions and programming must seek to strengthen accountability to local communities. Development and government deficits often help to create the enabling conditions for illicit economies to entrench themselves, as well as for armed conflict and instability to persist. The state may have little presence beyond security actors, or even have an adverse relationship with local communities.

In the context of economic marginalization, state suppression and violence against these communities – even when these actions are deployed in response to serious criminal or even terrorist crises – undermines hope in the future and undercuts political stability at the local level. This is because a broader disconnect from the state means that



these actions are at best viewed with suspicion or, at worst, as further evidence of targeted oppression by the state on the community.

This, in turn, opens an opportunity for conflict actors with a long-term vision to consolidate their position through grass-roots support by stepping in to provide governance and provide for the needs that have not been met by the state. This is why longer-term stability requires international actors to consider what a return or ramping up of the state in conflict areas may mean in the context of its relationship with local communities, and to coordinate with a range of actors and civil society.

Implications for responses

This requires a long-term focus on the part of international and development actors that moves away from placing too much weight on elections as sufficient for accepting the democratic credentials of a country. It was suggested to instead look for metrics that have a more lasting relevance, such as rule of law, separation of powers, checks and balances, and leadership in government and civil society as well as adequate access to services and resources outside of capitals and urban centres.

More broadly, there is a need to integrate strategic imperatives for stabilization and for organized crime. International interests – multilateral and bilateral – can be different for illicit economies (particularly those linked to transnational flows) and conflict. Greater efforts should be made for different actors to come together in concerted initiatives that assess priorities collectively, identify competing interests and mitigation approaches when strategies do not align.⁴

One suggestion was for stakeholders engaged in specific conflict contexts to map the actors involved, including the criminal networks and government connections. Tracking shifting power dynamics and strategic interests of governments, local elites, armed groups and criminal networks will paint a more comprehensive picture of the dynamics of armed conflict and instability.

Bolder diplomatic stances are also required in this area, with the international system being more effective at determining and addressing state enablers and disengaging from development initiatives that end up supporting 'oppressive' governments.⁵ Risks to this approach were raised, however, in that there are governments and groups willing to provide security services and development projects without caveats for human rights, and in a manner that reinforces regime power over stable political systems.

CASE STUDY: SAHEL AND WEST AFRICA

Across the Sahel and West Africa, despite the ongoing spotlight of international attention, a worsening security situation and a complex nexus of corruption, weak states and extremism was witnessed. Alongside the discussion of arms trafficking/arms markets, kidnapping and the artisanal gold-mining sector, the role of some lesser-explored illicit commodity markets such as stolen cattle or motorcycles was addressed. Common threads emerged around entrenched criminal governance, limited access to resources and inequalities in wealth distribution that in some cases lead to disenfranchised and socially excluded younger generations seeking refuge and social support in criminal or extremist environments.



In summarizing research in mapping hotspots of illicit economies in West Africa, two primary conclusions discussed were firstly, that markets matter – different illicit economies interact with (in)stability in distinct ways – and, secondly, that it is pivotal to assess illicit economies not only as sources of revenue for conflict actors but as key components of armed-group governance across the region. Illicit hubs featuring cattle rustling and kidnap for ransom, for instance, have a strong relationship with instability. These markets often featured alongside arms trafficking in illicit hubs and have sharply increased across the region. While cattle rustling and kidnap for ransom are important sources of revenue for armed groups, they also play important roles in armed-group governance. In areas of Burkina Faso, groups affiliated to Jama'at Nasr al-Islam wal Muslimin (JNIM) sell stolen cattle to community members at cut-prices, positioning themselves as economic providers. In addition, many abductions by JNIM in Burkina Faso and Mali appeared strategic, linked to intimidation rather than profit. Responses that prioritize the role of illicit economies as a source of revenue for conflict actors, at the expense of recognizing their role in governance, are likely to be counterproductive, harming the legitimacy of the state and international actors in the eyes of communities in the long term.

