



**GLOBAL
INITIATIVE**
AGAINST TRANSNATIONAL
ORGANIZED CRIME

STRATEGIC ORGANIZED CRIME RISK ASSESSMENT SOUTH AFRICA

SEPTEMBER 2022

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ACKNOWLEDGEMENTS

This assessment was produced by the Global Initiative Against Transnational Organized Crime (GI-TOC). The GI-TOC strategic risk assessment expert group includes Mark Shaw, Peter Gastrow, Jenni Irish-Qhobosheane, Julian Rademeyer, Alex Goodwin, David Africa, Rumbi Matamba and Chwayita Thobela.

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ACRONYMS

ANC	African National Congress	IPID	Independent Police Investigative Directorate
AV	armoured vehicle	KETA	Kempton Park Taxi Association
BBF	Black Business Federation	KRE	kidnapping for ransom or extortion
BEC	Business Email Compromise	MEC	member of the executive council
BHF	Board of Healthcare Funders	MOSAC	Modus Operandi Strategic Analysis Centre
BI	Business Intelligence (SAPS analytic tool)	NCPS	National Crime Prevention Strategy
CAS	Crime Administration System (SAPS data tool)	NPA	National Prosecuting Authority
CATA	Cape Amalgamated Taxi Association	PGM	platinum group metals
CFR	Central Firearms Registry	POCA	Prevention of Organised Crime Act
CI	Crime Intelligence (SAPS division)	PRASA	Passenger Rail Association of South Africa
CIT	cash-in-transit	RET	Radical Economic Transformation (pro-Zuma faction of ANC)
CITASA	Cash-in-Transit Association of South Africa	RFQ	request for tender
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora	SABRIC	South African Banking Risk Information
CNP	card-not-present (fraud)	SADC	South African Development Community
CODETA	Congress of Democratic Taxi Associations	SAFCEC	South African Forum of Civil Engineering Contractors
DA	Democratic Alliance	SAHPRA	South African Health Products Regulatory Authority
DDoS	Distributed Denial of Service	SANDF	South African National Defence Force
DPCI	Directorate for Priority Crime Investigation (the Hawks)	SANTACO	South African National Taxi Council
DSO	Directorate of Special Operations (the Scorpions)	SAPS	South African Police Service
FATF	Financial Action Task Force	SARB	South African Reserve Bank
FFRET	Federation For Radical Economic Transformation	SARS	South African Revenue Service
GI-TOC	Global Initiative Against Transnational Organized Crime	SCCU	Specialised Commercial Crimes Unit
GIS	Geographic Information System (SAPS analytic tool)	SITA	State Information Technology Agency
HBV	HIV and hepatitis B	SIU	Special Investigating Unit
HCV	HIV and hepatitis C	SSA	State Security Agency
HFMU	Healthcare Forensic Management Unit	UNODC	United Nations Office on Drugs and Crime
		UNTOC	United Nations Convention against Transnational Organized Crime
		WHO	World Health Organization



FOREWORD

Organized crime is an existential threat to South Africa's democratic institutions, economy and people. It often lies behind and connects numerous seemingly disparate criminal incidents we see occurring in South Africa every day.

The recent mass shootings in taverns across the country or the horrific gang rapes in an illegal mining community on the West Rand; continual outbreaks of violence at taxi ranks; shop owners threatened at gunpoint; the assassinations of whistle-blowers, police detectives, gangsters and game rangers: these incidents are not as random or isolated as they may at first appear. Below the surface, and often not immediately perceptible in each individual incident, is a dark web: a criminal ecosystem that links many of these countless criminal acts, which need to be understood as the manifestations of an escalating set of problems, driven by South Africa's increasingly sophisticated, violent underworld economy.

These overlaying illicit economies – and the multiple actors involved in them – are evolving faster than day-to-day analysis allows. Our objective here has therefore been to step back, take a strategic perspective of South Africa's illicit markets to better understand their implications for the country. A strategic understanding of the nature and risk of organized crime in South Africa is an essential starting point to making sense of it and disrupting it effectively. In order to do so, an understanding of the harms caused by organized crime is paramount. Organized crime harms South Africa in many ways besides the terrible losses inflicted on the individual victims and their families. It also harms communities, society, democratic institutions and the economy.

The purpose of this Risk Assessment of organized crime in South Africa is, firstly, to provide the strategic information needed to catalyze strategic action to tackle this threat. This document brings together a comprehensive account of South Africa's criminal economy. Compiled by an expert group, it provides detailed analysis of 15 embedded, interconnected criminal markets that we have identified as the most threatening to South Africa's democratic project since the transition.

Secondly, it serves as a call to action. If South Africa's future is not to be increasingly unstable, a more strategic response to organized crime is needed urgently. Policymakers from a wide variety of areas need to come round to accepting the real threat of organized crime, and they need to act swiftly. The consequences of not acting strategically and with a sense of unity and purpose are too troubling to imagine. Left unchecked, organized crime and its associated illicit markets will continue to inflict serious harms.

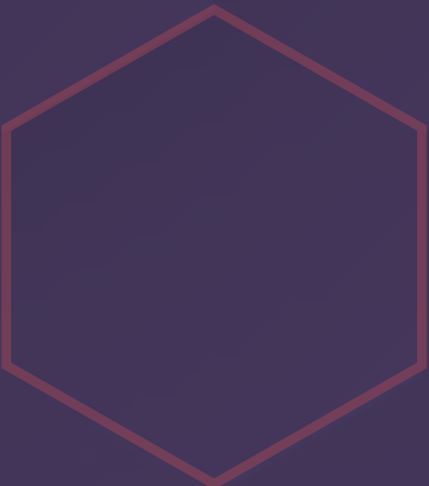
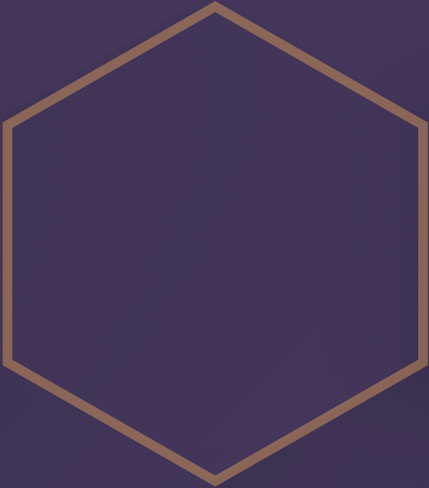
South Africa's criminal ecosystem is complex and evolving. It impacts the lives of millions, together with the country's economic health, and ultimately its political and democratic integrity too. The state's law enforcement responses to date have failed to check the expansion and evolution of organized crime.

But it is not an insurmountable challenge: the problem can be tackled. With the right leadership, long-term strategic vision and resources, and with a systemic institutional overhaul of its crime-fighting agencies, South Africa can and will defeat organized crime.



Mark Shaw

DIRECTOR, GLOBAL INITIATIVE AGAINST TRANSNATIONAL ORGANIZED CRIME



THE AIM OF THIS ASSESSMENT

Organized crime has become an existential threat to South Africa, impacting the lives of millions of people together with the country's economic health and political integrity. But while much research has been undertaken into the phenomenon, there have been relatively few attempts to compile a comprehensive overview of its forms and activities that could help inform the urgently needed response. Accordingly, in 2021 the Global Initiative Against Transnational Organized Crime (GI-TOC) undertook to produce an assessment of the risk posed by organized crime to South Africa.

The first section of this assessment – 'Knowing the risk' – presents an analytical survey of organized crime as one of the issues most likely to undermine the democratic order in South Africa. Since 1994, organized crime has exploited both the shortcomings of the political transition and the opportunities afforded by globalization, leading to a flourishing of crime at all levels of society, which has had severe consequences for the state, and which we evidence through an overview of the 15 main illicit markets currently active in South Africa today. Examining these markets provides several insights into the key traits of organized crime in South Africa and the context of South African organized crime at the local, state and international level. The state's response to organized crime, which is a key part of this context, is assessed in detail. The section concludes with suggestions as to how to prioritize a response.

A note on methodology

To compile this risk assessment, the GI-TOC convened an expert group to outline its scope and methodology. Fifteen illicit markets were identified and individual input research reports commissioned from GI-TOC experts and external consultants. The reports were then reviewed by

The second section – 'South Africa's illicit markets' – comprises detailed profiles of the 15 illicit markets using three lenses: *market*, *harm* and *future*. The 'market' seeks to outline how a particular illicit economy operates, including its evolution, political economy, organization, hierarchy, flows and modus operandi. The 'harm' discusses what effect this activity has on the South African state, utilizing the GI-TOC's framework of physical, societal, economic, environmental and structural or governance-related harms. The 'future' charts the potential trajectory of each illicit market against new or projected legislation, political trends and other challenges or opportunities.

While the dynamic and agile nature of organized crime means that risk assessments are always incomplete and continuous works in progress, we hope that this assessment will bring to light the hidden threads that may help with understanding and combating the scourge of organized crime, as well as providing a base for further research into specific aspects, characteristics or markets.

The need for swift and strategic action is clear and imperative. As this assessment demonstrates, organized crime is inflicting a devastating toll on the political, economic and social fabric of South Africa, from central government to rural municipalities, and from the Johannesburg Stock Exchange to the spaza shop. Only by acting in unity and with the same sense of strategic purpose that guided the country through the transition to democracy can South Africa hope to counter this threat within.

the expert group and edited. Research was also commissioned into the history of the state response and the various organized criminal actors in South Africa, which was used to inform the first part of this assessment.

OVERVIEW: ASSESSING SOUTH AFRICA'S EXISTENTIAL THREAT

South Africa faces a complex, hybrid criminal threat. Having originated in highly constricted conditions under apartheid, in three decades organized crime has spread across the country and forged links around the world. It has been quick to seize opportunities, robust in the face of (often weak) law enforcement pressure and assertive in protecting its spheres of influence. But organized crime in South Africa is not an insurmountable challenge, and a well-led and resourced law enforcement strategy would pay quick dividends.

Our assessment of 15 illicit markets traces how organized crime has flourished in South Africa and highlights its profound social, economic and political harms. Violence – always present in society – has become embedded in the evolving criminal economy; depredation of the natural environment and critical infrastructure has run rampant; and entrenched gangs and extortion networks have sought to establish criminalized forms of governance that operate beyond the remit of the state monopoly. Its victims can be found across the social spectrum, but invariably South Africa's poorest citizens have suffered the most.

The state's means of response – its institutions – have been left weakened and corrupted after a decade of state capture that saw elite corruption become endemic and crippled essential service delivery. Efforts to tackle corruption and crime have been more recently hampered by the coronavirus pandemic, which has not only diverted state resources and attention, but also presented an opportunity for criminals to expand illicit enterprises and strengthen their control over territory and people alike.¹

The three phenomena identified above – the growth of organized crime, rise of elite corruption and erosion of state institutions – have often overlapped and intersected in South Africa's past, but now have converged to form a

self-sustaining, self-protecting and self-expanding criminal economy. Although many markets remain highly violent and liable to fragmentation, they are underpinned by robust criminal incentives and mechanisms that have consistently fuelled growth and criminal expansion.

Left unchecked, organized crime will continue to seriously impair South Africa's reputation and development, undermining rule of law and the integrity of the state, exacerbating inequality and health harms, discouraging investment and further debilitating human and natural environments.

The diagram below provides an overview of the 15 illicit markets analyzed in this assessment, with detailed profiles of each market provided in the second part of this report. Markets have been grouped into three thematic categories – 'Selling the illicit,' 'Dealing in violence,' and 'Preying on critical services' – to highlight aspects that are shared between certain markets, although there are also many crossovers and connections between markets.

'Selling the illicit' encompasses four markets that have had a long presence in South Africa: illicit drugs; illegal firearms; human trafficking and smuggling; and wildlife, fishing and environmental crimes. Circumventing prohibitions on movement or goods (or both) is at the heart of these markets, with all except illegal firearms exhibiting strong degrees of transnational linkage (and illegal firearms have in the past also evidenced such links). As such, these illicit markets form true 'marketplaces', revolving around the buying and selling of illegal goods. While the techniques employed and goods involved may have changed over time, the core drivers of these markets have persisted for decades in the face of many periods of law enforcement pressure (albeit often weak), highlighting these markets' tenacity and robustness.



Overview of South Africa's illicit markets

Selling the illicit



STABLE AT HIGH LEVEL

Illicit drugs

South Africa has become a major domestic market for illicit drugs (including heroin, cocaine and meth) and an important node in transnational networks. The drugs trade has fuelled violent inter-gang competition and state corruption, as well as driving the spread of transmissible disease.



STABLE AT HIGH LEVEL

Illegal firearms

The flood of diverted firearms in South Africa is a major facilitator of organized crime, especially in the drugs trade and taxi industry, and has driven rising levels of gang violence in recent years. They have also contributed to the professionalization of violence purchased by underworld and upper-world actors.



STABLE

Human trafficking and smuggling

Data on human trafficking and smuggling in South Africa is limited, but neither are major illicit markets. Forced labour and sex trafficking are the main forms of trafficking, inflicting huge harms on their victims. Smuggling is facilitated by and is a major driver of corruption among some border officials and civil servants.



INCREASING

Wildlife, fishing and environmental crimes

Despite some conservation gains, this category of crimes has increased in recent years and is pushing many species of South African flora and fauna to the brink of extinction. Illegal plastic waste has also emerged as a major challenge to the environment. Technology and corruption are key enablers.

Dealing in violence



INCREASING

Extortion

South Africa is witnessing a dramatic expansion, diversification and legitimization of extortion across a broad spectrum of society. Extortion undermines rule of law and challenges the role of state as provider of security. It also impacts economic growth by deterring investment.



INCREASING

Kidnapping for ransom or extortion (KRE)

KRE has been increasing since 2016, although accounts for only 5% of all kidnappings. Transnational syndicates have targeted high-value foreign nationals, spurring the growth of less sophisticated local copycat groups. Data is limited, as the majority of victims are likely to be low-income citizens who do not report the crime.



INCREASING

Organized robbery

CIT heists, carjacking, truck hijacking, house and business robberies and stock theft occur on an extremely large scale in South Africa. They are often highly violent and traumatic crimes that undermine citizens' sense of security and can have broader economic impacts on private businesses and the state.



INCREASING

Organized violence

Violence has become increasingly professionalized in South Africa. Hitmen trained in the taxi industry and gang milieu have been hired by underworld and upperworld actors to take out rivals, driving levels of violence higher. The assassination of whistle-blowers and anti-gang investigators has severely harmed law enforcement responses.

Preying on critical services



INCREASING

Critical infrastructure

South Africa's infrastructure is suffering from sustained and organized theft, mainly of copper, on an industrial scale, affecting the transport, energy, water, communication and fuel sectors. This has eroded state capacity to provide critical services, which in turn disrupts the daily life of millions of South Africans.



STABLE AT HIGH LEVEL

Organized corruption

Corruption peaked during the state capture period under President Jacob Zuma but remains widespread and deeply corrosive, affecting criminal justice, service provision, economic opportunity, social cohesion and political integrity. These failings worsen living standards and may further drive the 'brain drain' abroad and discourage foreign investment.



INCREASING

Illegal mining

The decline of South Africa's mining sector has driven a widespread rise in illegal mining that sees diamonds, gold, platinum and chromium laundered into transnational flows by smelters and syndicates, costing mining companies millions in lost profits and additional security. Violence is widespread, with high levels of extortion and murder.



INCREASING

Mass public transport

The mass public transport sector is the nexus of many illicit activities, including extortion, money laundering, corruption and organized violence, while disputes between associations have seen many drivers and innocent bystanders killed. The industry, which transports 65% of commuters, has resisted reform through mass strikes and violence against other providers.

Preying on critical services



INCREASING

Cybercrime

Cybercrime is becoming a major form of organized crime for which South Africa is ill prepared. Individuals, private companies and state-owned entities have been targeted by a diverse set of tricks and attacks that have stolen millions and affected internet provision and key infrastructure, disrupting social and economic activity.



INCREASING

Economic and financial crime

Fraud, money laundering and counterfeit goods are increasing and pose a major threat to the country's financial reputation, capacity to combat organized crime groups and ability to collect tax revenues. Corporate fraud can also destroy savings and pensions of investors and siphon millions from state procurement contracts.



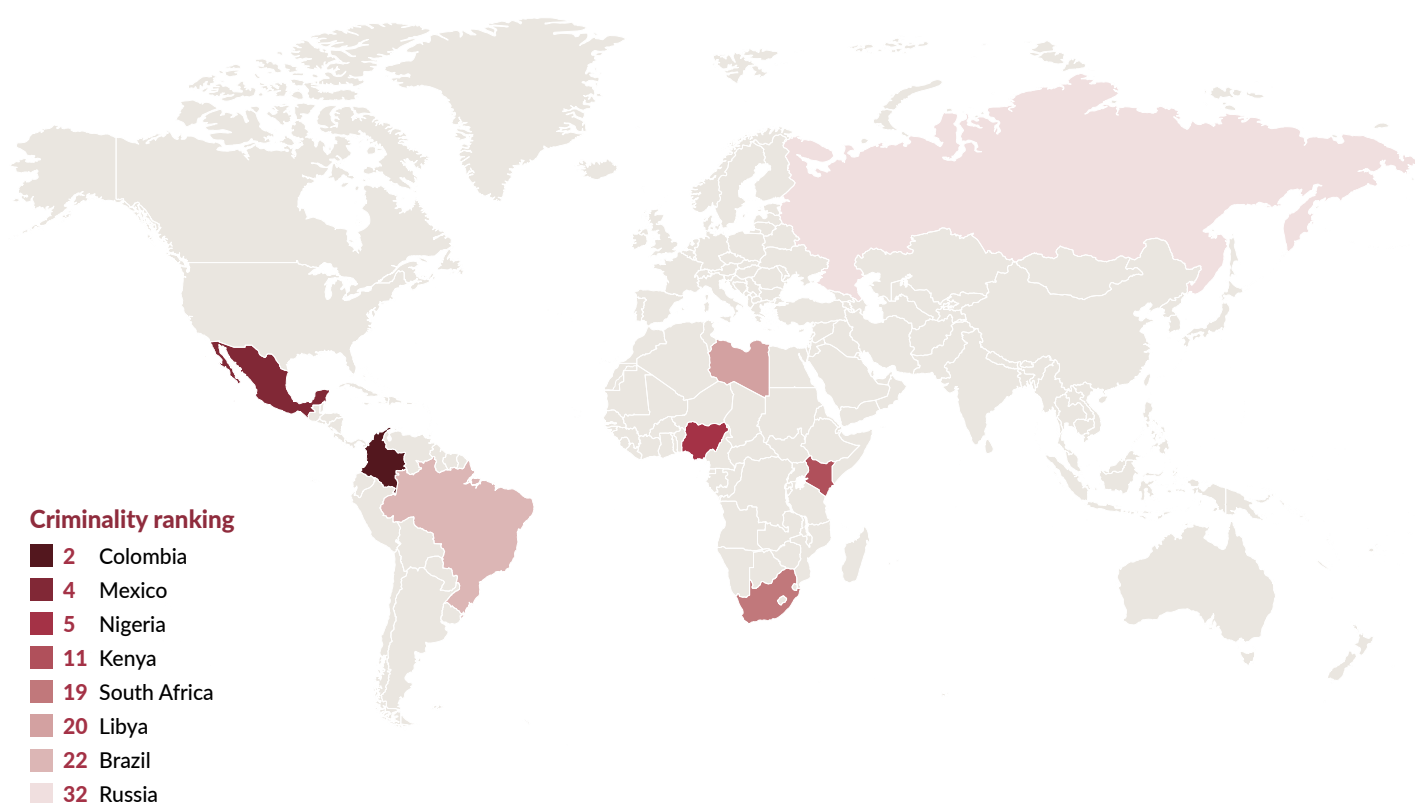
STABLE

Health sector crime

The health sector is afflicted by widespread corruption, which further increased during the COVID-19 pandemic, eroding capacity and worsening health outcomes. Widespread fraud affects the private sector, some of it highly organized. Fake pharmaceutical products are also an issue, but the size and impact of this sub-market requires further research.

‘Dealing in violence’ refers to those markets in which violence is the central tool of illicit business. While many illicit markets in South Africa are highly violent, the markets in this category are characterized by the use of the violence as the primary means to achieving an illicit end. (To illustrate, the illicit drugs market uses violence in a secondary capacity, to gain and hold turf and impose criminal governance, both of which help facilitate the primary objective of selling drugs.) These markets highlight a trend towards increasing sophistication and professionalization in the use of violence in South Africa, as well as its increasing intensity in some areas (such as cash-in-transit heists). These markets also highlight the key role violence plays in securing criminal governance, which over time allows violence to rebrand itself as a quasi-legitimate form of security.

‘Preying on critical services’ describes those markets that have formed a predatory and parasitic relationship with the fabric of the South African state and the mechanisms of everyday life. Many of these markets drastically erode service delivery to the detriment of the lives of millions of South Africans, while other markets are more localized but nevertheless have a severe macro impact in terms of the country’s economy (e.g. illegal mining) or financial integrity (economic and financial crime). The common consequence of these markets is the severe damage they inflict on life in South Africa, hindering the ability of its citizens to travel, work or access essential services, and impeding the country’s development as a whole.



In the GI-TOC’s 2021 Organized Crime Index, South Africa ranked 19th in the world for criminality – ahead of Libya, Brazil and Russia. South Africa’s criminality ranking within Africa jumped from 10th in 2019 to 5th in 2021, according to ENACT’s Africa Organised Crime Index.

FIGURE 1 Measuring criminality: South Africa in the global context.

SOURCE: Global Initiative Against Transnational Organized Crime, Global Organized Crime Index 2021, 2021, <https://globalinitiative.net/wp-content/uploads/2021/09/GITOC-Global-Organized-Crime-Index-2021.pdf>, p 151; ENACT, Africa Organised Crime Index 2021, p 141, <https://enact-africa.s3.amazonaws.com/site/uploads/2021-11-25-oci-final.pdf>; and ENACT, Organised Crime Index–Africa 2019, p 53, <https://enact-africa.s3.amazonaws.com/site/uploads/2019-09-24-oc-index-2019.pdf>.

The risk of organized crime: diverse, complex and increasing

The individual market profiles examined in Part 2 of the report highlight important aspects regarding the nature of organized criminality in South Africa and its consequent risk. Each profile describes the core mechanisms of how a market works, the range of associated harms resulting and an indication of the market's potential trajectory. Connections with other illicit markets were assessed. Each market was also assigned a 'trajectory' indicator, reflecting whether in our assessment the presence, incidence or influence of this market is increasing, maintaining a stable level or declining, using 2021/22 as the benchmark compared to the past five years (taking into consideration the anomalies of the pandemic period).

Our assessment of these 15 markets demonstrates that the risk posed by organized crime to South Africa is diverse, complex and increasing. Connections between illicit markets have resulted in an organized crime ecosystem, while harms cut across all levels of South African society. What may appear isolated or localized criminal threats are invariably part of a tightly woven tapestry of illicit activity and insidious harm that constitutes the true threat of organized crime to South Africa.

The criminal aspect of mass public transport, for instance, may not appear a *prima facie* existential threat to the state, but analyzing the deeper mechanics of the market highlights its significant influence. It is not only a violent industry that sees high levels of extortion, violence and volatility – affecting many of the millions of South African commuters who rely on taxis – but has served as a money laundering avenue for corrupt officials, drug gangs and cash-in-transit (CIT) heisters, as well as becoming a crucible of professional hitmen who are contracted by other criminal networks and underworld actors.

Similarly, it could be argued that while the extinction of certain species of flora or fauna may pose an environmental tragedy, this would have little effect on the South African state. However, the erasure of certain species may have wider and as yet unknown effects of broader ecosystems, as well as dramatically affecting economic activity, especially fishing and tourism. Illegally dumped waste is emerging as a major environmental issue that can profoundly affect the health of South Africa's people, while illegal sand mining has resulted in children drowning in unsecured pits. The illicit market also has ties to drugs, extortion, illegal firearms, human trafficking and organized corruption.

The organized crime challenge facing South Africa looks set to only increase in the near future. The majority of markets – 10 out of the 15 – were judged as 'increasing,' while a further three were judged 'stable at high levels'.

For obvious reasons, this acceleration is especially pronounced in the case of cybercrime, which has exploded in tandem with increasing internet use in South Africa. A relative newcomer, cybercrime has already demonstrated its profound ability to defraud citizens on a grand scale and disrupt key private sectors, such as finance and communications, as well as state-owned entities and government institutions, with huge economic consequences. As such, cybercrime is likely to become a much more severe threat in the near future.

Amid this surge in criminal activity, it is vital that fatalistic thinking does not take root. The current prominence of organized crime in South Africa is not an immutable fact and the country has a vast array of crime-fighting tools at its disposal. Given the right reforms, investment, institutional leadership and political will, law enforcement can turn the tide on organized crime. Achieving this will be slow and patient work, but the task needs to be undertaken with great urgency, with nothing less than the future of the country at stake.

Understanding the full extent and nature of organized crime in South Africa is the indispensable first step. The following sections set out an analytical framework for understanding the key characteristics of organized crime in South Africa; how its evolution has been shaped by international, national and local contexts; and the complex relationship between organized crime and the state's law enforcement response. The section concludes with an argument for a new approach to tackling organized crime, based on improved sense-making capability in law enforcement, a broader understanding and improved responsiveness to harms, and the need for an all-society approach founded on trust and transparency.

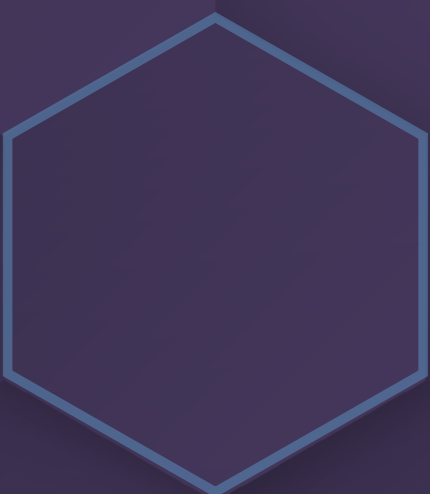
KEY FINDINGS

- Organized crime is an existential threat to South Africa.
- Organized crime in South Africa is highly connected, diverse, entrepreneurial, embedded and violent.
- The majority of illicit markets (10 out of 15) are increasing in presence, incidence or influence.
- Corruption and organized violence are key shapers of the strategic evolution of organized crime in South Africa.
- Despite some promising initiatives, law enforcement responses to date have failed to check the expansion and evolution of organized crime, but with the right reforms, leadership and will, the tide can be turned.



PART 1

KNOWING THE RISK



KEY CHARACTERISTICS OF SOUTH AFRICAN ORGANIZED CRIME

The assertion that South Africa has a serious organized crime problem would not be contested by the majority of observers, but many might struggle if called upon to define what exactly constitutes ‘organized crime’. Of course, this debate has been in play ever since the parties to the United Nations Convention against Transnational Organized Crime (UNTOC), the major international framework, adopted in 2000, for responding to organized crime, failed to agree on a definition of ‘transnational organized crime’ or ‘organized crime’.²

Anticipating this issue, literature on the topic often begins by defining ‘organized crime’ – usually around the idea of multiple actors working in concert for a duration of time – that delimits the territory of research. But while this type of definition indeed captures the core of what is commonly considered ‘organized crime’, it may also risk putting the methodological cart before the horse, avoiding fundamental questions that may be the most revealing and ignoring awkward outliers that may in fact help develop a broader and more accurate understanding of how organized criminality operates.

Instead of imposing a narrow definition from the outset, our analysis was structured around reviewing the breadth of criminal activity in South Africa and continually asking questions about the degree of its organization, how this organization manifests and which illicit goods or services these criminal structures coalesce around. As a result of this process, we identified 15 illicit markets, which in our understanding reflected areas of focused or concentrated organized criminal activity, be that the physical sphere of operation (e.g. mining), an illicit commodity (e.g. drugs) or illicit activity (e.g. extortion). Although the types of criminality within a market were often various, they shared a common centre of illicit gravity, interest or logic. (But there are of course overlaps that challenge this approach: see Figure 2: ‘South Africa’s organized crime ecosystem’).

In reviewing these illicit markets, we discerned five characteristics of South African organized crime that help both articulate its nature and explain its dramatic success. South African organized crime is

- connected;
- diverse;

- embedded;
- entrepreneurial; and
- violent.

Together, these characteristics may be taken as a composite *description* of organized crime that may have more utility for those seeking to conceptualize the problem and frame a response. In terms of a *definition*, organized crime in South Africa could be understood as an actor or actors who exhibit organization (in terms of hierarchy or connectedness) and/or strategic sophistication (such as a multi-step or complex modus operandi) to achieve an illegal end. We include ‘actor’ – modifying the usual prescription for a plurality of actors – to take into account, among others, solo cybercriminals, who can inflict immense damage through sophisticated means, and also hitmen, who while often working under the auspices of a gang boss are usually ‘semi-independent’ and often perform contract work. This lack of formal integration in a criminal grouping may well preclude hitmen from being categorized as organized crime actors under traditional definitions, but this omission would disguise their integral role in the strategic evolution of South African organized crime.

By contrast, a non-organized criminal actor may act impulsively, without strategic intent (such as stealing for subsistence) and operates mostly alone, without reaping the benefits of, or being obliged to adhere to, an organized crime structure. However, it is crucial to note that some non-organized criminals may play significant roles in illicit markets. As such, a broader, more holistic definition of organized crime that merges with the phenomenon of illicit markets may be formulated along the lines of actors who are associated with illicit flows in whatever capacity, either through providing raw goods, internal policing of gangs and communities, facilitating logistics, making threats, extracting rents, granting illegal favours or access, managing retail, or laundering profits (though coercion of some actors to engage in illicit markets must be taken into consideration). In this definition, the lines between criminal, organized criminal, unscrupulous businessperson, state official, corrupt politician blur – and this perhaps is the most accurate reflection of the true nature of organized crime today.³

Connected

- Connections between markets support and enable criminal activity, with illicit firearms, organized corruption and organized violence key markets.
- Connections to the licit economy are fundamental to many markets.
- Connections within markets show varying levels of organization.
- Cybercrime an outlier: solo operators can perpetrate large-scale, complex crimes.

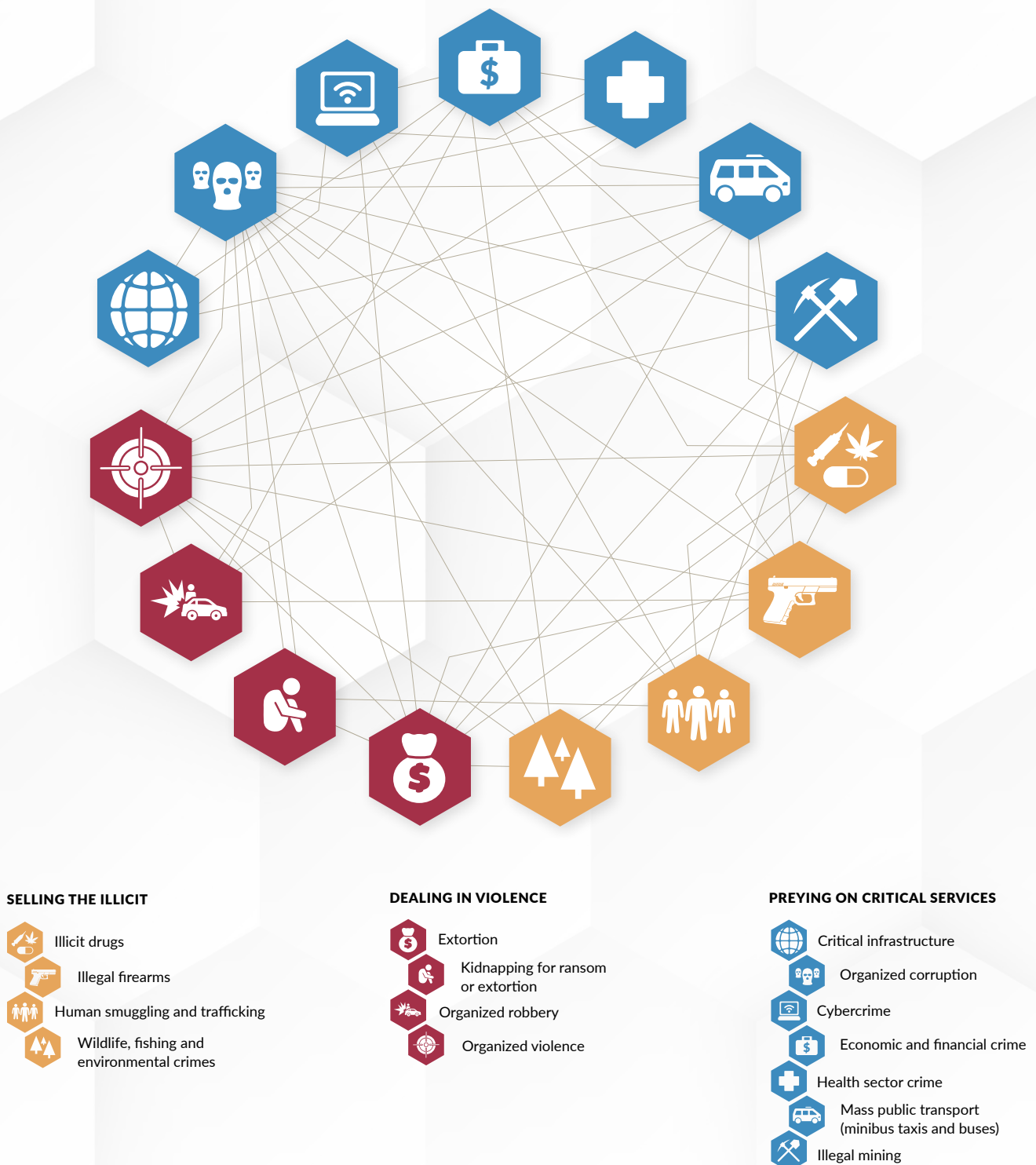


FIGURE 2 South Africa's organized crime ecosystem: Illicit market connections.

NOTE: Cybercrime is unique as the only illicit market with no perceived connection to organized corruption.

COLONEL PRINSLOO'S ILLICIT GUN NETWORK

In June 2016, senior police officer Colonel Christian Lodewyk Prinsloo admitted in court to being part of a network that had supplied at least 2 400 firearms to criminal groups in the Western Cape, causing gang violence to surge from 2009 onwards.⁴ Investigators were able to link 900 of these firearms to 1 060 murders, while Prinsloo also admitted that his network had been involved in supplying firearms taken from police stores to people involved in taxi conflicts in KwaZulu-Natal.⁵

Over the course of at least eight years, Prinsloo and his accomplices had used their access to police armouries and central police firearm stores to sell weapons, including state-issue firearms that had been recalled, illegal firearms seized during police operations, those handed in during amnesties⁶ and many earmarked for destruction,⁷ or even, according to one officer, those listed as destroyed.⁸ Prinsloo also used his position in the South African Police Service (SAPS) to secure firearm licences for gangsters and other criminal elements, as well as for security companies, some of whom were allegedly linked to or working for criminal networks.⁹

Connections between illicit markets take many different forms. In some cases, these connections are clearly operational, such as the sale of illegal firearms to drug gangs, or actors who operate in multiple markets. In other instances, the connections suggest a shared criminal logic where the modus operandi, actors involved and illicit economies are sufficiently distinct to be categorized as a separate markets. Kidnapping for ransom or extortion and the criminal aspects of mass public transport are arguably subcategories of extortion, yet there are important differences between how these actors and criminal economies operate that would be obscured by a catch-all market assessment.

This 'fuzzy' categorization (featuring different types of connections) gives rise to questions over the definition and delineation of illicit markets. Our categorization of illicit markets was driven by a belief that each market had a core centre of criminal gravity, but as our research developed, we found considerable overlaps and 'bleeds' between markets, including those that marked an evolution in approach. (Advance fee fraud, for example, is an economic and financial crime that is now overwhelmingly perpetrated by cybercrime actors.) As such, our approach may be considered a heuristic step aimed at outlining the scale and nature of the risk of organized crime in South Africa, as opposed to an academically exact categorization. Further research into the theoretical models of illicit markets may help define these areas of criminal activity more distinctly – for example, on the basis of criminal 'action,' such as theft, fraud, smuggling or retail of illicit goods – although the

diffuse, overlapping and shape-shifting tendencies we discovered may indeed be as fundamental to the nature of organized crime as hierarchies, gang identity and illicit flows.

Our analysis revealed that despite the high degree of internal fragmentation within markets, there were many macro-level connections between different illicit markets that enabled criminal actors to build cohesion and resilience, and trade illicit goods and services (see Figure 2, the organized crime ecosystem). This is most evident in the 'enabling' markets of illegal firearms, violence and corruption, which underpin many other illicit markets, helping criminal actors build the capability to safeguard criminal operations, and project power and influence (see box: 'Colonel Prinsloo's illicit gun network').

Connections to the licit economy are also present. The licit economy is fundamental to money laundering, from cash-intensive businesses to international financial institutions (see box: 'Money laundering: an essential component of organized crime'). At the operational level, insider knowledge/participation is a major enabler of organized crime: employees of CIT firms have collaborated with heisters, while private health employees sometimes form scams with patients to defraud medical schemes (see 'Health sector crime' in the criminal markets section of the report).

Interestingly, some forms of cybercrime appear to form exceptions to this trend of high connectivity. Cyber-dependent crimes (which are carried out exclusively in the cybersphere) are largely self-sufficient, having developed the tools to perpetrate criminal activity and launder the proceeds of that activity without the need to involve middlemen in other markets. In the case of cybercrime, there is no need to defend turf, buy weapons, hire hitmen, import illicit goods or establish large operational networks to perpetrate the illicit act (although cybercriminals do forge networks for sharing information and tools). Notably, cybercrime was the only illicit market that in our research did not exhibit a connection with organized corruption, highlighting its ability to operate out of reach of state control (and removing the need to buy official protection). However, these connections may exist on a covert level, or may develop in the near future.

Information and communications technologies (ICT) and cyber marketplaces have been huge amplifiers of individual capability, allowing solo operators to acquire the tools and knowledge they need in order to conduct massive-scale crime: a top-level cybercriminal can steal more money in one heist than many small syndicates can generate in a year. There have been reports of solo gangsters seeking to operate independently in Cape Town, outside of gang structures.¹⁰ This shift may require a reformulation of our definition of organized crime that takes into account the nature and scale of a criminal activity as well as number of people involved and duration of their association.

MONEY LAUNDERING: AN ESSENTIAL COMPONENT OF ORGANIZED CRIME

Money laundering – categorized in this assessment under ‘Economic and financial crime’ – forms an essential component of many illicit markets. In the licit sector, illicit cash is laundered through cash-intensive businesses (such as casinos and gambling venues, foreign exchange bureaus, vehicle dealerships, taverns and the taxi industry) or directly through banks (e.g. through ‘smurfing’, where sums of money are deposited that are under the threshold for triggering suspicious activity reports, or with more active insider involvement). Buying expensive yet subjectively valued assets such as diamonds can also be a means to ‘shrink’ bulky illicit cash holdings. Property is also a favoured asset.

Among South Africa’s illicit markets, the largely unregulated minibus-taxi industry offers the perfect cash-based tool to launder money, and is used by those involved in drugs and cash-in-transit heists; it also represents a means for corrupt officials to hide cash by buying taxis (which generates further revenue). Illicitly obtained commodities such as gold or wildlife can also be laundered into legal flows, usually with the advantages that criminal involvement is subsequently almost untraceable. As with cash-based laundering, the result is the same: clean money and/or assets.

Another outlier aspect was the connections within markets between actors of different degrees of criminal organization, some of whom would not be classed as organized crime actors in the traditional conception. Yet while these actors may not be organized, they play key roles in the larger illicit market. Copper thieves who steal for subsistence, for example, may not be organized actors, yet in selling stolen goods to larger syndicates, they become part of the broader operation that includes smelters, organized crime syndicates and customs officials – a network that ultimately enables laundered or misdeclared copper to be exported to Asia. Similarly, house robbers may perpetrate one of the simplest forms of organized crime, yet stolen weapons from such robberies may be later bought by criminals engaged in cash-in-transit heists, which is one of the most complex crimes.

In this conception, organized crime could be understood as a market structure that enables the flow of illicit goods, parts of which see concentrations of high organization. In other words, the overall flow may be organized, driven by factors of profit and geography, while the actors who

intersect with it at different points may show different degrees of organization. This is especially pertinent in instances in which flows are facilitated by actors who may be unwitting of their role or who are coerced, such as employees in cash businesses or banks that handle laundered money.

Looking at inter-market connections, it is notable that the majority of the criminal markets in some way involve international connections. This manifests not only in the transnational nature of many illicit flows, but also the presence of various foreign actors within South Africa who bring a range of different means, motivations and expertise to South African organized crime (see ‘Organized crime and the international context’).

Tracing these connections – both inter- and intra-market – is an essential part of any response that seeks to undermine the power and resource base of criminal structures. It may also help broaden understanding that a criminal activity rarely fits the neat typologies assigned it, and challenge responses that seek to atomise criminal risk.

Diverse

- South Africa hosts a wide array of well-developed illicit markets.
- Natural resources, the legacy of apartheid governance and well-developed infrastructure, have all contributed to a diverse range of illicit activity in the country.
- Some organized crime actors participate in multiple criminal markets.

Related to the high degree of connectedness is the high level of diversity one can see in South African organized crime. In part, this is a consequence of the country’s extraordinary array of mineral resources and flora and fauna. Another factor is the enduring legacy of apartheid, both in spatial and socio-economic terms, which has created space for

criminal governance, most notably in the form of extortion.

The country’s stark inequality is highlighted by South Africa’s standing as a middle-income country, with developed logistics infrastructure, ICT networks, financial services and legal system. This has made South Africa a magnet for various forms of criminal activity, from human trafficking and smuggling to cybercrime, money laundering and the illicit drugs trade. Indeed, the size of South Africa’s economy may contribute to its high levels of organized crime; the GI-TOC’s Global Organized Crime Index found that of the 15 largest economies in Africa, nine had high levels of criminality.¹¹ Lastly, the turbulence of the transition to democracy, and the entrenched role of an increasingly inward-looking ANC, have contributed to the rise of organized corruption.

Although many countries have more developed and larger illicit markets – such as the drugs market in Mexico, or arms trafficking in Iraq – few host so many illicit markets across such a broad spectrum of criminal activity. This mature, highly developed and diverse criminal landscape is reflected in South Africa’s criminal actor score in the 2021 edition of the GI-TOC’s Global Organized Crime Index. It is notable for scoring 7 or higher across all four categories of criminal actor – a characteristic shared with only six other countries measured by the Index (Figure 3). On the basis of its average criminal actor score (at 7.25), South Africa ranks joint 16th in the world, worse than Mexico (7.13), Somalia (7.13) and Libya (7.0).

Average	Mafia-style groups	Criminal networks	State-embedded actors	Foreign actors
7.25	7.0	7.0	7.5	7.5

FIGURE 3 South Africa’s criminal actor scores.

SOURCE: Global Organized Crime Index 2021, GI-TOC, 2021, <https://globalinitiative.net/wp-content/uploads/2021/09/GITOC-Global-Organized-Crime-Index-2021.pdf>

The sheer range of criminal opportunity in South Africa means that some criminal actors engage in multiple illicit markets (see profile: ‘Mr Big’: the multi-market criminal’). Again, this aspect makes it important to understand each market not as a silo actors and activities, but a locus of criminal enterprise that may be just one interest of many in the portfolio of South African organized crime.

Embedded

- Organized crime groups can be embedded in local contexts or state institutions.
- Embeddedness helps build criminal resilience and enables criminal governance.
- Embeddedness is most common among mafia-style groups associated with the drugs, extortion and mass public transport markets, which have distinct hierarchies and are territorial.