Contraband and illicit fuel markets were raised by speakers as a regional phenomenon connecting Nigeria, Benin, Burkina Faso and Côte d'Ivoire in a network of smuggling, sometimes facilitated by state actors who are themselves instrumentalized to further develop the geographical reach and dominance of illicit actors.

Regional spread

The 'regionalization' of criminal markets has been a clear trend, including in the field of artisanal gold mining, which began with a 2012 goldrush that started in Darfur and spread westwards to Chad, Central African Republic (CAR), Niger, Burkina Faso, Mali, southern Libya, southern Algeria and Mauritania. The result of this phenomenon has been mass movement of people across the region seeking wages that are normally above average of what they would expect to make in their hometowns. On the downside, this movement has also overlapped with human smuggling and trafficking, and opened the door to indentured labour situations and sex trafficking around mining sites. Artisanal gold mining in the region has also triggered violence and instability, in some cases including by non-state armed groups, whose presence is a constant across many mines.

The vulnerability of local populations to exploitation was a prominent theme. In some cases, this led to efforts to radicalize youth and other community members. More often, social inequalities create limited access to resources (and also decision making) and drive the 'normalization' of traditionally illicit markets as the only source of income and available resources. As one commentator put it, 'many citizens are forced to participate in illicit economies in order to survive'.

It was clear that the role of governments across the region was an enabling factor in tolerating, allowing and, in some cases, facilitating the trafficking of illicit commodities. Obligations to their constituents are seemingly discharged in their own pursuit of wealth, and there is a prevalence of political elites with amassed wealth actively exploiting economic and societal disparities, taking over courts and judicial institutions, with the aim of further entrenching the complex ecosystems of violence, conflict and crime rather than tackling them. Restricted civic space was also a recurring theme.

Due to the complexity and pervasive nature of the issues being discussed, panellists struggled to offer examples of successful interventions, although responses around independent judiciary and engagement with civil society structures were offered. There was recognition that military interventions had to some extent been successful, but that relying on a purely militarized response was not sufficient and at times backfired. Regulation and legislative shifts, for example in the artisanal gold-mining sector and the cannabis market, offer potential for the



region in helping create real economic opportunities for marginalized populations and shift livelihoods away from the informal economy.

WAR IN UKRAINE: ILLICIT ECONOMIES IN, AROUND AND SUSTAINING THE WAR

The Global Organized Crime Index ranks Russia and Ukraine as the two countries with the highest criminality scores in Europe, including on strong influence of state-embedded actors. This underscores the need to position illicit markets as central concerns in understanding the current conflict.

Crime as central to conflict

Russia is commonly described as a mafia state. However, speakers argued that this is an unhelpful label, implying erroneously that either organized crime runs the Kremlin or vice versa. Yet the Kremlin does operate as rule setter in the underworld, delineating the spaces in which organized crime can operate and instrumentalizing organized crime as a tool for statecraft when it is useful.

Conflict in Ukraine has been fuelled and maintained by crime. In the 2014 invasion of Crimea, Russian troops allegedly created alliances with two of the largest criminal gangs, who provided gunmen, thereby creating plausible deniability for the Russian state, and strengthening the illusion that the conflict was led by Donbas residents seeking to liberate themselves. Organized crime figures were enlisted as instruments of Russian outreach, in return for future profits and impunity. Similarly, criminal actors and markets were key sources of funding for the Donbas region following its annexation, easing the strain on Russian treasury. The occupied territories became key nodes for weapons, heroin moving from Afghanistan to Europe and other commodities. Panellists suggested that the failure of the international community to address the explicitly criminal element of the insurrection missed an opportunity to find a resolution before the conflict escalated. This led to a broader conclusion: the international community, in the Ukraine conflict and more broadly, has failed to fully analyze and incorporate into interventions the relationship between conflict and crime. This conflict presents an extraordinary case study, begging the question – what lessons can be learnt to head off future conflicts?