PROFILE: ‘MR BIG’: THE MULTI-MARKET CRIMINAL

Petros Sydney Mabuza, a notorious rhino poaching syndicate ringleader, met his end in June 2021 when three men opened fire on him as he sat in his pick-up truck under the shade of a tree in the parking lot of the Lowveld Mall in Hazyview, Limpopo.¹³

Mabuza, dubbed ‘Mr Big’ by the press and also known more respectfully by his clan name, Mshengu, was said to be involved in several criminal activities, including cash-in-transit heists, loansharking, extortion and the taxi industry.¹⁴ His involvement in rhino poaching dated to the early 2000s, but it was only in 2018

Embeddedness provides criminal actors with protection and support from political and law enforcement pressure, and helps them build alternative forms of legitimacy and governance. This is most evident in the case of the illicit drugs market, where long-established gangs have forged close ties over time with their host communities, either by exerting or threatening violence, or by building legitimacy through the supply of food, money and services (see box: ‘Pillay and Stanfield: the people’s drug lords’). The enduring strength this embeddedness confers on such groups is evident in the fact that the Hard Livings and Americans gangs, established during the apartheid period, are still two of the most powerful gangs in the Western Cape today.

Extortion networks are more parasitic in nature, embedding themselves through the coerced provision of ‘protection’ (which usually means protection from the extortionists themselves). These networks often operate in contexts of limited state presence, such as townships or informal settlements. As these networks evolve, they become increasingly legitimized as acceptable or at least as parallel providers of security, and their costs become factored into the budgets of businesses and citizens who are compelled to pay them. Extortion networks may even begin to infiltrate institutions, such as local government.¹²

Corruption – which is a component of most illicit markets – indirectly embeds organized crime within state institutions, most notably law enforcement agencies. Small-scale bribes buy protection and criminals’ ability to operate with impunity, while high-level corruption often sees state actors becoming active participants in crime or stakeholders in illicit markets.

In other illicit markets, embeddedness may take the form of social influence. The largely unregulated taxi industry, for example, provides essential services to many citizens, providing it with huge leverage in the face of the state’s attempts to reform the industry.

Tackling this characteristic of embeddedness in many cases not only requires disrupting the ties that link criminal entities with their environment, but also addressing the surrounding contexts. If only the criminal element is targeted, the conditions that enabled, protected and rewarded the original criminal beneficiaries will quickly be exploited by new actors.

that he was arrested and charged.¹⁵ In 2020, the lead investigator in the case, Lieutenant-Colonel Leroy Bruwer, was ambushed and killed by hitmen.¹⁶ Some of Bruwer’s colleagues believe Mabuza was behind the murder.

In keeping with his extravagant approach to life, Mabuza’s funeral was a lavish affair, with a sound stage, a grand marquee, a cavalcade of cars and a string of mourners condemning those who said he was a criminal.¹⁷ His casket, which arrived by helicopter was draped in a leopard skin.¹⁸

PILLAY AND STANFIELD: THE PEOPLE'S DRUG LORDS

Yaganathan 'Teddy Mafia' Pillay was a Durban drug lord who had deep ties with his local community – and was famed for his largesse. A former police officer in Chatsworth – Pillay's local area – said, 'He [Pillay] had big pockets, so many people loved him and would easily fall on a sword for him ... you know how these gang bosses are? They anoint their communities with false charity while they inject those very communities with poisonous drugs that get youngsters hooked and destroy their lives.'¹⁹

At one of Pillay's court appearances, supporters reportedly wore T-shirts with the words 'the people's champion' printed on them.²⁰ On 4 January 2021, Pillay was shot in

his home in Chatsworth in a hit allegedly ordered by a rival dealer.²¹ The assassins attempted to flee, only to be caught by a mob who reportedly shot, beheaded and burned them in public view in revenge for the murder of their 'champion'.²²

In the Western Cape, Colin Stanfield – allegedly a leading figure in the founding of the Firm cartel²³ and uncle of alleged current 28s boss Ralph Stanfield – was similarly valorized by the local community for his generosity and support. Thousands attended his funeral in 2004 after his death from cancer, with one community member describing him as 'a gift from God' and the congregation singing 'It's Colin and Jesus'.²⁴

Entrepreneurial

- Aggressive development of markets, including through the introduction of new illicit goods, helps drive growth and expand territory.
- Criminal actors become increasingly organized and strategic, forming cartels, expanding portfolios and reinventing themselves as business entities.
- Illicit activity, such as CIT heists and organized violence, displays high degrees of entrepreneurial planning.

Several illicit markets have proved themselves to be highly dynamic and entrepreneurial, with actors adopting new illicit products and operational strategies, and even repositioning themselves as licit enterprises.

Drugs and extortion – arguably the two most entrepreneurial markets in South Africa – are prime examples of this characteristic. Since the end of apartheid, drugs networks have leveraged the opportunities generated by the demise of apartheid and the rise of globalization and transnational organized crime to diversify the market. During apartheid, Mandrax and dagga were the two dominant illicit drugs, but as the country emerged from political isolation during the transition, drug traffickers introduced new drugs such as Ecstasy, LSD and cocaine. These allowed gangs to reach new, wealthier markets, although they also expanded their traditional base, most notably through crack cocaine, which was developed to target low-income clientele. Heroin consumption also boomed, with flows along the 'southern route' increasingly diverted to supply southern African domestic markets. The rise in the methamphetamine market was also highly entrepreneurial, with Western Cape gangs becoming involved in the illicit market for abalone, which was exchanged for meth precursors with Chinese organized crime groups. This facilitated a marked rise in domestically

manufactured meth, which rapidly became one of the most widely used drugs across South Africa.

The drugs boom of the 1990s also saw gangs reshape their own identities to accommodate the rising number of people who wanted a share of the market and reduce violent competition. The initial expansion of the drug market caused a splintering among several of the major drug gangs and new gang identities or entities were formed, particularly in the Western Cape (where the Americans, the biggest gang, split into the Americans and the Junior Mafia), leading to a proliferation of rival criminal actors. In the late 1990s, estimates put the number of gangs at 130, with a combined membership of 100 000.²⁵ To reassert market cohesion, several of the major Western Cape gangs established franchise or affiliate structures both in their home turf and in other major cities. The Americans adopted a decentralized franchise model, establishing gangs across the country and even in Zimbabwe, each under its own boss but sharing a common gang identity, and also subsumed smaller groups under its banner.²⁶ The Hard Livings, meanwhile, authorized franchise groups but remained far more centralized, hierarchical and organized.

A landmark development in 1994 highlighted the gangs' growing strategic awareness and business acumen: faced with the prospect of foreign syndicates entering the market, in 1994 the Western Cape gangs decided to form an overarching cartel known as the Firm, designed to reduce domestic contestation, facilitate bulk shipments and control the distribution of drugs.²⁷

Drug gangs have also forged entrepreneurial links with other gangs across the country. Gangs from Gauteng and Western Cape, for example, have established a corridor for the exchange of guns, drugs and hitmen. (During the political transition years, Johannesburg-based drug traffickers supplied a significant amount of Mandrax to the Western Cape for sale.) Cape gangs have also established ties with

their Durban counterparts.²⁸ These ties enable the provision of hired assassins from the Cape and extra ‘muscle’ when conflict over territory flares up.²⁹ These inter-provincial links between South Africa’s gangs have also resulted in criminal transplantation between provinces. In one example, the Disciples were originally a small but violent gang in Elsies River, Cape Town, who were contracted by the Varados gang for a hit in Johannesburg, but subsequently stayed, establishing a presence in Westbury.

As mentioned under the section on embeddedness, extortion networks have sought to aggressively expand into areas where state presence is weak or limited, casting themselves as the primary source of ‘security’ – albeit a criminalized form. As they have grown more established, extortion networks have reinvented themselves as private security companies and so-called business forums in order to access licit opportunities, such as the construction industry. There have also been cases of alleged drug and extortion bosses forming legal partnerships with businesspeople (see box: ‘Jerome ‘Donkie’ Booysen: gangster or businessman?’) and business forums forging ties with political figures.

The organized violence market is an entrepreneurial offshoot of the minibus-taxi industry. It is also an indirect reflection of the level of entrepreneurship in illicit markets as a whole, given that violence is often used as a means of securing greater market share by eradicating rivals.

The entrepreneurial streak that has come to characterize organized crime groups is particularly hard to combat, as in large part it stems from external incentives, such as legal prohibition (as in the case of drugs) or failings in state governance capacity. Criminal entrepreneurial activity also results in a process in which only the strongest, most agile and most resilient criminals actors endure, which over generations can see street-level actors transform into figures with a significant influence in the upperworld. As entrepreneurial activity is driven by the need for great profit,

follow-the-money investigative approaches may help undermine these actors’ resources and reverse their momentum, but if market opportunities persist, these will be exploited by new and potentially more ruthless entrepreneurs (as has been seen in Mexico in the aftermath of the fragmentation of the major cartels and subsequent rise of new, hyper-violent actors).

Violent

- Many illicit markets in South Africa feature high levels of violence.
- Violence facilitates criminal recruitment, discipline, governance and entrepreneurship.
- In the case of assassination-for-hire, violence has become an illicit market in its own right.

Violence is an established characteristic of many illicit markets in South Africa. It is rooted in the country’s long history of violence for both political and economic means. As a tool, violence serves a variety of purposes within illicit markets, from internal discipline and community ‘policing’ to removing rivals and recruiting new members. For disempowered young people, guns and gangs offer a potentially attractive triad of protection, power and fraternity in an often hostile local context. The threat of violence is also an effective coercive recruitment tool for gangs, leaving targets with little choice but to join if they wish to avoid retribution.

In recent years, the use of lethal violence in South Africa’s illicit markets has become more widespread and systematic, in part due to the flood of illegal guns entering the underworld, to the point where it has become a common tool of criminal business and murder increasingly normalized (a trend reflected by soaring rates of gang violence).

PROFILE: JEROME ‘DONKIE’ BOOYSEN: GANGSTER OR BUSINESSMAN?

Jerome ‘Donkie’ Booysen has sought to portray himself as a legitimate businessman and property developer, publicly distancing himself from gangsterism,³⁰ but is alleged to be involved in a wide range of criminal activities. Together with his brothers, Colin and Michael ‘Kanakie’, Jerome reportedly oversaw the evolution of the 26s in the 1990s into a powerful and violent gang, which generates large profits through extortion and drugs, especially Mandrax.³¹ After Michael Booysen, a 27s leader, was jailed for life in 2003 for murder and attempted murder,³² Jerome allegedly ran the Sexy Boys with his brother Colin³³ until a falling-out saw them take opposing sides in the battle over the Cape Town extortion market that dates back to

the 2011 assassination of Cyril Beeka. After Beeka’s hit, Booysen, Mark Lifman (a controversial businessman with alleged underworld connections) and André Naudé (an alleged rival to Cyril Beeka) helped form Specialised Protection Services,³⁴ a new security company that monopolized the nightclub market but was shut down for non-compliance. Booysen is due to stand trial, along with Lifman, in February 2023 for alleged involvement in the 2017 hit on ‘Steroid King’ Brian Wainstein,³⁵ and is also charged with running a huge Mandrax syndicate.³⁶ He has been the target of numerous attempted hits, including one at Cape Town International Airport in October 2017.³⁷

PROFILE: DESMOND SWARTZ: ALLEGED ASSASSIN KINGPIN

Desmond Swartz, who died in August 2022, reportedly following a heart attack, was the alleged leader of the Six Bobs gang based in Grassy Park, Cape Town, which is heavily involved in the drugs trade. Swartz came from gangster 'royalty': his father, Desmond Abrams, was a member of the Desperados gang on Robben Island, while his uncle John 'Porky' Jagers was the leader of a 26s gang called Wild Geese in the 1970s and 1980s who balanced high levels of violence with community handouts.

Swartz became the general of 27s on the street when Stevens was killed in February 2021, after Stevens's hitmen began cooperating with the state during the murder trial of 'Steroid King' Brian Wainstein. In his capacity as boss of the 27s, Swartz controlled the largest pool of assassins in the Western Cape underworld, numbering some 60–70 hitmen, making him a key figure in the assassination-for-hire market.

The past few years have also seen violence forming a market in its own right, in the shape of assassination-for-hire (see 'Organized violence' section). Hitmen initially hired by taxi association bosses to protect routes and attack competitors have become a monetized resource of violence used by other actors and entities in both the under and upperworlds for political and economic ends, echoing a pattern seen during apartheid.

The evolution of prison Number gangs has also led to the creation of a reservoir of professional hitmen in recent years. The rising profits from the drugs trade in the 1980s saw imprisoned gang bosses buy 'rank' in the Number gangs once inside prison, which, in turn, led to a series of changes in how prison gangs operated. Formerly the major prison gangs – the 26s and 28s – had only recruited inside prison, but began recruiting more heavily outside and established a presence on the street. One prison gang – the 27s – was originally an informal provider of violence and assassination to various gangs until it was integrated by its leader, William 'Red' Stevens, as a cohesive street gang in its own right and Stevens began subcontracting the gang's assassins to other criminal groups.



MAPPING THE CONTEXT

The five key characteristics identified above are found in many contexts where there is a serious organized crime problem. But although these features may help define the nature and operation of organized crime in South Africa, they do not reveal the context – the conditions in which it emerged or the parameters in which it operates.

And context is important: the MS-13 gang in Central America and the Americans gang in the Western Cape are both deeply embedded in their respective communities, but their origins and how their situations have come about are different in important ways. Neither is organized crime uniform within South Africa itself: Western Cape gangs demonstrate differences (as well as similarities) with those in Durban or Johannesburg, for example. Likewise, the

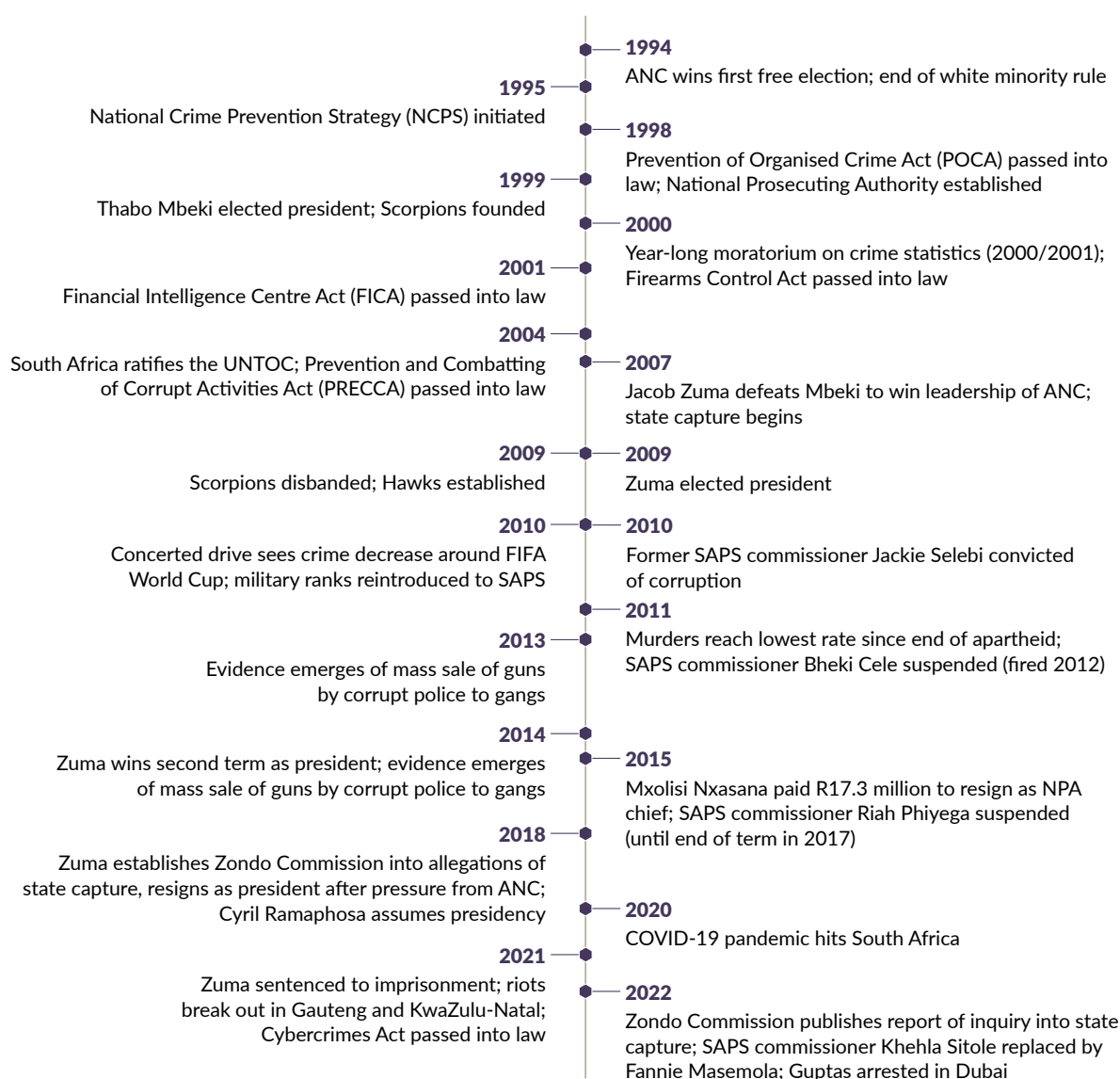
post-apartheid context has shaped the international connections of South African organized crime in unique and distinctive ways.

An attempt to map the context of South African organized crime might therefore revolve around three questions, namely how organized crime engages with

1. the state;
2. the local context; and
3. the international context.

Each of these tells a different story about the evolution of organized crime in South Africa and reveals the social, economic and political factors that have been fundamental to its success (see the timeline).

TIMELINE OF KEY EVENTS IN SOUTH AFRICA



Organized crime and the state

The state has arguably been the central influence on the formation of organized crime in South Africa. The social, political and economic dynamics of apartheid and the post-apartheid transition were crucial to the development of organized crime in South Africa, which has consistently outpaced the state's response, despite some good initiatives. Finally, the impact of corruption – which was always present but reached new levels during the period of state capture under Zuma – has catalyzed organized crime in profound and lasting ways. (For a detailed overview of the history of the state's response to organized crime since apartheid, see section 'Countering organized crime: the state's response').

Unpoliced spaces: organized crime during apartheid

- Spatial apartheid, most notably resulting from the Group Areas Act, fuels rise of gangs.
- Extortion and drugs (especially Mandrax and cannabis) become major illicit markets.
- No effective law enforcement presence in marginalized communities, which rely on self-governance structures.
- Lack of regulation of taxi industry post-1987 facilitates criminal involvement and violence.

The apartheid regime's policy of spatial segregation and its failure to provide an equitable law enforcement service to South Africa's excluded communities created a context that allowed organized crime actors to establish lucrative illicit economies (mainly around drugs and extortion) and embed criminal governance. While gangs had been known to be present in South Africa since at least the 1940s,³⁸ their levels of influence in the Western Cape, Johannesburg, Durban and Nelson Mandela Bay dramatically increased in the 1960s and 1970s as the Group Areas Act (1950) led to forced relocation of marginalized populations from urban to peripheral areas. These newly dislocated and fragmented communities, where service-orientated policing was limited or non-existent, provided the perfect opportunity for criminal governance to arise, with gangs balancing illicit activity with efforts at legitimization by providing food, money or services, as well as offering an alluring form of social identity for young people. More violent and powerful gangs also emerged, most notably the Americans and the Hard Livings in Cape Town.

Lack of law enforcement presence in townships and other low-income areas – other than it manifesting in political oppression (such as enforcing 'pass laws' and targeting political opponents) – led to the formation of communities' own policing and judicial structures, including 'civil guards'

and vigilante groups. This trend increased following the June 1976 protests in Soweto, which turned into a massacre when police opened fire, killing at least 176 people, including many children. Trust in the police declined in Soweto and most other townships in the mid-1980s, with communities largely becoming self-arbiters of criminal justice, with profound consequences in the post-apartheid era.

The economic strictures of apartheid were also influential in shaping organized crime. The minibus-taxi industry had been forced to operate largely illicitly until the regime legalized the industry in 1987, allowing black people to legally access a profitable livelihood for the first time. But a lack of accompanying regulation saw taxi associations become increasingly violent in their efforts to secure market share and allowed exploitative industry practices (such as extortion and corruption) to flourish. This niche has remained largely outside state control despite the profound change of the transition years, highlighting the long legacy of the period on organized crime.

Change and continuity: crime in the new republic

- New political dispensation brings new criminal opportunities.
- Spaces for alternative governance persist, protecting criminal interests and driving rise in private security and vigilante groups.
- Low-level corruption proliferates and high-level corruption emerges, creating atmosphere of impunity and enabling criminal penetration of the state.
- State-owned or part-owned sectors, such as transport, energy, water, fuel and communications, provide lucrative opportunities for organized theft.

The end of apartheid brought extraordinary political change in South Africa – and, with it, extraordinary criminal opportunity. The end of South Africa's political isolation allowed for greater integration with the global illicit economy ('Organized crime and the international context'), but there was also much that stayed the same. Many of the hallmarks of apartheid, such as socio-economic inequality and lack of state presence, persisted and continued to enable, incentivize and support organized crime.

The fraught issue of economic reform in the post-apartheid period led to widespread disaffection that in some instances fuelled illicit activity. The rise in abalone poaching in the late 1990s, for example, was influenced by a slow and ineffective reform of the abalone industry, which had been dominated by white-owned companies at the expense of low-income coastal

communities. Some later political efforts to overturn structural economic injustices have also been criminally exploited, as in the case of the so-called ‘construction mafia’, which has repeatedly held construction companies hostage for pay-offs, invoking a clause in the Preferential Procurement Policy Framework Act that reserves 30% of public procurement contracts for designated groups.

This theme of change and continuity is also evident in the state’s response to organized crime. Idealistic and well-intentioned efforts to reform law enforcement have stumbled against weak capacity, vested interests and a persistent lack of public trust in the police (a legacy of apartheid), rendering SAPS incapable of tackling the severe rise in organized crime and spurring a reversion to militarized tactics that echo law enforcement under apartheid, such as the Marikana massacre on 16 August 2012, when 34 protesting miners were shot dead by police.

Beyond the operational failures, the state’s response has shaped the development of organized crime in more insidi-

ous ways, most notably through corruption. On the streets, corruption has been a continual enabler of organized crime in both the apartheid and post-apartheid eras in many illicit markets, while corruption at a higher, institutional level developed as a major problem during the Zuma administration between 2009 and 2018. Both forms of corruption have severely undermined the state’s capacity and provided criminals with power and influence over the very institutions meant to combat them. As such, the state’s response has become a key battleground of national and criminal interests, and a major influence on the shape of South African organized crime today.

The post-apartheid state has also proved a lucrative hunting ground for those engaged in organized theft. The energy, water, transport, fuel and communications sectors are either controlled or part-controlled by the state. In recent years, and especially during the pandemic, organized crime groups have ramped up their attacks on this state-owned infrastructure, mainly in the form of copper theft.

Organized crime and the local context

- Organized crime activities tend to start out in geographically and topographically defined contexts.
- Once proven successful, a localized criminal activity or operation may spread more widely.

While there are common factors that have given rise to organized crime across the entire country, organized crime has also responded to specific local contexts, in part through necessity (for example, when illicit goods can only be sourced from certain locales) and in part through opportunity.

Many illicit markets, such as irregular mining, illegal wildlife trafficking, illegal fishing and other environmental crimes, are determined by geography, at least at the point of extraction. Diamond theft is concentrated in the deposits in Kimberley, while platinum theft occurs around the platinum belt in North West and Limpopo provinces. Abalone poaching is limited to South Africa’s western and southern shore stocks, bringing it into the ambit of Western Cape gangs, while rhino and elephant poaching is concentrated in the Kruger National Park.

South Africa’s human geography has also spawned illicit activities in specific locations, with logistics hubs such as ports and airports serving as entry and exit points for illicit flows and fuelling organized crime in the surrounding areas. Durban’s port has become a key trafficking hub for cocaine and heroin, as well as illicit pharmaceuticals (which also come in by air), driving local illicit markets and facilitating the creation of middle men who traffic drugs to other provinces. Johannesburg’s OR Tambo Airport has seen numerous arrests for human and diamond smuggling,

wildlife crime, counterfeit goods and drugs, among other illicit activities. Local economic factors also give rise to illicit markets, such as the decline of the mining industry, which began in the 1990s, which first gave rise to *zama zamas* (illegal miners; Zulu for ‘try and try again’) in Welkom, Free State, or lack of service provision (or inability to pay for such services) in some communities, which drives electricity theft, often with the collusion of company employees.

Organized crime groups have developed unique characteristics in their areas of operation. In the Western Cape, gang activity and membership are widely known and reported about on an almost daily basis, while the gangs in Johannesburg have adopted a lower public profile (although they are well known in their local spheres of operation). Different cost-benefit calculations are at play: in the Western Cape, the public image of gangs amplifies their notoriety and establishes them as ‘players’, whereas Johannesburg gangs tend to avoid the law enforcement attention that such publicity brings, fearing that it disrupts business.

Similarly, while criminal governance has been challenged by vigilante groups across South Africa, the impact of this challenge has been more profound in certain areas than others. In the mid-1990s, criminal governance in Cape Town was dramatically reshaped by the vigilante actions of People Against Gangsterism and Drugs (PAGAD), a movement that actively targeted gangsters – including the notorious public killing of Rashaad Staggie, original leader of the Hard Livings gang, in August 1996. This threat drove most of the Cape Town gangs to seek strength in unity through the establishment in late 1996 of the Community Outreach Forum (Core), a short-lived umbrella organization that included members of the Firm and which sought to establish

political credibility after the first democratic election. Core claimed a mandate of reducing gang violence and building community cohesion, including through donations to churches, charities and football clubs.³⁹ Although its latent criminal instability soon saw it fracture, Core's strategies were subsequently adopted by individual gangs.

Extortion markets have also followed different trajectories. In the Western Cape and Gauteng, extortion networks traditionally embedded in the nightlife industry have attempted to legitimize their activity by setting up private security companies to help upperworld clients obtain 'swift results', while in KwaZulu-Natal, extortion has taken a different course in the shape of 'business forums' and the so-called 'construction mafia'. Private security companies also play a role in the extortion-driven minibus-taxi industry in KwaZulu-Natal, where they have in effect become armed wings of the taxi associations and legal cover for the hiring of taxi hitmen.

Local criminal operating tactics, however, if successful, can spread across the country. Business forums, for example, are now found across South Africa; extortion of low-income communities (a phenomenon that dates back to the 1940s) has become increasingly widespread throughout South Africa, especially since the COVID-19 pandemic, when extortionists began targeting residents more heavily as their usual sources of income such as small businesses and taverns were closed during the lockdown. Kidnapping for ransom has soared since 2016 due to foreign syndicates shifting operations to South Africa and local copycat groups mimicking their modus operandi, but targeting South African nationals. From their origins in Welkom, *zamas zamas* have greatly increased in number and are now found in mining sites across South Africa. Distinctions between gangs in different areas are also blurred by the cross-country connectedness of gangs that supply of hitman and drugs, as well as the fact that several gangs that emerged in certain cities have migrated to or set up 'franchise' groups in other cities.

Organized crime and the international context

- End of apartheid political isolation saw South Africa integrate with globalization, causing several markets to expand rapidly.
- New international demand, logistics mechanisms and technology all contribute to internationalization of South African organized crime.
- Influx of foreign criminal actors after apartheid reshaped the South African organized crime landscape.
- Foreign actors initially lack embeddedness but can quickly form local connections.
- There is a transnational element to almost all illicit markets.

While there were connections between South African organized crime actors and transnational crime during apartheid, they were relatively limited. Access to South Africa was highly prejudiced in favour of whites and the country was politically isolated by the international community, although for some foreign actors this isolation offered a refuge from law enforcement pressure and extradition treaties. Alleged Cosa Nostra boss Vito Roberto Palazzolo, also known in South Africa as Robert Von Palace Kolbatschenko, moved to South Africa in 1986, where he allegedly enjoyed a measure of political protection while several countries wanted him extradited, including the US, Switzerland and Italy.⁴⁰

The situation rapidly changed post-1994. The opening-up of the country after apartheid coincided with the rise of both globalization and post-Cold War transnational

organized crime, which enabled South African organized crime to access international illicit flows more readily. New illicit products drove massive expansion of several markets, most notably drugs, which diversified from a market based predominantly on Mandrax and cannabisto one that supplied Ecstasy, LSD, cocaine, crack cocaine and meth; heroin use also exploded compared to apartheid levels.

Since this early period, the internationalization of South African crime has been further fuelled by the emergence of new international markets (such as China, with its increasing demand for copper and illegal wildlife products); the huge increase in global container traffic and global logistics more generally; the rise of the internet (which has facilitated the expansion of several markets and created a new one in the shape of cybercrime); and the creation of the international financial system, which has facilitated money laundering and other forms of economic and financial crime. Today, there is a transnational element in almost all illicit markets in South Africa.

The influx of foreign actors⁴¹ into South Africa after the end of apartheid has also profoundly affected the local development of South African organized crime, although any analysis of foreign actors in South Africa must sound a note of caution: foreign nationals are routinely associated with driving crime in South Africa, despite a dearth of data as to the nationality of criminal perpetrators,⁴² and xenophobic attacks on foreign nationals on the basis of supposed involvement in crime are common. While some foreign actors are indeed involved in organized crime in South Africa, the overwhelming majority of foreign nationals are not, and stereotyping must be avoided.

Four typologies of foreign actors

As South Africa became more integrated into the global criminal economy, in particular since 2000, the presence of foreign criminal actors increased.⁴³ However, the means and motivations of these foreign actors were not the same. Mapping these variables produces four typologies of foreign actor: fugitives, family, fortune seekers and franchisees (see Figure 4).⁴⁴ The analysis below is not an exhaustive account of foreign actors in South Africa, but aims to be illustrative of how these different actor typologies have engaged with and shaped the South African organized crime context, and advance the debate over the role of foreign actors from the concept of ‘nationality’ alone.

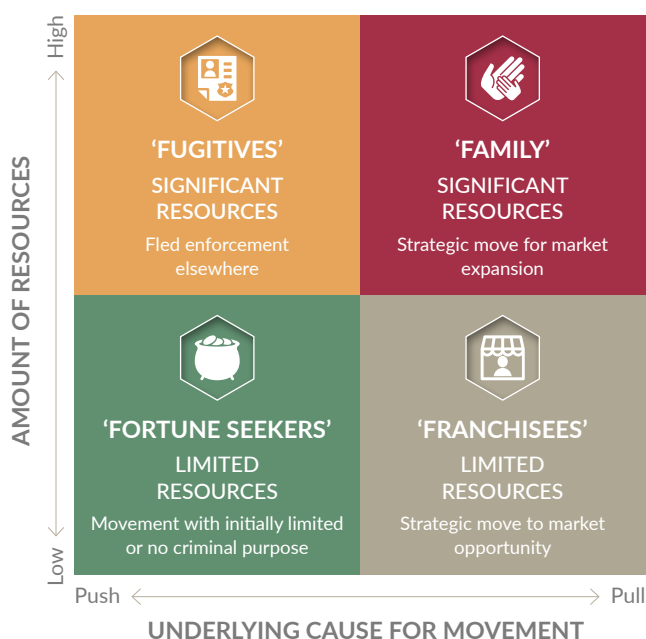


FIGURE 4 The reasons for the movement of foreign criminal actors against the resources they may possess.

SOURCE: Mark Shaw, Fugitives, family, fortune seekers and franchisees: Understanding foreign criminal actors in Africa, ENACT, April 2022, <https://enact-africa.s3.amazonaws.com/site/uploads/2022-04-14-research-paper-27.pdf>.

Fugitives

Fugitives are individuals, networks or groups who have access to large-scale financial resources but who have moved overseas because they were forced to due to law enforcement or rival criminal groups. They often leave in a hurry and arrive with little preparation and no clear strategic objective.

One of the most influential Johannesburg underworld figures in recent years initially arrived as a ‘fugitive’. In 2005, Radovan Krejčíř fled the Czech Republic where he was wanted on numerous charges, including conspiracy to murder, money forgery, tax evasion, extortion and abduction.

He arrived via the Seychelles in South Africa in 2007, where he was arrested at OR Tambo Airport.⁴⁵ After a magistrate refused to extradite him, Krejčíř quickly settled in to become a major player in the criminal landscape, forging links with police and government officials. In 2013, he survived an unusual assassination attempt with remote-controlled guns fired from an empty car, until after almost a decade of high-level criminal activity, he was sentenced to 35 years’ imprisonment in 2016 for drug dealing, kidnapping and attempted murder.⁴⁶

Family

‘Family’ does not denote movement as part of a family or relative group, but draws on the term ‘family’ in the mafia sense: representatives of a closed criminal group moving under instruction and with the resources needed to expand criminal markets. These actors have been instrumental in the strategic spread of organized crime in a globalized world.

Nigeria’s Black Axe is an archetypal example of a ‘family’ type of foreign actor operating in South Africa. The Black Axe began as a student movement in Benin City in the 1970s but has since morphed into a global criminal network that carries out advance fee scams, business email compromise (BEC) fraud and romance scamming.⁴⁷ The Black Axe hierarchy divides the world into regional chapters known as ‘zones,’ with Cape Town one such zone, which was reportedly officially recognized by the Black Axe leadership in 2013.⁴⁸ In October 2021, eight Nigerians were arrested in Cape Town for defrauding 100 Americans out of R100 million over a period of some 10 years. The US Justice Department identified seven of the accused as being leaders in the Black Axe (see ‘Cybercrime’ section).⁴⁹ As well as hosting Black Axe groups, South Africa also helps enable their spread to other parts of the world. Due to perceptions of criminality, Nigerians may have difficulty getting visas and travel permits, so Black Axe members come to South Africa to obtain South African citizenship, which facilitates their travel to the US, Europe or Dubai.⁵⁰

Fortune seekers

Fortune seekers are individuals, networks or groups who move without initially having a clear criminal purpose. They are generally ‘pushed’ by circumstances from places of poor economic opportunity, persecution or conflict to ones that offer a better opportunity. They arrive with little in hand. Highly entrepreneurial, they may develop criminal market interests over time but arguably may struggle to exploit them given lack of capital.

The first wave of the Bulgarian mafia in South Africa has its roots in the collapse of the Soviet Union. Many Bulgarians were relatively well educated, which made them eligible to

find jobs abroad after their country spiralled into economic collapse in the early 1990s, especially given their expertise in electronics, which they had developed in the Soviet era.⁵¹ This expertise formed the initial *modus operandi* of Bulgarian crime groups, who began engaging in high-tech credit card fraud, such as card skimming. Bulgaria's long history as a smuggling hotspot also paid dividends in South Africa, with Bulgarian actors establishing roles for themselves in abalone and drug smuggling. Today, the Bulgarian networks involved in cocaine trafficking – such as the four arrested in 2021 on a ship in Saldanha Bay carrying 973 kilograms of cocaine worth R583 million⁵² – may be more accurately classed as franchisees: no longer escaping unstable contexts, these foreign actors are deliberately targeting South Africa as a land of criminal opportunity.

Franchisees

Franchisees are individuals, networks or groups who move to exploit an identified criminal opportunity, but do so with few resources. Such actors are generally part of larger criminal networks elsewhere who spot opportunities for building new markets, or agree to travel with this purpose. Such arrangements have a strong element of 'franchising,' in that criminal entrepreneurs may move in order to position themselves to link to a wider criminal network, and pay (willingly or unwillingly) for that privilege.

Pakistani networks have been a growing phenomenon in southern Africa in recent years and are particularly engaged in the drugs trade and organized kidnapping. Franchisees join established businesspeople from the South Asian diaspora, some of whom are suspected to be players in the regional drug trade. These businesspeople pay local gangs in order to operate and charge the newly arrived franchisees for the cost of protection, as well as taking most of the money they earn through drug deals.

Pakistani syndicates also engage in kidnapping, often in coordination with networks in Pakistan: the South African syndicate may kidnap a pre-identified victim of wealth and social standing, and the Pakistan syndicate may extort their family based in Pakistan. Bangladeshi kidnapping syndicates in South Africa have used a similar approach. Established kidnapping syndicates in Mozambique have also moved to South Africa, driving a spate of sophisticated kidnappings since 2016 (see 'Kidnapping for ransom or extortion' section). Before this time, kidnapping for ransom was not prevalent in South Africa, indicating that these groups saw a gap in the market, and their approach has since been copied by local groups. These kidnapping syndicates make use of the intelligence-gathering and operational skills they acquired in Mozambique to target high-worth individuals, usually fellow nationals.

YURI ULIANITSKI

The case of Yuri Ulianitski, a Ukrainian, highlights the prominent role that geopolitical turmoil can have in forming the fortune seeker. Together with his business partner Igor Russol, Ulianitski emigrated to South Africa after the collapse of the Soviet Union in the 1990s. He quickly formed contacts with the Cape Town underworld and worked for a time as the bodyguard for Hard Livings boss Rashied Staggy, before setting up his own extortion enterprise.⁵³ He became a major figure in the Cape Town criminal landscape, but was assassinated along with his four-year-old daughter in 2007.

THE GUPTAS

The most prominent example of 'fortune seekers' in recent years is the Gupta family, who stand accused of being among the major beneficiaries of corruption in the state capture period under Zuma (see also 'Organized corruption' section). Atul Gupta's father sent his son from India to South Africa in 1993, believing that Africa was about to become the land of opportunity; that same year, Atul was joined by his brothers Ajay and Rajesh.⁵⁴ The family had few resources and first began selling shoes,⁵⁵ but soon set up a business and developed a strategy to embed themselves among certain political cliques.

Initially, they sought to establish credibility among the political leadership at large by donating to all political parties, then leveraged these networks to acquire government business. They subsequently used these funds to buy more extensive influence, and ultimately control. Through the patronage of President Zuma, the Guptas secured a dizzying array of state contracts worth an estimated R57 billion for their companies, many of which became tainted by severe corruption and misappropriation, especially those involving Transnet, Eskom and the Free State provincial government.⁵⁶

The Guptas fled South Africa for Dubai in 2018 after the Zondo Commission began investigating allegations of state capture – an inquiry that resulted in a vast and detailed account of the Guptas' alleged role in state capture during Zuma's presidency across several reported cases.

After INTERPOL issued a red notice for their arrest in July 2021, Atul and Rajesh were apprehended in Dubai in June 2022, and at the time of writing faced extradition to South Africa.⁵⁷ The outcome of the prosecution of the Guptas will be a bellwether in South Africa's fight against organized corruption.

COUNTERING ORGANIZED CRIME: THE STATE'S RESPONSE

The trajectory that organized crime has taken in South Africa, discussed in the previous section, is also a reflection of how the state's response has been conceived and implemented – and where it has fallen short. Understanding the course of policing and policy over the last 30 years is therefore vital in understanding how and why South Africa has come to this point, and what lessons can be learned for the future.

This analysis divides the history of the state's post-apartheid response to organized crime into three eras: the Mandela–Mbeki era of idealistic framework-building but capacity shortfalls; the Zuma era of institutional corruption

and debilitation; and the Ramaphosa era, characterized by the reprioritization of organized crime but lack of capacity to fight it.

Before doing so, however, it is worth looking at the longitudinal trajectory of violent crime in South Africa to give some perspective. One way to do that is to examine the country's murder rate per head of population over several decades. This demonstrates both the success of the first democratic administrations, but also a series of later failings. Given its devastating impact – and that other crimes of violence often track closely to homicide – the murder rate is a useful proxy measure for overall levels of crime in any society.

WHAT THE MURDER RATE TELLS US ABOUT ORGANIZED CRIME IN SOUTH AFRICA

As illustrated in Figure 5, the decade and a half after the first democratic elections in 1994 saw a dramatic reduction in South Africa's murder rate from over 70 per 100 000 to 30 per 100 000. One of the main factors was the decline in politically motivated violence in KwaZulu-Natal and Gauteng, but detailed research suggests that the effective implementation of the Firearms Control Act of 2004 also had a major impact.⁵⁸ A focus on building state institutions, implementing policies of societal inclusion (community policing being one element) and crime prevention also played their part.

From 2011/12, however, the murder rate has surged steadily upwards – with close to a 40% increase over a decade. A number of crime types closely associated with organized crime – most notably aggravated robbery, including carjacking – also increased during the same period in alignment with the murder rate. In the last few years, the murder rate has increased steadily, now measured as being in the region of 40 per 100 000. This is a

significant reversal of the gains made in the first 15 years of the new democracy.

Why this regression? It is likely (in the absence of unequivocal data) that the upturn in murder is the result of several factors. First, the erosion of policing independence and skills during this period, reflected in far fewer murder cases being solved; second, the release of large numbers of state guns to the criminal underworld; third, an enormous increase in the issuing of gun licences (including semi-automatics) partly thanks to corruption in the firearm licensing system; finally, as a result of the first three factors, an increase in deaths related to organized crime in cases of robbery, assassinations, gang violence and the like.⁵⁹ For example, there has been a surge in murders in illegal mining areas. Evidence suggests that murders are increasingly likely to be a result of cases linked to the various illicit markets that we consider in this risk assessment.

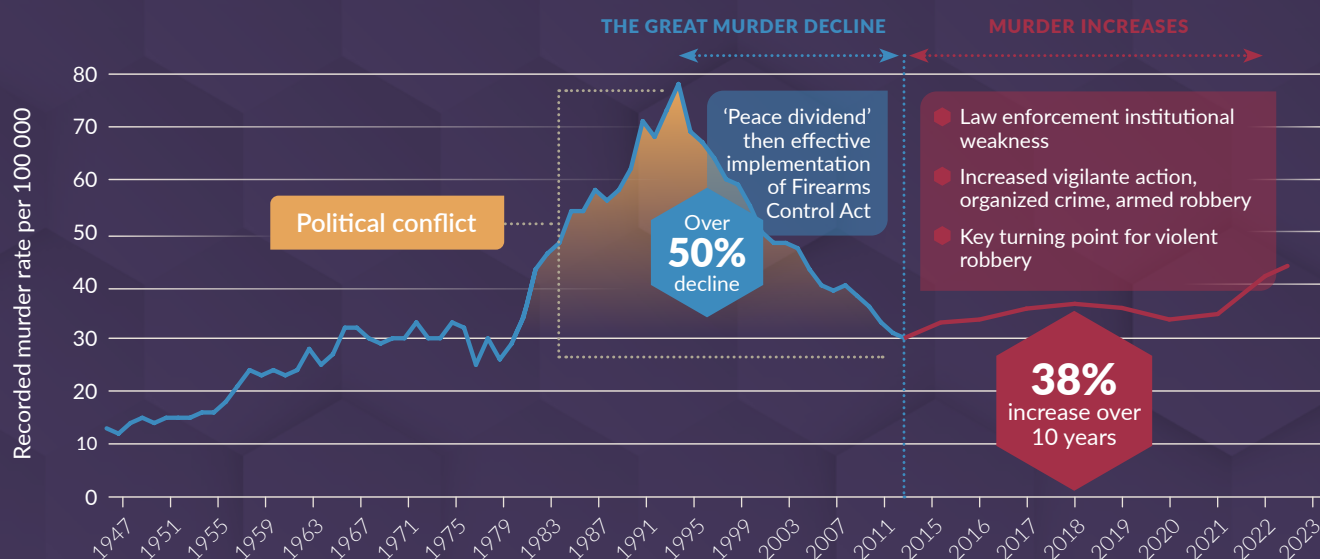


FIGURE 5 South Africa's recorded murder rate per 100 000, 1947–2022.

NOTE: Updates to the graph are courtesy of Dr Anine Kriegler, Centre of Criminology, University of Cape Town.

SOURCE: Anine Kriegler and Mark Shaw, Facts show South Africa has not become more violent since democracy, *The Conversation*, 21 July 2016, <https://theconversation.com/facts-show-south-africa-has-not-become-more-violent-since-democracy-62444>

Forging a nation: the Mandela–Mbeki era

As South Africa began transitioning from apartheid, it launched a process of reforming and replacing its institutions. Law enforcement and criminal justice were particularly urgent priorities due to their politicized nature under apartheid and their key roles in providing more inclusive forms of public safety and civil order. Left-leaning policy-makers were keen to establish a progressive and liberal framework. International concepts around the importance of crime prevention over crime fighting were adopted⁶⁰ and human rights became paramount.

These ideals had to contend with practical realities and political pragmatism, however. The notorious apartheid-era Security Branch was politically insupportable and disbanded in 1991, to be absorbed by the Detective Branch.⁶¹ But despite the fact that the South African Police (SAP) force had been 'primarily a political instrument, designed largely for the suppression of dissent and not crime prevention', it was not seen as feasible to dismantle it.⁶² Instead, a process of reform began to convert an overwhelmingly white-dominated force (plus 10 'homeland' police forces) into a more representative service. Changes in personnel did not happen overnight: in 1995, SAPS's upper echelons were still more than three-quarters white and male, and it was only in 1997 that a formal policy was adopted and significant progress started to be made. By 2000, the aim of 50% of middle and senior posts being held by black policemen and 30% by policewomen had been largely achieved.⁶³

Meanwhile, community policing forums were established in 1991 to build the legitimacy of the police among communities long used to fending for themselves, and whose only prior experience of the police was mainly of a political, violent and controlling force.

The political concerns and weak capacity of the new law enforcement service, which was in effect learning how to police the country for the first time, meant that the work of crime fighting slipped down the police agenda. The timing was unfortunate, as crime was rapidly becoming a major issue for the fledgling state, despite attempts by the government to downplay it. The murder rate is broadly a good indicator of the incidence of other forms of violent crime, but although, as noted above, the murder rate was falling from 1994, organized crime was nevertheless rapidly evolving due to the enabling conditions of the transition, as discussed earlier in this report.⁶⁴ Gangsterism was becoming more entrenched and widespread, underpinned by the booming drug trade. In the midst of reforming its identity and approach, law enforcement was entirely unprepared to face this rapidly mounting threat.

The issue of police credibility and a new approach to governance in townships and low-income areas was also proving a challenge to imposing law and order. The dearth of protective policing in black communities during apartheid had led, as mentioned, to the formation of communities' own policing and judicial structures, while there was

At heart lies the fundamental question of where best to locate counter-organized-crime responsibility in South Africa's crime-fighting architecture.

also entrenched criminal governance by gangs, who greatly expanded their influence in the wake of forced removals.

In many quarters, the reform of policing in these communities in the post-apartheid era was fraught and trust was severely lacking, despite efforts by President Mandela and others urging the public to trust the police. Many township residents (and police officers) were suspicious of the establishment of community policing forums, viewing them as mere PR exercises (gangsters also inserted themselves into the forums, further undermining the forums' credibility).⁶⁵ As a result, the police lacked moral authority in many areas where it was needed most, and were required to negotiate access to communities, becoming in effect one of many security 'players' in a complex space.⁶⁶ Corruption, in part needs-driven because of low wages, further undermined public perception of the police, and created links between police and organized crime that would mutually sustain each other and deepen criminal governance.

The new democracy responded to the crime wave by implementing various pieces of policy and legislation. A National Crime Prevention Strategy (NCPS) was approved in 1996, making crime a national priority and aimed at coordinating all relevant government departments and civil society.⁶⁷ Acknowledgement of the unique phenomenon of organized crime came in the shape of the Prevention of Organised Crime Act (POCA), which came into effect in January 1999 and criminalized racketeering, money laundering and criminal gang activity.⁶⁸ Once again, South Africa's conceptualization of crime was influenced by the latest international thinking: the Act's framing was largely informed by US and Italian responses to organized crime, and was in step with growing international recognition of the threat of organized crime, which was to culminate in the adoption of the UNTOC in 2000.⁶⁹

Nevertheless, overall crime rates continued to be a matter of great concern, sparking anti-government protests and the establishment of non-governmental organizations with anti-crime agendas. Business groups lobbied government and offered support to the police, while there was a resurgence in vigilante groups.⁷⁰ The most notorious of these was the People Against Gangsterism and Drugs (PAGAD), which initially formed in the mid-1990s in the Western Cape as a community-based vigilante group that targeted gangsters, before morphing into a broader terrorist network that the state eventually defanged in the early 2000s.⁷¹ One violent vigilante group in Limpopo – Mapogo

A Mathamaga – opened numerous branches and even registered as a private security company in 2001.⁷² Private security as an industry in general boomed during this period (mainly serving affluent white neighbourhoods) due to perceptions of police ineffectiveness and increasing rates of privately owned property. This challenged the state's monopoly on force to maintain law and order.⁷³

By the mid-1990s, cracks were beginning to appear in the new law enforcement order, with a gap between its laudable intentions and constrained capacity. Ideas did not translate into action: the NCPS, for example, was 'difficult to operationalise' and it was challenging to measure whether its implementation had impacts on the ground.⁷⁴ Despite police reform, a systemically racist and authoritarian culture persisted, and many of the police old guard remained at the helm of change.⁷⁵ Police competence was also low, particularly in terms of the training, skills and experience levels of detectives.⁷⁶

A similar story was unfolding in terms of prosecutions. Parliamentary minutes in 1999 noted concern over a lack of convictions by the National Prosecuting Authority (NPA) (established in August 1998) across several major crime categories; there were instances of prosecutors with only six months' experience handling serious crime cases in court.⁷⁷ Transparency was also low, making it difficult for external researchers and analysts to accurately assess the nature of crime or the efficiency of the state's response.

A sign of a tougher and more strategically-minded approach came in 1999 when newly elected President Thabo Mbeki launched an elite investigative unit known as the Scorpions (formally known as the Directorate of Special Operations, or DSO) tasked with fighting organized crime, corruption and complex commercial crime. The Scorpions answered to the Department of Justice, not the Department of Safety and Security (which supervised the SAPS), reflecting an institutional lack of confidence in the police to handle such serious crimes.⁷⁸ The unit was formed from three directorates under the NPA: the Investigating Directorate for Organised Crime and Public Safety and the directorates on serious economic offences and corruption.⁷⁹ It adopted an innovative and synthesized approach to crime-fighting, bringing together prosecutors, investigators and intelligence analysts to tackle complex cases.⁸⁰

But even as the Scorpions marked a sensible move towards more expert and independent investigation, the politics of law enforcement was becoming increasingly fraught. SAPS fiercely resisted the formation of the Scorpi-

ons due to the fact that the unit was not situated within the police service, and used every argument and tactic available to stymie the unit. The 2000 appointment of Jackie Selebi – a high-ranking ANC official and close Mbeki ally with no prior policing experience – as SAPS commissioner marked a new phase in South Africa, one that would see the increasing politicization of law enforcement agencies and the undermining of the Scorpions. Selebi was keen to appear hard on crime, launching several crackdown operations and promoting the idea of greater police visibility. A host of specialized units were consolidated – a move that included the closure of the narcotics and anti-corruption desks.⁸¹ In a later effort to increase resources at police station level, several of the remaining specialized units were ‘decentralized’, destroying unit cultures of expertise, information-sharing and mentoring.⁸² In their stead, Selebi instituted covert task teams, reporting directly to him and paid out of a slush fund.⁸³ This began a trend towards personal policing in which networks began to take primacy over institutional structure.

Law enforcement entered the realm of inter-party struggles in the early 2000s, when the Scorpions started investigating allegations of ANC corruption involving the Strategic Defence Package. Signed in December 1999, the package was the largest arms acquisition deal in South African history but the procurement process was plagued with irregularities.⁸⁴ Costs spiralled by billions of rands, millions of which were misappropriated. Schabir Shaik, a financial adviser to then deputy president Zuma was sentenced in 2005 to 15 years for corruption in the deal, forcing Mbeki to fire Zuma.⁸⁵

Hollowed out: Zuma and the era of state capture

In the months leading up to the 2009 presidential election, two events signalled an ominous shift in the state’s crime-fighting approach. In January, the Scorpions were disbanded due to concerns of being politically influenced,⁸⁹ and in early April, a few weeks before the election, prosecutors dropped corruption charges against Zuma, leaving him free to stand for the presidency.⁹⁰ Thus unburdened, President Zuma began to dismantle or repurpose criminal justice institutions in order to bolster his own protection and undermine his political opponents. The president and his ministers of police and intelligence installed cronies at key agencies, such as SARS and the NPA, to stymie investigations and prosecutions of cases among Zuma’s coterie, which mostly took the shape of misappropriation of public funds from large state procurement contracts in the areas of transport, defence, energy and government services (see ‘Organized corruption’ section).

One of Zuma’s first appointments at SAPS was that of Richard Mdluli, whom he installed in July 2009 as head of Crime Intelligence, a position that he allegedly used to spy on Zuma’s enemies and hire a raft of people unqualified

Then in 2008, Selebi was placed on a leave of extended absence following an investigation by the Scorpions; he was convicted in 2010 and sentenced to 15 years in prison.⁸⁶ The investigation of Selebi by the Scorpions and his subsequent prosecution by the NPA had the effect of exacerbating prior conflicts between the DSO/NPA on the one hand and the SAPS/intelligence services on the other. A potential factor in mobilizing significant sections of the security, and subsequently the political establishment, in defence of Selebi was the realization that a successful pursuit of as high-profile a character as Selebi was bound to open the door to the similar pursuit of other suspects in high-level corruption and organized crime cases. The antagonism between the isolated Scorpions and the rest of the, more politically supported, security community, created a dynamic that exists to this day in the relationship between elements of the National Security community and the Directorate for Priority Crime Investigation (DPCI) (commonly known as the Hawks), the successor organization to the Scorpions.

In this period, the Scorpions also investigated Zuma for corruption related to payments from Shaik and his companies,⁸⁷ but claims of political interference by Mbeki in the investigations of the Scorpions critically undermined Mbeki’s political standing⁸⁸ and in December 2007, Zuma deposed Mbeki as ANC president. In September 2008, Mbeki resigned as South Africa’s president, paving the way for Zuma’s election to the office in 2009, an event that ushered in a new era in which the state, instead of fighting crime, became a major participant in it.

for police work.⁹¹ (Mdluli was convicted of kidnapping and assault in 2019 and sentenced to five years in prison, and as of April 2022 faces charges of fraud and corruption over a Crime Intelligence slush fund.)⁹² Mdluli was the first of many appointments that undermined the capacity and capability of South Africa’s law enforcement agencies. During Zuma’s presidency, six police commissioners were hired without proper vetting or assessment.⁹³

Zuma replaced the Scorpions with the DPCI (known as the Hawks). The Hawks were given a similar mandate to fight organized and economic crime and corruption, but now fell under the SAPS and prosecutors and investigators would no longer be part of the same unit. While the new structure and location of the Hawks would theoretically address the concerns raised by other elements of the security community – including re-establishing the division of labour between investigative and prosecutorial agencies, and removing the intelligence function that existed under the Scorpions – there was no visible improvement either in institutional relations or the quality of the investigative work of the entity.

The placement of the Hawks under SAPS also rendered the unit susceptible to political control. Anwa Dramat, the first commander of the Hawks, had to contend not only with building a capable investigative entity to counter organized crime and corruption out of a poorly skilled resource base, but also continual attacks on himself, his investigative staff and the institution of the Hawks as soon as they started investigating political figures and leaders in government. With Dramat's suspension and subsequent hounding out of his post, the Hawks was ripe for its transformation into a toothless and subservient entity with neither the intent nor the capability to investigate corruption and organized crime. The appointment of Lieutenant-General Mthandazo Ntlembe as Hawks commander in September 2015 was widely seen as the culmination of the executive's efforts to capture the unit.⁹⁴

Over the course of Zuma's presidency, key agencies were hollowed out, haemorrhaging expertise and losing morale, while corrupt leadership protected politically connected actors. Prominent state capture cases languished for years, as did investigations into the Zuma-appointed heads of the NPA and State Security Agency (SSA).⁹⁵

As capacity collapsed, arrest and prosecution rates plummeted: between the 2010/11 and 2014/15 financial years, there was a 60% drop in the number of arrests and an 83% fall in the number of convictions.⁹⁶ A concerted drive saw decreases in some crime categories around the 2010 FIFA World Cup (at which 40 000 officers were deployed), but in many cases these falls were short lived. Between 2012 and 2018, there were significant increases in murder (up by 30.7%) and aggravated robbery cases (19.8%), both of which had been in decline for years before.⁹⁷ Cash-in-transit heists – one of the most highly organized forms of crime – also rose.⁹⁸ Mob justice and vigilante groups increasingly began taking the law into their own hands, with significant increases in mob and vigilante killings in Gauteng and the Western Cape; in one area of Cape Town, more than half of all murders were connected to vigilante groups.⁹⁹ As indicated above, 2011/12 was a turning point in the development of crime in South Africa – and organized crime in particular.

Police numbers were also declining, further eroding police capacity and public trust.¹⁰⁰ Some aspects of policing

were granted budget increases, with the budget for crime intelligence rising by 91% and that for detectives rising by 85%, while the budget for visible policing doubled.¹⁰¹

Automatic promotions hoovered up a chunk of this budgetary increase and reduced the number of officers SAPS could afford, but the drastic decline in performance far outstripped the falling number of personnel.¹⁰² One of the key causes was the implosion of Crime Intelligence and its transformation from a small elite capability led by capable and experienced, if politically connected, officers into a bloated entity staffed largely by Zuma loyalists and a large, low-quality network with the basic skill to conduct crude espionage on the president's political opponents, but without the sophistication and skill required to counter organized crime. As crime rates rose, SAPS adopted a more confrontational approach, responding to Zuma's populist call to be 'tough on crime'. While it is debatable to what extent SAPS became 'militarized' during Zuma's presidency,¹⁰³ there were worrying signs. In 2010, police commissioner Bheki Cele reintroduced military ranks in SAPS, and also established armed Tactical Response Teams, set up to tackle armed robbers. In 2011, these were reorganized under public policing and were involved, along with the National Intervention Unit and Special Task Force, in the Marikana massacre on 16 August 2012.¹⁰⁴ The police were accused of misleading a public inquiry over what happened on the day, and police commissioner Riah Phiyega – who had no prior policing experience before her appointment – was eventually suspended in October 2015.¹⁰⁵

The country was soon facing multiple crises. Unemployment and government debt were rising and economic growth had stagnated.¹⁰⁶ Corruption scandals continued to haunt Zuma (particularly over the R246 million refurbishment of his house)¹⁰⁷ and the water, energy and transport sectors were beginning to show the operational toll of state capture. The ANC was punished at the ballot box in the 2016 local elections, losing control of Tshwane and Nelson Mandela Bay to the DA, which already controlled Cape Town.¹⁰⁸ Political pressure on Zuma mounted until he resigned in February 2018, to be replaced by Cyril Ramaphosa, now leader of the ANC, as president.

Ramaphosa the rebuilders?

Cyril Ramaphosa assumed the presidency with a clear intent of repairing the damage caused by the Zuma administration. In his first State of the Nation address, he said that a key focus was 'to restore capacity and experience at the [police station] level at which crime is most effectively combated', and to introduce a community policing strategy.¹⁰⁹ In his 2019 State of the Nation address, he cited the impact of state capture: 'We have also had to deal the effects of state capture on vital public institutions, including our law enforcement agencies, whose integrity and ability to

fulfil their mandate had been eroded in recent years. We have therefore acted to stabilise and restore the credibility of institutions like the National Prosecuting Authority, the South African Revenue Service, the State Security Agency and the South African Police Service.'

In the last days of the Zuma presidency, there were also encouraging signs of a pivot to intelligence-led policing, with SAPS announcing that they were reviving the Organised Crime Threat Assessment (OCTA) approach. In the words of then Police Minister Fikile Mbalula, OCTA would

help law enforcement target ‘the untouchables, the dark syndicates who are the actual root of serious crime’¹¹⁰ Further evidence of the renewed attention to organized crime came in June 2018, when Ramaphosa’s new police minister, Bheki Cele, launched a ‘stabilization approach’ characterized by visible policing and a focus on carjacking, CIT heists, gangs, house robberies and taxi violence. Later that month, SAPS also launched an anti-corruption strategy.¹¹¹

But once again, big words failed to produce big results, and most of the organized crime categories identified in the stabilization approach showed little signs of being disrupted. Visible policing often appeared a question of numbers over impact: as part of Cele’s drive, administrative SAPS personnel were deployed onto the streets to boost police numbers. Troublingly, the trend towards a more militaristic approach that had begun under Zuma continued, and arguably increased. In July 2019, the army was sent in to parts of Cape Town, including Manenberg and Hanover Park, in response to a wave of murders that had left more than 2 000 dead in seven months, half of which were reportedly gang-related.¹¹² The deployment lasted a mere hour and a half, proving to many that the appearance of action was more important than putting in place long-term solutions to organized crime. Later, the frequently heavy-handed and violent enforcement of COVID-19 lockdown regulations by the army and police reinforced

this perception: citizens felt left behind and even persecuted by the state, which did not appear interested in tackling organized crime.¹¹³ With minimal disruption, gangsters and other organized criminals continued their operations throughout the pandemic, and in some cases expanded them.¹¹⁴

Efforts to repair law enforcement agencies and root out corruption also proved protracted and difficult. Despite a change of leadership, the NPA continued to suffer a chronic lack of expertise, a declining number of prosecutors (Figure 6) and a long list of unfilled vacancies, leaving it struggling to prosecute state capture cases and focusing instead on ‘easy wins’.¹¹⁵ NPA boss Shamila Batohi conceded in February 2022 that the authority was hoping it ‘would be a little more down the line in terms of cases and bring cases to court’ but affirmed that ‘wheels of justice are moving’ and ‘our top priority will be focusing on corruption’ in the next six months.¹¹⁶

SAPS similarly underwent a raft of changes in upper leadership positions,¹¹⁷ but police personnel numbers continued to decline and, as with the NPA, lack of expertise, particularly in crime intelligence, remained acute. Allegations of suspect procurement, particularly around PPE during the pandemic,¹¹⁸ persisted, while stories continued to emerge with depressing regularity about law enforcement collusion with criminals.

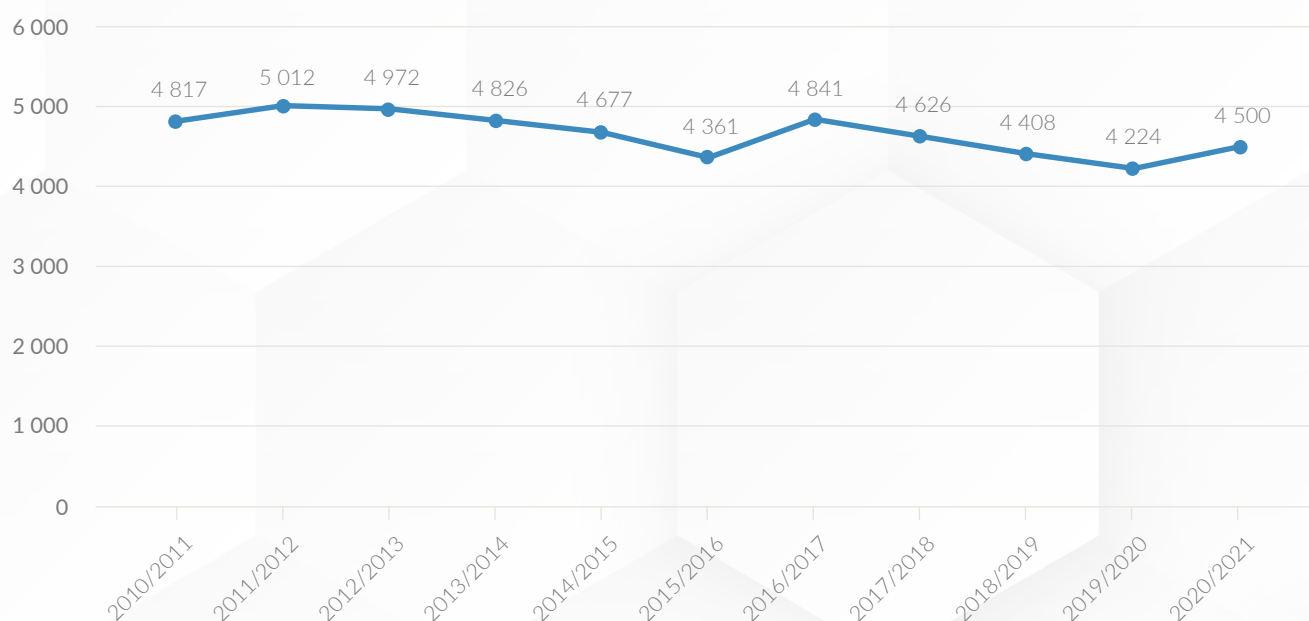


FIGURE 6 NPA personnel (legal and admin): 2010/2011–2020/2021.

SOURCE: ISS, Crime Hub, <https://issafrica.org/crimehub/facts-and-figures/criminal-justice-performance>

The events of July 2021 were in many ways the coalescence of the trends of political influence, weak law enforcement capability and shortfalls of governance in South Africa. The imprisonment of Zuma for contempt of court catalyzed a wave of riots and looting in KwaZulu-Natal, Zuma's political heartland, and parts of Gauteng. The violence left more than 350 dead and resulted in R50 billion rand being wiped off the economy.¹¹⁹

South Africa at a crossroads

The problem posed by organized crime is outstripping the current responses and proposed solutions. Staffing changes and initiatives like the Fusion Centre, aimed at dealing with COVID-19 procurement graft, have been positive steps towards rooting out corruption and reclaiming misappropriated funds,¹²³ but a more systemic institutional overhaul is needed to address the chronic lack of leadership, limited operational cooperation and dearth of analytic capacity that afflict South Africa's crime-fighting agencies.

SAPS remains an institution without strategic direction when it comes to organized crime. It is still committed to a high visibility, low-impact approach that centres on taking down 'high-flyers' and making big seizures and large numbers of low-level arrests. This approach has enmeshed SAPS in a cycle of reward and focus that disincentivizes intelligence, analysis and investigation. Promotion is based on stats, and not impact, while there is poor to no training in intelligence or detective capabilities. Although there have been several notable joint initiatives, trust between SAPS and Western law enforcement agencies is patchy. Unless there is a significant improvement in this regard, operations against sophisticated transnational organized crime networks will suffer from a lack of crucial intelligence and high-level operational support.

Much of the intellectual and ideological architecture designed to combat organized crime at the systemic level remains unused or underused. One example is the underuse of the section 9 provision of POCA relating to gang membership in criminal cases when murder, attempted murder or illegal firearms are also on the charge sheet. These crimes are often more straightforward to prosecute than charges of gang association, racketeering or money laundering, and carry hefty sentences in their own right, so there is little incentive for police or prosecutors to spend more hours on gang association charges. Between 2010 and 2021, only 8% of reported gang-related cases prosecuted in the High Court included charges under section 9 of the Act.¹²⁴ Although this approach is understandable in terms of resourcing, it also highlights the fact that the state's response to gangsterism has remained overwhelmingly reactive to bodies and guns on the street, rather than understanding and targeting criminal structures.

Although the police had been prepared for some form of protest, a report by an expert panel in November 2021 found that 'what they did not anticipate was the speed, scale and manner in which the protests would manifest'.¹²⁰ The panel judged that 'the police had insufficient capacity to stop the violence [and] the police's response was not effective and appropriate under the circumstances'.¹²¹ The intelligence services similarly 'failed to predict the nature, scale and modus operandi of the July violence'.¹²²

Such a situation presents a picture of a state that appears to have accurately assessed its crime-fighting needs yet does not use its own solutions. Indeed, the far-sighted ambition of some initiatives is sometimes only matched by their lack of impact. The Modus Operandi Strategic Analysis Centre (MOSAC), for example, was established as a hub to conduct root cause analysis and research into the ways in which organized crime operates, designed to 'inform strategic and operational decision-making in response to addressing national crime threats'.¹²⁵ Cash-in-transit heists, gangsterism, political killings, taxi violence, and kidnapping and abduction were specified areas of focus, while the unit proclaimed a coordinated approach.¹²⁶

As of 2022, however, it is unclear what impact MOSAC has had, though judging from the lack of reporting, it appears to be little. Amid all the earnest promises of collaboration and synergy and prioritization, the panoply of initiatives is not meshing to create an effective response – and may even be confusing the approach. The sheer number of initiatives suggests that it is easier to set up new frameworks than implement old ones, in the hope that one may hit upon the magic formula.

But as South Africa's recent history illustrates, policing is not simply a structural question, but a deeply human one too, dependent on culture, leadership and motivation: fusion centres do not generate expertise in their own right or impel effective collaboration. But history equally shows that architecture is important: highly skilled investigators will fail if not given the right conditions and set-ups to do their job, and capacity will erode. At heart, then, lies the fundamental question of where best to locate counter-organized-crime responsibility in South Africa's crime-fighting architecture – and how to train and task those charged with the work.

Looking ahead, it could be said that law enforcement faces a transformational challenge akin to what it faced after apartheid, when law enforcement had 'to abandon their authoritarian past and to repel the crime wave'. Now, it must abandon its corrupt and compromised past while fighting a new organized crime wave.¹²⁷ Indeed, in some ways law enforcement agencies still face the same kinds of

challenges as their transition-era counterparts, namely the deleterious effect of politics on policing; alternative forms of governance; and the critical importance of establishing trust with communities.

Arguably, these three issues are only different manifestations of a single fundamental concern: that of a state still struggling to establish its legitimacy and build trust among the people, with much of the goodwill that launched the ‘rainbow nation’ having been squandered. The experience of state capture has eroded public faith in the government, which was perceived as gutting the state for its own enrichment, and highlighted the need to insulate law enforcement from politics.¹²⁸

Indeed, it has been argued that while policing during apartheid was directed at containing an insurgency, post-apartheid policing has been focused at managing conflict in the ruling party.¹²⁹

The state is also still struggling to assert itself in its territory, despite Sitole’s 2017 pledge to ‘stamp the authority of the state’ on ‘no-go areas’.¹³⁰ Negotiating with third parties – whether they be community forums, vigilante groups or gangsters – to gain access to communities may have been a pragmatic and prudent approach in the early days of the transition, but the risks of ‘indirect rule’, which includes the powerful private security sector, have become acute.¹³¹ The state monopoly on force is widely considered the defining characteristic of a modern state, but it does not apply in South Africa, where security is the domain of many entities, often to the exclusion of the state. In addition, SAPS has been displaced as the law enforcement spear in several key sectors. Private medical schemes employ investigators who operate on their own terms and do not liaise with the police; private security companies patrol gated communities; while banks have their own in-house cyber-security expertise who handle investigation and present SAPS with ready-to-prosecute cases.

Building trust is arguably the greatest challenge facing law enforcement today. Without it, it is unlikely that any meaningful gains in crime-fighting will be made.¹³² In the eyes of many, the collusion of some police agents with criminals, both at the highest levels and on the street, has rendered them merely another criminal actor. Trust in the police dropped to 27% in 2021,¹³³ and was directly addressed by new SAPS commissioner Fannie Masemola in his first conference.¹³⁴

The GI-TOC’s own assessments of organized crime in South Africa suggest that there has been significant growth in illicit markets and their impacts. The Global Organized Crime Index measures resilience – defined as the combined capacity of a state to respond to and absorb the costs of

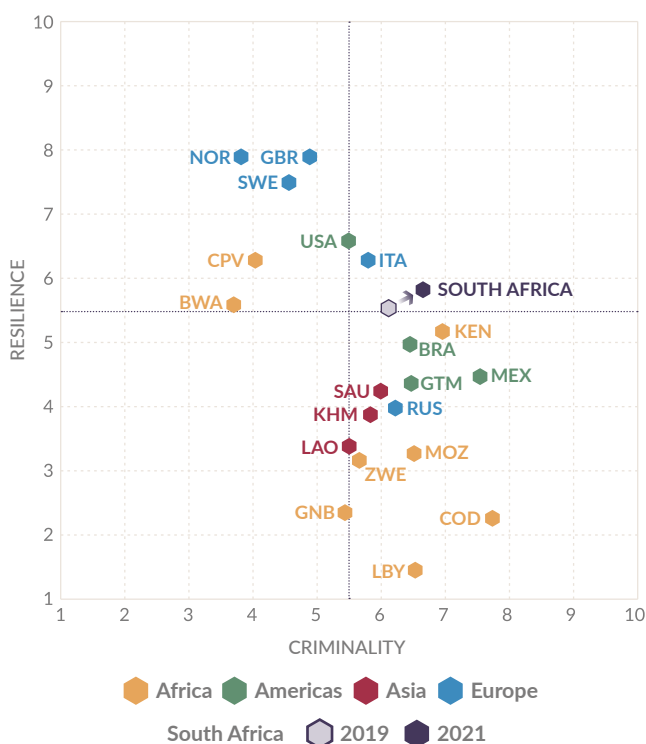


FIGURE 7 Increases in illicit markets in South Africa outpace the response.

SOURCE: Global Organized Crime Index 2021, GI-TOC, September 2021, <https://ocindex.net/>

organized crime – against the extent and harm of criminal markets themselves. As illustrated in Figure 7, South Africa moved significantly to the right in our matrix, which measures resilience against organized crime against levels of criminal markets. That suggests that while there are some small gains now in building a more effective responses, these are easily outweighed by an overall increase in the extent and impact of illicit markets.

While the index suggests that South Africa retains a foundation of resilience, it also highlights that the work of restoring trust and capability will be long and painstaking. It is, however, wholly possible for South Africa to achieve this, put things right and to begin repairing the untold damage caused by organized crime syndicates across the country. But the urgency of the task must not be underestimated. Once again, South Africa must find a way to reinvent itself (an ability to do so being in itself a critical measure of resilience) as the country it wants to be, although this time the struggle is of a different character. The battles of the past over political ideology have been replaced by the fight against organized crime, the spectre that stalks the country from the corridors of power to the city streets.

THE ARGUMENT FOR A NEW APPROACH

Faced with the diverse nature and multifaceted threat of South Africa's illicit markets and actors, the prospect of tackling organized crime is daunting. As such, it is imperative ascertain how to prioritize and direct the response according to a clear rationale and coherent strategy.

An understanding of organized crime is the essential starting point. Without this evidence base, responses will continue to fail. For years, the state has floated well-sounding strategies and frameworks that have failed to gain purchase while law enforcement has pursued approaches motivated by internal politics instead of external impact. Bringing down 'high flyers' garners media coverage and scooping up low-level operatives boosts arrest statistics, but neither has significantly disrupted the march of organized crime in South Africa. If anything, years of law enforcement pressure have only weeded out those criminal actors less able to adapt and recover, leaving the resilient and ruthless to continue.

Short-term tactics must be replaced by long-term strategy. It is imperative that South Africa establishes a sense-making apparatus that can direct and inform long-term interventions against organized crime. It is equally imperative that such an apparatus is granted the space to operate without becoming enmeshed in the institutional

tangle that has scuppered similar initiatives in the past. Indeed, it may be that South Africa requires an institutional reconsideration of a scale not seen since 1994 in order to achieve structural and strategic clarity and consistency over how it tackles organized crime.

Understanding the harms of organized crime is paramount. Criminal harms extend far beyond the act of crime itself and have an impact that is not measurable in police statistics. Analyzing these harms may suggest priorities for law enforcement intervention and allow other aspects of the state's response (such as health-service outreach or policymaking) to be brought into play. Responses that reduce these harms will bring immeasurable benefits for many South African citizens who suffer the direct and indirect consequences of organized crime every day.

Combating organized crime requires an all-society approach. Everyone has a stake in combating organized crime. While this recommendation is a common one in societies fractured by organized crime, in South Africa it is especially pertinent due to the long shadow cast by apartheid, the enduring lack of trust between police and communities, and the pervasiveness of corruption, which has eroded official responses.

Law enforcement: making sense of organized crime

- There is a need for an effective sense-making apparatus to understand high-level organized crime and inform responses.
- Ascertaining the required skills and appropriate location of such an apparatus within the law enforcement architecture are crucial considerations.
- This capability will allow law enforcement to intervene at strategic points in illicit markets and networks.

The organized crime landscape has become significantly more complex over the last 10 years. Tackling this threat requires a high-quality sense-making apparatus, but there is consensus that the skills needed to conduct intelligence, investigations or operations against organized crime and high-level corruption are near-absent in the existing security

agencies, particularly the SAPS. There is a generation of ineffective leaders and managers at the political and operational levels who have often been promoted despite lack of competence. The majority of senior SAPS leaders, for example, are at or near retirement age and unfamiliar with both modern technology and dynamics of organized crime.

At the structural level, there is a lack of integration between response and capability. Too many of the current arrangements are inherently ineffective and confrontational (for example, between SSA and SAPS Crime Intelligence; between the DPCI and SAPS Crime Intelligence on developing information capabilities; between SAPS Crime Intelligence and the MOSAC; and between DPCI and the NPA Investigative Directorate). Many of these institutions and systems were established as ad hoc or political responses to criticisms of state responses to high-level corruption and organized crime, and the broader institutional set-up has not been considered. Resorting to temporary, often politically driven solutions in the face of public criticism, has often transformed into an institutional permanence that considers neither the broader security architecture, nor the difference between temporary task-team-type interventions and permanent, capacitated structures.

With an improved capability to make sense of organized crime, responses can be calibrated to intervene in illicit markets and criminal networks at strategic points where they will be most effective in disrupting criminal activity. This assessment has highlighted the high degree of connectivity, entrepreneurial nature, deep embeddedness and tendency to violence as key characteristics of organized crime in South Africa, as well as the enabling role played by organized corruption, illegal firearms, organized violence and money laundering. Responses that target these areas will not only combat criminality, but also undermine the ecosystems that allow organized crime to flourish. Similarly, an awareness of the local and international context of organized crime, and its relationship to the state, will allow responses to be nuanced and context-specific, making them more effective.

The concept of harm: informing practice and policy

- The concept of harm reveals the 360° impact of organized crime in South Africa.
- Harms offer independent indicators of crime-fighting efficacy outside police statistics, and directly reflect gains or losses to quality of life.
- Harms can be used as a rational basis for long-term policy that seeks to move beyond reflexive, prohibitionist approaches.

Organized crime harms South Africa in many ways, be it physical, societal, economic, environmental, structural or governance-related.¹³⁵ These harms can be found at the level of the individual or community, or may affect whole cities, provinces or even the entire state. They can be immediate,



as in the case of violent crime, or take years to manifest, as in the case of environmental crime.¹³⁶

It is essential to view organized crime through the lens of harm in order to fully comprehend its 360° impact. The theft of copper cable, for instance, may appear a low-level crime, but its harms are enormous, as it impairs the state's ability to provide essential services for millions of South Africans. This is profoundly detrimental to the country's economy, from impeding exports of key commodities to preventing businesses from operating at full capacity. Corruption around infrastructure provision, mainly procurement fraud, has also inflicted a heavy cost on South Africa, holding back development and seeding widespread discontent over the country's political architecture.

Determining harms is therefore a crucial part of assessing the risk of organized crime and prioritizing the response.¹³⁷ Organized crime as a whole needs to be the focus – especially given the interconnected nature of many

illicit markets – but the nuances revealed by harm can also instruct specialized responses that should draw expertise from a broad set of actors, not just law enforcement. Tracking harms can also offer a set of indicators in conjunction with police statistics, which in turn will provide a measure of the real impact of responses on people's lives. A fall in the rate of cancelled trains, for example, may better reflect crime-fighting success than the number of prosecuted copper thieves, as it indicates broader momentum in the fight against this illicit market.

Even more fundamentally, the concept of harm can be used to shape policy itself: although a sometimes deeply polarizing measure, particularly in the debate over the criminal justice versus health approach to illegal drugs, the breakthrough in South Africa's approach to cannabis highlights that harm can provide a rational basis for policy that moves beyond entrenched attitudes and reflexive prohibition approaches.

Broadening the response: an all-society approach

- Organized crime affects all South African society and therefore calls for an all-society response.
- Civil society and the private sector have access and expertise, and must play a role.
- Trust is a major issue to collaboration: improving transparency, accountability, responsiveness and public relations are vital.

The argument for broadening the response to organized crime in South Africa rests on two premises: the high levels of expertise and resilience in South African society, which can help contribute to the response, and the need to rebuild trust between law enforcement and those communities most affected by crime in order for any response to be effective.

According to the GI-TOC's Global Organized Crime Index, South Africa is notable for having high levels of resilience alongside high levels of criminality.¹³⁸ This resilience is rooted in many aspects, not least the country's recent history: South Africa navigated through the transition from apartheid, despite almost overwhelming political difficulties, and made its way out of the geopolitical cold. More recently, Zuma's flawed presidency has served as 'a catalyst for the mobilisation of civil society and the gradual emergence of a new South African consensus on corruption and the rule of law'.¹³⁹ In April 2017, tens of thousands marched in cities across South Africa demanding Zuma's removal as part of what was termed 'South Africa's second coming of civil activism'.¹⁴⁰

High levels of resilience mean that despite the severity of the criminal threat, South African society is ready and willing to respond. Local communities often have deep

insight into the criminal mechanisms of organized groups in their area and pragmatic, practicable ideas about how to improve the situation. Civil society groups also often have relationships with gang members, enabling dialogue, which may improve our understanding of criminal markets, develop strategies to break the cycle of criminal governance and help gang members leave a life of crime and reintegrate into society. These alternative paths of engagement outside the framework of law enforcement – or together with it – can help broaden the response and indeed are essential in addressing the characteristic of criminal embeddedness.

In the private sector, there is a reservoir of expertise in South Africa that can bolster the state's response. There have been offers by the private sector to contribute staff time and expertise to SAPS in the sphere of economic and financial crime, while business may also have the interest and ability to assist the state in other ways.

This notion of a broad, cross-society response to a national crisis has already been evident in South African society, albeit in a different context. In early 2020, the unprecedented challenge of the coronavirus pandemic led to calls for a 'new social compact' to transform the country's economic trajectory in the post-pandemic period, bringing together stakeholders across society and drawing on the country's long history of resilience.¹⁴¹ South Africa arguably requires another such compact for the 'pandemic' of organized crime, one that can harness the country's deep reserves of resilience and extraordinary abilities of re-invention to undo the damage and deliver good governance, justice and prosperity.

But none of this will be possible without forging trust between state and society. For all its grand plans and rhetoric,

the state has too often failed to deliver. The vaunted coronavirus compact, for instance, has seen little in the way of action, suffering from lack of a strategy and the state's inability to implement recommendations in a systematic manner. The state also needs to prove to the private sector that it can be a reliable partner that has a genuine and active interest in collaborating. Corruption has made many in the private sector wary of engaging, having been exposed to countless stories of political self-interest, with mass fraud warping many bold initiatives. To achieve this, the state must demonstrate that it is tackling corruption effectively (and the outcomes of the Zondo Commission will be crucial in this regard) and can fairly and swiftly prosecute criminals identified by any private-public partnership. Improving trust in the criminal justice system both requires rooting out corruption among the judiciary and improving victim and state support and prevention, both of which achieved low resilience scores in the Global Organized Crime Index.

The challenge at the community level is much greater. The lack of trust between law enforcement and many communities critically undermines state governance and police effectiveness. Low-level corruption (including

among the police), lack of capability and competence and high levels of social inequality and mobility have often undermined genuine efforts to engage and involve communities. Yet there is a real need for effective security, as demonstrated by the establishment of civil guards, vigilante groups and even gangs, who sometimes bring a modicum of order to the use of violence. Supplanting these structures as the primary avenues for security will be a key objective for the state as it attempts to build trust. To achieve this, law enforcement must drastically improve its levels of transparency, accountability and responsiveness, while developing its use of public relations.

Repairing these bonds will entail slow and patient work that requires goodwill and communication from all parties, as well as robust mechanisms to identify and deal with those who seek to undermine such efforts, such as corrupt officials and criminals. At present, the state's trust deficit provides fruitful conditions for organized crime, which has consistently proved itself adept at exploiting and exacerbating the gap between citizen and state. If this situation is left unaddressed, it will be society as a whole that suffers.

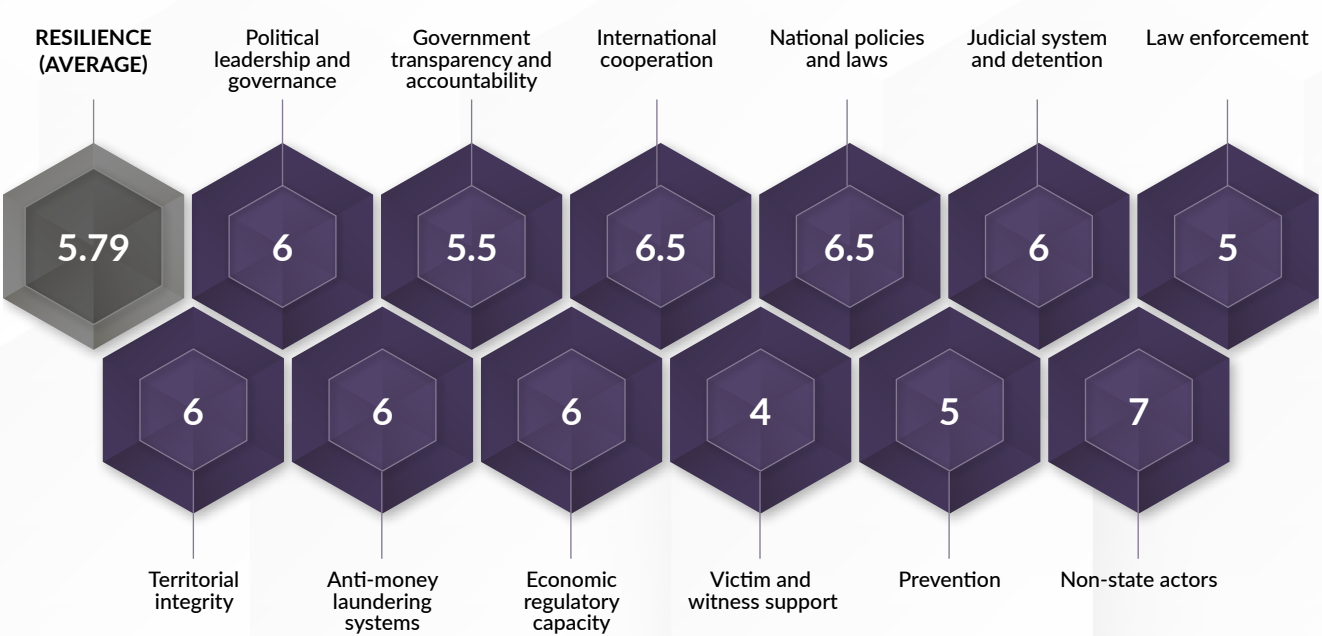


FIGURE 8 South Africa's resilience scores.

NOTE: The country ranks 42nd globally for overall resilience, but is notable for having high levels of resilience alongside high levels of criminality.

SOURCE: GI-TOC, Global Organized Crime Index 2021



PART 2

SOUTH AFRICA'S ILLICIT MARKETS

Illicit drugs



Human trafficking and smuggling



Illegal firearms



Wildlife, fishing and environmental crimes



Extortion



Kidnapping for ransom or extortion



Organized robbery



Organized violence



Critical infrastructure



Organized corruption



Cybercrime



Economic and financial crime



Health sector crime



Mass public transport (minibus taxis and buses)



Illegal mining



SELLING THE ILLICIT



ILLICIT DRUGS

South Africa has become a crossroads for illicit narcotics. Its drug markets evolved and expanded significantly after the end of the country's global isolation during apartheid. Cannabis is still the largest drug market in the country, followed by heroin, fuelled by the increased volumes supplied along the southern route. Meth is the dominant drug used in the Western and Eastern Cape provinces, and was produced domestically before supply diversified to include Nigerian- and Afghan-manufactured meth. The country is also a major consumer and transit market for cocaine from Latin America, especially en route to East Asia, Australia and New Zealand. Drug use has become widespread in many South African cities, increasing the incidence of transmissible diseases. Meanwhile, vast drug profits have triggered a rise in violent inter-gang competition and corruption.