Beyond the borders of the conflict, the Wagner Group, a Russian paramilitary organization widely believed to be controlled by the Russian state, is seen as a key player in mitigating the economic squeeze from sanctions and other measures to force an end to fighting. For instance, in CAR, since its deployment in 2017, the Wagner group has pursued a strategy of control that far outstrips the typical role of mercenary or paramilitary groups. Reportedly, senior Wagner group figures have been meeting with key political actors in CAR and conducting negotiations with rebel warlords across the territory. The Wagner group has also been linked to financing of radio stations, newspapers, electoral races and beauty pageants, and the group's period of deployment appears to have coincided with emerging campaigns on social media that are highly critical of the UN and France in particular. The Wagner Group's clear interests in CAR's lucrative minerals sector and access to mineral profits is likely to constitute part-payment for services from the CAR government, including alleged smuggling of gold out of the country. Notably, illicit gold flows have been highlighted by experts as potential ways to evade Western sanctions on Russia.



Impact of conflict on illicit economies

Although already a transit and export point for arms, some stockpiled since the collapse of the Soviet Union, Ukraine is likely to become a more important locus for the outflow of weapons, in line with patterns observed in other conflict zones, but with unprecedentedly modern weaponry. Further, the conflict is making new economies – such as the sale of donated foodstuffs in Ukraine and the smuggling of pharmaceuticals into Russia – extremely lucrative. Electronic parts, crucial to Russian economies and closely controlled by Western players, may also present lucrative smuggling opportunities.

Within Russia, the unprecedented pressure of economic sanctions is likely to be destabilizing the current criminal status quo. Border closures are also shaping some flows, for example, the heroin flow from Afghanistan towards Europe across the northern route has been significantly hindered due to difficulties crossing Russia's borders westwards. Instead, volumes trafficked across routes via the southern caucuses, Iran and Turkey are all likely to swell. This route switch will impoverish certain Russian groups benefitting from taxation of the heroin flows heading into Europe, undermining the existing power balance and potentially leading to violence as groups compete for dominance.

In Ukraine, the closure of seaports has disrupted supply chains reliant on maritime entry points, and this includes illicit supply chains. This is likely to have significantly diminished trafficking of some goods and to have driven disruption to other routes. Humanitarian transport corridors are, to some extent, being leveraged as new entry routes for illicit commodities.

With regards to criminal actors, the conflict has deeply shaped the structures of criminal networks. Prior to the 2022 invasion, Ukrainian and Russian criminal networks collaborated while the states could not, but the onset of war broke pre-existing alliances. On the Ukrainian side, there emerged a willingness to ruthlessly police any criminal group that appeared to cooperate with Russia or Russia-affiliated actors. However, this surge of patriotism in the criminal world may be overcome by tempting profits in the short term. Further, the leaders of many Ukrainian criminal networks have moved overseas, predominantly to European countries including Germany and the United Kingdom. Currently, profits from illicit markets remain lower due to supply-chain disruptions, but once these resume such moves could lead to attempts to unseat the absent leadership by their in-country lieutenants if kingpins misjudge the timing of their return.

Finally, when the conflict ends and reconstruction begins, this will provide huge opportunities for criminal networks. Periods of transition have repeatedly been identified as extremely vulnerable to entrenchment of criminal actors and proceeds into re-emergent political and economic systems. Recognizing this now is key in order to prepare responses.

New vulnerabilities

The massive outflow of refugees, together with internally displaced persons, creates a vast pool of individuals newly vulnerable to trafficking. The group of refugees and displaced persons is disproportionately constituted of women and children, who have not been conscripted, with the consequent vulnerabilities attached. Although many women interviewed in the border areas between Poland and Ukraine were well aware of the risks associated with moving to new areas with few contacts and a patchy understanding of language, their toolkit for mitigating such risks was limited.



FACILITATORS OF TRANSNATIONAL CRIME AND CORRUPTION

Stepping back from settings of conflict and instability, the discussion shifted to the themes of democracy, corruption and authoritarianism. As noted above, significant deficiencies in democratic values and lived democracy, coupled with corruption, are key indicators of where instability and conflict arise and sustain, as well as where the links between organized crime and conflict are hard to break.