TREND: STABLE AT HIGH LEVEL

The market

Although illicit drugs and drug trafficking were present during apartheid,¹⁴² the end of the country's political and economic isolation brought a rapid increase in the volume and variety of drugs being trafficked both into and through the country, en route to other destinations.¹⁴³ In the subsequent decades, markets, routes and actors have evolved and expanded, creating a highly lucrative and innovative industry that has insulated itself from state pressure through corruption.

Today, drug use permeates the country, but is mostly concentrated in Cape Town, Johannesburg and Durban. State responses have often targeted people who use drugs, who are usually those who live in disadvantaged and marginalized socio-economic environments. For many, drugs are less a form of recreation than a means of escape from a frequently desperate existence in which work is in short supply, state support and protection are absent and criminal activity is an accepted fact of life.

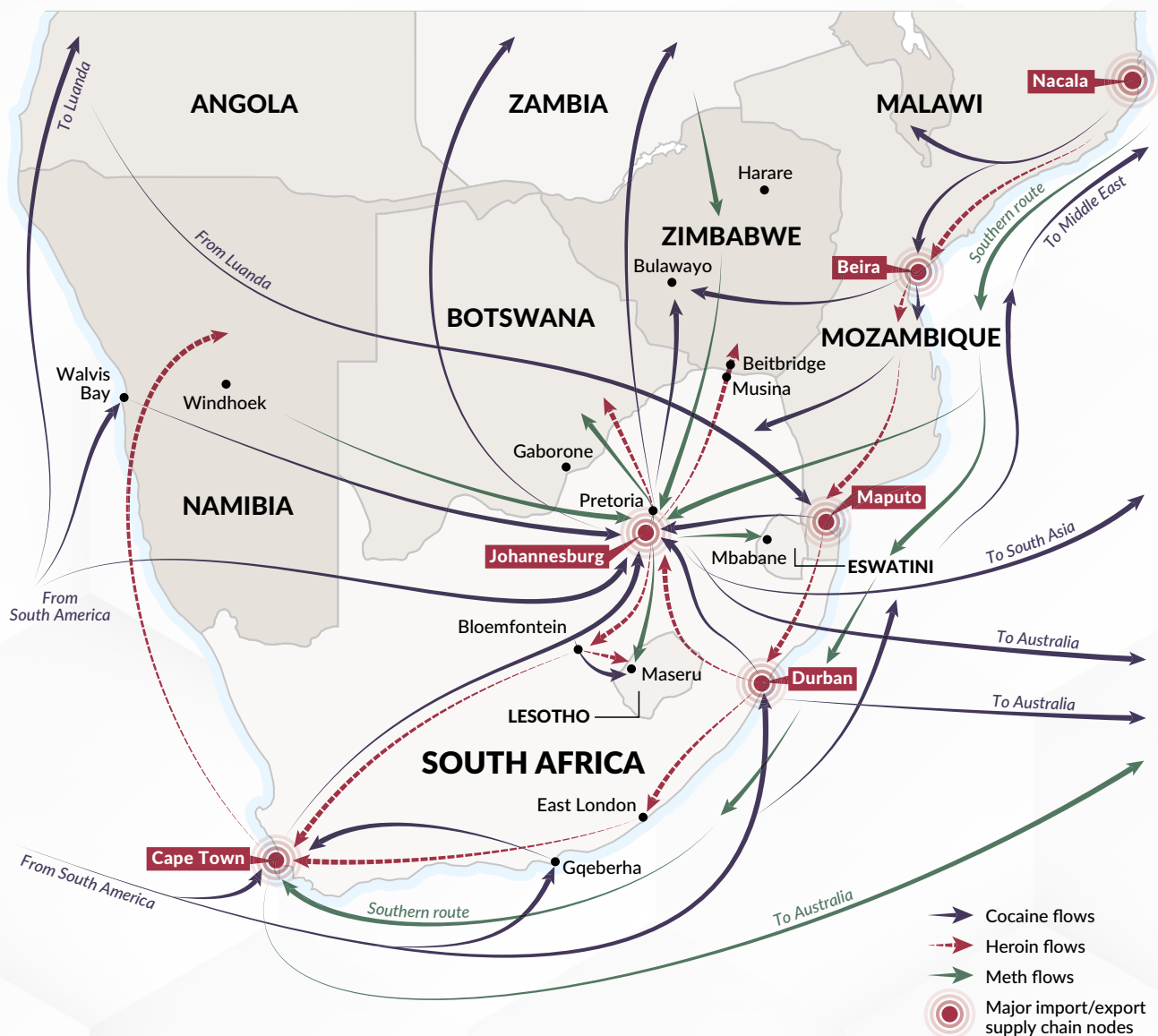


FIGURE 9 Drug trafficking flows in, through and out of South Africa: heroin, cocaine and meth.

SOURCE: See https://esa.globalinitiative.net/drugs/country/south_africa; <https://insightcrime.org/news/south-africa-major-cocaine-transit-hub/>

Heroin

The growing prevalence of heroin in South Africa has been driven by changes in the so-called ‘southern route’ (the broad term for the network of drug supply routes that link Afghanistan to Europe, Asia, Africa and North America), and local developments.¹⁴⁴ The volume of heroin shipped along the east and southern African arm of the southern route increased considerably in the mid- to late 1990s and local consumer markets began developing along that supply route, including in Kenya, Tanzania (Zanzibar) and South Africa. In South Africa, the retail distribution and sale of heroin were reportedly piloted by Tanzanian traffickers in Cape Town, and then further afield, a strategy that steadily grew the domestic consumer base.¹⁴⁵

Today, South Africa is the one of the largest heroin consumer markets on the continent. Johannesburg and Cape Town are the major distribution hubs, with the former’s sphere of influence encompassing the entire southern African region, while Durban and Pretoria are also significant heroin markets. In addition to flows along the southern route, heroin is also trafficked through O.R. Tambo (Johannesburg) and Cape Town International airports, and by container through the Cape Town seaport and the inland dry port of City Deep in Johannesburg. Overland cross-border flows to Botswana, Lesotho and Zimbabwe are facilitated by public transport and private vehicles.¹⁴⁶

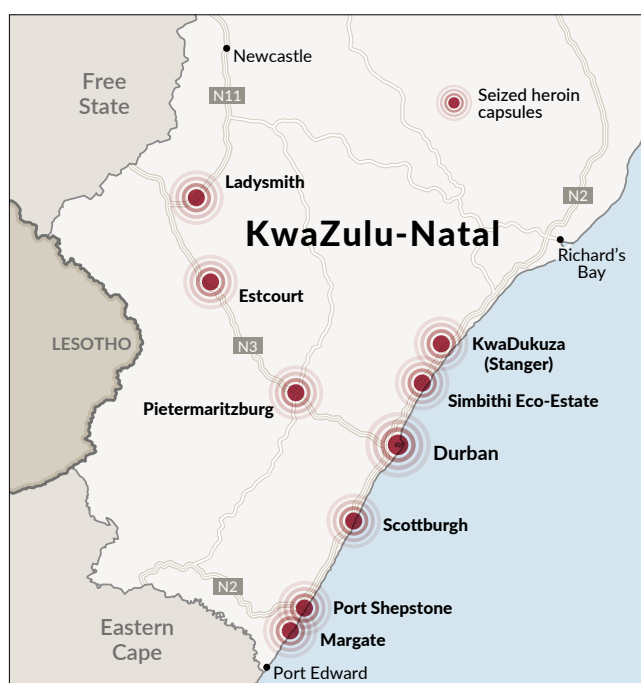


FIGURE 10 The number of heroin capsule seizures in KwaZulu-Natal has risen sharply since 2018.

NOTE: Seizures of capsules are highly concentrated in the Durban area; no seizures have been reported outside of KwaZulu-Natal.

SOURCE: South African Police Service

The rise in heroin consumption in South Africa is in part due to the fact that it is a relatively cheap drug. Fieldwork conducted by the GI-TOC in December 2019 and January 2020 found that the price per gram of heroin was usually between R100 and R500 (US\$6.10–US\$30).¹⁴⁷ It is also an innovative market that has seen several attempts to introduce new heroin-based compounds (such as *whoonga* or *nyaope*) as well as more efficient distribution methods. Between 2017 and 2020, a significant number of capsules containing heroin were reported in KwaZulu-Natal (Figure 10). The capsulization of heroin – which thus far appears unique to the province – offers advantages in terms of speed of packaging, standardization of dose quantity and ability to disguise the drugs as medication.

Meth

Meth first became known in the Western Cape in the early 1990s.¹⁴⁸ The drug was produced domestically in a barter arrangement between Cape gangs and Chinese crime syndicates whereby poached abalone (a prized delicacy in China) was exchanged for Chinese precursor chemicals used to make meth. The first meth laboratory was seized in South Africa in 1998,¹⁴⁹ and domestic production and use quickly expanded. In March 1998, a Chinese shipment containing 20 metric tonnes of ephedrine bound for South Africa (which could have been used to produce 13 tonnes of methamphetamine) was seized by law enforcement authorities.¹⁵⁰ (In the previous year the total amount of ephedrine seized globally was only 8 tonnes.¹⁵¹)

By 2005, meth had become the most used substance in the Western Cape, surpassing cannabis consumption;¹⁵² by 2010, meth had become the most used substance in the Eastern Cape.¹⁵³ But this period of rising use also marked the beginning in the diversification of supply, with domestic production falling after 2008 in tandem with a decline in the import of meth precursors.¹⁵⁴ The greater Johannesburg area remains the core production area for Chinese syndicate-supported meth, but the number of domestic meth laboratories has decreased in recent years, although domestic production remains significant. In June 2020, police shut down a large meth lab on a farm in Limpopo, seizing drugs worth R10 million.¹⁵⁵

Meth is now increasingly supplied from West Africa, where Nigerian syndicates, allegedly working with at least one of the Mexican cartels, have overseen the production of meth. In 2015, INTERPOL confirmed the existence of a meth trafficking route originating in Nigeria and extending to South Africa.¹⁵⁶ High-quality Nigerian-made crystal meth has flooded the South African market and is known as ‘Mexican meth’.



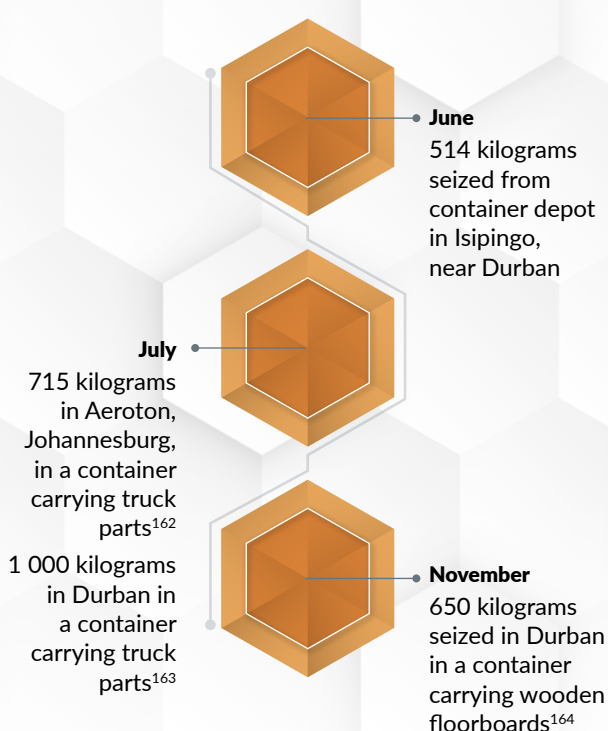
CABO DELGADO INSURGENCY AND THE SOUTHERN ROUTE

The coastline of Cabo Delgado, Mozambique's most northerly province, has for many years been a primary landing region for dhows carrying drugs (chiefly heroin and more recently methamphetamines) along the southern route.¹⁵⁷ In late 2017, an Islamist insurgency broke out in the province and took control over an area of the northern coastline, including the port town of Mocímboa da Praia from August 2020. Since July 2021, interventions by Rwandan and SADC forces in support of the Mozambican government have reclaimed much of this territory,

yet violence has continued in several areas.¹⁵⁸

GI-TOC research in northern Mozambique has found that trafficking routes used by dhows have shifted further south to avoid the areas where the conflict is concentrated.¹⁵⁹ Our research has found no evidence of a connection between drug trafficking and the so-called al-Shabaab insurgents,¹⁶⁰ and localized terrorist incidents do not seem to have translated into large-scale disruption of the overall drug trafficking flows via Mozambique into South Africa.¹⁶¹

LARGE COCAINE SEIZURES FROM SHIPMENTS TO DURBAN PORT, MARCH–NOVEMBER 2021



It appears that another new meth supply chain to South Africa emerged around late 2019, with production located in Afghanistan (where the ephedra plant, an indigenous shrub, was found to contain a naturally occurring form of ephedrine). This new flow appears to follow the southern heroin route, and mixed shipments of heroin and meth have regularly been discovered. In December 2019, a Pakistani-crewed dhow was intercepted off the coast of Pemba, Mozambique (a major node in the southern route) carrying a mixed cargo of heroin and 299 kilograms of methamphetamines – the first such mixed shipment to be seized.¹⁶⁵ In May 2020, a truck with a large cargo of heroin and methamphetamine was intercepted by SAPS as it crossed from Mozambique into South Africa.¹⁶⁶

Cocaine

Cocaine is the second largest consumer drug market in South Africa, and a lucrative trafficking commodity. As with heroin, cocaine availability and use were relatively low in the apartheid era, but this changed rapidly during the mid- and late 1990s as South Africa became a consumer and transit country for cocaine. In common with other parts of the world, cocaine powder was used by relatively wealthy white population segments, but from around 1995, crack cocaine use emerged in deprived black communities, a market developed by Nigerian organized crime groups.¹⁶⁷

These groups channelled cocaine from Latin America to West Africa before transporting it by air to South Africa, but in recent years, container shipping has revolutionized both the scale and routing of cocaine trafficking to South Africa. The emergence of a container-based cocaine trafficking route between Santos in Brazil (a major export hub for cocaine) and Durban became clear in the course of a series of large seizures in 2021.¹⁶⁸ Durban is by no means the only entry point for cocaine, however, nor are containers the only shipping method, as attested by the seizure of 973 kilograms of cocaine in March 2021 from a fishing vessel intercepted off Saldanha in the Western Cape.¹⁶⁹

Most of the cocaine cargo in South Africa is intended for onward transit. Lucrative markets include Australia and New Zealand, where the prices paid for cocaine are the highest in the world, in excess of US\$200/gram.¹⁷⁰ Shipments of meth and cocaine from South Africa have all been seized in Australia in the past few years.¹⁷¹

Cannabis, Mandrax and other synthetics/opioids

Cannabis is the largest drug market in South Africa, with predominantly domestic and regional production (Eswatini and Malawi). The process to legalize cannabis in South Africa has been underway since 2018. A Cannabis Master Plan was published by the Department of Justice and Correctional Services in August 2021 highlighting the need for new policy

and legislation.¹⁷² At the time of writing, a draft bill was under consideration that will potentially legalize the commercial sale of cannabis (see box: ‘Commercial cannabis?’).

Mandrax, which was one of the dominant drugs used in the 1980s, is still a major market, often consumed in the form of tablets that are ground up with cannabis and smoked. It is produced domestically and is imported from India. In terms of other synthetic drugs, MDMA powder from the Netherlands and other sources is tableted in Cape Town and the area, although the closure of clubs during COVID-19 affected consumption rates. LSD is still available, but not widely used. Fentanyl currently does not appear to be an issue on the continent, and the use of synthetic opioids is not approaching anything like the disturbing levels reached in the US.

There is an illicit trade in prescription steroids, which are often sold in gyms and rugby-playing schools, with links to the broader underworld. In August 2017, Brian Wainstein, the so-called ‘Steroid King’, who had operated in several countries and was the subject of an INTERPOL red notice, was assassinated in Cape Town. Several key underworld figures, namely Mark Lifman, Jerome Booyesen and William Stevens, were arrested in connection with the murder.¹⁷³

The harm

Harm associated with illicit drugs is frequently defined in security terms, most commonly around issues of violent crime and criminal governance. Awareness is growing, however, that health harms may pose one of the most productive points for intervention, although there is opposition to this position in South Africa. Stigmatization of people who use drugs means that they are often screened out of community healthcare services, or seen as less of a priority than non-drug users, which leads to users not being able to access health services, further eroding health outcomes and increasing their vulnerability.

Drug use and transmissible disease

Given the clandestine nature of the illicit drug market, any attempt to estimate the number of people who use drugs in South Africa faces significant methodological challenges, and no definitive figures are available. However, a sense of the scale of the issue can be ascertained by using various lenses, such as the number of people accessing treatment for drug dependency (a high proportion of whom use heroin or meth),¹⁷⁴ or through analysis of wastewater, which in Cape Town indicated one of the highest consumption rates of meth of any recently surveyed location in the world. GI-TOC research estimates that there are approximately 500 000 users of heroin, 350 000 users of cocaine and 300 000 users of meth in the country.¹⁷⁵

COMMERCIAL CANNABIS?

South Africa has taken progressive steps towards full legalization of cannabis. A September 2018 judgment by the Constitutional Court ruled that it was not a criminal offence to grow, use or possess cannabis. This ruling took into consideration an expert affidavit by Mark Shaw titled ‘Balancing harms in cannabis policy for South Africa’, which argued that punitive anti-drug regimes did not tend to result in lower drug use than liberal regimes, and suggested mechanisms that could be used to reduce drug use without imposing criminal sanctions.¹⁷⁶ The affidavit suggested that ‘many of those who motivate for an end to prohibition [...] do so out of a keen appreciation of the harms at play – and out of a belief that the most successful management of those harms requires that the task be brought into the sphere of legal, transparent and constitutionally guided public institutions’.¹⁷⁷

The Constitutional Court’s decision necessitated the formulation of matching legislation. At the time of writing, South Africa’s Cannabis for Private Purposes Bill 2020 was under consideration in parliament, with a notable development taking place in March 2022, when the scope of the draft bill was dramatically extended to allow for a commercial recreational cannabis industry, which has been valued at potentially R28 billion a year.¹⁷⁸ Cannabis commercialization enjoys strong political backing: in his February 2022 State of the Nation address, President Ramaphosa said the state wanted ‘to realize the huge potential for investment and job creation’ in the hemp and cannabis industries, which he stated could create 130 000 new jobs.¹⁷⁹

At the 65th session of the UN Commission on Narcotic Drugs in March 2022, South Africa hosted a side event to explain its cannabis policy and continuing compliance with the three main UN narcotics conventions.¹⁸⁰

	HIV†*	HBV‡	HCV‡	HBV-HIV†	HCV-HIV†
South Africa	21.8%	5%	54.7%	7.9%	65.2%

FIGURE 11 HIV, HBV and HCV prevalence among people who inject drugs in South Africa.

SOURCES: † UNAIDS, Key population atlas <https://kpatlas.unaids.org/dashboard>; *UNAIDS data (2020); ‡ Harm Reduction International, The global state of harm reduction 2020, <https://www.hri.global/global-state-of-harm-reduction-2020>

Illicit drug use has been linked to greater incidence of transmissible diseases such as HIV, and hepatitis B (HBV) and C (HCV) among people who inject drugs through needle sharing. Incarceration is associated with a higher incidence of tuberculosis, affecting many people who are in the prison system who use drugs. Most drug users do not contact treatment services (which in any case are limited in terms of their geographical coverage and budgets), and harm-reduction measures are often negatively perceived. Needle and syringe exchange programmes in Cape Town,



Pretoria, Johannesburg and Durban, for example, have sometimes been regarded with suspicion by the authorities: in May 2018, the distribution of needles and syringes in Durban was stopped due to adverse media attention and local government stakeholder concern, reducing access to HIV prevention services. Opioid substitution therapy is hard to access and very expensive, due to the high cost of methadone in South Africa – approximately 30 times more expensive than international prices,¹⁸¹ and far greater than that of heroin – and also suffers from a lack of support among law enforcement and health workers.

Gang-related violence and governance

The potential profits of the illicit drug trade mean that gangs often assert and contest control over territory with violence (though it is important to note that drugs are often only one part of a portfolio of commodities that organized crime groups and gangs are concerned with, and hence violence is not always drug-related). Drug profits have also paid for illicit weapons, which in turn have fuelled an increase in gang-related homicides (see ‘Illegal firearms’ section) and led to a climate of terror in areas under gang control.

The profits from drugs also help bolster criminal governance, especially in areas where the state presence is patchy or absent, and members of a community may find themselves reliant on gangs and as a result increasingly enmeshed in the drugs industry. During the COVID-19 pandemic, the distribution of food parcels to the community by

Cape Town gangs was shown in some cases to be a ruse to disguise drug couriering, while any real gang aid distributed to the community was likely to be repaid by community members being compelled to hide guns or drugs in their homes, while gangs also recruited out-of-work and out-of-school youth.¹⁸² In such contexts, the illicit drugs market can influence many aspects of life beyond drug use alone.

Corruption

The money generated by the illicit drug trade has also driven corruption among law enforcement and other government officials. The drug market is a very locally based cash economy: at the street level, police officers have been reported as targeting users and dealers for pay-offs, protecting drug dealers¹⁸³ or sometimes engaging in drug trafficking directly. There are also strong indications that higher-level officers are involved in protecting and even facilitating the trade. For example, in 2020, two SAPS officers were sentenced to ten years’ imprisonment each for drug trafficking and corruption.¹⁸⁴ Major interdictions have been undermined by drugs being stolen or going missing, as was the case with two of the large cocaine interdictions in 2021. Five police officers were arrested after allegedly stealing cocaine that had been seized in the Aeroton operation in July and then attempting to escape in a police truck,¹⁸⁵ while in November 2021, 541 kilograms of cocaine that had been seized from a container depot in Isipingo in June was stolen from the Hawks office in Port Shepstone.¹⁸⁶

The future

South Africa continues to be a cornerstone in the continental drugs trade as a destination and transit point: business is brisk and the criminal model effective. Use is likely going to continue on its current trajectory and may expand, especially as there are currently extremely limited programmes in place to deal with demand or support harm reduction.

Consequently, the illicit drugs market looks set to remain a powerful and lucrative feature of South Africa’s criminal landscape, and future developments may enhance its influence. Just as the end of the apartheid isolation period lowered barriers to international trade, fostering a rise in transnational drug trafficking, so the new African Free Trade Zone, which aims to bring free trade to the continent, may offer similar opportunities for expanded criminal activity. At the local level, profits from drug trafficking will continue to empower gangs to the detriment of the state. Even in areas where there is state presence, corruption will continue to undermine the response in some places.

There is a national strategy for combating drug trafficking, but little meaningful action to implement it. Despite pockets of expertise, many drug units lack specialist skills and networks of informers, and so cannot perform complex

investigations, with actionable intelligence for big seizures mostly coming from foreign law enforcement agencies.

The arguments about the harms of drug prohibition in South Africa have been well rehearsed, and in the case of cannabis have effected a seismic shift in policy that may help advance the debate through concrete evidence. That said, the solution to the issue of illegal drugs does not rest in legalization or decriminalization alone, and in the current context in South Africa, it is important to be aware that such an approach may have disbenefits, including illicit actors taking over the production and trade of newly legalized drugs.

It is also important, in light of the increasing discussion of harm reduction in the drugs trade at the national and global levels, to bear in mind that harm reduction is rarely discussed for actors in the market except those who purchase and consume drugs. This failure to extend harm reduction principles further up the trafficking chain may represent a missed opportunity to disrupt market mechanisms.¹⁸⁷ Without a broad set of responses that encompass the whole market, the vast – and vastly profitable – illicit drugs trade in South Africa will continue to thrive.

ILLEGAL FIREARMS

South Africa is awash with guns, many of which are in criminal hands. South Africa's guns were historically smuggled across regional borders, but illegal firearms are now predominantly a domestic market. Despite an overhaul of gun control in 2000, institutional corruption, the diversion of civilian and state guns, and the misuse of legal weapons have sustained the flow of illegal firepower, often funded by booming profits from the drugs trade. Greater access to weapons has increased gang-related violence since 2009 and led to a professionalization of violence-for-hire, manifesting particularly as hits within the taxi industry. Hits have also silenced whistle-blowers and law enforcement officials, including those investigating the illegal firearms trade, creating an atmosphere of both fear and impunity. Without improved implementation of gun controls and increased confiscation, guns will continue to be the lethal guarantors of criminal power in South Africa.



TREND: STABLE AT HIGH LEVEL

GUNS ON THE RUN IN 2020/21

Cases of illegal possession of firearms and ammunition



41 968

5 332



Firearms reported lost/stolen, of which only 320 were recovered in 2020/21 (total recovered 2 035)

SOURCE: SAPS Annual Report 2020/2021

The market

The supply of illegal firearms has ebbed and flowed over the past four decades. In the 1980s, the South African Defence Force and police provided weapons to civilian groups believed to support the apartheid state, while weapons were smuggled into South Africa by anti-apartheid movements.¹⁸⁸ By aligning themselves with either the apartheid government or liberation parties, gangs were able to gain access to firearms.¹⁸⁹

The supply of firearms was more limited post-1994 but increased from about 2004, in part due to a recurring cycle whereby surging drug profits enabled gangs to procure more guns, which in turn brought greater control of drug turf and thus higher profits, which were once again used to buy more guns.¹⁹⁰ Before 2004, gang leaders had loaned weapons to foot soldiers under strict conditions, as weapons were in relatively scarce supply; today, almost everyone in a gang has access to a gun.

This flood of weapons has been fed by various streams, from the diversion of legal firearms, corruption within the very state institutions responsible for gun control, and firearms smuggled across the borders, while the grey area of legal guns being used for illegal purposes poses an additional challenge. This deluge of weapons has penetrated many illicit markets, including mass public transport, extortion and violence-for-hire. Indeed, illegal firearms underpin almost all forms of organized crime.

Diversion of legal civilian, state and private security firearms

As of 2017, there were 5.35 million guns in civilian hands in South Africa, of which 2.35 million were unregistered.¹⁹¹ This huge pool of guns plays a major role in illicit supply, with thousands of civilian guns reported lost or stolen each year, many of which are likely to be diverted into criminal hands. Between 2013/14 and 2018/19, more than 47 028

licensed civilian firearms were reported lost or stolen,¹⁹² with police recovering only 28 891 of them during the same period,¹⁹³ leaving 18 137 unaccounted for. There are also indications that the published numbers may not give the full picture: a 2015 presentation on gun control showed that between 2003 and 2014, about 20 291 civilian-owned firearms were recovered that had not been reported as lost or stolen by their owners.¹⁹⁴

This may also be true of statistics regarding lost/stolen police weapons. According to published information, 26 277 police-issue firearms were lost or stolen between 2002/2003 and 2018/19. The majority of these (18 538) were lost or stolen during the eight years since 2002/2003, with a much lower number (7 739) being lost or stolen in the subsequent nine years to 2018/19.¹⁹⁵

One reason for the post-2010 decline was the introduction of Integrated Ballistics Identification System testing, which can link police officers to the firearms issued to them.¹⁹⁶ Another factor may be that since 2011/12, weapons that could not be traced in station audits have not been included in the lost/stolen number¹⁹⁷ – and it is these ‘invisible’ weapons that may be most vulnerable to illicit diversion. Although the number of lost/stolen weapons has declined, there are flagrant recent examples of state-issued weapons being funnelled to criminals. In Gauteng in 2015, for instance, a police officer was suspended after allegedly stealing guns (including R5 rifles) from Mayfair West police station and supplying them to hitmen hired by rival taxi bosses and taxi associations.¹⁹⁸

The army and private security companies have also been a source of leakages and losses, with some private security companies reported to sell weapons to criminals involved in the taxi industry. One person associated with violence in the taxi industry said: ‘We buy firearms from army guys, often after they have been on training exercises, and we also get firearms from guys in the private security industry.’¹⁹⁹



Gun licences for sale

The illegal firearms economy has also been sustained by corruption within the state institutions tasked with gun control. Under the 2000 Firearms Control Act (which came into effect in 2004), the Central Firearms Registry (CFR) within SAPS was mandated to provide a comprehensive system of gun control. Yet the registry has been plagued by poor inventory practices, inefficient ICT systems and systemic corruption that has seen guns go missing from state-held stores and enabled known criminals to obtain firearm licences within a matter of days. These licences have also enabled the holders to acquire large quantities of ammunition.

During 2020, the Western Cape Anti-Gang Unit arrested 28 people, including high-ranking police officers, CFR officials and Cape Town-based underworld figures, for their involvement in the fraudulent procurement of such licences.²⁰⁰ In another case, alleged 28s gang boss Ralph Stanfield, two of his family members, 17 associates and three CFR officials are standing trial in Cape Town on 109 charges including fraud and the unlawful possession of firearms.²⁰¹ (For a profile of SAPS Colonel Christian Prinsloo, who ran a network that illegally sold at least 2 400 guns to gangs, see 'Key characteristics of South African organized crime: Connected').

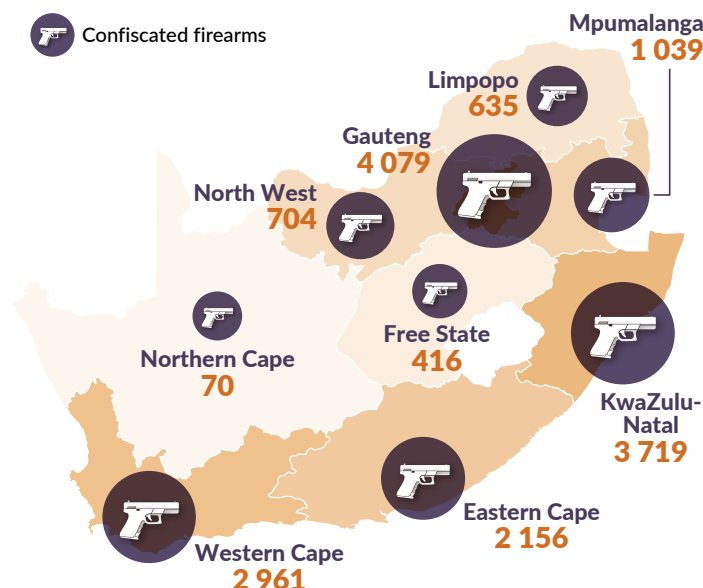


FIGURE 12 The illegal firearms market in South Africa: flows, confiscations and the use of firearms to commit murder.

SOURCE: Jenni Irish-Qhobosheane, How to silence the guns? Southern Africa's illegal firearms markets, GI-TOC, September 2021; SAPS, Annual Crime Report 2019/2020, https://www.saps.gov.za/about/stratframework/annual_report/2020_2021/annual_report_2020_2021.pdf

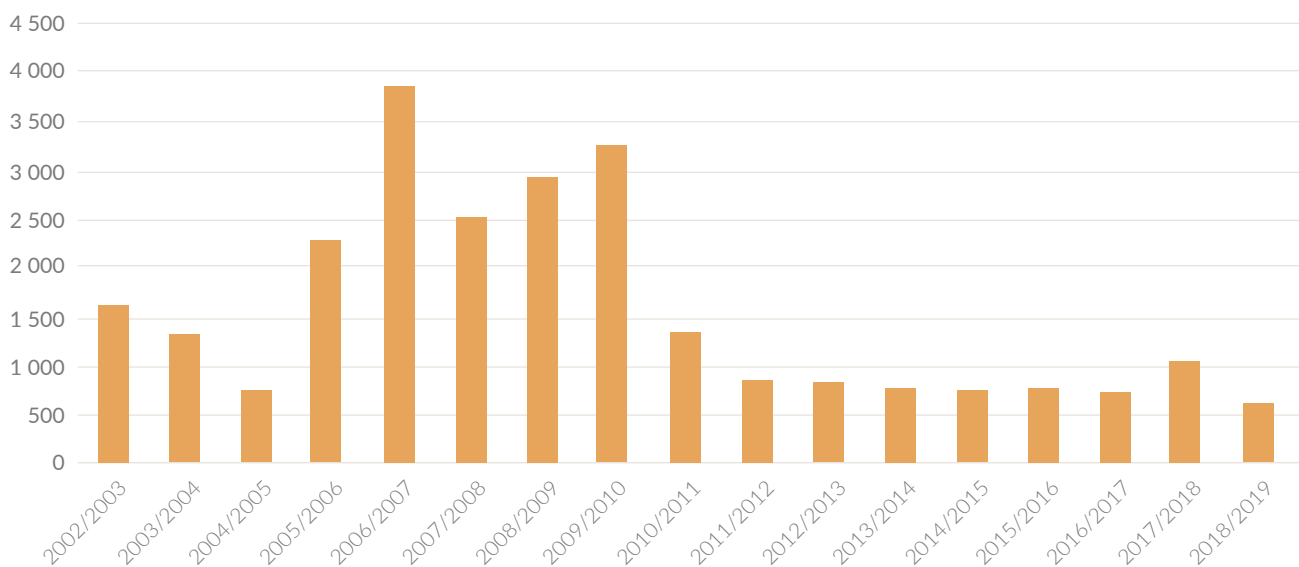


FIGURE 13 Loss of SAPS-issue firearms, 2002–2019.

SOURCE: SAPS annual reports and parliamentary questions; Mark Shaw, *Give Us More Guns: How South Africa's Gangs were Armed*, Jonathan Ball Publishers, 2021.





Corruption also enables the issuing of licences for illegal firearms that have been seized or for unwanted firearms handed in to the police. One firearms dealer said he had been approached by a SAPS official and asked to register ghost weapons on his inventory to enable these weapons to be licensed. Another dealer, referring to this practice, said: ‘There are police-designated firearm officers and CFR officials who have set themselves up as dealers, manipulating systems to sell and licence illegal firearms that police had seized, or which were handed in during firearm amnesties.’²⁰²

Legal weapons for illegal purposes

Legally held firearms are rented out to criminals or sometimes used by their legal owners for illegal purposes. Private security companies have been known to use legally acquired firearms to conduct illegal operations on behalf of taxi mafias. Weapons that have been seized after taxi shootings involving these security companies include AK-47s, R4s and R5s, LM series rifles, AR rifles, Dashprod SAR M14s and an assortment of pistols. There have also been allegations that these private security companies even carry out assassinations for their clients, employing hitmen as ‘security guards’.

The harm

The direct harms of the illegal firearms industry can be regularly seen in media headlines concerning violent crime in South Africa, with guns the most commonly used weapon for murder (there were 7 351 murders by firearm in 2019/20), carjacking, truck hijacking and robbery.²⁰³ In March 2021, the acting provincial police commissioner for the Western Cape issued a statement in which he ‘observed with concern the alarmingly high levels of serious violent crimes that are driven by the proliferation of illegal firearms.’²⁰⁴

Firearms are also the most commonly used weapons for targeted killings, or hits: between 2015 and 2020, 95% of all recorded hits in South Africa were by shooting²⁰⁵ – and the use of such weapons guarantees a high fatality rate, with 87% of all hits in South Africa resulting in the victim’s death.²⁰⁶ The taxi industry accounted for the majority (46%) of targeted assassinations in South Africa between 2015 and 2021, and saw a huge rise in hits between 2015 and 2018.²⁰⁷ The use of hitmen to carry out targeted killings has grown over the past two decades,²⁰⁸ speaking to the increasing professionalization of criminal services, in which armed violence is just another illicit commodity for sale.²⁰⁹

The targeted killings of political figures, whistle-blowers and activists formed 21% of all hits between 2015 and 2021.²¹⁰ In addition to the deadly harm of assassination, this category also highlights the indirect harms of the illicit firearms trade, with the assassination of such figures

undermining civic resistance and fostering a climate of impunity for criminal actors. A notorious recent example is the assassination of Lieutenant Colonel Charl Kinnear on 18 September 2020. At the time of his death, Kinnear was investigating a guns-to-gang syndicate that involved the CFR, and his work was instrumental in the arrest in 2020 of 28 people, including two SAPS brigadiers and CFR officers, for involvement in the guns-to-gangs syndicate (see ‘Organized corruption’ section).²¹¹

The prevalence of guns also has more intangible, yet no less real, consequences. Increased access to firearms empowers gangs and enables them to tighten their grip on communities, who live in increasing fear of lethal sanction if they transgress gang rules. And, as evidenced by the case of Prinsloo and his network, the illicit firearms trade also drives corruption, undermining the very institutions that are mandated to control firearms.

The future

The demand for illicit firearms is growing as organized criminal networks mushroom and become more entrenched, and although the availability of illicit firearms and ammunition is not solely responsible for the emergence of these networks and groups, it is increasingly shaping how they operate. Having access to weapons makes these groups more violent and powerful, and undermines the state’s ability to deal with them.

While some firearms are still likely to be smuggled into the country through neighbouring states, illicit markets in South Africa seem set to continue to acquire both firearms and ammunition from domestic sources, including legally licensed civilian sources and firearms and ammunition under the jurisdiction of the state. Lack of transparency and accountability in keeping track of state-held firearms and ammunition, coupled with problems with the physical security of states’ armouries and stores and poor inventory practices, will continue to enable the diversion of state-owned firearms and ammunition.

On 26 November 2021, the tabling in parliament of close to 100 proposed amendments to the 2000 Firearms Control Act was postponed to allow more time for discussion and ensure all stakeholders were heard, especially young people and communities who live with gun violence – some 118 000 public participation comments have already been received.²¹² Yet amendments to legislation alone will not solve the problem of underworld access to firearms. This is because weaknesses in the implementation of existing legislation and corruption have undermined its effectiveness and helped to fuel the illicit firearm economy and allowed legal firearms to seep into illicit markets. The police’s inability to resolve problems in implementing legislation has equally enabled organized criminal elements to exploit these ongoing weakness to acquire firearms fraudulently. This blurring of lines between legal and illegal firearms has made efforts to tackle the illicit trade in firearms more complex.

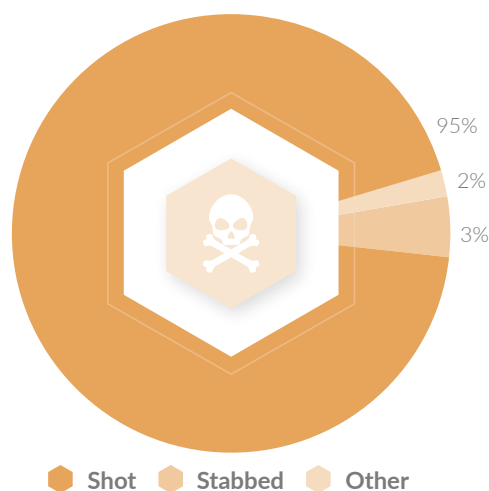


FIGURE 14 Method of assassination in South Africa, 2015–2020.

SOURCE: Kim Thomas, Murder by contract: Targeted killings in eastern and southern Africa, GI-TOC, September 2021, <https://globalinitiative.net/wp-content/uploads/2021/09/GITOC-Murder-by-Contract-Targeted-Killings-in-eastern-and-southern-Africa-.pdf>





HUMAN SMUGGLING AND TRAFFICKING

The scope, scale and nature of human trafficking in South Africa have been the subject of much debate,²¹³ but while several recent assessments agree that it is increasing, it is not a major illicit market in South Africa. Human smuggling, although an active market, similarly has significantly less reach in South Africa than in other countries on the continent.²¹⁴ But where these crimes do take place, they present particular challenges and cause specific harms. Forced labour and sex trafficking are the two dominant modes of human trafficking, and efforts to counter them require improved data and awareness – and a will to tackle underlying systemic inequities.²¹⁵ Human smuggling requires a different approach, one that responds to long-standing mobility patterns and dynamic contexts of vulnerability – as well as a dearth of legal avenues – that drive people to move illegally.



TREND: STABLE

The market

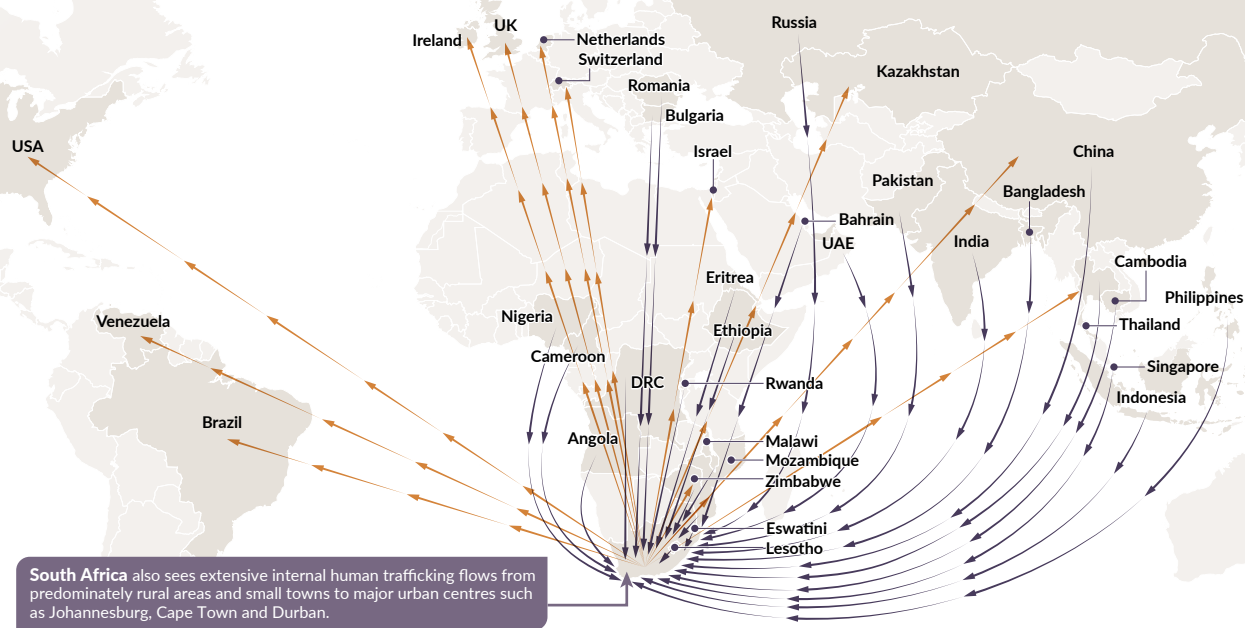


FIGURE 15 Trafficking flows into and out of South Africa.

NOTE: CT Data Collaborative ascertained flows through victims assisted by the International Organization for Migration (IOM), but as the vast majority of victims remain unidentified, the above is only a sketch of the true complexity of human trafficking flows through South Africa, and flows with fewer than 10 are omitted to preserve victim anonymity. Also, many South African victims remain in South Africa, creating internal flows.

SOURCE: CT Data Collaborative (data collected since 2002); SADC, 2016. Trafficking in Persons in the SADC region: A baseline Report. Southern African Development Community (SADC) Secretariat.

Victims trafficked from (source country)	Victims trafficked to (source country)	Transit routes
South Africa	Brazil, China, Switzerland, Thailand, USA, Venezuela, Middle East	–
SADC Member States	Various destinations in Europe, Asia, North and South America	South Africa
Angola, Bangladesh, Cambodia, China, DRC, Eastern Europe (Bulgaria, Romania, Russia, Ukraine), Eritrea, Ethiopia, India, Indonesia, Lesotho, Malawi, Mozambique, Nigeria, Pakistan, Rwanda, Swaziland, Thailand, Zimbabwe	South Africa	Mozambique, Lesotho, Swaziland, Zimbabwe, Zambia
Small towns and rural areas e.g., in the Northern Cape and Eastern Cape, and rural KwaZulu-Natal	Large urban centres e.g., Cape Town, Durban and Johannesburg	Internal TIP

FIGURE 16 Trafficking in persons: flows to, from and within South Africa.

ORGAN TRAFFICKING: THE NETCARE SCANDAL

A landmark case in 2010 saw South Africa's biggest hospital group admit to having illegally harvested kidneys from five children in Durban between 2001 and 2003, and also to having received R3.8 million from a trafficking syndicate.²¹⁶ Organ

trafficking appears to have dropped away after this period: no respondents to the SADC 2016 baseline report had encountered any subsequent cases of organ trafficking.²¹⁷





Human trafficking

South Africa is primarily a source and destination country for human trafficking, with the majority of victims recruited either within the country or from the southern African region.²¹⁸ However, South Africa is also a transit country for human trafficking, with flows reaching North America and Europe.²¹⁹ Forced and exploitative labour and sex trafficking are the two dominant forms of human trafficking in South Africa, although attempts to assess their scope, prevalence and nature have long been hindered by the paucity of comparative and comprehensive data.²²⁰ Forced begging and forced criminality are also aspects of the market.²²¹

There have been several reports that human trafficking in South Africa has become more severe over the past two decades, with varying levels of credibility. The lead-up to the 2010 FIFA Soccer World Cup in South Africa was marked by claims that between 40 000 and 100 000 women and girls would be trafficked into the country for sexual exploitation,²²² but there were no subsequent reports of a significant increase in human trafficking for sexual exploitation in that period.²²³ In 2013, it was reported that 30 000 children were being trafficked into the country each year – a claim criticized by Africa Check as exaggerated and unsubstantiated.²²⁴

In 2015, counter-trafficking organizations indicated that sex trafficking, forced labour and domestic servitude were all increasing in South Africa.²²⁵ In more recent years, the US State Department's Trafficking in Persons (TIP) reports

between 2017 and 2021 have recorded a general increase in forced labour (albeit with a significant dip in 2021), with more fluctuations in sex trafficking cases (Figure 17). In the 2018 TIP Report, South Africa was placed on Tier 2 Watch List for the first time in a decade due to the government's failure to 'fully meet the minimum standards for the elimination of trafficking', and was similarly ranked in 2019 and 2021.

Hard data, however, remains difficult to ascertain. While the TIP reports provide the most comprehensive data on trafficking in persons in South Africa, the figures provided are not attributed to specific sources and often do not correspond with other reports from government and non-governmental entities, although this may be for a variety of reasons.²²⁶ (The cases highlighted or profiled in the SAPS and NPA reports, for instance, typically do not involve labour trafficking, despite the fact that concern regarding the invisibility of labour trafficking is routinely highlighted in TIP reports.)

A wide range of actors engage in human trafficking, with differentness between sex trafficking and forced labour. According to global data analyzed by the CTDC, 35% of sex trafficking recruitment is undertaken by an intimate relation, 25% by family and 16% by a friend, while business contacts, acquaintances and neighbours play a significant role in labour trafficking.²²⁷ Although not disaggregated by submarket, the findings of A21's 2020 Impact report, which assessed 4 847 calls to the South African National Human Trafficking Hotline, suggest that human trafficking in South Africa is likely to operate along similar lines (see Figure 18).

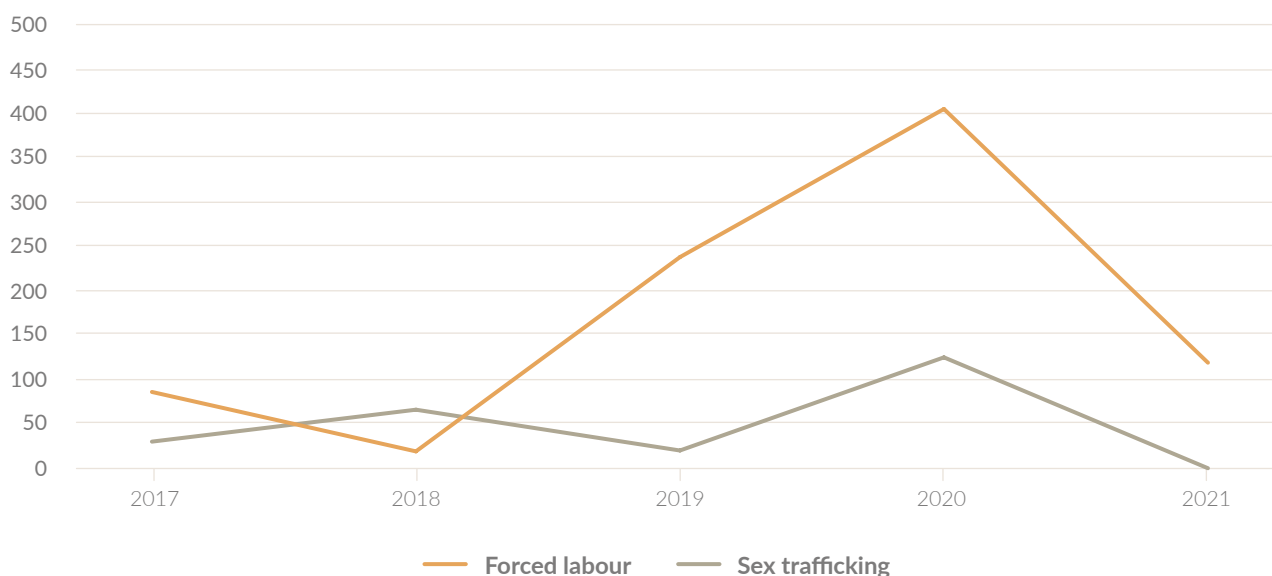


FIGURE 17 Forced labour and sex trafficking cases, 2017–2021.

NOTE: The zero point of sex trafficking cases in 2021 is because no information was provided, rather than 0 cases being present.

SOURCE: Trafficking in persons reports, 2017–2021



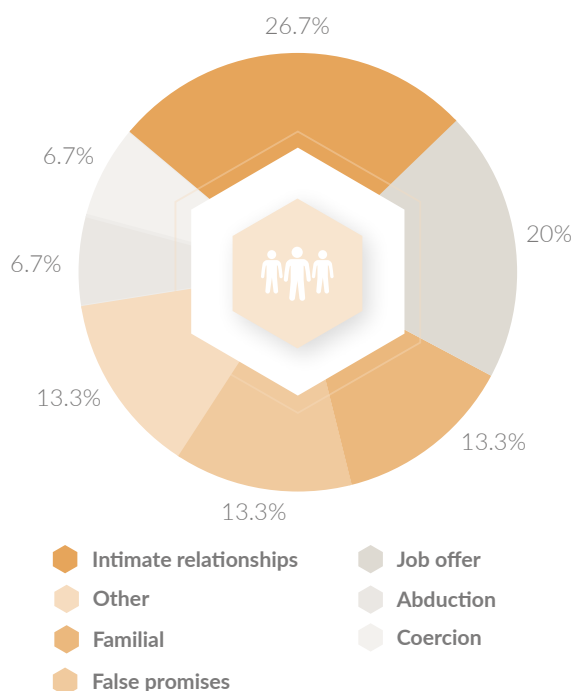


FIGURE 18 Trafficking recruitment methods.

SOURCE: A21, Impact Report 2020: South Africa/South Africa: Hotline Report 2020, https://neutrino.s3.ap-southeast-1.amazonaws.com/a21/userimages/A21_Impact_Report-SA.pdf. Data based on 4 847 contacts received by South African National Human Trafficking Hotline in 2020

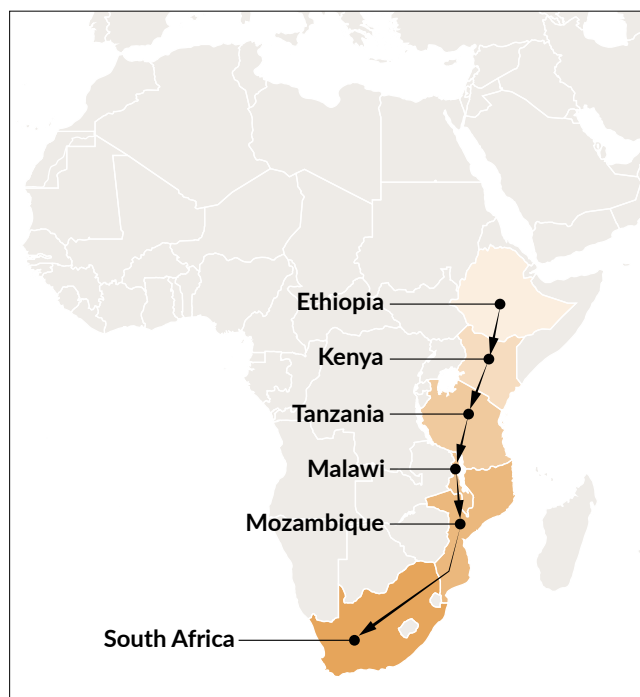


FIGURE 19 Southern trafficking route.

SOURCE: INTERPOL, Human trafficking into the Southern African region, June 2021

That said, organized crime actors are clearly engaged in human trafficking, and especially transnational trafficking, where they have co-opted established migrant flows. According to a 2021 INTERPOL report, trafficking by organized crime actors along the southern migration route is increasing, feeding off the route's growing popularity as migration routes north to Europe face more law enforcement pressure (see Figure 19).²²⁸ According to INTERPOL, these actors 'operating in a decentralized and dispersed structure', and are associated through their use of 'key individuals, facilities or locations',²²⁹ including refugee camps, as has been seen in Malawi's Dzaleka Refugee Camp.²³⁰

Beyond Africa, victims have been recorded in South Africa from as far afield as Indonesia, Thailand, the Philippines and Eastern Europe. Cases of South Asian victims are also prominent: one week in January 2022 saw two separate reports of Pakistani and Bangladeshi nationals being trafficked to South Africa via Mozambique.²³¹ These international routes, which require the use of air transport, speak to a high level of criminal sophistication, and there have been reports of global trafficking syndicates with representatives in South Africa.²³²

Labour trafficking

Labour trafficking in South Africa meets demand for cheap labour from a variety of industries, including agriculture, construction, mining, manufacturing, domestic service and fishing.²³³ As with all forms of trafficking, forced labour is characterized by control and exploitation (notably through debt bondage), especially in contexts involving foreign nationals who may be in a country illegally or under false pretences and have few legal alternatives. One labour broker, for example, promised immigration papers to farm workers from Zimbabwe and Malawi if they came to work in South Africa, but didn't hand them over – in effect depriving them of any opportunity to leave. This case also highlights the role that corruption plays in labour trafficking, as it was later discovered that the immigration documents were fraudulent and had been supplied by the broker's 'police contact'.²³⁴

Where the enforcement of immigration laws does occur, this may similarly be an aspect of trafficking exploitation. One recent incident involved a large number of farm workers, mostly in the Free State province, who had been told by their employers that they would be paid at the end of the year. However, as the time for payment drew closer, an immigration raid suddenly took place and the workers were deported to Lesotho.²³⁵ The timing of the raid is likely to have been the result of collusion between the employing farmers and immigration officials, and transformed the workers' situation into one of labour exploitation.²³⁶

Together with their often parlous legal status, forced labour victims are regularly deprived of fundamental rights, basic protections and fair remuneration, and compelled to work in dangerous and unsanitary conditions. In

November 2019, a joint law-enforcement operation discovered 91 undocumented Malawian nationals (including 37 children) at a textile factory in Gauteng who had allegedly been trafficked into South Africa in containers.²³⁷ The employers, Chinese nationals, had forced them to work seven days a week for R65 a day.²³⁸ The Malawians had no employment contracts and worked in hazardous and inhumane conditions.²³⁹ In November 2021, another joint law-enforcement operation at a factory in Gauteng discovered workers without contracts who had allegedly been forced to work excessive hours and been locked in the factory for up to 21 days at a time.²⁴⁰

Hiring under false pretences is a common ploy, and workers may be recruited by close connections who are considered trustworthy.²⁴¹ Some syndicate members involved in the informal-mining sector in South Africa, for example, are former *zama zamas* who are sent back to their villages in Zimbabwe to recruit relatives and friends and help them cross into South Africa at unofficial entry points. Workers are often not told about the type of work before they come, and then are told they must go into the mines, where their lack of skills and experience increases their risk of accident.

Some trafficking schemes to recruit foreign workers even appear to be legitimate, at least at first. A 2014 IOM report explored the case of five Cambodians who were recruited through a legally registered Taiwanese and Cambodian company and travelled to South Africa with valid visas, but were subsequently exploited aboard fishing vessels operating in and around South African waters. According to the report, the fishers 'generally work[ed] 18 hours a day, and approximately half of them worked 20 hours a day or more. They were forced to work even when sick, injured or exhausted [...]. All but two of the 31 Cambodians [...] experienced physical abuse and violence.'²⁴² They received little or no pay for their terms of work, which in some cases lasted up to three years.

Sex trafficking

Sex trafficking in South Africa targets poor and/or rural populations and neighbouring countries, and exploits victims locally and in urban centres such as Johannesburg, Cape Town, Durban and Bloemfontein, including girls as young as 10.²⁴³ Recruitment of victims often makes use of false promises, such as non-existent jobs, or the use of 'loverboy' tactics (where traffickers form intimate relationships with victims). The COVID-19 pandemic has seen reports of traffickers making greater use of online platforms to recruit and exploit victims,²⁴⁴ as evidenced in December 2021, when an 18-year-old victim was rescued from a brothel in Benoni where she had been exploited by a man she met on a dating app.²⁴⁵ Notably, this use of technology extends traffickers' reach to recruit victims who may not share some of the common vulnerability characteristics, such as poverty or rural location.

Control and exploitation of sex trafficking victims is frequently characterized by physical and psychological manipulation, including the use and threat of violence, drugs, isolation and forcible impregnation,²⁴⁶ and the crime is perpetrated by a broad range of actors, from trafficking rings, independent operators²⁴⁷ and even law enforcement officials – in May 2021 two SAPS officers were arrested for allegedly raping a human trafficking victim at a brothel in Gauteng.²⁴⁸

Family members are also significant perpetrators of human trafficking. One Lesotho woman who had been lured by her cousin to South Africa with the promise of a job was instead given to a man who raped her until she managed to escape in August 2021.²⁴⁹ This use of the promise of a better life by a family member was also in evidence in April the same year, when a senior Gauteng official and his wife were charged with the trafficking and rape of two children – the official's nieces – who were allegedly beaten and starved if they disobeyed.²⁵⁰ The girls had reportedly been lured from Mozambique by their aunt, who had promised them a better education in South Africa.²⁵¹ There have even been instances of women allegedly selling their children and relatives into sex exploitation.²⁵²

Human smuggling

Human smuggling and human trafficking are distinct crimes under international law, although, as noted above, there are instances in which what begins as a case of human smuggling morphs into trafficking. Human smuggling is best understood as a consensual arrangement between a client and a smuggler, in which the smuggler, for a fee, will help the client cross boundaries and overcome barriers, which may be geographic, political or cultural.²⁵³

Southern Africa has a long history of cross-border migration for a number of reasons, including economic opportunity, visiting family or escaping internal violence and natural disasters, with South Africa the main destination for smuggled migrants.²⁵⁴ Although data regarding irregular migrants is much disputed, the numbers of deportations between 2012 and 2016 indicate that Zimbabwe, Mozambique and Lesotho are the main sources of irregular migrants to South Africa.²⁵⁵ Migrant flows to South Africa also extend continentally in the shape of the so-called 'southern route' (not to be confused with the drug trafficking route of the same name), which is used predominantly by Ethiopians and Somalis travelling to South Africa.

Overcoming the various legal and geographical barriers involved in reaching South Africa leads many migrants to seek the services of smugglers. Human smuggling is a highly lucrative and low-risk illicit market, with one 2019 estimate putting the price of a single migrant's journey from the Horn of Africa to South Africa at US\$3 500, in part



due to the high cost of bribes in Kenya.²⁵⁶ Smuggling networks are highly organized, professional and for the most part do not resort to violence. Collusion and corruption are major enablers of human smuggling: bribes usually allow migrants to avoid passport and paperwork checks,²⁵⁷ but more sophisticated operations have also been reported. In March 2022, 27 people were arrested for being part of

a syndicate involving officials at the Department of Home Affairs that would ‘purchase’ the identities of willing South African citizens and use them to make up passports, which were then sold for R40 000 each to foreign nationals.²⁵⁸ An immigration official was arrested at OR Tambo Airport in April 2022 for helping Bangladeshi nationals without visas to enter the country.²⁵⁹

The harm

The human toll and normalization of exploitation

The human toll of trafficking in persons can only be captured through the testimonies of its survivors, who have often endured horrific experiences, including rape, psychological abuse and physical torture.²⁶⁰ Less extreme but more widespread are the systematic exploitation and everyday abuses of forced labour workers and domestic servants. In addition to the direct harms suffered by its victims, forced labour contributes to a normalization of exploitative practices that may become more entrenched and widespread if they remain unchallenged.

Smuggling also involves significant risks for those attempting to enter the country undetected, which can have fatal consequences. In March 2020, Mozambican immigration authorities opened a container of a goods truck to find the bodies of 64 Ethiopian migrants who had suffocated, along with 14 survivors. It is believed that these migrants were being smuggled along the southern route towards South Africa.²⁶¹ This incident occurred after Mozambique had imposed strict border controls in response to the emerging COVID-19 pandemic. The high levels of xenophobia and

anti-migrant sentiment in South Africa will also continue to leave smuggled migrants isolated and potentially vulnerable to human trafficking once they reach South Africa.

Risks of an ill-informed state response

Human trafficking in South Africa remains a little-understood yet highly emotive phenomenon. This often leads to human trafficking being conflated with crimes such as human smuggling,²⁶² kidnapping²⁶³ or sex work,²⁶⁴ all of which may have areas of overlap, and at times may lead to an increased risk of trafficking, but are not the same as trafficking. This conflation of crimes is the backdrop to numerous claims about human trafficking that have little empirical basis. Such claims have the potential to be used to justify rules and regulations, such as the securitization of borders, that can discriminate against irregular migrants (including unaccompanied children) who are not involved in human trafficking and potentially increase risks and vulnerabilities.²⁶⁵ At the same time, the challenges faced by non-trafficked sex workers may be exacerbated if official responses target their work as instances of ‘human trafficking’.

The future

Despite a raft of legislation and initiatives designed to combat human trafficking in South Africa, including the multi-country Global Action to Prevent and Address Trafficking in Persons and the Smuggling of Migrants (GLO. ACT),²⁶⁶ fragmented data will continue to pose a challenge to responses. This situation may be improved when the data set of the SADC Regional Trafficking in Persons Data Collection System²⁶⁷ – launched in South Africa in August 2019 – is finally published. At present, the extent of human trafficking from, to, within and through South Africa remains unknown, and the crime itself remains widely misunderstood. The highly emotive nature of the crime makes it especially crucial that responses are data driven.

The trajectory of human smuggling will be greatly influenced by the South Africa’s approach to its borders, which has wavered between increased securitization and deterrence, and a recognition of the inevitability of migration in a region with pronounced socio-economic differences. The

Department of Home Affairs’ 2017 White Paper outlined the need to reform a refugee and asylum system that it characterized as being abused by migrants and perpetuating irregular migration, which in turn drove ‘corruption, human-rights abuse, and national security risks.’²⁶⁸ It also made constructive recommendations, including requiring visas for low-skilled SADC workers, although as of early 2022 these had not materialized. The 2020 Border Management Authority Act – designed to consolidate the state management of the country’s borders under the Department of Home Affairs – has been accused of stoking xenophobic and anti-migrant sentiment,²⁶⁹ and providing the groundwork for a securitized approach. If more restrictive immigration policies are imposed without adequate legal alternatives, more migrants will seek the services of smugglers, who may also charge more in the face of steeper obstacles and more challenging routes, further swelling the profits of organized criminal groups.



WILDLIFE, FISHING AND ENVIRONMENTAL CRIMES

In addition to its mineral deposits, South Africa has a range of rare and lucrative natural resources that criminals exploit, including abalone, West Coast rock lobster, rhino and cycads. Decades of depredation by local actors working in conjunction with transnational syndicates have seen populations of many of these species plummet, in some cases to the point of extinction. Criminal activity around these resources has not only driven corruption, but also intersected with illicit drugs, firearms, extortion and money laundering. This rampant trade has undermined hard-won conservation gains for certain species, with unknown consequences for broader ecosystems.



TREND: INCREASING



South Africa was ranked as the 13th worst country globally for illegal, unreported and unregulated (IUU) fishing, according to the 2021 edition of the IUU Fishing Index.²⁷⁰

The market

Abalone

One species of abalone endemic to South Africa, *Haliotis midae* (*H. midae*), has been subjected, over the past three decades, to massive levels of poaching that have fed into transnational criminal syndicates. The illicit abalone fishery began in the 1970s but operated on a comparatively small scale. This changed in the early 1990s, following the end of apartheid, when South Africa opened its borders to international trade; demand for abalone surged in China (where it is prized as a delicacy) due to the growth of the

middle class; and the South African rand depreciated against the dollar, driving local prices skywards.²⁷¹ A final, crucial factor was the widespread poverty and growing frustration in South African fishing communities situated adjacent to rich beds of abalone over a slow and ineffective reform process.²⁷² These factors created an opportunity for criminal involvement, and by the end of the 1990s, abalone poaching had ceased to be an informal, opportunistic activity and had become a transnational operation.²⁷³

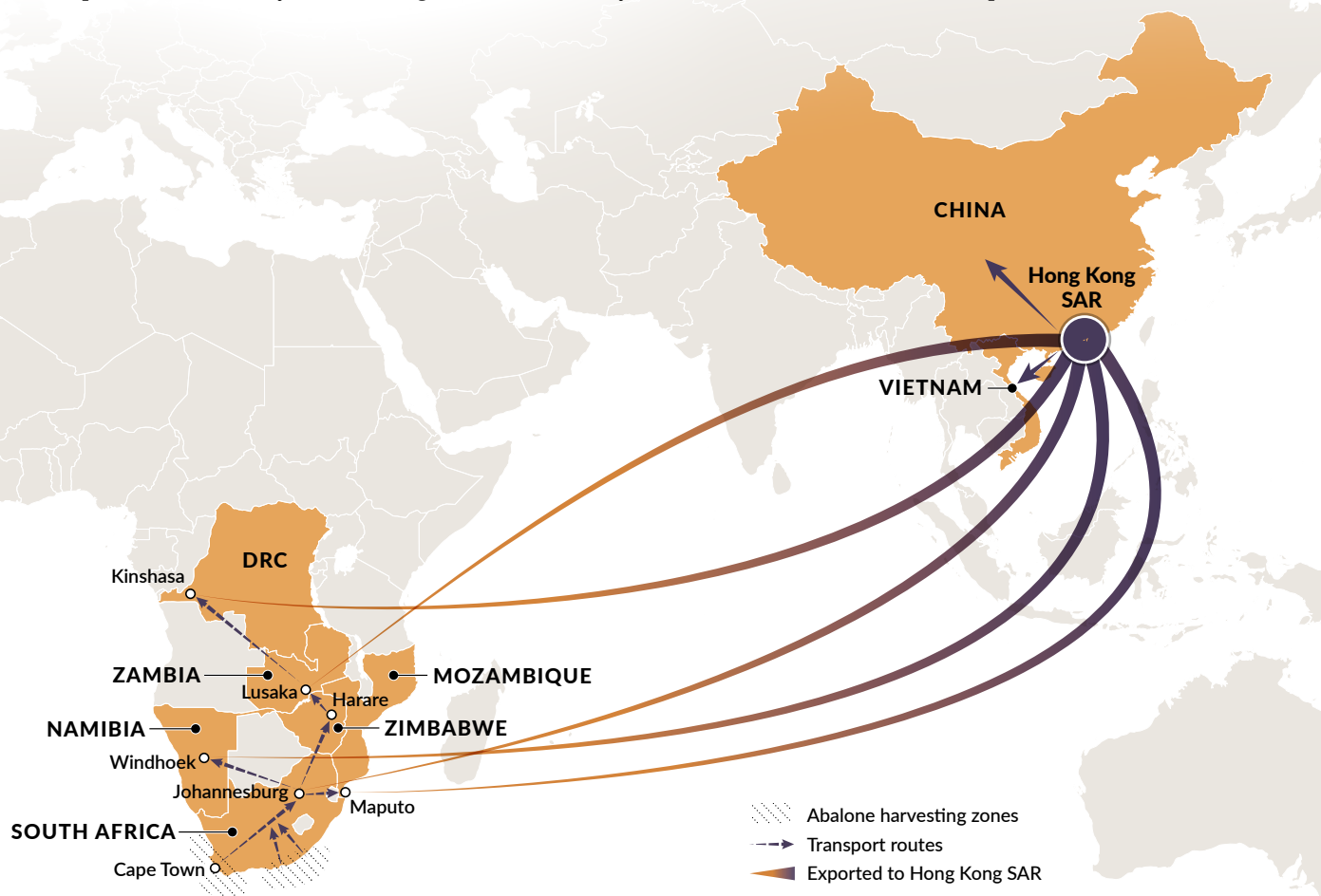


FIGURE 20 Global routes of the illicit *H. midae* trade.

NOTE: These routes have developed over time: in the early years of the trade, from 2004 to 2007, between 86% and 97% of all *H. midae* imported to Hong Kong SAR was declared as coming from South Africa only. By 2008, that figure had dropped to just 29%, the same year South Africa shut down its entire legal abalone fishery in an attempt to ward off poaching,²⁷⁴ but abalone was still moving, now along new regional routes.

SOURCE: Kimon de Greef and Simone Haysom, Disrupting abalone harms: Illicit flows of *H. Midae* from South Africa to East Asia, GI-TOC, February 2022, <https://globalinitiative.net/analysis/abalone-south-africa-east-asia>

ABALONE POACHING

Estimated annual worth of illegal abalone market (2018)²⁷⁵



The illicit abalone economy was, and still is, controlled by Chinese criminal groups in alliance with South African gangs.²⁷⁷ In the Western Cape province, where large-scale poaching began, local underworld bosses muscled in on the trade, seizing control of fishing communities where abalone was abundant. Within a decade, abalone poaching had become deeply entrenched in the Cape underworld, with links to extortion, violence, gun running and the drug trade, with reports of gangs trading abalone for drugs or precursor ingredients for methamphetamine production (see ‘Illicit drugs’ section).

West Coast rock lobster

West Coast rock lobster (*Jasus lalandii*), commonly known as crayfish, is subjected to massive levels of illegal fishing throughout its range in South Africa.²⁷⁸ As with abalone, crayfish poaching emerged from the state-driven marginalization of artisanal fishers who had historically harvested crayfish in favour of large-scale commercial fishing interests. The main export market for West Coast rock lobster is China, where it generally fetches higher prices than other species of lobster.²⁷⁹ The market preference is for fresh lobster, and so catches in South Africa are generally exported live, via cargo flights that depart from Cape Town International Airport. Demand for West Coast rock lobster is far higher than can be supplied; one importer recently made enquiries with several South African companies about sourcing, in a

single order, more than the entire legal annual catch limit for the species.²⁸⁰

At the local level, a crayfish poacher might make several hundred rand from a night of fishing, but the export market for crayfish is potentially worth millions of dollars, making it a lucrative opportunity for illicit actors. In interviews with the GI-TOC, participants in the fishery industry described a system of rampant and worsening criminality, with rising involvement of gangs and links to other forms of organized crime. Within the past decade, powerful figures associated with the 28s prison gang have reportedly inserted themselves as middlemen in the illicit crayfish value chain, buying large quantities of poached product from fishers. Industry insiders allege that some of this crayfish is illegally exported to China for as little as two-thirds of the standard price, crashing the market whenever a large shipment arrives.²⁸¹ This is because crayfish exports supposedly provide an efficient mechanism for laundering money: cash from drug dealing and other illicit activities is paid out to fishers, replaced by clean money from buyers in China. Extortion at slipways²⁸² and of fishing boats²⁸³ has also been reported. There are also signs that Chinese criminal groups associated with the illegal abalone trade have become influential players in the crayfish market.

Other fishing industries

Hake, South Africa’s largest export fishery, worth close to US\$150 million annually, is subjected to high levels of illegal fishing. Long-line vessels at Hout Bay harbour, colluding with corrupt fisheries inspectors, commonly offload as much as half their catch, undeclared, onto delivery vehicles that subsequently ‘disappear’.²⁸⁴ Given that a full boat carries 20 tonnes of fish and the market price of R50 per kilogram, this potentially represents half a million rand in value stolen per fishing trip. (South African hake is certified by the Marine Stewardship Council as a sustainably managed fishery.)

Illegal shark finning was detected in South Africa in the 1970s, when investigators ascertained the involvement of Chinese criminal groups in the trade.²⁸⁵ Large quantities of dried shark fins were being exported from Cape Town via Johannesburg to Hong Kong SAR and other destinations, but so long as the sharks were not caught in South African territorial waters – which was almost impossible to prove, given the lack of monitoring offshore – this did not constitute a criminal offence. Police investigations in the 1990s confirmed that at least three organized gangs – two from



LAUNDERING WILD-CAUGHT ANIMALS TO CHINA

A 2020 report by Ban Animal Trading and the EMS Foundation claimed that between 2015 and 2019, at least 5 035 animals – including Appendix I or II animals, such as tigers, cheetahs, lions, rhino and chimpanzees – were exported from South Africa to China. Appendix I animals must be sourced from CITES-registered breeding centres, but the report discovered serious irregularities in the issuing of permits – including fake permits,

the absence of verification and enforcement negligence – that allowed many wild-caught animals to be passed off as captive-bred. Many of these animals were sent to Chinese zoos or theme parks, where the standards of animal care are frequently low. Some of the traders involved in exporting the animals were reported to have links to transnational organized crime syndicates.

Hong Kong SAR and one from Taiwan – were trading in shark fins as well as abalone.²⁸⁶

There are signs that syndicates trafficking illegally in shark fin exploit weaknesses in the South African regulatory system to launder endangered and threatened species by importing them into bonded warehouses, mixing them with shark fins obtained legally in South Africa, and then exporting large shipments to Hong Kong SAR.²⁸⁷ In 2018, South African authorities seized 33 tonnes of shark fin at a storage facility in Cape Town.²⁸⁸ The fins were identified as belonging to a multitude of shark species, including several listed on the appendices to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and illegal to trade. This was not an isolated case but part of a trend, according to researchers.²⁸⁹

Rhino, elephant, lion, leopard and cheetah

Rhino horns are prized as status symbols and for use in traditional medicine in East Asia, particularly in Vietnam and China. South Africa, home to the world's largest population of rhino, has long been the epicentre of a poaching trade that seeks to meet this lucrative demand. Beginning in 2007, the country experienced an exponential rise in poaching, from 13 animals to more than 1 200 in 2014.²⁹⁰ Although annual poaching figures have subsequently declined, conservationists believe that this may reflect an overall decrease in the rhino population, rather than any significant improvements in enforcement capacity. At the Kruger National Park, where poaching has been most severe, rhino numbers have fallen by an estimated 70% in the past decade.²⁹¹ In response to scarcer opportunities in national parks – a product of stricter enforcement and fewer rhino – there has been an uptick in poaching on private reserves, especially in Limpopo and Mpumalanga.²⁹²

Some cases of rhino poaching have highlighted links with other illicit markets.²⁹³ One notorious local trafficker, killed in a suspected hit in 2021, had allegedly been involved in ATM bombings, cash-in-transit heists and even murder (a senior police detective investigating him was assassinated in 2020).²⁹⁴ Rhino poaching also intersects with the illegal gun trade: a four-year investigation by the Conflict

Awareness Project found that an international gunrunning network had 'funneled thousands of high-caliber hunting rifles from Europe and the U.S. to poaching kingpins in southern Africa,' equipping poachers in Mozambique and South Africa with CZ rifles manufactured in the Czech Republic.²⁹⁵ These firearms have increased poaching,²⁹⁶ and, in the case of weapons fitted with silencers, helped poachers to evade detection.²⁹⁷ In some cases, poachers also carry assault rifles for 'protection' against park rangers. There have been reports, too, of standard-issue AK-47 rifles being 'borrowed' by poachers from Mozambican security personnel, as well as instances in which .458 rifles dating from the Mozambican Civil War have been used to hunt rhino.²⁹⁸ Other guns have been provided to poaching networks by corrupt police officers, soldiers, border guards and field rangers in South Africa and neighbouring countries. There have been documented cases in which hunting rifles stolen in robberies on South African farms and smallholdings have ended up in the hands of poachers.²⁹⁹

The Kruger National Park is also the epicentre of elephant poaching in South Africa. There were 72 seizures of ivory (in the form of products, tusks and pieces) between 2015 and 2019,³⁰⁰ although there appear to be no large-scale elephant-poaching networks in South Africa, with indications that the supply of the trade is moving to central and West Africa.³⁰¹ Between 2016 and 2020, approximately 154 lions were killed for their teeth, bones, claws and skins, which are normally exported to Asia for traditional or medicinal purposes.³⁰² In August 2021, 60 kilograms of lions' teeth, claws and other items were seized in Limpopo province, and a Vietnamese man arrested in connection.³⁰³

According to the CITES Trade Database, South Africa is the largest legal exporter of live cheetahs in the world.³⁰⁴ South Africa hosts the only two CITES-registered facilities worldwide that can trade cheetahs for commercial purposes. However, most facilities cannot trace individual animals and the CITES permit system is ineffective in monitoring the movement of animals between facilities and out of the country (see box: 'Laundering wild-caught animals to China'). Owing to the relative ease of introducing wild-caught individuals into the captive system, some of South Africa's facilities may be conduits for illegal cheetah smuggling from across the region.³⁰⁵





Reptiles

In recent years, South Africa has seen a rise in reptile trafficking for the pet trade. One endemic species, the sungazer lizard (*Smaug giganteus*), has been traded internationally for at least 50 years, fetching prices as high as R70 000 in East Asia, the US and Europe.³⁰⁹ Close to 800 sungazers were exported between 1983 and 2012, with a significant rise in exports in the first decade of the 2000s. All of these exports were reported as captive-bred, yet according to one study, there were no breeding programmes in South Africa that could have supplied this large quantity of lizards.³¹⁰ It is widely believed that many wild sungazers are being poached and exported with false declarations of being captive-bred. A range of other reptile species are trafficked from South Africa, including dwarf chameleons, tortoises, certain species of adders and several other lizards.³¹¹ One conservationist who studies the trade estimates that 90% of the market is driven by overseas demand.³¹²

Succulents and cycads

Succulents in the *Conophytum* genus, which is endemic to South Africa and Namibia, have surged in popularity among collectors around the world, especially in China and Korea.³¹³ This is driving unprecedented levels of poaching in South Africa, home to around a third of the world's succulents, where several *Conophytum* species are already listed as endangered. In 2021, provincial nature authorities said that they had recorded 11 poaching cases in just six months, confiscating plants worth an estimated R15 million.³¹⁴ In 2020, two men from South Korea were fined R2.5 million each for poaching more than 60 000 *Conophytum* plants. One of the men had previously been linked to succulent poaching in California, underscoring the organized and global nature of this threat.³¹⁵

The hotspot of *Conophytum* poaching is in the Namaqualand region of the Northern Cape province,³¹⁶ but there are indications that succulent poaching is spreading to new areas, including the Tankwa Karoo region, and involving an increasing number of species.³¹⁷ The organization of theft is also developing: in the past, collectors from overseas would gather specimens themselves, but they have recently begun paying local networks to source plants on their behalf.

South Africa is also a hotspot of cycad diversity, hosting 38 species, or around a tenth of the world's total. Of these species, 29 are endemic, found nowhere else on earth. Already, three of South Africa's cycads are extinct in the wild, and half of the remaining species are at risk of

extinction in the near future, according to scientists. In 2005, poachers dug up the last 11 survivors of one species on a mountain where, less than three decades earlier, more than 200 of the plants had been counted.

Cycads are considered status symbols by wealthy collectors in South Africa and internationally, but the plants grow extremely slowly – around a centimetre per year – and take decades to reach maturity. Lacking patience, many collectors prefer to buy fully grown cycads, driving the illicit market. Since the 1970s, it has been prohibited to harvest, trade or possess wild cycads in South Africa, but a legal market still exists for cultivated plants. This provides cover for traffickers and enables the laundering of poached cycads. A major centre of South Africa's cycad-poaching crisis is the Eastern Cape province, home to 14 native cycad species. Research by a retired high-ranking police official indicates that between 2011 and 2018, close to 1 000 cycads were uprooted in 27 separate poaching incidents, with an estimated value of US\$1.2 million.³¹⁸

Sand mining

Sand, a key component in the production of concrete, is in massive demand in South Africa's construction industry. Over the past decade, there has been a proliferation of illegal sand mining in rural areas across the country. On KwaZulu-Natal's Umgeni River, for example, illicit miners have dug up tonnes of sand using heavy machinery, leaving ruined riverbanks and unsecured pits where livestock and as many as 11 children had drowned by 2010, according to court documents from an illegal sand-mining case in Durban.³¹⁹ Some analysts have attributed the dramatic surge in illegal mining that took place in KwaZulu-Natal in 2008 to the construction of Moses Mabhida Stadium, a FIFA World Cup venue, which used more than 245 000 tonnes of concrete.³²⁰

Licensed sand miners need to comply with stringent legal requirements, ranging from environmental to labour laws. But illegal mining has no oversight or controls, which means that sand can be obtained and sold for greater profits. A further vulnerability is the dire shortage of compliance officers, with the result that illegal sand miners are seldom investigated or charged. The ease with which sand can be sold makes policing the trade even more difficult. The illicit mining of more valuable minerals – such as gold and platinum – requires elaborate criminal networks to penetrate legal markets (see 'Mining' section). Sand, by comparison, often travels directly from rivers to construction sites.

Illegal waste

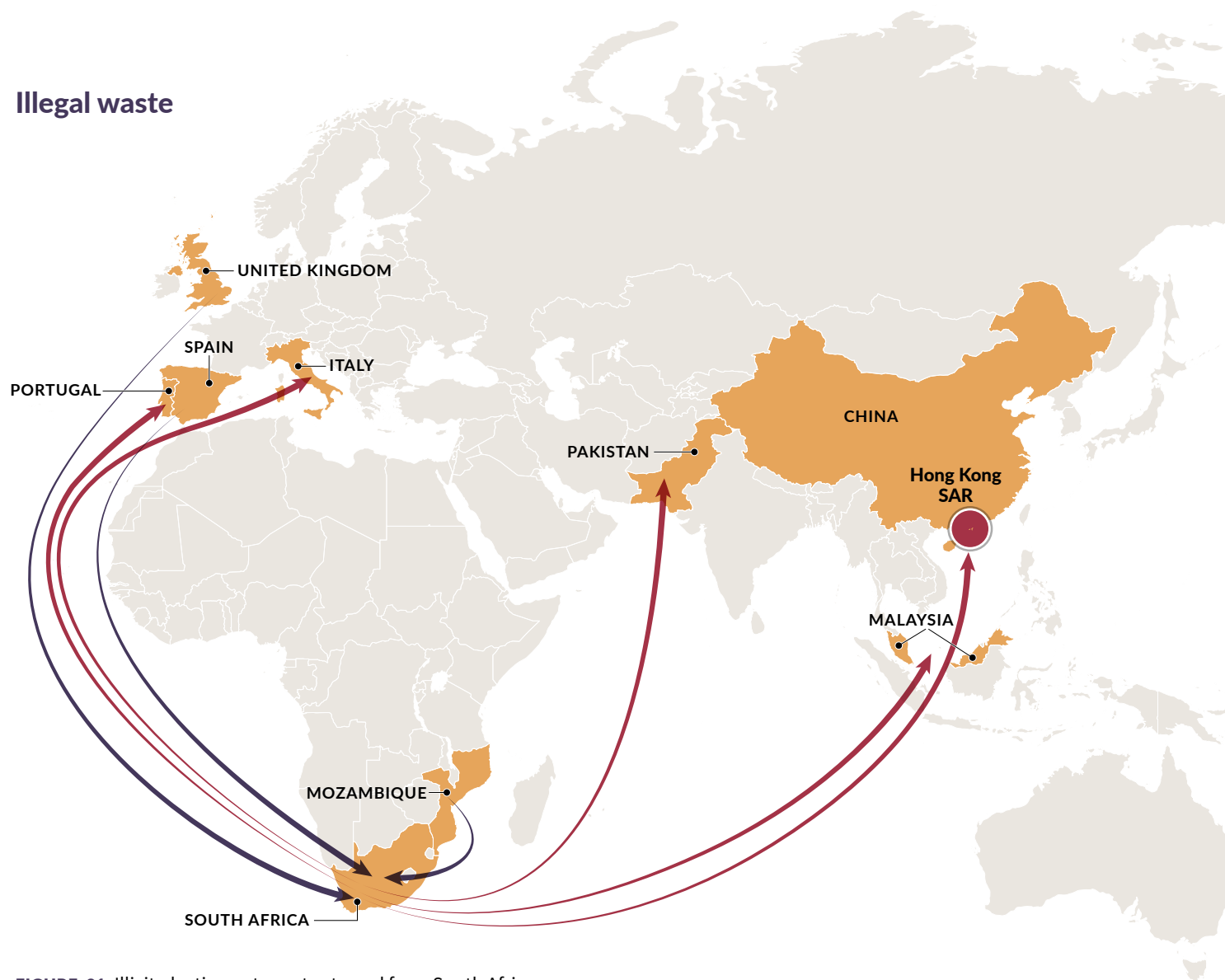


FIGURE 21 Illicit plastic waste routes to and from South Africa.

SOURCE: Virginia Comolli, Plastic for profit: Tracing illicit plastic waste flows, supply chains and actors, GI-TOC, November 2021, <https://globalinitiative.net/wp-content/uploads/2021/10/GITOC-Plastic-for-Profit.pdf>

Illegal waste is a growing global concern due to the health and environmental effects of improperly processed waste. South Africa legally processes waste from neighbouring countries that lack disposal facilities and other nations, and this has provided an opportunity for a growing shadow trade in illicit waste. Containers of illegal plastic waste (misdescribed as legal waste) have been reported entering South Africa from the UK, Spain and other European countries, with disposal sites in KwaZulu-Natal and Cape Town the most affected.³²¹

Sophisticated organized crime actors, including legitimate waste-management companies engaged in illegal activity, coordinate the shipment of illegal waste into and out of South Africa.³²² An established South African recycler has been investigated by the Malaysian government for exporting illicit shipments. The South African authorities have also investigated the company on account of several shipments from South Africa to Italy in 2020 and to Malaysia, Hong Kong SAR, Pakistan and Portugal in 2021.³²³

There is also rampant illegal dumping of waste carried out by domestic actors. In 2009, investigators in Welkom discovered more than 300 tonnes of medical waste, including amputated body parts and bloodied syringes, dumped illegally in shallow pits at a local brick factory. South Africa's second-largest waste-management company was probed as part of the investigation. During the trial, one suspect reportedly threatened witnesses and ordered a hit on a former business partner for exposing the scheme.³²⁴ At least four other illegal medical waste dumps were discovered in Welkom at around the same time.³²⁵ Medical waste disposal policies have subsequently been amended, but illegal dumping of other waste remains an ongoing concern, with troubling signs of organized criminal involvement. In KwaZulu-Natal, there are at least two unregulated dump sites, run by people close to local politicians, that operate openly, collecting gate fees from users; in an interview with the GI-TOC, one activist described this as 'a mob situation'. At one site, waste is disposed directly beside a river.