Many of the facilitators of organized crime and corruption are the same. Furthermore, there are often close links between organized crime and corruption, with the latter often facilitating the former. Understanding these links requires information, and civil society can be a key provider and analyst of such information, especially in situations where state actors are corrupt or compromised. But this can also put them under threat. A major challenge is when organized crime and corruption become so intertwined that one witnesses 'organized corruption' or when corruption is so engrained that it is not just an enabler but in fact underpins the whole system.

Private sector actors such as real estate agents, lawyers, bankers, hedge fund managers and transportation and shipping companies are wittingly or unwittingly facilitators of organized crime and corruption; they are the interface between the underworld and the upperworld. It is therefore vital to work with the private sector.

One area that deserves more attention is shipping. Most of the world's trade travels on container ships, yet only around two per cent of such containers are controlled. The shipping industry is also vulnerable to value-gap trade mis-invoicing. Furthermore, around 40% of container ships fly flags of convenience, which means that there is often a lack of clarity about the ownership of such ships. The convergence of high volumes of illicit trade, the opaque shipping industry and insufficient cooperation among customs officials enables criminal groups to exploit the shipping industry with impunity and makes it easy to launder money through shipping.

Global South countries face particular challenges in complying with international standards designed to combat money laundering. For example, the Caribbean region has a reputation as being a safe haven for shell companies and tax shelters. It can be argued that the Caribbean is no worse than other countries in terms of compliance with Financial Action Task Force standards. Indeed, the fact that there seems to be a trend towards repatriation of assets from the Caribbean to other financial havens (particularly in OECD countries) suggests that there are perceived risks to money launderers because of improved compliance.

While the tendency of Western-dominated financial and regulatory bodies is to 'level up' all countries, there is a danger that blacklisting countries in the Global South does more harm than good, since it damages the reputation of their financial systems, which reduces cooperation among banks and contributes to the proliferation of informal value-transfer systems (outside of the formal banking system).

What is needed is genuine international partnerships and participation of Global South countries in relevant processes and decisions, rather than rules dictated by a select group of countries. There is also a need for increased capacity building and knowledge sharing, including training of journalists, financial intelligence specialists and criminal justice experts.

While attention is often focused on vulnerability in the Global South, trillions of dollars are flowing through the world's biggest financial centres and a financial system that has been intentionally developed to shield, preserve and grow wealth for plutocrats. One could even speak of a 'plutocrats pyramid' of illicit financial flows that are part of legal structures, but which are beyond the sight and reach of regulatory bodies and law enforcement. At the top



are tax havens, offshore and secrecy jurisdictions, and systems that are lax in relation to declaring beneficial ownership. In the middle of the pyramid are trade flows: again legal, but passing at such a speed and volume that make regulation and control difficult, especially when enabled by preferential trader programmes and free trade zones. The bottom of the pyramid is a vast informal economy in countries where the greatest source of criminal value originates. The fact that these economies are excluded from the formal financial system creates opportunities for corrupt and criminal entrepreneurs.

Skilful operators exploit grey zones: either physical, legal or jurisdictional. For example, it is no coincidence that the world's gold markets and financial hubs often coincide, or that commodities such as diamonds or drugs are sourced in unstable regions yet find their way into some of the world's most lucrative markets.

Even – perhaps especially – the world's financial hubs find it difficult to regulate suspicious activity. For example, banks in the United Kingdom file more than half a million suspicious activity reports every year, but seldom deny service to those same clients. Furthermore, the relevant agency in the UK that processes these reports only has 120 employees. The volume is simply too high and little of the information is digitalized. The UK has experimented with unexplained wealth orders, but thus far very few cases have been prosecuted successfully.