The harm

Environmental loss and damage

Poaching has caused devastating and potentially irreversible damage to the abalone resource, which is now believed to be at a tiny fraction of its former abundance.³²⁶ Based on estimates by TRAFFIC, poaching syndicates have removed well over 40 000 tonnes of abalone since 2000, a figure that excludes substantial illicit harvests from earlier years.³²⁷ Poachers are reporting diminishing harvests and areas where dense abalone beds existed have been cleaned out. As the dominant subtidal organism across stretches of South Africa's southern and western shores, abalone is presumed to play an important ecological role, such as feeding on, and limiting the spread of, kelp. But the precise ecological impacts of removing abalone from the kelp forests remain poorly understood.³²⁸

West Coast rock lobster has suffered a similar population collapse. Annual catches commonly exceeded 10 000 tonnes in the mid-twentieth century until early signs of resource depletion prompted smaller quotas. The total allowable catch stabilized at around 2 000 to 4 000 tonnes, until a court ruling in favour of a petition by the World Wildlife Fund (WWF) – who argued that the 2017/18 quota of 1 924 tonnes was ‘unsustainably high’ – saw it further reduced;³²⁹ in 2021/22, the total allowable catch was set at 700 ‘tons’.³³⁰ But much of the damage has already been done: monitoring data indicates that the resource is at around 1.5% of its 1910 pristine biomass – half what it was two decades ago³³¹ – and is declining rapidly. Moreover, quotas have little effect on poaching, which is taking place at such high levels that commercial extinction is increasingly considered to be unavoidable; as one exporter told the GI-TOC: ‘We’re making exit plans in this industry for two years from now.’³³² This would devastate coastal economies on the West Coast, where the crayfish industry – along with its illicit counterpart – is central to sustaining livelihoods and generating income.

The resurrection of South Africa's rhino population – including both white rhino and critically endangered black rhino – is considered one of the world's great conservation success stories.³³³ However, owing to the massive rise in poaching, there are clear signs that these gains are being reversed. The rhino population in the Kruger National Park has declined by around 70% over the past decade, largely due to poaching and its knock-on effects for breeding and calf survival. By the start of 2020, South Africa had fewer than 14 500 white rhinos and 1 900 black rhinos. And aside from direct losses to poaching, conservationists have identified a range of indirect negative impacts on rhino populations in South Africa. Black rhino cows, for example, are less likely to conceive in conditions of distress, such when poaching disrupts the social structure of rhino groups. This means that poaching, in addition to driving population declines,

also reduces the rate of population growth. This compound effect also takes place whenever poachers kill a cow, as that rhino is removed from the breeding population. Scientists estimate that for every cow killed by poachers, 4.5 future calves are lost. ‘You might see 150 carcasses, but the population is declining much faster,’ one state scientist explained.³³⁴ A shrinking rhino population is also more vulnerable to other threats, such as drought, which led to a doubling of the natural mortality rate in Kruger in 2015.³³⁵ With fewer numbers nationally, both white rhino and black rhino are less resilient to future droughts – which are projected to become more severe and more frequent due to climate change – and other stresses.

The dumping of illegal waste also causes serious environmental and health harms. Illegally disposed plastics (and the fumes generated through their burning) pollute soil, water and air, poison food production and are the cause of a myriad of severe health conditions, both among workers at unregulated sorting and recycling plants and local communities close to waste disposal sites.³³⁶

Criminalization of local communities and rising corruption

The societal harms of the illicit abalone trade are severe. They include the deaths of dozens of poachers, some of them devoured by great white sharks; turf wars among local gangs over control of the resource; convergence with the drug trade and other facets of the criminal economy; and pervasive corruption of government agencies tasked with controlling poaching, particularly the Department of Agriculture, Forestry and Fisheries (which can no longer carry out many of its core functions, in part due to the corrosive influence of abalone syndicates) and the police service. Many fishing communities have become criminalized as a consequence of abalone poaching, with an influx of gangs – sometimes through violent takeovers – and worsening conflicts with law enforcement agencies.

The large sums of money associated with lobster poaching have likewise contributed to ‘endemic, institutionalized corruption’ in the sector, according to an analyst who formerly headed compliance at the national fisheries department.³³⁷ A senior fisheries official explained that merely for providing information to poachers, inspectors could earn more in one night than their monthly salary.³³⁸ As with abalone poaching, a major vulnerability when it comes to monitoring and compliance is that inspectors live in the same communities as poachers, making them easy targets for bribes and intimidation. ‘They’re sitting ducks,’ a former chief director at the fisheries department explained. ‘They get told, “We know where you live.” It’s very difficult to fight against.’³³⁹

At higher levels, there are allegations that department officials have sold fraudulent export permits (one insider recalled being offered 10 tonnes for R10 000 several years ago)³⁴⁰ and, more commonly, fraudulent landing books, which allow fishers to harvest more crayfish than their permits allow. There are also troubling accounts of collusion between the department and fishing companies. In 2018, the government minister responsible for fisheries stated in an affidavit that a senior departmental employee had leaked sensitive quota information to Lusitania, a major exporter of crayfish. This allowed the company to sign up fishers before the list was made public and, in doing so, secure an unfair advantage over their competitors.

Corruption is also widespread in the Kruger National Park and other protected areas. In interviews with the GI-TOC, senior officials indicated that corrupt rangers might earn as much as R80 000 simply for providing information to poaching syndicates, such as which areas of the park are currently being patrolled. That amount is roughly equivalent to what rangers earn in a year.³⁴¹ Besides the financial incentives, rangers are often intimidated or threatened

into colluding with poaching syndicates. The proximity of poachers to park officials also makes corruption difficult to control. ‘These young people were often the brothers, cousins and uncles of rangers,’ the CEO of SANParks said in a parliamentary briefing in 2021.³⁴² Overall, these factors have led to what one official described as ‘the criminalization of the ranger corps.’³⁴³ In addition to rangers, rhino-poaching syndicates have corrupted the police – including crime-intelligence officers who are supposed to play a key role in eradicating organized crime – and government officials, including magistrates.³⁴⁴

Corruption is also alleged to play a large role in the South African waste disposal industry, which the Department of Environmental Affairs has likened to ‘organized crime’. With lucrative contracts at stake, companies vie for political favours and provide kickbacks in return. The head of one waste-management company has challenged several tenders in court and spoken out widely against corruption in the sector. Early in 2022, he survived an assassination attempt in KwaZulu-Natal after being shot three times.

The future

South Africa is one of the world’s most extraordinary environments for wildlife, but the spectre of population collapse and extinction looms large for many species targeted by poaching. At current rates, losses may become irreversible, yet there are few indications that illegal actors will stop until they have extracted every possible ounce of profit from their markets. The disappearance of certain species will have consequences for contingent ecosystems that cannot yet be reckoned but are likely to be profound, undermining food chains and delicate balances between predator and prey.

Technology is also proving transformative for the illicit wildlife market, which has increasingly moved online, with traffickers using both closed internet forums and social media to connect to buyers across the world.³⁴⁵ The display of rare and exotic animals on social-media platforms such as Instagram has also contributed to the perception of such animals as part of a high-flying lifestyle, which risks glamourizing and legitimizing the ownership of endangered

species. Internet giants and conservation groups have taken action on this, notably via the establishment of the Global Coalition to End Wildlife Trafficking Online, but the volume is overwhelming, and traffickers have proven adept at evading such measures, for example, by opening new accounts on Facebook.³⁴⁶

Awareness of the fragility of our natural world is increasing, and at almost every level of society there are actors and initiatives that are energetically committed to reversing the direction of travel. As a subset of such concerns, wildlife crimes are rising up the global agenda, although progress at times has come from unexpected developments: China’s 2020 ban on the consumption of wildlife, for instance, was designed to disrupt transmission of zoonotic diseases, not protect wildlife. However, many illicit markets have proven resilient in the face of past efforts to improve protection, while disrupting the lucrative incentives of wildlife crime is likely to prove a protracted task – and for many species, time is running out.



EXTORTION

South Africa is witnessing a dramatic expansion, diversification and legitimization of extortion. Money, services and goods are being extracted from an increasingly wide range of actors, from spaza shop and nightclub owners to construction companies and the transport industry. It is a highly corrosive criminal practice, bringing fear and violence to local communities and causing severe economic and political harms by undermining economic development, corrupting state processes and eroding trust in the rule of law. Gauteng-based extortion networks, rebranded as legal 'security companies', offer 'quick results' for clients disaffected with the perceived deficiencies of legal recourse, while in KwaZulu-Natal, 'business forums' have sought to enrich themselves from government contracts and may have an eye on deeper political involvement.



TREND: INCREASING

The market

Recent years have witnessed an expansion and evolution of the traditional market for extortion, which involves threatening someone with a harmful act unless they submit to certain demands.³⁴⁷ For decades, extortion has largely been associated with the nightlife entertainment industry, involving nightclubs, bouncers, prostitution and drugs. This continues to thrive, but extortion actors are also becoming increasingly integrated into the licit sphere through the establishment of legally registered security companies and business forums. Other important shifts in extortion markets have also emerged over the past 10 years, including the rise of the so-called ‘construction mafia’, an expansion into low-income areas, the targeting of ordinary individuals and the ‘day life’ economy. Owing to the complex ways in which extortion manifests in some criminal contexts – namely kidnapping for ransom, cybercrime and the taxi industry – its role in those markets is discussed more fully in those sections.

Extortion is a complex phenomenon deeply rooted in social and economic dynamics, and its incentives and drivers are often indirectly created by the state. This most commonly manifests through the lack of security provision in certain communities, which provides opportunities for criminal actors to force the purchase of ‘protection’ on vulnerable individuals and businesses. South African extortionists have also been adept at co-opting the state’s transformation narrative, forcibly laying claim to the ring-fenced 30% of government procurement contracts intended for designated groups and local concerns. If left unchallenged, extortion may even accrue a veneer of legitimacy among its victims over time and become an accepted cost of business and daily life. In this late stage of extortion, the reputation of an extortion group can effectively stand in for the use of violence, enabling a settled system of illicit taxation that can provide reliable long-term funding for organized criminal groups. And as extortion groups become more sophisticated, the likelihood increases that they will seek to insert themselves in formal governance structures in order to increase their influence over the allocation of funds and political decision-making.

Expansion from nightlife extortion

There have been significant shifts in the make-up of the criminal networks involved in the nightlife extortion economy, as well as in the way in which they operate. The bouncer-based, and openly violent, criminal networks of the 1980s and 1990s have largely been replaced by a new generation of actors who have established registered ‘security companies’ or bodies, such as ‘forensic investigators’, through which they operate. They are often registered in the name of proxies or nominees who front for others with

criminal records (and who therefore cannot operate openly as representatives of a lawfully registered company).³⁴⁸

This repositioning has been most pronounced in Gauteng and has allowed criminal extortion networks to expand their market into the licit economy. These registered security companies offer VIP protection, debt collection and private protection, and sometimes use extortion and violence to achieve their objectives.³⁴⁹

The demand for such companies in part stems from a lack of confidence in legal redress. Businesspeople who have lost faith in civil litigation may hire a private security company to pursue a debt, overlooking that fact that illegal methods will be used.³⁵⁰ As such, this ‘rebranding’ of extortion rackets as security companies or security consultants should not be taken to imply that they are now somehow gentrified and less ruthless than before, and many criminal networks continue to rely on tried and tested *modus operandi*.

Nightlife extortion networks in Cape Town have also expanded to the so-called ‘day-life’ economy, targeting cafés, restaurants and luxury apartments. This expansion may be linked to the increased contestation for the control of the protection market in Cape Town, which began in 2017.³⁵¹ There have even been reports of paramedics being targeted by extortionists in Cape Town – a phenomenon that a Western Cape spokesperson said had increased after the first national lockdown and had affected emergency medical service delivery.³⁵²

Business forums and construction mafias

The expansion of extortion markets in KwaZulu-Natal has taken a different route from those in Gauteng. Instead of registering as security companies, extortion networks in KwaZulu-Natal began forming associations frequently referred to as ‘business forums’³⁵³ to divert funds from government contracts and engage in extortion of construction companies (in which context they were labelled ‘construction mafias’).

Delangokubona Business Forum, arguably one of the most powerful in the province, was formed in 2014 by people mainly based in Umlazi, a township situated south-west of Durban. Its first chairperson reported that the membership of the forum’s various branches included ex-convicts who had committed ‘schedule six offenses including murder, rape and cash in-transit heist’.³⁵⁴ The forum first became associated with extortion in December 2015, when contractors in Umlazi suspended refuse removal in the township, saying they were underpaid. The contractors, claiming to be members of Delangokubona, shut down municipal refuse depots and threatened violence if their demand for a pay increase was not met.³⁵⁵ Delangokubona has denied being a criminal organization.³⁵⁶

THE THIRTY PERCENTERS

A common demand of the business forums when invading sites is to insist that 30% of the contract value be allocated to the business forum members. This demand appears to be linked to the Preferential Procurement Policy Framework Act.³⁵⁷ Regulations under this Act, issued by National Treasury in 2017,³⁵⁸ state that that 30% of public procurement contracts should be awarded to designated groups. The regulation aimed at encouraging local content in all procurement states that if the project was over R50 million, there must be 30% local content. Although this regulation applied only to tenders involving government contracts, business forums have used it when dealing with both governmental and private construction companies.³⁵⁹

In some cases, business forums have demanded that companies allocate 30% to sub-contractors identified by the forums, and in other cases they will demand that a simple 30% cut be paid out to them. There are also examples in which business forums have demanded that more than 30% be allocated to the business forum members.³⁶⁰ Equally there are cases in which forums that have invaded sites have asked for less than 30% and that the money be paid out in cash.³⁶¹ Business forums have even extorted small and medium-sized enterprises, including black-owned companies – the very operations the 30% was intended to benefit.

In January 2016, Delangokubona members laid siege to the municipality's electricity depots, threatening to kill workers, and then targeted road repair crews, storm water depots and maintenance teams. Senior municipal managers also received death threats and municipal depots were shut down using violence and intimidation. The group issued the eThekweni Municipality with an ultimatum to give them tenders without bidding processes or else they would plunge the city into chaos.³⁶² In response, the municipality went to court to interdict the group and prevent Delangokubona members from interfering with, intimidating and threatening municipal workers. In February 2016, the siege at the depots ended after the intervention of ANC leadership in the city.³⁶³

In 2016, local business forums predominantly linked to Delangokubona also started to invade construction sites in KwaZulu-Natal, demanding not only a percentage of the construction contract (see box: 'The thirty percenters') but also that construction companies employ certain people on their sites. The business forums who invaded the sites were often heavily armed (carrying pangas, handguns and semi-automatic assault rifles) and used intimidation tactics to ensure their demands were met.

Business forums have also formed umbrella organizations to consolidate their activities. In 2015, the Youth in Action Movement in KwaMashu (a township situated 12 kilometres north of Durban city centre) was formed under the leadership of Maluses Zondi. At its inaugural conference, the organization resolved to move towards radical economic transformation. In 2016, members of this organization shut

down construction of the Bridge City Mall in KwaMashu, demanding participation in the project. Members also shut down the site of a new court building and a R1.9 billion hospital project in the same area.³⁶⁴

The actions of the KwaMashu youth appear to have brought them into direct conflict with Delangokubona who wanted the jobs acquired by the actions of the KwaMashu youth.³⁶⁵ The two organizations allegedly armed themselves for a confrontation but ultimately realized their common aims and formed the Federation For Radical Economic Transformation (FFRET). Between 2016 and 2019, the vast majority of construction sites in KwaZulu-Natal were targeted by local business forums associated with Delangokubona and FFRET.³⁶⁶

Other corporations outside construction began to be affected. In May 2017, companies forming the country's leading soft drink manufacturers, Coca-Cola Beverages South Africa (CCBSA), had to go to court to interdict Delangokubona from disrupting their business activities. Vikki Rodger, risk manager for ABI Bottling, which forms part of CCBSA, said in a paper filed before the Durban High Court that forum members told them they operated 'with war' and would force a nationwide shutdown of Coca-Cola unless granted a meeting with ABI's managing director.³⁶⁷ Refusal removal also remains a profitable revenue stream: a 2019 report alleged that Delangokubona and 62 eThekweni councillors had received substantial cash kickbacks from a refuse removal contractor implicated in the R208 million 'dirty' Durban Solid Waste contract.³⁶⁸



Over time, FFRET has attempted to transform from being seen as a group of thugs who invade construction sites into a legitimate role-player and interest group within the construction sector. However, one problem it has faced in this attempt to transition into the legitimate sphere has been its relationship to Delangokubone. In February 2017, FFRET, who had been constantly questioned in the media about their association with Delangokubona and Mnyandu, told the *Sunday Times* that Delangokubona had been expelled from the federation over disagreements with their modus operandi.³⁶⁹ However, during an interview with the GI-TOC conducted more than two years later, a FFRET official made it clear that this was not the case and that relations between FFRET and Delangokubona had never been broken.³⁷⁰ In December 2020, FFRET was disbanded and a rebranded Black Business Federation (BBF) was launched at the Durban International Convention Centre. As it had been with FFRET, Delangokubona was drawn into the rebranded BFF. Speaking to the media about the rebranding, the BFF president said:

[W]e decided to rebrand because we were moving away from thuggerism and a way of doing things in a manner that would eliminate investor confidence. We wanted to attract more professionals and businesspeople, [...] we were called mafia; we didn't want to be associated with that anymore. We also started being seen as being political, but we are not that, we are a lobby group for better opportunities and monitoring of policies that are in place, but which need to be implemented and are not.³⁷¹

Yet despite this rebranding, the BBF was soon involved in using familiar strongarm tactics to insert itself into procurement opportunities, marshalling a disruption of Umgeni Water projects in 2021 until an agreement was brokered guaranteeing them information about future tender opportunities.³⁷²

Construction extortion soon began manifesting elsewhere around the country. In 2018, construction mafia activities started to surface in the Pretoria area, with at least two different business forums invading sites in Pretoria's eastern suburbs of Arcadia, Menlo Park and Brooklyn demanding to be accommodated in developments taking place in the area. Similar groupings emerged in the Western and Eastern Cape, and by the end of 2019 different groups calling themselves local business forums who engaged in invading construction sites had spread to almost all parts of the country, including smaller provinces such as Limpopo and Mpumalanga. Many forums have links with forums in KwaZulu-Natal.

Certain political actors are believed to have links to business forums. According to Webster Mfebe, CEO of the South African Forum of Civil Engineering Contractors (SAFCEC),

some of the business forums are being used as mobilizing instruments for political figures at local, provincial and national levels.³⁷³ Mfebe also told the GI-TOC that 'political figures drive some of the business forums to retain influence and power and these forums act as a paramilitary wing for these political figures'.³⁷⁴

In Tshwane, the notorious Boko Haram extortion group, which began as a business forum for young people before morphing into armed extortion of residents and allegedly infiltrated the ANC before a series of arrests and killings of prominent members in 2021 saw the gang's strength decline.³⁷⁵ In July 2021, an ANC branch member was arrested after he and two accomplices stormed a construction site in Silvertown and demanded that the project be halted unless they were given a stake in it.³⁷⁶ The extortion trio branded themselves 'the Boko Haram of Nellmapius', although it was unclear whether there was a direct connection with the gang.

In the aftermath of the widespread destruction of malls and business premises in KwaZulu-Natal that followed Zuma's imprisonment, a number of business owners reported that 'armed groups claiming to represent "business forums" had begun trying to "negotiate" with them at malls in townships for cleaning and rebuilding contracts. "They said they wanted to negotiate. They had guns and said if we give them R1 million, they will clean up. We called the police, nothing was done."³⁷⁷

Large-scale extortion in poor residential areas

The extortion of low-income communities in South Africa is not a new phenomenon. During the 1940s and 1950s, the Ama-Rashea gang, which operated out of Newclare in Johannesburg, was involved in the extortion of residents living in the area.³⁷⁸ Similarly, in Alexandra township, in Johannesburg, the Msomi gang participated in murder, extortion racketeering and robberies in the 1950s.³⁷⁹ But in recent years extortion has become widespread in poor residential areas throughout South Africa, primarily in township and shack areas, targeting individuals, spaza shops and small businesses. Police statistics on extortion are unreliable due to the low reporting rate, but research on the ground has discovered that it is endemic in certain poorer areas.³⁸⁰

A study conducted in Cape Town by the GI-TOC at the beginning of 2021 illustrated how widespread extortion was in Khayelitsha, and how devastating its impact has been on security, governance and trust in the police and government institutions. Local extortion gangs were fuelling lawlessness and an environment of fear resulting in a marked alienation by residents from the state (see box: 'Extortion in Khayelitsha').³⁸¹ Lockdowns implemented to curb the spread of COVID-19 exacerbated this trend, with extortion gangs

increasingly targeting already impoverished residents as their regular flow of extortion fees from small businesses, taverns and informal liquor outlets slowed down due to prohibitions, including curfews.

Like Khayelitsha, Durban has witnessed a similar surge in extortion since the pandemic. A well-informed Durban crime expert commented: 'From September last year [2020], extortion has gone through the roof. It has really exploded [and] now it seems to involve every aspect of society [...]. It is probably because of the economic situation, the rapid economic deterioration, particularly unemployment. In the Durban area, gangs are very embedded in their communities [and] engaged in local extortion, [and] communities are now more beholden to criminal networks than before. This applies to poorer black, Indian, and coloured townships as well as to poorer predominantly white working-class areas.'³⁸²

There have also been instances of extortion groups exporting their models from one community to another. Youth against Crime tried to introduce a model of extortion that it had successfully applied in Khayelitsha into the Nelson Mandela Bay area to extract monthly payments from spaza shop owners.³⁸³ In 2020, hundreds of spaza shop owners in Nelson Mandela Bay received letters from Youth against Crime asking for 'donations' of between R1 000 and R1 500 to protect their shops against criminals. The chairperson of Youth against Crime maintained that his organization was legitimate, while a police spokesperson described the letter campaign as extortion.

In some cases, the 'protection' being paid for does provide some degree of safety, albeit from other criminal actors. In Tshwane, paying extortion fees was conceived as form of 'black tax' paid to a certain gang who would protect them

from other gangs, although this was not seen as a stable arrangement, but liable to change with gang dynamics.³⁸⁴

In Mamelodi township, east of Pretoria, a group called Boko Haram extorted residents and foreign-owned spaza shops.³⁸⁵ Armed with guns, the gang also took over a recycling facility, ousting officials and charging recyclers to work.³⁸⁶

EXTORTION IN KHAYELITSHA

Gugu (not her real name) ran a small informal business in Khayelitsha selling vetkoek and fried potato chips to eke out a living. 'Then one day, some guys came to me. They wanted to talk to me: they wanted R1 500 every end of the month protection fee so that they will protect my business. If you don't pay and you continue running your business, they'll kill you,' said Gugu.³⁸⁷

These fears were echoed by a close observer of Khayelitsha. 'The people who are being targeted by different groups are ordinary people in the streets who sell fried meat, who sell clothes, chicken meat, etc. When I met them, we had to hide and go away from the public eye because they are very scared. They believe that these guys have connections to the police.'³⁸⁸

A reluctance to report is widespread. According to a spaza shop owner, 'We tried to report the cases, and some of the cases also have been exposed to the gangsters by the police. The gangster will come to you with a copy of information of yours from a police file and say that you went to report us. Now everyone is scared to report.'³⁸⁹

The harm

Some crimes such as theft or fraud normally lead to victims laying a charge at the police station, even if it is mainly to clear the way for an insurance claim. But the very nature of extortion is such that both criminal and victim tend to regard it in their own interest to conceal the transaction and not to report it to others, including the police. Most victims therefore choose not to speak out, which makes it more difficult to assess the harm caused.

But even if it was possible to quantify the amounts paid by victims to extortionists, the real harm caused by extortion goes much deeper, as it strikes at the basic foundation of South African society. It fuels violence and fear; it undermines the economy, development and the rule of law; and it undermines governance and trust in governmental institutions, including the police.³⁹⁰





Violence, fear and alienation

Violence and fear are everyday threats to life in communities under the control of extortion gangs. Residents in Mamelodi reported that they pay the ‘protection’ fees because they are worried that if they don’t, violence is likely to ensue: ‘There is this constant fear and worry that if we don’t pay, we are not going to be protected: our kids will not be safe and go to school, we won’t be able to go to the crèche and to the taxis. We won’t be able to get to work, and it is just a snowball effect.’³⁹¹

It is common knowledge that extortion in the nightlife industry regularly results in serious assaults on individuals who refuse to pay the extortion fees demanded or who become victims of rivalries between extortion gangs. The stabbing to death of a doorman at a well-known Cape Town bar in 2015 was suspected to be the result of a refusal by the owner of the establishment to pay protection money.³⁹²

The scale of physical violence and death caused by extortion is impossible to assess, although it is known that hundreds of foreign nationals who operated spaza shops in townships throughout the country have been killed during the past five years for refusing to give in to extortion gangs. For example, the Cape Town study undertaken by the GI-TOC found that at least 37 Somali spaza shop operators, who had long resisted the extortionists’ threats, were killed in Cape Town townships during 2017.³⁹³ It was a turning point: after the wave of killings, the shop owners agreed to pay protection fees and the killings dropped, although did not stop. According to a Somali community leader: ‘They [the gangsters] told us, “Look, you can give us money per month, then you will never be killed and you will never be robbed. Anyone who robs you, we will apprehend them. The police will do nothing for you. So, are you going to agree or not?”’³⁹⁴

This atmosphere of violent intimidation has profound consequences for citizens’ relationship with the state. When entire communities live in fear of extortion gangs, it creates a sense of hopelessness and a significant alienation from those government and municipal institutions that are supposed to look after the security and interests of ordinary citizens. It paves the way to ungovernability, where crime kingpins, rather than government authorities or elected leaders, have the influence.

Economic harm

Enterprises that are ruined by extortion range from individual subsistence businesses in townships to development projects worth millions that are abandoned by international investors to escape threats of extortion.³⁹⁵

Gugu (referred to above), who sold vetkoek and chips in Khayelitsha, closed her business permanently after being approached by extortioners.³⁹⁶ A restaurateur, who came from Europe to invest in a restaurant in a popular Atlantic

Seaboard suburb, lamented, ‘If I had wanted to come to Cape Town to invest in a restaurant now, and I knew what I know now, I would have thought twice.’³⁹⁷ In 2019 and 2020, he had continually been pressurized to pay protection fees. One international investor who was developing luxury real estate and retail businesses in Cape Town put his businesses up for sale and left the country in March 2020 when threats of extortion persisted. He personally lost about R150 million and cited significant associated damage to South Africa caused by extortion, such as job losses and foreign visitors staying away.³⁹⁸

The construction industry has been particularly affected by extortion, leading to the cancellation of huge infrastructure projects. In early 2019, Aveng and its joint venture partner, Germany-based Strabag International, terminated a R1.5 billion Mtentu bridge project in the Eastern Cape after gun-wielding business forum members threatened staff and made the site inaccessible for 84 days. Aveng CEO Sean Flanagan commented that ‘our German partners said they have worked in 80 countries, including Afghanistan and Iraq, but have never experienced anything like this’.³⁹⁹

Similarly, in the Western Cape in March 2019, a R2.4 billion German oil-storage investment, being built by Wilson Bayly Holmes-Ovcon (WBHO) at Saldanha Bay, was halted after an armed gang invaded the site. SAFCEC CEO Mfebe said that the site resembled a ‘war zone’ and images of the project revealed a scorched landscape with torched buildings and rows of vehicles engulfed in flames.⁴⁰⁰ Since this incident, several other housing and infrastructure projects in the Western Cape have been stalled due to similar activities. In February 2020, the implementation of the City’s Beacon Valley housing project was delayed for more than a year due to site invasion.

In early 2019, SAFCEC reported that at least 183 infrastructure and construction projects worth more than R63 billion had been affected by site invasions nationally. Companies involved in sites that have been disrupted and where work has been halted have often been forced to pay standing fees, and for those involved in public sector projects penalties for project delays have also been incurred. In January 2020, SAFCEC estimated losses due to these disruptions amounted to R40.7 billion nationally.⁴⁰¹

By creating a hostile climate for businesses, extortion dissuades investment and hinders development, which will have long-term negative impacts on South Africa. The reputational damage may also take longer to repair than combating the issue of extortion itself.

Erosion of trust in rule of law

In recent years, extortion gangs have aggressively expanded their market into poorer residential areas where there are security vacuums due to the absence and ineffectiveness of the police. Middle-class residential areas and most



Extortion is increasing, diversifying and legitimizing itself.

commercial areas can afford private security to counter the impact of extortion, but residents in poorer areas cannot afford such services, and in the absence of police presence, have to rely on criminal gangs to provide a modicum of 'protection' from other gangs (and from the extorting gang, who may otherwise inflict violence).

Once established, extortion gangs put into motion a vicious cycle that entrenches their grip and further erodes trust in police. Fear of violence prevents residents from reporting instances of extortion, leaving the police unable to investigate and prosecute extortion because of low reporting levels. This in turn leads to a further loss of confidence in their effectiveness, which further lowers the reporting rates and public alienation from them.

Elsewhere, criminals have benefited from a lack of public trust in the criminal justice system. According to a criminal-justice commentator: 'The fact that legit businessmen are increasingly using private security companies and forensic consultants to collect outstanding debts is also an indication of a drop in trust in the criminal justice system. I think the wheels of justice are turning but they are turning too slowly.'⁴⁰²

State capture

While extortion is inevitably one of several tools that criminal networks use to penetrate business, government and political sectors, extortion on its own is unlikely lead to capture. This is because effective collusion with politicians

and businesspeople is also required to capture government sectors at local or national levels. The US and Italian mafia experiences have shown that sophisticated organized crime networks that had increased their power and influence through, for example, widespread drug trafficking were more likely to succeed in penetrating the state or private business sectors.

It is also important to recognize that the South African state capture experience has an origin and dynamic of its own. Networks consisting of leading politicians, leaders in state-owned enterprises, government departments and business figures drove national state capture projects, with the role of conventional organized crime groups as yet unclear.

But warning lights should be flickering. There have been several instances where organizations with links to extortion practices (such as some business forums) have forged links with politicians. Local government structures are lucrative targets for such groups, given the potential access to procurement processes if they can manage to get some of their friends elected to municipal structures.⁴⁰³

There are indications that this is already happening on a wide scale. Actors with criminal records are pushing 'clean' friends to the fore as candidates for local elections, or to act as the front for their business forums. One senior national politician who has a criminal record is the driving force behind a business forum that operates mainly in a residential area with its own local government.

The future

There are indications that the 'legitimization' or 'professionalization' of extortion networks as security companies or business forums is leading to the expansion of their markets into the legitimate economy. Extortion in the nightlife industry and in townships continues as before and is likely to increase, but the real money lies in the economy proper, whether at local, provincial or national levels.⁴⁰⁴

Not enough is known about the extent to which criminal networks (including extortion networks) are expanding their markets into the formal economy and into politics. But what is already known should suffice to make us apprehensive – and perhaps suggest a possible response. In 1961, Robert Kennedy was appointed as US Attorney General and began to push his government's investigative

agencies to work together and start investigating large-scale crimes and national crime syndicates.⁴⁰⁵ When he testified before Congress in September 1963, Kennedy painted a grim picture of the extent to which the mafia and organized crime (including extortion rackets) had penetrated the US economy and politics. The Congress hearings were an eye-opener for the federal government, and a crackdown on organized crime ensued, facilitated by the adoption in 1970 of the Racketeer Influenced and Corrupt Organizations (RICO) Act, which, for the first time, enabled the US government to take on entire criminal organizations and highlighted how extortion was a core activity of organized crime. It is time for South Africa to consider a similar process – criminal penetration may be deeper than we think.

KIDNAPPING FOR RANSOM OR EXTORTION

Kidnapping for ransom or extortion (KRE) has been on the rise in South Africa since 2016. Victims include vulnerable members of townships and informal settlements, migrants, as well as prominent businesspeople and their families – with ransoms calibrated accordingly. Transnational crime syndicates have driven a recent wave of high-level extortion and have given rise to numerous local copycat groups, but the majority of KRE is likely to be low level, targeting marginalized communities for small amounts – cases that often go unreported due to police mistrust. Law enforcement has made notable arrests in connection with KRE, but growing numbers of incidents suggest that it has become an established and lucrative criminal practice in South Africa.



TREND: INCREASING

The market

KRE is a subcategory of kidnapping, which encompasses various acts that are linked by the deprivation of a person's freedom. Subcategories are differentiated according to the intention of the perpetrators and the dynamics of the specific crime: in instances of KRE, the purpose behind the deprivation of freedom is to elicit payment or action in exchange for that person's freedom.⁴⁰⁶ Ransom involves a demand for an amount of money to be paid in exchange for the victim's release. Extortion entails the performance of an action, usually by a third party, in exchange for the victim's release.

Kidnapping according to SAPS's definition has been rising since 2008/2009 (Figure 22), with the only drop observed during the first COVID-19 pandemic lockdown. The first three quarters of 2021/22 have seen more reported incidents than the whole of the 2019/20 financial year.

KRE represents only a small minority of these cases – fewer than 5%, according to SAPS statistics (Figure 23)⁴⁰⁷ – but it is likely to be one of the most under-reported categories due to its nature and persistent threat to the victim's well-being and that of his/her family, even after release. It is also the most lucrative of kidnapping categories

and one in which transnational organized crime groups are most prominently involved.

Not previously regarded as a major crime of concern, KRE's profile has increased in recent years due to a proliferation of cases since the latter half of 2016 (see the timeline). The increase in reported incidents is believed to be due to the presence of foreign-based syndicates (notably ones expanding their activities from Mozambique, and others based in South Asian countries) and local 'copycat' syndicates, which, realizing the lucrative nature of KRE, replicate the modus operandi of foreign groups. Lockdowns implemented in connection with the COVID-19 pandemic may also have introduced new actors to the market. With fewer cash-in-transit vehicles on the road – and greater law enforcement presence – CIT gangs began to pursue other avenues for revenue, including kidnapping, which represented a comparatively low-risk venture given that small-scale kidnappings are seldom reported.⁴⁰⁸ This favourable profit/risk calculation means that syndicates who were previously (or who continue to be) involved in other crimes are likely to make the expansion to KRE a permanent one.

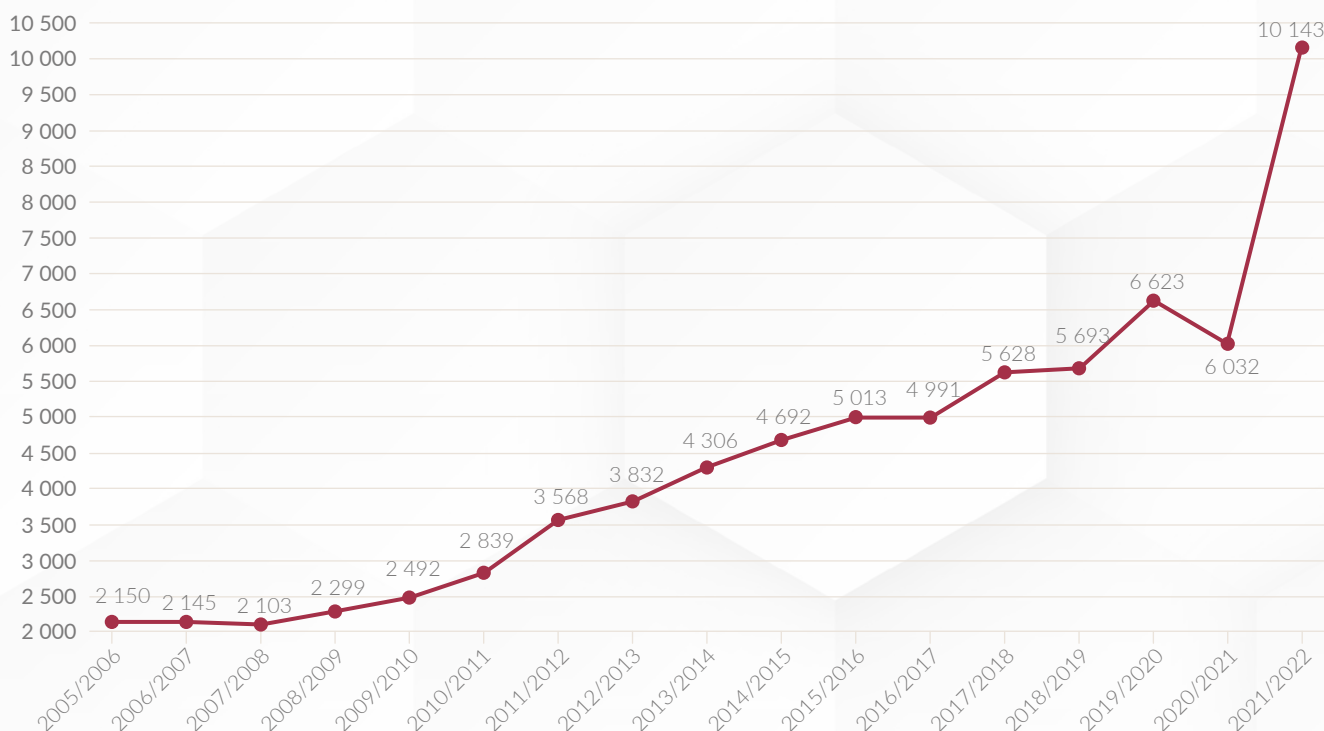


FIGURE 22 Kidnapping cases since 2006.

SOURCE: SAPS reports as disclosed by the Institute for Security Studies

NOTE: 78 KRE cases were reported between January and March 2022 (38 in Gauteng alone).



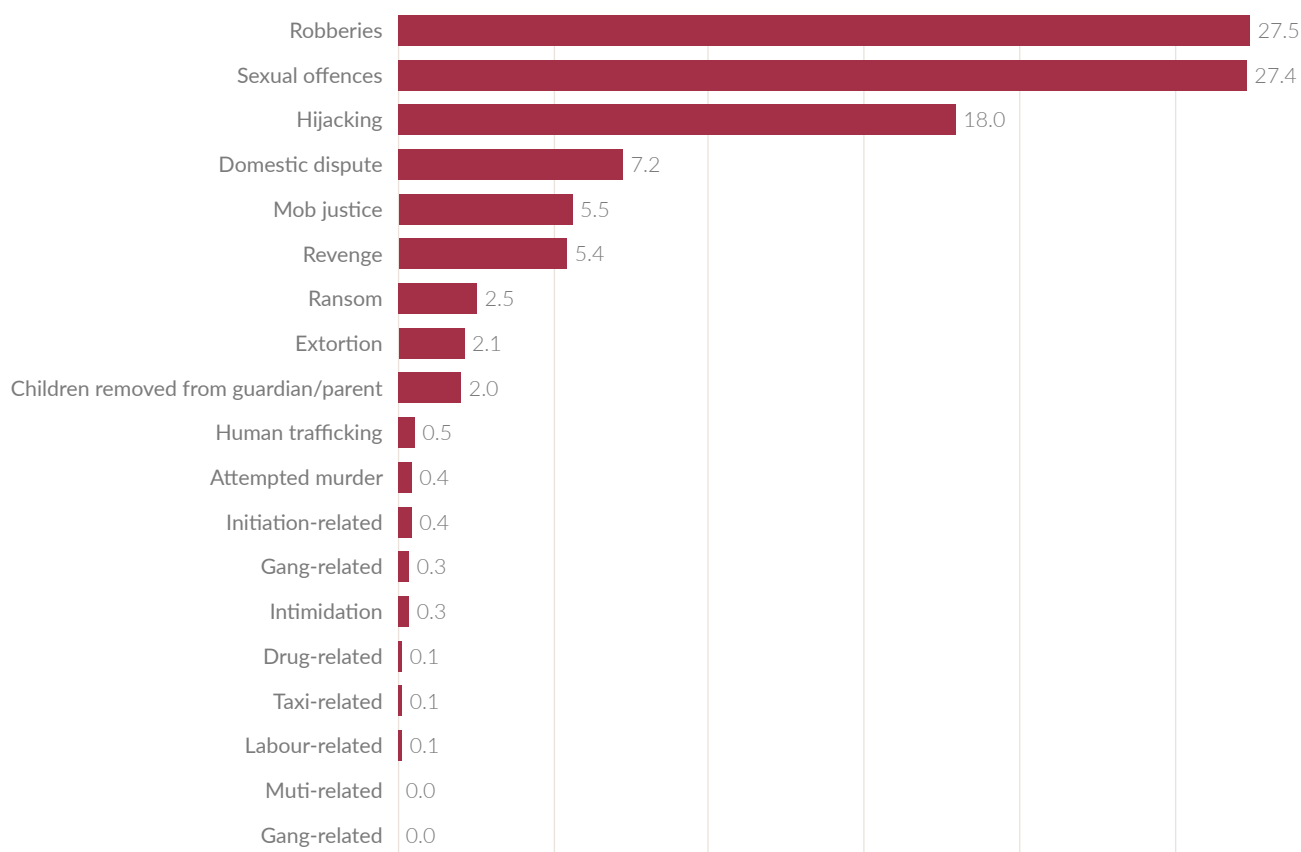


FIGURE 23 Disaggregated data as per SAPS sample of reported kidnapping cases.

SOURCE: SAPS 2019/20 (sample n=3 034), see also Institute for Security Studies, Who gets kidnapped in South Africa, Polity, 10 February 2022, <https://www.polity.org.za/article/who-gets-kidnapped-in-south-africa-2022-02-10>

Understanding the nature and extent of KRE is a complex endeavour. An array of groups with varying modus operandi are involved in the crime, ranging from small-scale syndicates targeting people in vulnerable communities and seeking quick money in relatively minor amounts to professional ‘mega-syndicates’ carefully targeting high net-worth individuals, sometimes holding victims for months at a time. Methods of payment often reflect the sophistication and ambition of these actors: cash is convenient for a quick turnaround and relatively small sums, but when amounts demanded reach into tens of millions, access to cash is often unfeasible. KRE syndicates have demanded that payment be made in cryptocurrency,⁴⁰⁹ by wire transfer to another country,⁴¹⁰ or, it is often alleged, through the hawala remittance system.⁴¹¹ Corruption also plays a role, with several police officers having been arrested since 2018 for their alleged involvement in kidnapping syndicates.⁴¹²

Low-level KRE

‘Express kidnappings’ have been noted since at least the middle of the first decade of the 2000s.⁴¹³ They are so named because the victim is held only for a limited time, usually a few hours or less, and the intention is to get them to draw cash to pay for their release. Most often, the kidnapping

occurs close to midnight to take advantage of the fact that the daily withdrawal limit renews after 12:00 a.m., and the victim is made to draw again.⁴¹⁴ This form straddles the distinction between kidnapping for robbery and KRE, and is also peculiar in that the victim pays his/her own ‘ransom’.

Another form of low-level KRE follows the modus operandi of higher-level incidences, but the length of the ordeal is much shorter and the amounts much smaller. Gangs perpetrating low-level KRE are believed to be predominantly local and their methods based largely on opportunism rather than extensive planning. The person targeted is usually a resident in a peripheral urban area or informal settlement, often a child, whose family is identified as having access to some amount of money.⁴¹⁵ The amounts demanded can still be large for a person living in these environments, but not so large that they cannot pay. In these cases, the amount demanded is usually between R1 000 and R5 000.⁴¹⁶

Payments are often arranged through cash drop-off, but more recently some kidnapping gangs have amended their approach to procure ransom by electronic transfer, notably e-Wallet.⁴¹⁷ Payments made by e-Wallet are untraceable and, due to their online nature, do not require a physical drop-off, both of which limit the exposure that the syndicate faces and diminishes the prospect of arrest.⁴¹⁸



KEY KIDNAPPING FOR RANSOM/EXTORTION CASES SINCE 2016



Low-level KRE

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Mid-level KRE

Cases of online scams to lure foreigners have been reported since at least the 1990s. A foreigner, usually a businessperson, is lured to South Africa under the pretext of a business opportunity or similar deal. Soon after arriving, the person is kidnapped and a communication sent to the victim’s family or associates. Payment is usually demanded to be made to a third country in exchange for release. In this way, no transaction is conducted in South Africa.