Implications for responses

That is why tackling serious organized crime and grand corruption requires political will. It is important for these issues to be elevated up the international agenda and inserted into national security strategies. Good examples include the UN General Assembly Special Session against corruption in June 2021; the strong focus on fighting corruption in President Biden's Initiative for Democratic Renewal; and the attention given to strengthening integrity and fighting corruption as part of the 'build back better' proposals contained in the UN Secretary General's report 'Our Common Agenda' (2021).

The best available legal instruments for dealing with organized crime and corruption are the two relevant UN conventions: the UN Convention against Corruption and the UN Convention against Transnational Organized Crime. However, there is a gap between the promise of those conventions and how they are being implemented by member states. It is vital to enhance implementation, for example in relation to mutual legal assistance and beneficial ownership.

Furthermore, donors need to put a greater emphasis on fostering change and measuring impact rather than just carrying out trainings, workshops and capacity building. It is also important to transparently assess what does not work and to learn from failure as well as success.

Suggestions to improve the international response include creating a global beneficial ownership registry for the shipping industry (e.g. under the auspices of the International Maritime Organization); using blockchain technology at every port in the world to enhance reliable information exchange between customs departments and to provide greater transparency about what is being imported and exported (since currently these numbers do not always add up); and creating a global database on money laundering related to shipping. Proposals have been made to establish an international anti-corruption court. While this idea may seem aspirational at the moment, it could be a tool in order to end high-level impunity and hold to account leaders who otherwise feel untouchable in corrupt or captured systems.

At the international level, responses have been insufficient. There is a tendency to seek technocratic responses rather than facing up to what is in fact an integrity crisis that goes to the top of many governments and to the heart of financial systems; to focus on autocracies without acknowledging that they often launder their money in



democracies; and to look at organized crime and corruption as two separate problems (and two distinct UN conventions) rather than looking at them together, and their impact on development, stability and governance. Furthermore, white-collar crime is often considered a victimless crime, but this underestimates the threat and use of violence. Related to this are the dangers posed to civil society actors who, in captured and corrupt societies, are often rare voices exposing corruption and the links between politics and crime, and as a result are targeted as a threat.

Some suggestions encouraged by participants included:

- Call out and break down protection networks at the top of political systems and expose the enablers.
- Increase transparency about beneficial ownership.
- Increase the amount of information about financial transactions over a certain amount and digitalize it to enable artificial intelligence to enhance risk profiling.
- Enhance human and financial resources for law enforcement agencies.
- Empower and protect the financial gatekeepers and regulators.
- Protect and support civil society actors working on issues of organized crime and corruption, and who are key actors for strengthening resilience.
- Reform libel laws to reduce instances of lawfare against journalists.
- Look into creative ways of asset forfeiture, including ways that benefit vulnerable communities.

CRIME, DEMOCRACY AND POLITICAL TRANSITION

The COVID-19 pandemic has exacerbated a trend of increasing authoritarianism the world over, with many countries sliding backwards on the democratic scale. Governments have tightened control over power and resources, and constrained the space for popular expression, while spreading divisiveness and disinformation. Key questions to ask are: How are political favour and state resources used by authoritarian regimes to create wider systems of influence and control? How is organized crime instrumentalized in this? What can be done to strengthen independent oversight and resistance as states slide towards authoritarianism?

From 1975, the world entered a democratization phase, which was tested by the economic crisis and COVID. The trend towards democratization started to reverse after the global financial crisis, where countries began to move in an autocratic direction. Democracies are declining in number and quality as the number of backsliding democracies have more than doubled in the last decade. We now find more authoritarian and hybrid regimes. As much as 70% of the world's population live in backsliding democracies and non-democracies. The number of authoritarian regimes is on the increase and becoming more repressive. Military coups have resurfaced in Africa and Asia, with six coup attempts in Africa in 2020 alone. Democracies tend to be less corrupt than autocratic regimes, but deepening authoritarianism and backsliding democracies tend to weaken and delegitimize regimes. In democracies backsliding for a long time, the media is controlled and civil society is curtailed.

Although democratic regimes tend to be less corrupt, they are as vulnerable to organized crime as autocratic regimes. Drivers of risk include economic crisis, corruption, inequality, reduced trust in democracy (which drives voters towards populist parties and strongman leaders), social media (which exacerbates existing polarizations) and public-health crises such as the COVID pandemic. The pandemic has created the perfect storm where regimes have strengthened their grip in reducing freedom in the name of public health. During COVID-19, the military has



been deployed in about a quarter of countries in the world. Powerful regimes exerted their economic, political, military and information power while the pandemic made it easier for countries to shed their democratic veneer.

As states begin to backslide on the democratic scale, organized crime becomes a tool of operation. Corruption and political and economic trade-offs keep a wider support system for a small regime lacking in popular legitimacy – whether a minority rule within a democratic system or a post-coup military regime. Illicit economies, and trading in illicit goods, also create linkages across autocratic regimes, who trade in illicit markets to evade sanctions or international restrictions. This fortifies not just party rule within a country but relationships between autocratic governments.

Organized corruption is a political problem where people tend to hide behind technicalities. Three key recommendations in this regard derived from this discussion was to address corruption throughout the criminal justice system; invest in youth; and support an enabling environment for proper oversight, such as protecting whistle-blowers. Expertise lost to the private sector was raised as a key issue for public institutions, as was the need for a resilient civil society alongside a whole-of-society approach.

Tackling organized corruption

With many of the trends described being state sanctioned and legitimized, the question of how to respond is thorny. The multilateral system is weakened by compromised states and lack of trust; civil society comes under grave threat for speaking out; and resources, capacity and political capital are low, even among those states that are strong and willing, given the added burdens imposed by COVID on budgets, priorities and an exhausted electorate. A key question moving forward will be how to create new coalitions and initiatives that will rebuild robustness into democratic governance and resilience in key communities.

Some development approaches have included elevating anti-corruption as a cross-cutting issue on programming, because corruption is imperilling all aspects of development. Other responses include viewing organized corruption as a foreign and security policy issue, which also elevates it for whole-of-government responses and shifts from a traditional, securitized organized-crime response. Programmes are being designed for the local context that bring together partners from across government. Capacity and political will is needed to improve coordination, and this needs to be solution led. There is a need for the capacity to absorb vast amounts of knowledge to inform decisions, and better understand and define the problems.

Some states run on the software of corruption and there is a need to empower and protect those who want to challenge the status quo. More work needs to be done with political actors, and topics and convergence around technical and political levels needs to be discussed. Safe spaces must be created for the rule of law, and overlaying strategies on security and e-governance are necessary.

Much is done in countries to suppress democratic civil society. In this case, civil society might have democratic characteristics, but governments adopt many laws curtailing freedoms, which can be passed without prior consultation. Access to discrete funding is important in such an unstable context and civil society must prepare the next generation so that there is continuity.



CONCLUSION AND WAY FORWARD

Organized crime is a serious problem the world over, from healthy democracies to conflict zones. Instability attracts organized crime, and organized crime increases instability and hampers development.

Analysis of the links between organized crime and conflict is improving, but there is less effectiveness at tackling them. Organized crime and the political economy of conflict have been a blind spot of the international community. However, this might not still be the case, as the information and knowledge are often there. Yet there is hesitancy or unwillingness to address the problem.

This is compounded by the fact that organized crime is not only carried out by criminals. As discussed, it is only possible due to enablers, facilitators and protectors including in politics, business and the security sector. And it is increasingly enabled by technology. It is not enough to analyze organized crime, there is a need to understand its links to a wider ecosystem and factor this into responses.

The fact that organized crime can provide benefits and not only cause harms should not be overlooked. Peacemaking or development interventions that threaten these benefits are resisted – sometimes violently. Where the state is weak, organized crime may be considered by some to be a form of development assistance. In such cases, criminal groups are considered providers or protectors. To tackle organized crime in such environments, the question that needs answering is: What is the alternative?