In 2011, a Dutch national was kidnapped after being lured to South Africa with the promise of a lucrative scrap metal deal. A sum of €10 000 (R96 700) was demanded in ransom, to be paid to a UK account.⁴⁴⁵ A year later, two South Korean nationals were kidnapped after coming to South Africa on the promise of tens of millions of dollars for a lottery scheme. The kidnappers initially demanded US\$10 million to be sent to an account in Singapore, but a police raid freed the pair. In 2018, a Polish businesswoman was kidnapped and released following an international effort.⁴⁴⁶ An amount of €2 million (R30 million) was demanded in ransom.⁴⁴⁷

High-level KRE

Transnational crime syndicates have been at the forefront of the wave of high-level KRE in South Africa. They are usually notable for the intensive profiling they undertake of their victim before the kidnapping, including ascertaining net worth and nationality and identifying family. There are also local copycat groups that seem to imitate this method, but their approach usually displays a more spontaneous approach and lack of target information.

The Mozambican connection

KRE emerged in Mozambique between 2008 and 2011 and surged in 2012,⁴⁴⁸ with most instances, usually targeting high-profile businesspeople, appearing to be coordinated by a single organization.⁴⁴⁹ Most often, the person kidnapped is of South Asian descent, sometimes a foreign national, and usually Muslim.⁴⁵⁰ In recent years, this has broadened to include individuals of East Asian origin, Portuguese ancestry and, in one case, a British national.⁴⁵¹

The most recent spate of high-level kidnappings in South Africa allegedly stems from the operations of a criminal organization from Mozambique. The first reported incident of a Muslim businessowner being kidnapped in South Africa was in 2016, with numerous other cases occurring throughout 2017. Most of the early cases reported occurred in Cape Town and were allegedly linked to Momad Assife Abdul ‘Nini’ Satar, a Mozambican crime lord convicted for his role in the murder of journalist Carlos Cardoso in 2000. Satar was allegedly involved in many kidnappings that had occurred in Mozambique, apparently planning and orchestrating them from his prison cell.⁴⁵² There were also rumours of affiliation between Satar and a local Cape gang.⁴⁵³

An influx of wealthy Mozambicans is believed to be a major contributing factor to what prompted the next KRE surge in South Africa around 2018. Most incidents occurred in Gauteng and KwaZulu-Natal provinces, with Mpumalanga also affected. Mpumalanga borders Mozambique and many Mozambicans, mainly from Maputo’s Muslim community, settled in the province and were followed by the syndicates.⁴⁵⁴

As is the case with most other larger-scale kidnappings, perpetrators and victims often share nationality. However, the physical kidnapping is believed to be, at least occasionally, outsourced to local crime syndicates.⁴⁵⁵ In some instances where arrests were made, South African and Mozambican citizens were found operating together: Sandra Munsamy, the sister of the head of Xmoor Transport, was kidnapped in September 2019; among those arrested were two South African and four Mozambican nationals.⁴⁵⁶ In March 2022, a South African, Mozambican and Malawian were apprehended over the kidnapping of Zaheer Asmal in Gauteng.



KIDNAPPING AND THE CRIME-TERROR NEXUS

During a 2020 bust of a KRE syndicate in Kliprivier, south of Johannesburg, various Islamic State propaganda and evidence linking the syndicate to other crimes, including a suspected terror attack, were found.⁴⁵⁷ However, some claim that this link is tenuous at best, given that in one case (the syndicate's murder of British botanists in KwaZulu-Natal), no ransom was demanded, and in another (the kidnapping of a businessperson in 2021), there appeared to be a personal connection between target and syndicate.⁴⁵⁸

South Africa is alleged to be a source of, and laundering spot for, terrorist financing.⁴⁵⁹ However, this may also be a reason why terrorists would avoid raising funds through kidnapping, given that KRE would greatly increase their exposure to law enforcement.⁴⁶⁰ Nevertheless, the prospect of KRE being a mechanism for terrorist financing exists, something that could have grave ramifications for both South Africa and the southern African region in general. This is of particular concern considering the insurgency in Mozambique and the Islamic State presence there.

In most cases, victims are returned unharmed, but in instances where the family/associates are unable to pay, the hostage is sometimes murdered; in some cases, killing has occurred even after the ransom was paid. Although rare in large-scale cases, this can happen, usually when the victim is someone who has failed to honour an agreement or otherwise crossed someone linked to a KRE syndicate. This is believed to have occurred in the case of Githa Samgi, an operator of a property and money-exchange business in Maputo.⁴⁶¹ Although a R12 million ransom was paid for her release, she was held for five months and tortured, then murdered, with her body dumped near eMalahleni,⁴⁶² because she allegedly failed to honour a hawala deal involving a Maputo businessman.⁴⁶³

Other foreign-based syndicates

A handful of other foreign-based syndicates allegedly operate in South Africa. Syndicates from Pakistan and Bangladesh are identified as being among the most prolific and tend to target nationals from their respective countries who are resident in South Africa.⁴⁶⁴ One of the earliest cases involved that of businessman Sharif Miah, a Bangladeshi national who was kidnapped in Pretoria in 2017 – two suspects were later apprehended in Bangladesh.⁴⁶⁵ In a later incident, a Bangladeshi national was kidnapped in North West province in 2018. A ransom was allegedly paid, but the victim was nonetheless murdered in Mahikeng.⁴⁶⁶

A similar incident occurred more recently, which led to the arrest of members of a syndicate comprising Bangladeshi nationals in January 2022.⁴⁶⁷ The gang had kidnapped Rezaul Amin Molla from Kwaggafontein, Mpumalanga,

in December 2021.⁴⁶⁸ An amount of R300 000 was allegedly demanded from his family, which was paid to an account in Bangladesh.⁴⁶⁹ Despite this, he was murdered and his body found in Vanderbijlpark, Gauteng.⁴⁷⁰ Two members of the group were apprehended in a hospital in Queenstown, Eastern Cape, after members of the community had prevented them from kidnapping another Bangladeshi national.⁴⁷¹ The syndicate is allegedly linked to the kidnapping of at least four other Bangladeshi businesspeople.⁴⁷²

Smuggling scams: Ethiopians and Pakistani nationals

A more nuanced KRE modus operandi is through human smuggling. Noteworthy incidents involve Pakistani and Ethiopian groups, with nationals from those countries, and Bangladesh, the most prominent among the victims. Victims initially make the journey to South Africa willingly and are smuggled by syndicates involved in that market. Once in the country, the smugglers, or associates thereof, hold them against their will and demand a ransom for their release from their families abroad.

The most recently identified incident involved Pakistani national Mohammed Dilpazeer Azam, who was apprehended in Gauteng. Azam had collected a group of 10 Bangladeshi migrants in Polokwane, after they had been transported by truck from Musina. He took them to Bruma, Gauteng, where they were held captive, and allegedly contacted their families demanding ransoms. Azam was arrested on 10 February 2022 in Centurion.⁴⁷³ A similar incident occurred in November 2021, when five Bangladeshis and two Pakistanis were smuggled into Mpumalanga from Mozambique, before being held for ransom.⁴⁷⁴

This modus operandi has been observed by Ethiopian groups too. In October 2021, a group of 50 Ethiopians were found in a house in Johannesburg. An Ethiopian national, Abdi Ahmed Kafecho, was arrested. He allegedly facilitated the entry of the migrants, who are believed to have made the journey to South Africa willingly, before holding them against their will and contacting their families with ransom demands.⁴⁷⁵

Local copycat gangs

Local syndicates have cottoned on to the KRE trend, with some believed to have learned from working with Mozambican syndicates,⁴⁷⁶ and others possibly delving into the crime upon seeing the success of other groups. They also target businesses that are often owned by Muslim businesspeople – most likely under the belief that they have access to large amounts of cash and limited personal security – although Chinese, Ethiopian and Somali nationals have also been kidnapped.⁴⁷⁷ These transactions are more likely to involve cash, as transfers to local bank accounts are easier to trace and the increase risk of detection.

Copycat gangs appear to replicate elements of the approach of the 'mega syndicates', but there are certain



differences that indicate that the gang is a copycat outfit. Mega syndicates always ascertain the victim's worth and so can calculate how much they can extort, with demanded ransoms usually in the region of R25 million.⁴⁷⁸ Copycat gangs do not have the same ability as their more organized counterparts to thoroughly profile their targets and generally settle for much less than this, with ransoms often negotiated. For example, in the case of the kidnapping of one Bangladeshi national in January 2022, an amount

of R400 000 was demanded in cash. After negotiation by the man's brother, it was reduced to R300 000.⁴⁷⁹ In 2017, a Chinese businessperson was held for a R1 million ransom, but this was later reduced to R100 000.⁴⁸⁰ In January 2022, a Bangladeshi shopkeeper was kidnapped in Cape Town and a R300 000 ransom demanded. When the man's family claimed that they could only pay R50 000, an amount of R100 000 was settled upon.⁴⁸¹

The harm

Violence

KRE is by nature a violent and traumatic crime, leveraging an individual's loss of liberty for financial gain. The psychological pain of entrapment and not knowing when or whether they will return home is often exacerbated by beatings and torture, and some victims have been killed. While individuals across the socio-economic spectrum have been targeted, the risk of violence may be highest for those living in low-income and informal areas such as townships, as these settings are likely to be the domain of more opportunistic, less professional gangs, including copycat gangs. These sorts of criminal actors are more likely to employ violence, and the prospect of death or injury to victims is higher.⁴⁸² Beyond this, the trend of kidnapping children in smaller-scale incidents and in some larger cases is especially worrying.

The future

Many analysts believe that the lower-income demographic is at heightened risk of KRE, with many more instances of express kidnappings than big kidnappings for ransom.⁴⁸³ Yet these low-level KRE cases are likely to remain in the shadows, given that they are rarely reported due to mistrust of the police, who are often associated with the crime.⁴⁸⁴ This risks creating a data gap that diminishes understanding of the scale and severity of the problem and prevents appropriate resources from being allocated.

In terms of modus operandi, the increasing use of bitcoin may point to the growing sophistication of KRE syndicates, who believe that such technology makes tracing illicit money more difficult. However, the use of cryptocurrencies for ransom may also offer opportunities for crime intelligence. One notable example of this involved the collaboration between law enforcement and the Financial Intelligence Centre (FIC) over the May 2018 kidnapping of the 13-year-old boy, where a ransom was requested in bitcoin. The FIC's blockchain analysis was able to identify transactions linking the kidnappers' nominated crypto wallet with a crypto-asset service provider, who in turn supplied the details of the crypto-asset subscriber.⁴⁸⁵ This

Economic impact

KRE may cause investment in business and entrepreneurship to suffer, especially small-scale traders in inner-city or informal areas who have limited personal security and operate using cash or e-Wallet. Owing to increased risk, the incentive to start and/or operate these businesses may diminish, which would have a knock-on effect on unemployment and prices paid locally for goods and services. Other sectors that may suffer include ones that rely on foreign direct investment and tourism. Although the profile of the average tourist may not match the profile of the average person kidnapped, the increasing prevalence of the crime may nonetheless deter travel to South Africa. Increased premiums for kidnapping insurance are also likely to result.

helped law enforcement identify the kidnappers and their location, and link them to another attempted kidnapping.⁴⁸⁶ However, it is likely that such cases will remain in the minority among KRE instances, with cash still dominant for low-level KRE – the most widespread form of the crime – and hawala offering a more discreet means of moving money. That said, the use of e-Wallet seems to be growing in smaller incidents.

South African law enforcement has experienced success in rescuing victims and busting syndicates, but despite the formation of dedicated task teams, KRE is not something to which much government rhetoric is devoted. Law enforcement capacity is also recovering from the effects of state capture, while the involvement of members of the police in facilitating KRE, or using it as an opportunity to extort victims, is a major barrier to meaningful disruption of KRE. The post-COVID-19 rise in KRE cases indicates that despite the dismantling of some syndicates, the market continues to prove attractive to criminal actors, with the risk that South Africa has developed a reputation as an amenable base for transnational KRE syndicates.





ORGANIZED ROBBERY

Organized robbery is a diverse category of crime, and presents one of the most visible and aggressive forms of illicit activity in South Africa. While the level of criminal organization varies, from complex CIT heists to house robbery, each subcategory has developed distinct modus operandi and connections with the broader illicit ecosystem. As well as constituting a large proportion of all crime in South Africa in terms of case numbers, the violence and trauma these crimes inflict on their victims, and the fear and insecurity they instil in South African society, makes organized robbery one of the most significant threats to the country. The economic toll of organized robbery, both direct in terms of losses and indirect in terms of discouraged business and dissuaded tourism, is also high, running into billions of rands every year.



 TREND: INCREASING

The market

SAPS classes certain types of crime as aggravated robbery, but given that many of these types do not display high levels of criminal organization, this section will only examine those that involve a certain degree of coordination, namely CIT robberies, carjacking, truck hijacking, house and business robberies and stock theft. Each of these crimes either displays a sophisticated *modus operandi* or feeds into more organized illicit markets.

Cash-in-transit robberies

CIT robbery involves the violent interception and robbing of cash as it is being moved from one location to another. It is a highly organized and an extremely violent type of crime carried out by teams who source their personnel from a national network of skilled individuals, including front men or shooters, getaway drivers (with some graduating from the ranks of hijackers), a ‘fingerman’ (an insider who can provide details of how much money is in the truck and times of pickups and drop-offs), and people responsible for the procurement and safekeeping of tools required for the heist (such as vehicles, firearms and, more recently, explosives). These specialized skills are often acquired either through involvement in previous types of crime or as a result of background (such as a member having been in the military). Often a group will come together for individual jobs, after which the members disperse and await the next job.⁴⁸⁷

CIT heist groups carefully plan each heist, including doing surveillance and intelligence work. Many groups also collaborate with a broader network of accomplices, including professional car thieves, suppliers of firearms and ammunitions, and sangomas.⁴⁸⁸ CIT groups also work with cellular phone technicians to track movements.⁴⁸⁹ Groups normally have police officers, prosecutors and even magistrates on their payroll who can provide them with valuable information, stymie investigations, provide access to dockets and assist in diverting evidence.⁴⁹⁰ There are also examples of CIT security officials,⁴⁹¹ army personnel⁴⁹² and law enforcement (including a Hawks officer)⁴⁹³ having allegedly facilitated CIT heists. In February 2022, one police officer and one South African National Defence Force (SANDF) member were arrested following a CIT heist in Westonaria, Gauteng.⁴⁹⁴

The costs involved in securing everything necessary for a successful operation can often be high, but it is considered to be a worthwhile investment: a member of

the CIT network can earn up to 35 times more per incident than a carjacker.⁴⁹⁵ Many of the participants involved in CIT heists have a reputation for spending their proceeds on high-end consumer goods and clothing, but some also launder the proceeds of their crimes through different cash-based businesses, such as taverns and the minibus-taxi industry.

Increasing number of CIT heists

SAPS, the South African Banking Risk Information (SABRIC) and the Cash-in-Transit Association of South Africa (CITASA)⁴⁹⁶ are the three main sources of data for CIT crime, with SABRIC and CITASA registering on average 35% more CIT events per annum than SAPS between 2018 and 2020 (see Figure 24).⁴⁹⁷

According to SAPS data, there were 2 687 CIT heists between April 2008 and April 2021. Notably, CIT heists were one of only two crimes to actually increase (by 18.9%) during the pandemic year (2020/21), despite the fact they dropped significantly during the hard lockdown period. According to CITASA, in 2020 alone there were 293 CIT heists, with the majority of these occurring in Gauteng.⁴⁹⁸ This trend appears to be ongoing, with a 25.6% increase in CIT robberies in the first half of the 2021/22 financial year compared to that of the 2019/20.⁴⁹⁹ According to CITASA, some 59 CIT heists were reported between December 2021 and January 2022.⁵⁰⁰

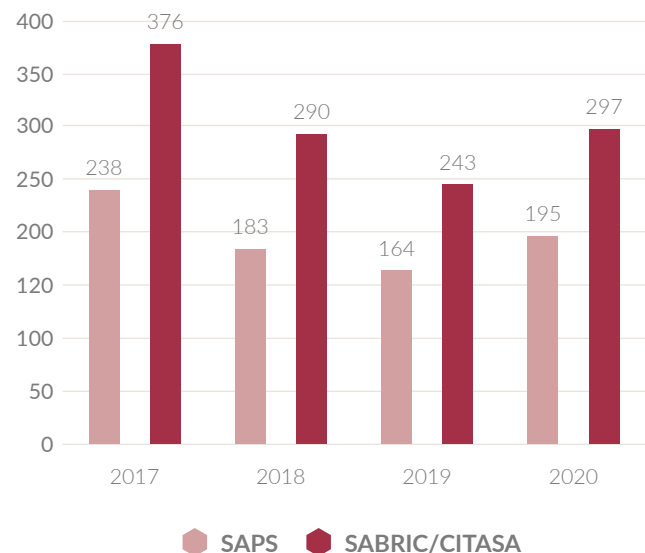


FIGURE 24 CIT heists in South Africa, 2017–2022.

SOURCE: SAPS and SABRIC/CITASA counts



AN 'ATTRACTIVE' CRIME

Some commentators, particularly in the police, have attributed the high incidents of CIT heists to foreign criminal actors, especially people of Zimbabwean origin. While it is true that there are foreign actors involved in CIT heist networks, some of whom have previous military or paramilitary experience, it would be inaccurate to disregard South African participation in this type of crime. Indeed, there appears to be a pool of South Africans involved in CIT heists, some of whom may have current or past military or paramilitary training and others who have honed their skills through involvement in other forms of crime before graduating to become part of heist networks.

The high incidence of CIT heists in recent years may also be explained by the migration of criminals from other sectors. As

banks in South Africa have become more sophisticated in their prevention measures to curb bank robberies, robbing banks is no longer seen as a viable option. Some bank robbers have migrated into heist networks while other have moved to home or business robberies. Interestingly, some CIT heist networks have also branched into attacks on ATM cash points, often using explosives or grinding machines to disable ATM machines. Such targets are much less dangerous than armoured vehicle (AV) or cross-pavement robberies but require the same sets of skills as CIT robbery. According to SABRIC, while overall ATM attacks decreased by 9% in 2020, ATM explosive incidents increased by 20%, possibly highlighting the increased involvement of CIT operatives.⁵⁰¹

CIT robberies take place in a variety of ways, but heists of armoured vehicles (AVs) in motion and cross-pavement robberies⁵⁰² are the two predominant methods, representing 80.9% of all CIT robberies in 2018, 2019 and 2020, according to data from SABRIC and CITASA (Figure 25).

AV strikes are sometimes conducted using the so-called 'tap-tap' method, in which the CIT group will ram the AV. In order to hit the AV with the necessary weight and power, CIT groups choose vehicles with a long hood and many airbags, such as the 1980s BMW 540 or the Mercedes E300. The gang will select the location and timing of the robbery based on how they will stop the vehicle and later flee the scene. For example, they will strike where an embankment is on one or both sides of the road if they want to turn

the AV onto its side (so they can enter the vehicle through the less-protected roof). Attacks at rush hour also prevent the police from accessing the scene. Other methods include the use of spiked chain or, increasingly, a volley of metal-piercing bullets fired at the AV driver. The robbers then use explosives to open the door of the vehicle and then again to blast open the safe.⁵⁰³

Cross-pavement robbery is the theft of money containers from the guards who carry it between the AV and the client, or vice versa. It is usually carried out by much smaller groups and with less planning than the AV heists: where as many as 15 to 20 robbers can be involved in AV heists, only between three and six are usually involved in cross-pavement robbery.

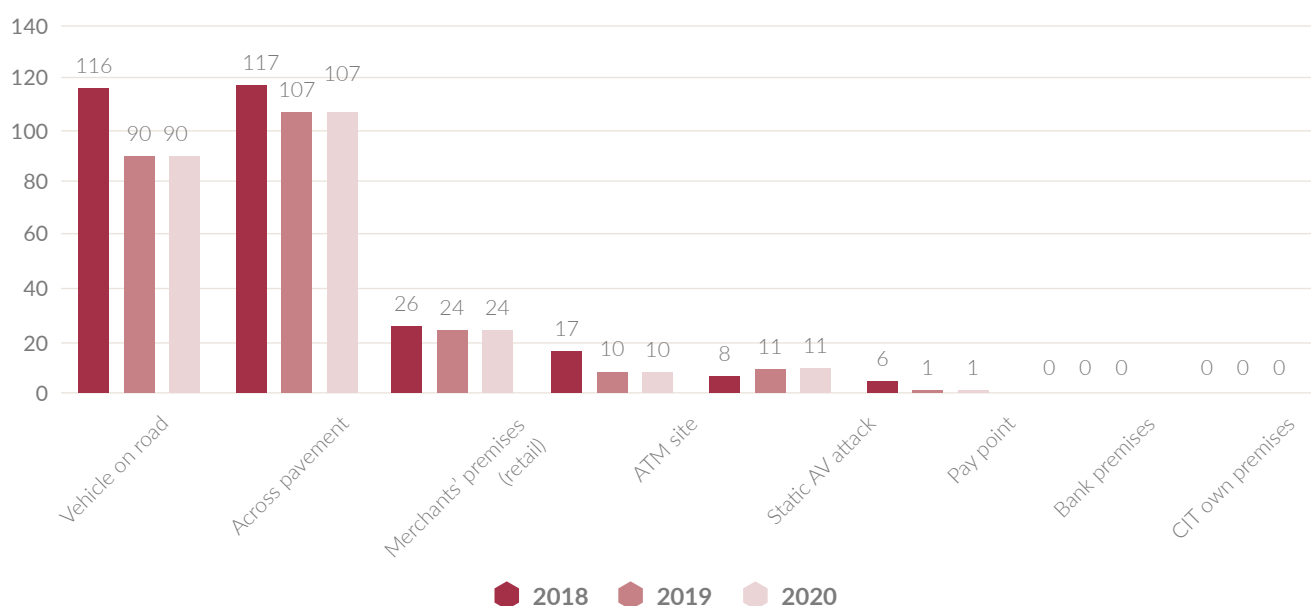


FIGURE 25 Comparison of SABRIC/CITASA's classification of the eight CIT sub-types between 2018 and 2020.

SOURCE: SABRIC/CITASA

A more violent modus operandi

As the police and companies involved in the transporting of cash have implemented stronger measures to deter CIT heists, groups involved in heists have adapted their methods to accommodate the new measures put in place. The use of explosives in CIT heists, for example, has become more prominent as companies involved in the transportation of cash have attempted to better secure access to vehicles carrying cash.

CIT heists have also become increasingly violent, with both CIT guards and heisters carrying heavy weaponry. Heisters will open fire on CIT vehicles at the first opportunity, attempting to kill the driver, knowing that the chances are high that they too may be killed. According to SABRIC, between 2003 and 2006, the AK-47 was the weapon of choice in CIT heists, many of them sourced from conflicts in Mozambique or drawn from old apartheid stock.⁵⁰⁴ The use of state-issued R4 and R5 rifles became predominant in about 2016/17. These weapons may have been stolen from police and army officers, but there are indications of corrupt officials acting in concert with heisters. In 2021, an urgent review was ordered into allegations of weapons being stolen from Norwood police station by officers, which were later used by a CIT ring.⁵⁰⁵

R4s and R5s were still popular in 2019 and 2020, but the increasing use of a newer, more sophisticated AK-47 variant has been observed.⁵⁰⁶ These guns may have been sourced locally from special force members in the police and army and some private security companies, or may have been smuggled into South Africa from Zimbabwe or Mozambique. There are also reports that Dashprod and LM rifles, which are employed by private security companies, have been used in CIT heists.⁵⁰⁷ These may have either been stolen from private security contractors or come from leakages within security companies.

Carjacking

Vehicle hijacking (or carjacking) occurs when a vehicle is forcibly taken from the driver/owner of the vehicle, which often occurs at gunpoint.⁵⁰⁸ Vehicle hijacking is a national crime, with incidents occurring across all provinces. Gauteng has historically been the province worst affected, followed by KwaZulu-Natal and the Western Cape.

Vehicle hijacking has long been a major issue in South Africa, which has for decades witnessed high levels of the crime (see Figure 26). There were more than 260 000 vehicle hijackings between 2002/2003 and 2020/21, with 2019/20 accounting for the highest number of vehicle hijackings (18 162 reported incidents) in that period. The year 2020/21 showed a slight decrease, although it needs to be noted that this decrease can largely be attributed to South Africa having been under lockdown for most of the first quarter of 2020/21, when the country saw a 20% decline

Cash-in-transit heists have become increasingly violent, with heisters carrying heavy weaponry.

in vehicle hijackings. Without this 20% decline in the first quarter, it is possible that the country would have recorded its highest figures in 20 years.⁵⁰⁹

The rising trend appears set to continue. According to figures released by Tracker, which services more than 1.1 million vehicles installed with GPS trackers, a total of 5 455 hijackings were reported across the country between October and December 2021 – a 13.8% increase from the 4 794 hijackings reported over the same period the previous year. Tracker's statistics also indicate that hijacking has overtaken theft as the main form of vehicle crime, representing 57.5% of Tracker vehicle crime activities for the second half of 2021. This is a complete reversal compared to July to December 2018, when theft accounted for 57.2% of vehicle crime activities.

BANK ROBBERY: YESTERDAY'S CRIME?

After decades in which banks were heavily targeted by well-armed criminals – hitting a peak with 561 robberies in the 1996/97 financial year – bank robberies have plummeted in recent years, to the point where there were none in 2019/20, according to SAPS statistics.⁵¹⁰ (SABRIC figures for bank robbery are higher, as they include a broader range of incidents.) This decline is due to banks improving security at branches and creating more secure environments for tellers to operate in. Banks have also been pushing customers away from cash and towards online banking practices, which may have further reduced opportunity for robbers, although it may have increased it for online fraudsters (see 'Cybercrime' section).

But the hardening of other targets (such as CIT AVs) may be driving a resurgence: in March 2022, the Hawks put out a call for public assistance to identify two suspects who has been involved in eight bank robberies in the past five months.⁵¹¹ With bank security a steep obstacle, criminals' modus operandi may focus on targeting customers, as suggested by a December 2021 incident at a bank in KwaZulu-Natal, in which armed men stole R200 000 in cash from two customers making deposits at the bank. (This would not be classed as a bank robbery under SAPS's methodology.)⁵¹²





Those involved in stealing or hijacking vehicles include the actual hijackers (who generally take the biggest risk for the least reward), middlemen or network bosses (who are responsible for facilitating the resale of the vehicle or its parts), and the buyer of the vehicle. At times, vehicles are hijacked to order, meaning that a buyer is looking for a particular make and type of vehicle. In other instances, vehicles are hijacked for resale to chop shops or through the second-hand market. Vehicles are hijacked to service both the local and regional markets.

Local markets

Local markets include individuals who seek to purchase a vehicle at a cheap price and are not concerned about its origins; unscrupulous second-hand dealers; chop shops; and criminal elements involved in other crimes, such as CIT heists or other forms of armed robberies, who need vehicles to commit crimes.

In the case of vehicles sold on the local second-hand market, key players in these networks usually have contacts with corrupt officials in the police and in the licensing department who are able to assist in ensuring that the hijacked vehicle is able to be relicensed without being detected as a stolen vehicle. Syndicates involved in vehicle hijacking will also sometime clone the hijacked vehicle, replacing the stolen vehicle's identification number (VIN) with a counterfeit legal one.

Criminals have also obtained ownership documentation under false pretences, such as identity theft, and been found to forge ownership documents for the cloned vehicle, which are then used to sell the stolen vehicle to a buyer at a

price below market value. The cloned vehicles may only be discovered through physical inspections by experienced auto-theft investigators.

Cross-border markets

Vehicles transported to other countries are either sold on the local market there, swapped for drugs or other illicit commodities, or transported still further on. Corrupt officials at border posts facilitate the transfer of vehicles across South Africa's borders with its neighbours. Many of the networks involved in the cross-border smuggling of hijacked vehicles are often relatively sophisticated transnational networks comprising different players from two or more countries with extensive local and transnational links.

Securing the border to prevent illicit hijacking flows has been a stop-start affair. In 2019, a R85 million barrier project began to secure the borderline between KwaZulu-Natal and Mozambique, in part aimed at preventing the cross-border trafficking of vehicles. However, the project was halted amid allegations of corruption.⁵¹³ But in March 2022, Minister Aaron Motsoaledi said that Department of Home Affairs and the SANDF would ramp up their capabilities in the coming months to stop hijacked vehicles from crossing the border into the rest of Africa. According to Motsoaledi, common criminal routes for hijacked vehicles 'mostly include our eastern border between KwaZulu-Natal and Mozambique and the northern border between Limpopo and Zimbabwe.'⁵¹⁴ In November 2021, Police Minister Bheki Cele admitted that the South Africa-Mozambique border is a 'huge crime problem', followed by the border with Zimbabwe.⁵¹⁵

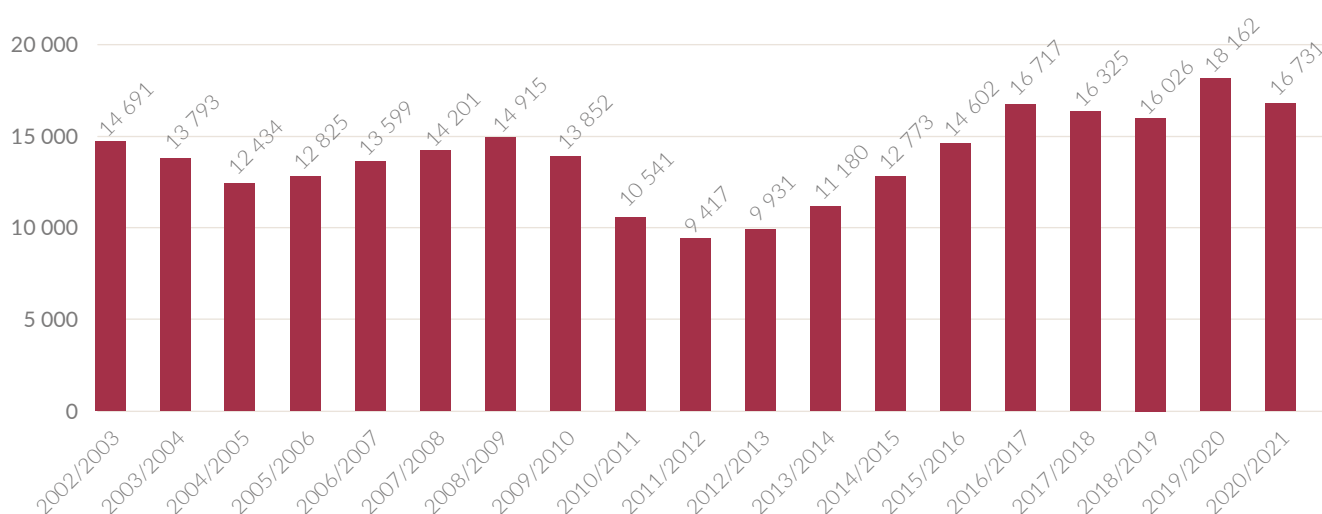


FIGURE 26 Carjacking in South Africa between 2002/2003 and 2020/21.

SOURCE: SAPS statistics



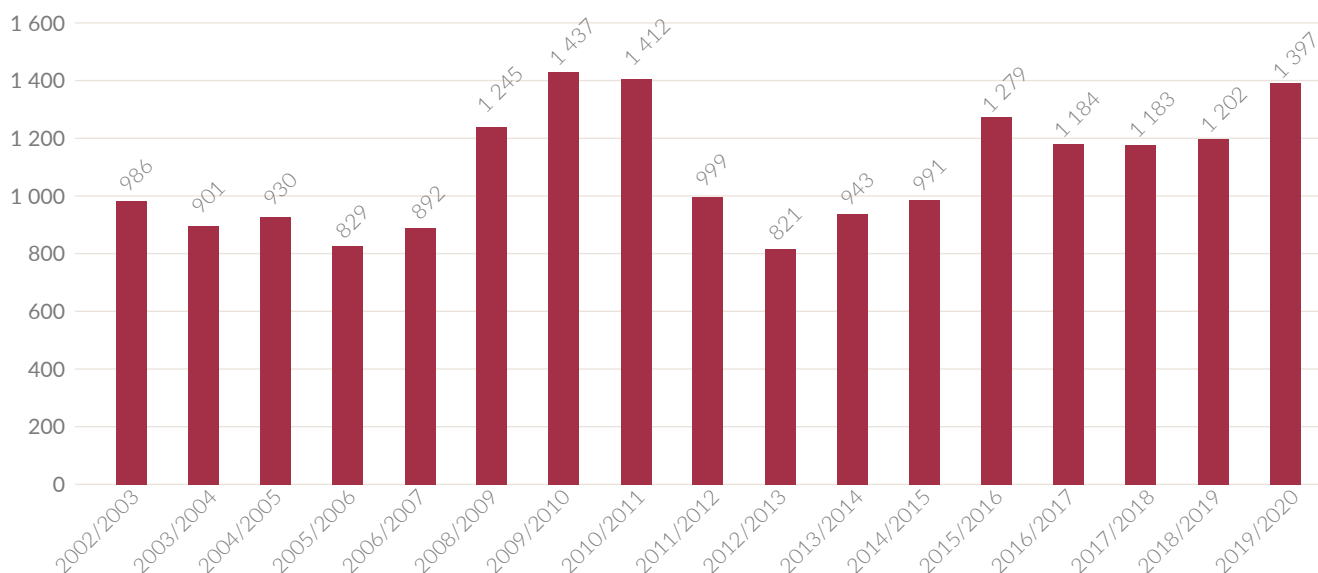


FIGURE 27 Truck hijackings in South Africa between 2002/2003 and 2019/20.

SOURCE: SAPS statistics

Truck hijacking

Truck hijacking is a highly organized crime aimed at stealing the truck's freight. Like CIT heists, truck hijacking relies on inside information, with as many as 90% of all hijackings using insider sources.⁵¹⁶ Alcohol, electronic and consumer goods, foodstuffs and fuel are commonly targeted.⁵¹⁷ Gauteng sees the largest concentration of truck hijackings, accounting for more than half the national total.

Criminals will often deploy deceptive tactics to make a truck driver stop, such as dressing as traffic police or SAPS officers. Once the truck has been hijacked, a tracking expert will look for the tracking device and either dismantle or dispose of it, after which the truck and trailer may be taken to a location where they can be 'cleaned' of their brand markings or cloned (a process that involves corrupt traffic officials and SAPS members).

If the tracking expert cannot locate the tracker, they will communicate with the group's project manager to arrange for another horse (the truck that connects to a trailer) at a truck stop to allow the trailer to be transferred to a 'clean' horse. The trailer is usually taken to a warehouse where it will be offloaded, after which it will be abandoned or sold or even, in the event that the syndicate is part of the trucking business, merged with the syndicate's fleet. The truck's freight will then be distributed to a network of corrupt shops who will buy it at a much lower rate than they would have paid a legal supplier, although some hijacking syndicates also have their own networks of outlets they can use to launder the hijacked goods alongside legally bought ones.

In a trend that resembles that of carjacking, truck hijacking is on the rise again after a period of decline in the early 2010s. During the first semester (April to September, using the quarterly releases of SAPS crime statistics) of the 2021/22

financial year, truck hijackings increased by 38% compared to the same period in 2019/20.

Business and house robbery

The majority of business robberies are committed by non-organized crime actors, usually between one and three perpetrators whose main objective is cash. More sophisticated and organized robberies target supermarkets, liquor stores, butcher shops, restaurants, fast-food outlets and fuel stations. At the higher end of the organizational scale, groups may work with insiders to steal luxury items to order, such as watches and jewellery. One group robbed a vault in Johannesburg in a highly coordinated nine-hour operation that resulted in the theft of luxury watches that collectively would retail for R300 million.⁵¹⁸

House robbery is defined as robbery in which there is contact between the perpetrators and the victims, while in the case of housebreaking, the victims are either not there when the housebreaking occurs or in another part of the house or asleep. Most housebreakers are individuals or very small groups (at most three). House-robbing groups are slightly larger and more organized, often gathering intelligence beforehand by watching a house to establish how many occupants are there and to determine their movement pattern before breaking in. The perpetrators have links with larger criminal networks, and many of the stolen items are subsequently sold to criminal actors involved in other forms of organized crime. For example, hunting rifles will be sold to poachers and heavy calibre (9mm) handguns to CIT robbers and assassins, while jewellery may be sold to jewellers, who will supply it to those who mix this so-called scrap-gold with *zama zama* gold, Krugerrands and gold from Zimbabwe and elsewhere.



Stock theft

Stock theft has long been a deeply consequential crime for those working in the livestock industry, which is South Africa's largest agricultural sector and accounts for 40% of the country's agricultural output.⁵¹⁹ Since 2013, there has been a gradual rise in the number of livestock units stolen, as well as a change in modus operandi in the first decade of the 2000s to subsistence theft, or *potslagting* ('slaughter for the pot'), to more lucrative larger-scale operations of organized crime syndicates.⁵²⁰ Today, some 87% of stock theft involves criminal syndicates, who may even 'launder' the animals by taking them across the border into Lesotho, rebranding them and then taking back into South Africa for sale.⁵²¹

After peaking in 2012, stock theft fell in 2013 before steadily increasing again, although Cele, in his 2020/21 crime statistics report, said that livestock theft had been declining by 9.2% year on year.⁵²² There is, however, a high incidence of non-reporting of stock theft, reaching 77% in 2018.⁵²³ This non-reporting is mainly due to a lack of trust in the capability of SAPS to recover the stolen stock and/or to prosecute cases successfully,⁵²⁴ despite the fact that SAPS has a dedicated Stock Theft Unit. There have also been indications that some politicians and even police in the specialized unit are complicit in stock theft. In February 2021, a North West government official was arrested after 100 stolen cattle and calves were found on his farm.⁵²⁵ In July 2021, the Hawks arrested five police officers from the Stock Theft Unit in Ladybrand.⁵²⁶



FIGURE 28 Ten stock theft hotspots identified in South Africa.

SOURCE: National Stock Theft Prevention Forum,
<http://www.stocktheftprevent.co.za/>



The harm

Violence

The increasing use of firearms and violence in CIT heists has raised the level of lethal risk for criminals, the 7 000 guards working on the front line of the CIT industry and the police tasked with coming to the guards' aid.⁵²⁷ Such shoot-outs are increasingly fights to the death. Innocent bystanders also suffer, as was the case on 7 January 2022, when a Mercedes E300 rammed into an AV on the highway next to Carnival City Casino. The AV rolled and landed on another vehicle of a family of four, killing the father, who was driving.

The highly personal and violent nature of other forms of organized robbery, such as carjacking and house robbery, may also result in death or injury, and can be deeply traumatic for the victims. These contact crimes also create a more general climate of fear and insecurity in the country.

Economic impact

The economic impact of organized robbery is first and foremost felt by the victims of the crime. At the national scale, the collective costs of these forms of crime to individuals, companies and the economy in general can be enormous: stock theft, for example, is estimated to cost the economy

upwards of R1.4 billion in direct losses annually and has an influence on price increases,⁵²⁸ while annual losses from truck hijacking have been estimated at R10 billion.⁵²⁹

The impact of organized robbery is also greatly dependent on the resources of the victim. A luxury watch company may absorb a robbery without too much hardship, but the owner of a spaza shop or hair salon who loses his/her takings may suffer much more. Similarly, for each stock theft that occurs at a commercial farm, three more are suffered by emerging farms.⁵³⁰ Stock theft can be ruinous for subsistence farmers who are the worst hit and cannot call upon private security to reclaim their stock, as commercial farms do. This lack of private security among small livestock operators has also driven community vigilantism, including murder, against suspected stock thieves, seriously undermining the rule of law.⁵³¹

The economic dimension of CIT heists beyond the theft of cash is also important. Although card payments have been on the rise in recent years, the continuing dependence on cash in South Africa means that CIT heists pose a serious risk to the country's economy, as the perception of threat may hinder the crucial movement of cash around the country.⁵³²

The future

Organized robbery is one of the most direct and visible criminal threats to citizens in South Africa. It stands as a stark index of the state's ability to protect its citizens, and continued failings in this regard will only further drive the reliance on alternative forms of security, whether private contractors or vigilante groups. The increasing violence of some forms of organized robbery has already been met with increasingly heavy forms of armed response, with heightened immediate risks of more bloodshed and longer-term risks of more weapons filtering into the criminal underworld.

Increases in organized robberies have largely been fuelled by a combination of factors, including socio-economic deterioration, increased inequality, the availability of illicit firearms, declining police performance and high

levels of corruption within the criminal justice system. If current trends are anything to go by, these violent organized crimes are likely to worsen if there are no fundamental improvements in policing.

A number of the organized criminal syndicates involved in organized robberies operate across policing jurisdictions, and dealing with them will require a more effective national plan. Businesses in many sectors affected by these violent organized robberies have developed their own risk and security measures, meaning that the success of a national plan will not only require a more evidence-driven strategy on the part of the police, but also partnerships created between the police, businesses and affected communities.

ORGANIZED VIOLENCE

Organized violence – in the shape of assassination-for-hire – has become an enabling element of many criminal activities and a flourishing illicit market in its own right. Professional hitmen are in high demand within the taxi industry and organized crime markets, and are also contracted by political and business actors to remove rivals and threats, making assassination a strategic tool for under- and upperworld actors alike. KwaZulu-Natal has long been the epicentre of assassination in South Africa, but there have been significant peaks in many other provinces. Beyond the lethal human harm, assassinations have a profound impact on the state, fuelling intraparty tension within the ANC, corroding the criminal justice system (through the assassination of whistle-blowers, for instance) and undermining democracy in general.



TREND: INCREASING

The market

South Africa has a long history of violence that has been deployed to achieve various political or economic outcomes.⁵³³ Over the past two decades, a more targeted and ‘commercialized’ version of this violence – namely, assassination⁵³⁴ – has emerged to achieve similar ends.⁵³⁵

Assassination has distinct advantages for those seeking to deploy violence in pursuit of certain ends. By limiting violence to specific targets, assassination reduces the risk of inadvertent escalation that might come with a more scattergun approach (which might also attract more law enforcement attention), while the ‘demonstration effect’ of assassination creates fear that in turn ensures compliance.⁵³⁶ Therefore, while targeted assassinations may only constitute a relatively small proportion of the total number of murders that South Africa experiences, they carry significant strategic weight, indicating a goal-orientated mindset and eye to shaping future dynamics. This is reinforced by the deeply symbolic impact generated by the unknown perpetrator, with hits manifesting in broad daylight and the hitmen vanishing, creating an aura of criminal omnipotence and reach.⁵³⁷

In light of the fact that South Africa currently has no disaggregated police statistics for contract killings, the GI-TOC built a database that analyzed hits between 2000 and 2021.⁵³⁸ This database includes hits in which the victim was killed, attempts that failed (i.e., where the intended target was only injured) and hits that were prevented through sting operations. Assassination cases are most numerous in KwaZulu-

Natal (which recorded the highest overall number of hits in all four categories), Gauteng, the Eastern Cape and the Western Cape, although hotspots changes over time and spikes occur in different provinces.

The taxi industry has been responsible for the largest number of hits in the database, followed by political hits, organized crime hits and personal hits respectively (see Figure 29). It should be noted that while the GI-TOC database disaggregates these categories, this risk assessment categorizes criminality within the taxi industry and the political corruption that gives rise to the use of assassination-for-hire as forms of organized crime. Indeed, ascertaining motive in assassination is a complex task and these categories may overlap and intersect (see box: ‘Glebelands, Durban: a hotbed of organized violence’).⁵³⁹

The two main recruitment markets for hitmen are the KwaZulu-Natal and Eastern Cape taxi associations and the gangs of the Western Cape.⁵⁴⁰ There is also evidence of police and gangs and taxi associations contracting out hits to one another.⁵⁴¹ In August 2015, for example, two SAPS detectives were charged with the murder of a Johannesburg taxi boss, after allegedly having been hired by a collective of taxi owners to carry out the hit.⁵⁴² This creates a fundamental ambiguity surrounding the state’s use of violence, where criminals may be operating under authorization from members of a legal institution and law enforcement are furthering criminal interests.