Since organized crime does not take place in isolation, there is a need to understand the relationship of criminal groups and actors to trafficking corridors, regional markets and transnational illicit flows – which is why mapping is crucial. Furthermore, criminal markets are dynamic. They shift or are disrupted, not least in reaction to conflict dynamics or political transition. Analysis needs to be a moving picture rather than a static snapshot and responses must be adaptive.

Because of COVID-19, economic hardships and a looming food crisis, there will be less attention and resources devoted to development assistance in the foreseeable future. This could deepen vulnerability and instability, creating openings for non-traditional donors and even criminal groups. Since resources are tight, the case needs to be made that targeted development assistance is a form of prevention of organized crime, conflict, bad governance and underdevelopment. If there are limited resources, the focus should be on supporting backsliding democracies that have an identifiable nexus between crime and conflict. Otherwise, fragile democracies could slip towards more illiberalism, grand corruption or state capture. This would create greater unpredictability in international relations and could see organized crime being used more frequently as an instrument of statecraft.

It is no coincidence that the erosion of the rule of law is occurring at the same time as a breakdown of order in many countries and the international system. This creates tension between the need for global cooperation and the reality of geopolitical competition. This eroding of politics and international relations creates opportunities for organized crime. The discussions held at the Development Dialogue take on increased relevance and the challenge of dealing with organized crime should move up the political agenda.

Implied but not stated in several of the discussions was that there are heavyweights who are moving into the space usually occupied by the development assistance community. These are countries providing trade rather than aid, building infrastructure (as seen with the Belt and Road Initiative), providing loans – and gaining influence in return.

One open question is what to do if the elites are corrupt or in league with criminal groups? One response is to work from the bottom up rather than the top down. There was a discussion about the importance of building local resilience, supporting civil society, defending the media, empowering women and investing in youth. There was



also a discussion about strengthening the state and making institutions more effective, in line with the UN's sustainable development goal 16).

There is a need to mainstream crime prevention and mitigation strategies into peacebuilding and conflict prevention work in a much more systematic way. Part of this includes providing guidance to peacemakers on how to spot and deal with spoilers in peace processes. And more tools and good practices are needed to deal with crime in cities. That said, realistic expectations need to be had. Corruption or organized crime is not going to be 'solved'. But the harm can be reduced.

Another point that was discussed is the importance of following the money. Even when good intentions and safeguards are in place, the volume or complexity of transactions means that moving dirty money is not considered a risky business. And the system has been purposely constructed to facilitate opacity. This is sucking wealth offshore and away from public services, public security and development assistance, which damages democracy.

The importance of cooperation was also highlighted: among law enforcement, with civil society, the private sector, and among the community gathered for the Development Dialogue – sharing experiences, data and analysis, good practices and conceptual frameworks. Related to this is the need for joined-up approaches. Organized crime is clearly a global problem, but there is no global strategy to address it.

However, we must not forget about hope. Although this is not a strategy, it is necessary to believe that there are alternatives to the scenarios seen in war zones or captured states. And it is necessary to continue to work against the odds to support democracy, development and the local heroes working in their countries and communities.

Notes

¹ See Global Organized Crime Index, GI-TOC, <https://ocindex.net/>.

² GI-TOC, The Global Organized Crime Index 2021: Taking the measure of crime, September 2021, <https://globalinitiative.net/analysis/ocindex-2021/>.

³ Annette Idler, Warriors, Victims, and Vulnerable Regions: A Critical Perspective on the War on Drugs in *Transforming the War on Drugs*, eds. Idler and Garzón Vergara, New York: Oxford University Press, 2021.

⁴ Summer Walker and Mariana Botero Restrepo, Illicit economies and armed conflict, GI-TOC, January 2022, <https://globalinitiative.net/analysis/illicit-economies-armed-conflict/>.

⁵ Greg Mills, *Expensive Poverty: Why Aid Fails and How It Can Work*, Johannesburg: Pan Macmillan.