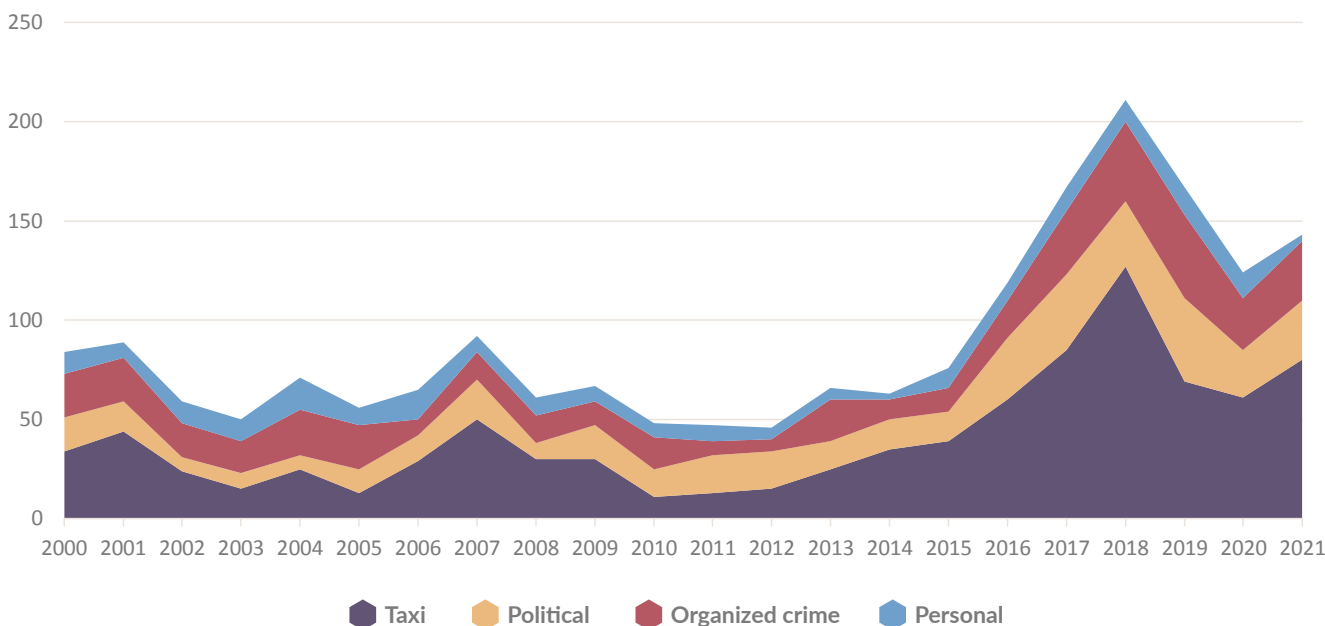


FIGURE 29 Assassinations in South Africa, 2000–2021.

SOURCE: Data from GI-TOC, Global Assassination Monitor



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MAKRO, EVERYTHING
FOR YOUR HOME
AND BUSINESS

Taxi industry assassinations

The lack of regulation in the minibus-taxi industry has given rise to intense competition between associations over routes that has frequently erupted into violent conflict, as well as driving power struggles both between and within associations. This has driven the emergence of a class of professional hitmen, who are used to kill rival taxi bosses, taxi drivers and members of taxi association committees, as well as protect or contest lucrative taxi routes and ranks.⁵⁴³ Hits in the taxi industry make up the largest proportion of targeted killings in South Africa, with KwaZulu-Natal recording the highest number of cases on average between 2015 and 2021 (see Figure 30), although there have been significant peaks in other provinces.⁵⁴⁴ Hits in the Eastern Cape increased from 2015 to 2017 due to disputes over long-distance routes between multiple taxi associations.⁵⁴⁵ The spike in hits in Gauteng in 2018 is largely attributable to violence surrounding the Kempton Park Taxi Association (KETA), including the assassination of taxi boss Johnson Mdaka,⁵⁴⁶ while the spike in the Western Cape in 2021 was driven by conflict over the B97 route from Bellville to Paarl between the Cape Amalgamated Taxi Association (CATA) and the Congress of Democratic Taxi Associations (CODETA) (see ‘Mass public transport’ section).⁵⁴⁷ The

decrease seen in 2020 may be linked to the national lockdown periods in response to the COVID-19 pandemic, which restricted movement within the country, while the uptick in 2021 is likely to have been a result of the relaxation of these restrictions.

It is believed that the taxi industry in Gauteng routinely hires KwaZulu-Natal hitmen (*izinkabi*) from remote rural areas of the province, particularly Msinga, who carry out the hit and immediately disappear back home to avoid detection by law enforcement agencies.⁵⁴⁸ By contrast, *izinkabi* operating in KwaZulu-Natal appear to play a more conspicuous and powerful role as enforcers in their own province's taxi environment, remaining in urban centres and often staying in hostels.⁵⁴⁹ Taxi hitmen have become much sought after by organized crime actors, businesspeople and political actors, with the KwaZulu-Natal and Eastern Cape taxi associations the most common recruiting grounds.⁵⁵⁰

However, trust between employer and employee is fragile. In KwaZulu-Natal, in particular, taxi associations are known to source protection from well-armed private security companies against the threat of hitmen, while some taxi bosses reportedly gave hitmen full-time security jobs to reduce the prospect of the hitmen extorting them or due to fear that they themselves would be killed.⁵⁵¹

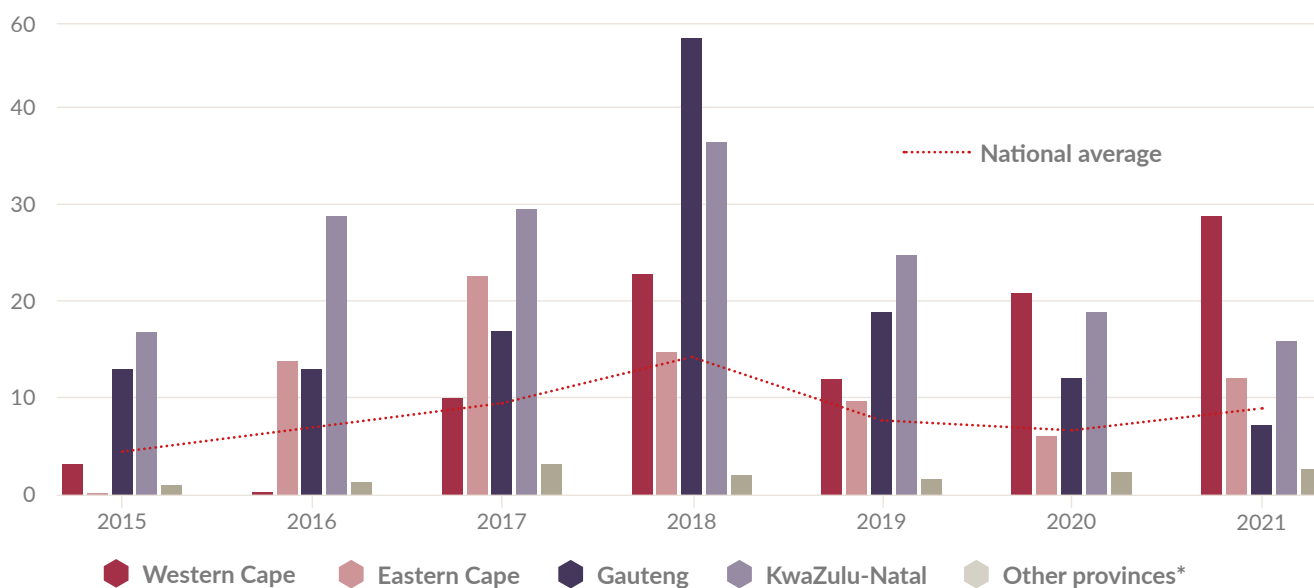


FIGURE 30 Hits in the taxi industry by province, 2015–2021.

SOURCE: Data from GI-TOC, Global Assassination Monitor

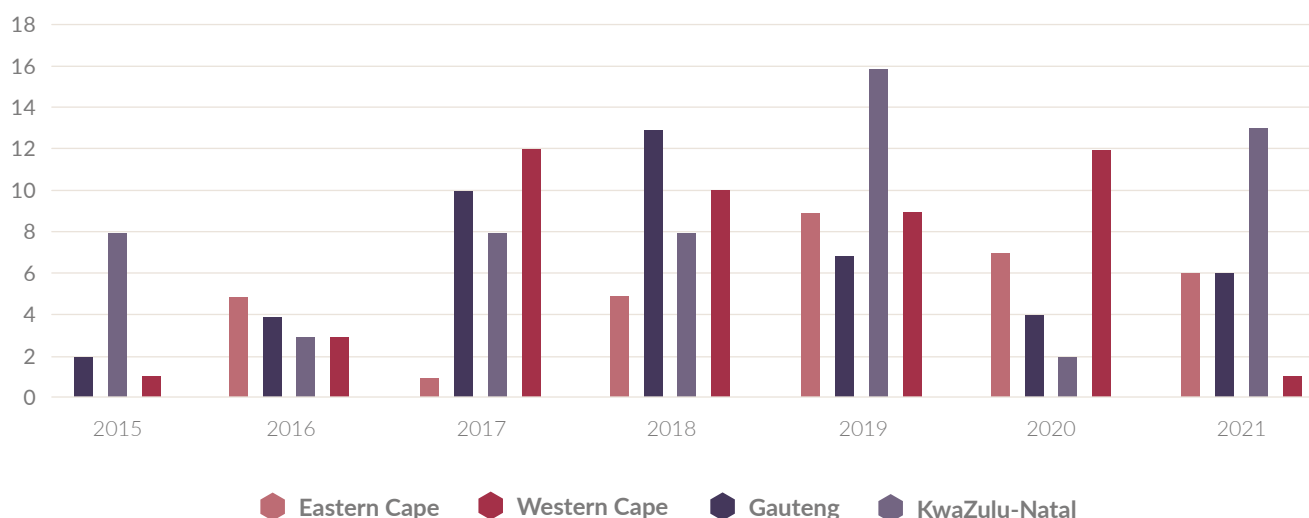


FIGURE 31 Organized crime hits by province, 2015–2021.

SOURCE: Data from GI-TOC, Global Assassination Monitor

Assassinations related to organized crime

As classed in the GI-TOC database, hits related to organized crime refer to economically motivated hits, such as the targeted killings of gang members and businesspeople and hits aimed at actors in the judicial system, such as witnesses, judges and lawyers (see box: ‘Pete Mihalik: assassinated lawyer with underworld links’).⁵⁵² These hits serve as a valuable management tool for gangs seeking to remove threats to senior gang members or ‘restore the balance’ in illicit markets by removing elements of instability.⁵⁵³ However, assassinations also drive underworld instability, given that the targets of assassination are often the bosses of criminal organizations (as has been in the case in Western Cape in recent years),⁵⁵⁴ whose death can result in a renewed contestation for power and outbreak of violence until a new order is established and the priorities of illicit profits necessitate a back-to-business approach.⁵⁵⁵

Overall, organized crime hits remained relatively steady between 2000 and 2021, although there were significant fluctuations at the provincial level (see Figure 31). Gauteng’s 2018 spike was driven by an increase in hits against businesspeople, law enforcement, criminal-justice actors and those involved in illegal mining.⁵⁵⁶ KwaZulu-Natal saw a spike in organized crime hits in 2019 alongside its spike in political hits.

Hits declined in all provinces during the first year of the COVID-19 pandemic (2020), except in the Western Cape, where criminal governance remained intact during the lockdown period and competition in criminal markets

increased; there were also hits aimed at lawyers and law enforcement.⁵⁵⁷ The 2021 Western Cape figures show a dramatic decline, which in part is likely to be a significant undercount by monitored sources but may also reflect a period of greater stability in the upper reaches of the Cape Town underworld after years of turmoil.⁵⁵⁸

PETE MIHALIK: ASSASSINATED LAWYER WITH UNDERWORLD LINKS

Advocate Pete Mihalik was killed on 30 October 2018 while dropping his children off at school in Green Point, Cape Town. A gunman approached Mihalik’s SUV and fired shots at close range, hitting Mihalik in the head and wounding his son.⁵⁵⁹

Prior to his death, Mihalik had attempted to intervene in the dispute between the gang linked to Jerome ‘Donkie’ Booysen and businessman Mark Lifman and a rival gang headed by Nafiz Modack alongside Booysen’s brother Colin⁵⁶⁰ – a position that may have made him a target. It was reported that there had been a price of nearly R5 million on Mihalik’s head before his death.⁵⁶¹

The hit highlighted the links between the taxi industry and the Western Cape underworld. According to the *Sunday Times*, two members of the Cape Town underworld approached Nkululeko Tuntubele, a tavern owner, to arrange the hit, who in turn allegedly approached taxi boss Vuyile Maliti to hire the hitmen.⁵⁶²



Western Cape ‘hammermen’

While the taxi industry in Western Cape is a source of hitmen (known as *iimbovane*, or ‘ant’ in Xhosa),⁵⁶³ Western Cape gangs have also developed their own nurseries of hitmen, known in parts of Cape Town as ‘hammermen’. Most hammermen appear to be semi-independent: affiliated with gangs and dependent on them for support but outside the core hierarchy.⁵⁶⁴ As offensive ‘weapons’, these hammermen are used in the illicit drugs and extortion markets to project power and defend turf, but they are also used as a means of restoring the balance between and within gangs, maintaining a semblance of order that serves to protect senior gang leadership.

This is a street-level expansion of an approach that originated with the prison Number gangs, whose philosophy includes the idea of ‘correctional’ violence to ‘round off the number’. If a senior protected gang boss is killed without prior permission, for example, a hitman may be used to conduct a revenge hit that ‘corrects’ the injustice and so restores balance between gangs.⁵⁶⁵ (Some hitmen receive their first training in lethal force in prison with the Number gangs.)⁵⁶⁶ According to underworld sources involved in the organized violence market, the police are complicit in assassination, receiving payment from gang bosses in exchange for guns and obstructing investigations (by ‘losing’ evidence, for instance).

Highlighting the entrepreneurial nature of this market, hitmen are also contracted out to external parties. The Western Cape 27s street gang is arguably the most highly structured example of ‘violence for hire’. Initially an informal supplier of violence for other gangs, the gang was reorganized into a professional resource of violence by William ‘Red’ Stevens, who contracted out assassins to the underworld. However, the standing of a hitman in most cases is highly tenuous: a hitman may be killed by their own gang if they are suspected of being indiscrete, disloyal, a threat or seeking to escape the profession

‘dishonourably’, such as by pretending to experience a spiritual conversion.⁵⁶⁷

Political assassinations

Assassinations related to politics increased overall between 2000 and 2021, with peaks coinciding with municipal elections (2016 and 2021) and national elections (2019). There was a dramatic decrease in political hits in 2020, most likely due to the national lockdown regulations which resulted in the suspension of political branch meetings and conferences, which are frequently accompanied by violence.⁵⁶⁸

KwaZulu-Natal has for many years suffered the highest number of political assassinations of any South Africa province (see Figure 32).⁵⁶⁹ The province has a long history of political violence during apartheid, linked to the interparty conflict between the ANC and the Inkatha Freedom Party (IFP), which persisted into the transition into democracy, as well as the actions of the apartheid state.⁵⁷⁰ In the past two decades there has been a resurgence of political violence in KwaZulu-Natal which has centred on intraparty conflict within the ANC. The extent of the killings led to the establishment of an official inquiry, headed by Advocate Marumo Moerane, in 2016.⁵⁷¹

The Moerane Commission report, released in 2018, found that most political hits occurred at the local level: targeting councillors, potential councillors and branch members of political organizations. Corruption was a major incentive to secure these positions: councillors’ access to the awarding of tenders provided opportunities for manipulation of the system for personal benefit and the creation of patronage networks. This in turn made the councillor position highly sought after and contested, which in some instances led to violence and murder.⁵⁷² The commission also found that politicians were recruiting criminal groups to carry out hits against rivals.⁵⁷³

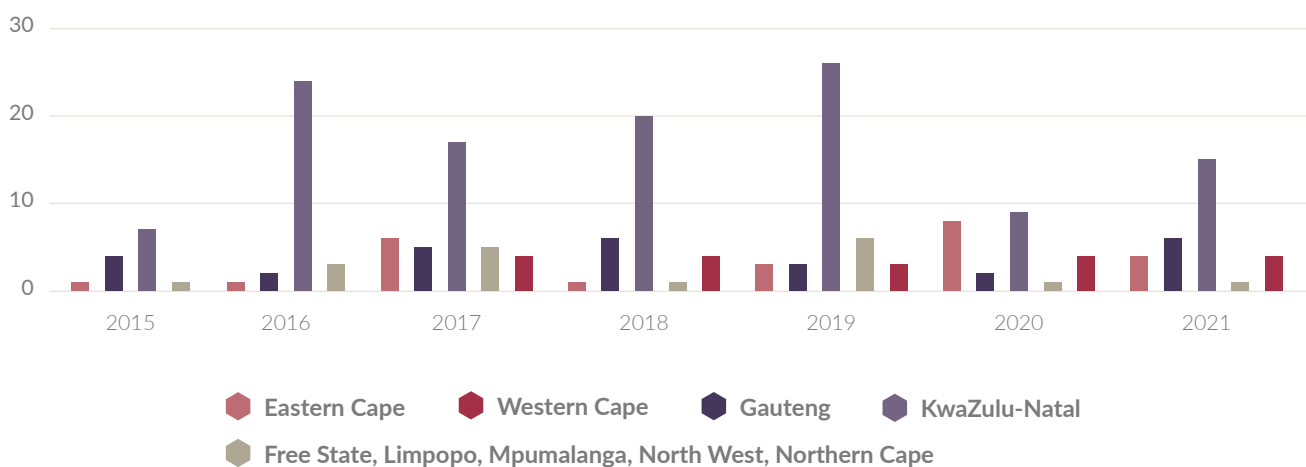


FIGURE 32 Political hits, 2015–2021.

SOURCE: Data from GI-TOC, Global Assassination Monitor

GLEBELANDS, DURBAN: A HOTBED OF ORGANIZED VIOLENCE

The sprawling Glebelands hostel complex in Durban, which is home to some 22 000 residents lining across 71 blocks, has long been hotspot of organized violence: between March 2014 and January 2019, more than 120 people died as a result of violence related to hitmen.⁵⁷⁴

These hitmen are engaged in political, taxi and organized crime violence both at the hostel and far beyond. According to a witness who gave evidence to the Moerane Commission, the hostel is a reservoir of hitmen – described as ‘members or supporters of the ANC’ – who have been used to conduct political hits both in the hostel and throughout the province.⁵⁷⁵ According to a provincial violence monitor who also testified, these hitmen are also involved in taxi killings.⁵⁷⁶ GI-TOC research indicates that these Glebelands hitmen also operate in Mpumalanga, the Eastern Cape and the Western Cape (see the map).⁵⁷⁷

Extortion over room occupation, and the assassination of those who refuse to pay, is rife at the hostel. Corruption also plays a large role in organized violence, both indirectly, as through the supply of state-issued weapons (R4s and R5s) and other equipment to hitmen,⁵⁷⁸ and sometimes also directly, as illustrated by the 2017 arrest of SAPS detective Bhekukwazi Mdweshu – who is accused of leading an extortion ring at the hostel in Durban that allegedly perpetrated multiple murders of residents and a rival extortionist.⁵⁷⁹



FIGURE 33 Hitmen from the Glebelands hostel operate widely across KwaZulu-Natal and other provinces.

SOURCE: Vanessa Burger, ‘If we speak up, we get shot down’: Building resilience in Glebelands Hostel, GI-TOC, August 2019, p 6, <https://globalinitiative.net/wp-content/uploads/2019/08/Glebelands-GI-Z-Res-ZA-Report-27AugWeb.pdf>

Councillors who spoke out against corruption were also targeted by hitmen. For example, Sbu Sibiya, the ANC’s eThekweni regional secretary with a strong anti-corruption drive was assassinated in 2011 at his home in Inanda.⁵⁸⁰ In 2017, Sindiso Magaqa, an ANC councillor and executive committee member for the Umzimkhulu municipality, was also assassinated for reportedly blowing the whistle on rampant municipal corruption.⁵⁸¹ A former secretary general of the ANC Youth League who was tipped as having a bright future,⁵⁸² Magaqa and two other ANC councillors were ambushed by gunmen in village of Umzimkhulu in July while returning from an ANC meeting. Magaqa died from his injuries on 4 September.⁵⁸³ That same year in KwaZulu-Natal also saw the assassination of Sibusiso Sithole, a Richmond municipal manager who had spoken out against corruption.⁵⁸⁴

Unusually, the Eastern Cape saw peaks of political violence in 2017 and 2020, which were not election years, though there were by-elections for some wards taking place. Again, links to the taxi industry have been evident: in May 2022, two ANC leaders, Andile Andries and Lubabalo Keso, were shot dead outside Andries’s house on the outskirts of Kariega. As well as being an ANC councillor in Nelson Mandela Bay, Andries was also the national deputy general-secretary of the Uncedo Taxi Association and a regional chair of the South African National Taxi Council (SANTACO), making it difficult to ascertain whether the hit was politically motivated or linked to the Eastern Cape’s taxi war.⁵⁸⁵



Personal assassinations

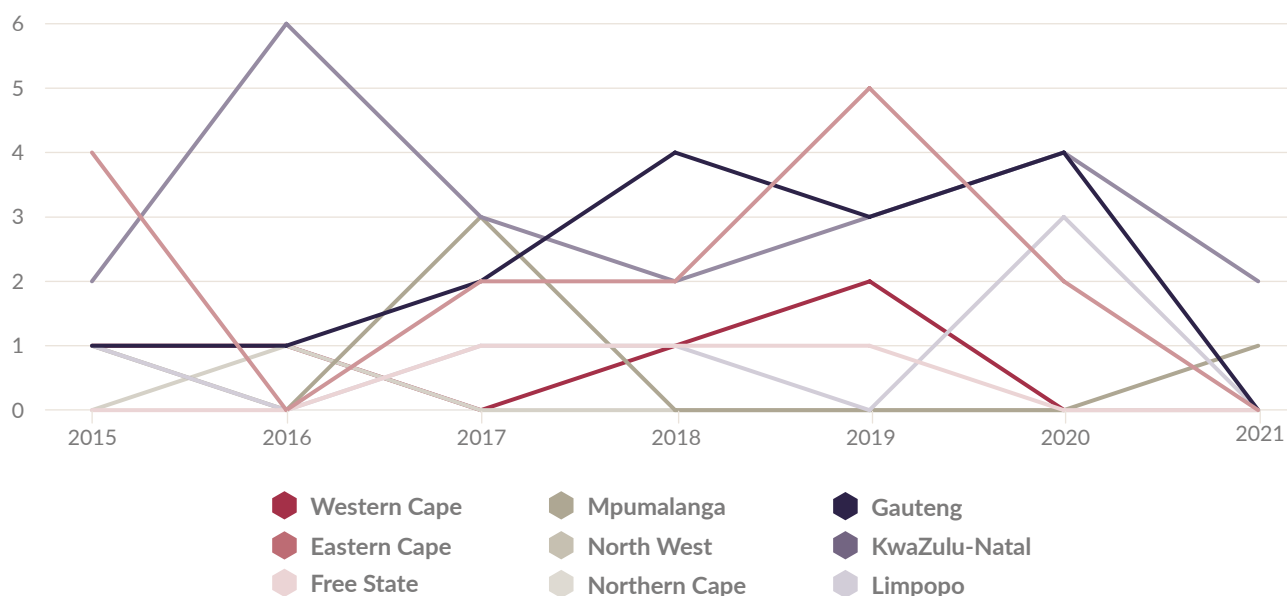


FIGURE 34 Personal hits, 2015–2021.

SOURCE: Data from GI-TOC, Global Assassination Monitor

Assassinations are also contracted for personal ends, such as the killing of a spouse or former lover or family member; schemes to claim life insurance also fall under this category. This category is the least pronounced among the four, and declined dramatically in 2021 (see Figure 34), which

may be due to a decrease in impunity (given that these hits lack the political or organized crime apparatus that can interfere with judicial proceedings).⁵⁸⁶ Hitmen with the lowest level of professionalism and experience are contracted for personal hits.

The harm

Targeted killings affect all sectors of South African society. The human toll is self-evident: each hit leaves a hole in the lives of the victim's family and community and is especially devastating for dependants when the breadwinner is killed.⁵⁸⁷ More broadly, assassination serves to warp the mechanisms of politics and criminal justice systems, advancing criminal interests by violent means and impairing transparency through the silencing of those who attempt to speak out against organized crime.⁵⁸⁸

Normalization of violence

The use of targeted violence has blurred the boundaries between political, economic and criminal actors, transforming assassination into an accepted tool of business.⁵⁸⁹

As such, the dynamics that have long shaped the criminal underworld have come to dictate aspects of the upperworld. In this iteration, the threat of violence replaces trust as the fulcrum of upperworld relationships, while serving to regularize the chronic instability that plagues underworld relationships (which have no recourse to legal redress should one party default). Violence is in this sense the guarantor of fair-dealing or, in the event of default, a swift means of exacting payback.⁵⁹⁰ Organized violence has also assumed a macro-level function to stabilize illicit markets (although this can also engender more violence). In this sense, organized violence mirrors the legal tools (such as contracts and dispute-resolution mechanisms) that are used to manage the legal economy.



Impact on politics and the criminal justice system

The assassination of local councillors and other politicians, especially those who are engaged in exposing corruption, profoundly harms the integrity of the political system, replacing accountability and transparency with fear and violence. As such, organized violence represents one of the most profound threats to democracy in South Africa, as well as undermining efforts to extirpate corruption. Violence also entrenches the primacy of money and patronage at the heart of politics, at the expense of both the ideological aims of government and the day-to-day business of running the country.

Similarly, the use of assassinations (or threat of assassination) to target and/or intimidate attorneys, prosecutors, magistrates, judges and witnesses represents a profound threat to the criminal justice system.⁵⁹¹ Many witnesses and whistle-blowers have been killed in South Africa, such as senior Gauteng Health Department official Babita

Deokaran, who was a crucial whistle-blower in an Special Investigating Unit (SIU) probe into a PPE tender scandal at the department (see ‘Health sector crime’ section).⁵⁹² Most of the six hitmen involved in her assassination reportedly had ties to the minibus-taxi industry.⁵⁹³

This very real danger of assassination means that many whistle-blowers are deterred from coming forward (as happened in the aftermath of the Deokaran killing), leading to charges being dropped and fostering a climate of impunity for organized crime. Indeed, the use of organized violence to influence the course of justice is tantamount to the capturing of the justice system by criminal forces.⁵⁹⁴ This issue is compounded by the poor level of witness protection offered in South Africa, which is also only available until a witness has testified, leaving the witness vulnerable thereafter. Confidentiality is also a major issue: in one case, a criminal-defence attorney reported accidentally being sent a confidential copy of the witness list.⁵⁹⁵

The future

The ‘hidden’ violence of assassination presents steep challenges for South Africa, in part because it remains a largely obscure market. The Moerane Commission and the Western Cape Commission of Inquiry on taxi violence⁵⁹⁶ both attempted to outline the structural nature of assassination in their respective fields of concern, but more research and data is required to ascertain the extent and modus operandi of the phenomenon, including through disaggregating murder statistics.

Without more accurate data, ascertaining the trajectory of the organized violence market is problematic, but the GI-TOC database suggests that the run-up to the general election in 2024 may see a spike in organized violence, as candidates and elected officials jostle for power and seek to take out rivals. The next election is likely to be hotly contested given the ANC’s declining share of popular support,⁵⁹⁷ and a spate of political violence may have significant ramifications for the decision of the electorate.

Impunity remains arguably the biggest stumbling block in tackling the structural drivers of organized violence. Although under South African law the use of a third party to commit a murder is no different from committing the murder oneself, in reality few of those ordering the violence are ever brought to justice.⁵⁹⁸ That said, countering pervasive impunity in the courts may do little to affect dynamics on the street. The low cost of ordering a hit – the average

cost of a personal hit in South Africa is US\$3 166, although political and organized crime hits are usually more expensive⁵⁹⁹ – points to an oversupply of hitmen in the market, facilitated by the huge supply of illegal weapons.

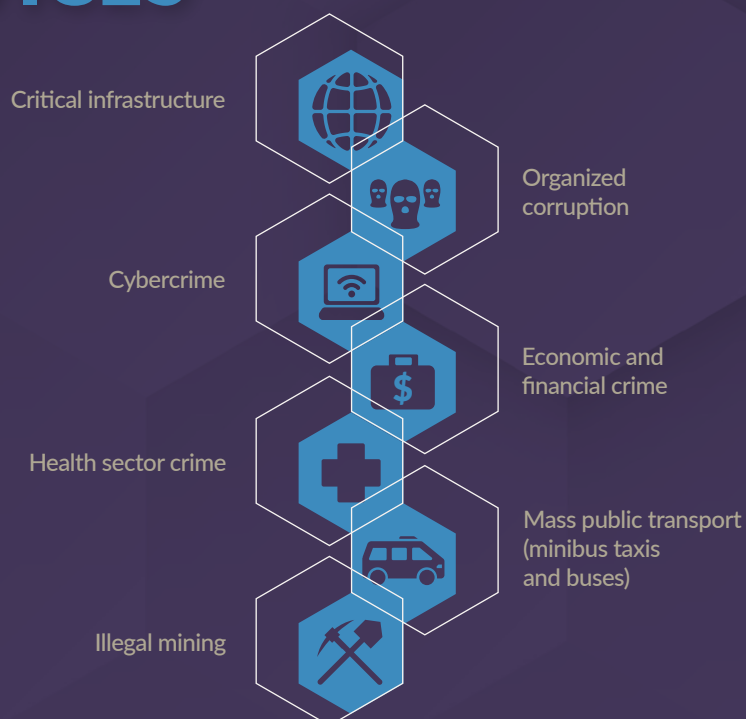
In a related development, GI-TOC research has received unconfirmed reports of children being recruited to carry out executions in Cape Town, in part because they are expendable. The children are given meth by the gangs to desensitize them to the act of killing.⁶⁰⁰ A survey by the Canon Collins Trust found that over half of all children aged between 11 and 13 admitted having carried a gun or knife in the past four weeks in Hanover Park, with one interviewee admitting that he had become a hitman at the age of 11.⁶⁰¹ If a younger and more ad hoc class of hitmen emerges, the organized violence market may become more fragmented and chaotic, with greater potential for violence and harm beyond the intended target – not least in the deeply traumatized communities in which child hitmen are incubated.

On a systemic level, it is clear that the broader dynamics that give rise to the use of assassins – taxi industry contestation, profitable drug markets and the lure of corruption – are robust. As such, assassination will continue to provide a series of markers for the strategic evolution of several other criminal markets.



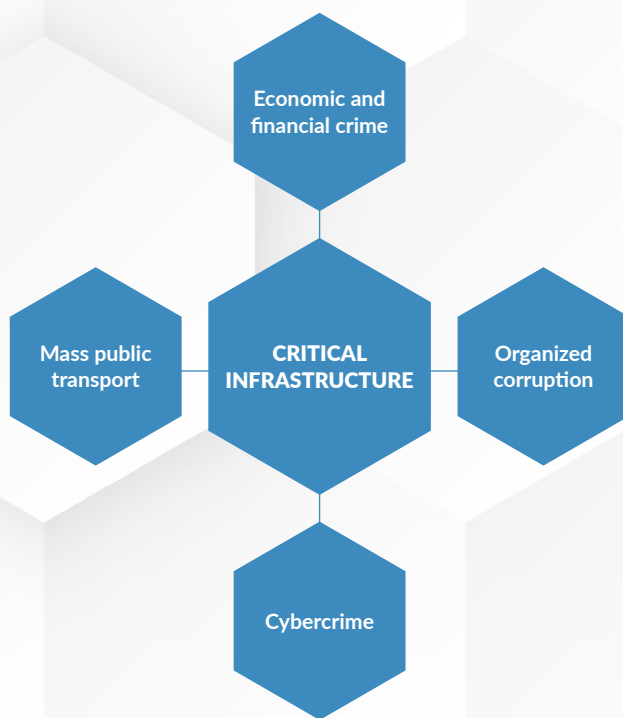


PREYING ON CRITICAL SERVICES



CRITICAL INFRASTRUCTURE

South Africa's critical infrastructure is at a tipping point after years of chronic mismanagement and rampant theft. Every day, huge quantities of copper cable and other crucial metal components are stripped out of the country's railways, electricity grid and communications network, severely hampering capacity and operation. Thieves have also targeted diesel and petrol pipelines, and water infrastructure, while corruption has eroded capacity across key utilities. As a result, South Africa suffers from huge disruptions to the provision of services, severely impacting the economy and citizens' lives, while the bill for fixing criminal depredation runs into billions of rands every year. Unless action is taken soon, the damage to the fabric of the South African state may become irreversible.



TREND: INCREASING

The market

Over the past two decades, critical infrastructure in South Africa – defined as the systems, assets, facilities and networks that provide essential services required for a country's national and economic security, health and safety, and prosperity – has come under increasing criminal attack.

The most prominent and consequential manifestation of this has been the theft of essential components and materials, especially copper, which is a sought-after global commodity and crucial to the rail, electric and communications networks, and is also used in water infrastructure. Between April 2020 and June 2021, the global copper price more than doubled,⁶⁰² fuelling an unprecedented spike in copper theft across South Africa's networks which saw hundreds of kilometres of copper cable stolen. Thieves generally work at night, armed with trucks, pulleys, industrial cutting tools and tractors to access the copper. These criminals fall into two groups: organized crime syndicates, who are responsible for large-scale theft, and subsistence thieves, who steal a couple of metres at a time, although syndicates do use these individuals to steal copper cables and pipes.

The stolen metal is then sold to domestic scrap dealers, who process it into ingots and granules that do not require scrap export permits and are virtually impossible to distinguish from legally processed copper.⁶⁰³ Shipments of stolen copper are predominately sent via South African ports to China, the world's largest consumer of copper.⁶⁰⁴ To avoid detection, export codes for shoes or textiles are sometimes used.⁶⁰⁵ It is suspected that stolen copper from Zimbabwe is sent to South Africa for onward shipment.⁶⁰⁶

Theft has been facilitated by issues surrounding security. The vast extent of South Africa's infrastructure networks is undoubtedly a major challenge – Eskom chief executive André de Ruyter said that the 390 000 kilometres of distribution and transmission lines made it physically impossible to position guards at every pylon⁶⁰⁷ – but there have also been occasions when security provision has been mismanaged, providing an opening for thieves. Corruption has also undermined network capacity through irregular and inefficient procurement processes and patronage networks (see also 'Health sector crime' section).

Outside the theft of copper and non-ferrous metals, electricity and water have both been stolen using illegal connections, as has fuel from pipelines and valves. The latter form of theft often displays high levels of organization, mobilizing multiple tankers to carry away the fuel. (Cyberattacks on critical infrastructure are discussed in the 'Cybercrime' section.)

Railways

Criminal attacks on the South African railway network have escalated in recent years, mainly targeting the copper used in overhead power cables. In October 2021, Transnet said that theft of copper cable had risen by 177% over the past five years,⁶⁰⁸ with 1 000 kilometres of cable being stolen between January and October 2021.⁶⁰⁹ In a note published in December 2021, Transnet said that 33.5 kilometres of overhead copper cable had been stolen in the first week of the month alone.

In addition to copper, vast swathes of railway tracks have also been torn up for scrap, with more than 200 kilometres of heavy gauge steel rails stolen across the country in a single month (November 2021). Train stations have also been targeted for anything of value, with stations and platforms torn apart in search of wiring.⁶¹⁰

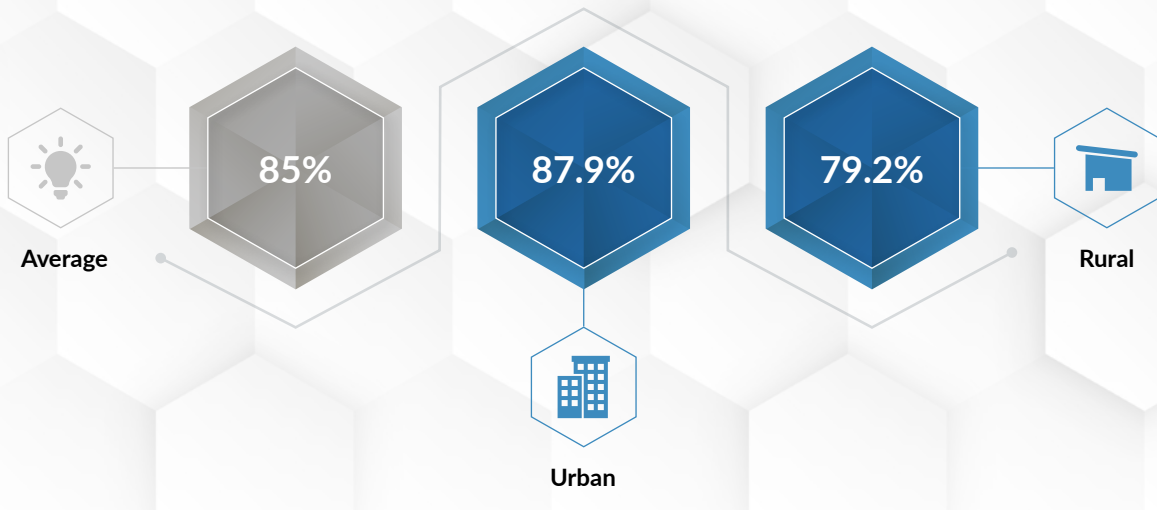
The odds are heavily against the security guards seeking to protect such infrastructure. According to the head of security at Transnet Freight Rail, while two security guards may have proved a deterrent in the past, the level of criminal aggression has dramatically increased: syndicates now come in groups of 20 or 30 and are often heavily armed, with 'spotters' shooting at patrol vehicles.⁶¹¹ Gangs also dig trenches and throw spikes on the road to hinder responses, and have set substations alight to distract attention.⁶¹²

In many places, however, syndicates have been able to operate without hindrance, as much of the 30 000 kilometre network is barely guarded, if at all. Railway security has been a haphazard affair ever since the Railway Police was merged with the then SAP in 1986, and recent developments provided a window of opportunity for theft to increase. In late 2019, the state-owned Passenger Rail Association of South Africa (PRASA) terminated all private security

More than 80% of railway stations were vandalized during the COVID-19 lockdown due to lack of security.



POPULATION ACCESS TO ELECTRICITY IN SOUTH AFRICA (2019)⁶²¹



contracts without an alternative contract in place, creating uncertainty over the provision of security that overlapped with the COVID-19 lockdown, which saw large parts of the network shut down and stations left unguarded.⁶¹⁴ Cable theft duly spiked during the pandemic and more than 80% of train stations were vandalized.⁶¹⁵ In September 2021, it was estimated that Metrorail Gauteng had lost more than R76 million to theft and vandalism of train stations.⁶¹⁶

Members of the taxi industry in the Western Cape have also sabotaged railway infrastructure in order to force commuters to use more expensive taxis. In April 2022, a taxi employee was sentenced to 20 years in prison after burning a train in 2020, costing PRASA R3.5 million, and admitted that he got paid more if more taxis were in operation.⁶¹⁷

Corruption has also severely undermined the development of the railway network. A 2014 contract to purchase 1 064 new locomotives became mired in accusations that the Gupta family and associates had received millions of rands improperly, while the contract cost soared from R38.6 billion to R54 billion. As of late 2021, only half the contracted number of trains had been delivered, with scores inoperable because of a lack of spare parts due to ongoing litigation with a Chinese supplier.⁶¹⁸

Electricity

Copper theft is also a major issue affecting electricity infrastructure. According to Eskom, cable theft has become a daily occurrence resulting in power outages and personal injury.⁶¹⁹ In November 2021, thousands of residents in Bedfordview suffered a two-day-long power outage after thieves damaged a critical power cable while trying to steal it.⁶²⁰ Between 1 March and 19 April 2022, there were a reported 248 cable theft incidents in Johannesburg, averaging five a day.⁶²¹

Copper theft targeted at electricity infrastructure is perpetrated by low-level thieves and organized syndicates, some of whom are heavily armed. One incident in March 2022 saw 10 thieves armed with AK-47s steal 135 metres of cable from a Johannesburg substation.⁶²² But other times guile is preferred, with thieves disguising themselves as municipal workers while tearing up underground cable.⁶²³

Copper theft is often carried out by or with the help of Eskom employees. In November 2021, two Eskom workers were arrested in Welkom and charged with stealing copper worth R540 000.⁶²⁴ In March 2022, 14 suspects, including a scrap metal dealer and Eskom security employees, were arrested at a premises where a large number of aluminium and copper cables were found.⁶²⁵ On a broader scale, De Ruyter has alleged that corruption and patronage networks are still rife at the company, a legacy of the period of state capture under President Zuma (see 'Organized corruption' section).⁶²⁶ In March 2022, two Eskom employees were sentenced to 20 years in prison each for their part in a R35 million invoice fraud scheme.⁶²⁷ Corruption has also embedded incompetence and neglect within the company. One employee was fired after failing to respond to a flashing warning light at a coal-fired power station, which led to the loss of 600 megawatts of power and necessitated a round of load shedding.⁶²⁸

The electrical grid is also plagued by illegal connections and meter tampering. Although in this form of crime does not appear to be organized, it can cause transformers to explode, leading to power outages for entire areas.⁶²⁹ In August 2020, Eskom announced that it had run out of funds to remove illegal connections and replace exploded transformers, which cost between R80 000 and R100 000 each.⁶³⁰ In June 2020, two Eskom employees were kidnapped and forced to restore an illegal electricity supply.⁶³¹





Communication

Copper in connectivity networks is also targeted by thieves, along with diesel back-up power generators, power sources, radio equipment and any other metal that is easy to remove. In March 2021, the CEO of Openserve (the connectivity service provider) reported that copper line theft and damage had ‘a significant impact on connectivity’ and cost the company ‘more than R60 million over the past year’.⁶³² Criminal syndicates frequently steal the back-up batteries at the base stations of Vodacom and MTN, with Vodacom reporting in November 2019 that between 1 500 and 2 000 batteries were being stolen each month.⁶³³ In March 2020, a team of Vodacom security staff and SAPS members arrested a syndicate linked to scores of battery theft incidents across the country.⁶³⁴

Fuel and oil pipelines

According to Transnet, which controls South Africa’s 3 800-kilometre fuel pipeline network, there has been a significant increase in theft since the beginning of the 2020 financial year. In the financial years 2019/20 and 2020/21, a total of 20.5 million litres of fuel, worth almost R250 million, were stolen from Transnet in 277 incidents, with a further 49 attempted incidents.⁶³⁵

Thieves dig to access pipelines and fit a siphon valve that allows them to extract fuel, or break into heavily protected block-valve chambers using special equipment.⁶³⁶ The groups that carry out these thefts are often armed and are highly organized, mobilizing multiple private tankers to collect the stolen fuel. There are also indications that such groups have access to insider information that allows them to time their strikes during the window when fuel is flowing through the pipeline.⁶³⁷

Water

The theft of copper cables, pumps, pipelines, fittings and maintenance hole covers⁶³⁸ present a major threat to South Africa’s delivery of water, which is already under strain due to water scarcity and ageing water infrastructure (in 2016/17, when the most recent review was done, it was found that 1.1 million litres were lost due to leaks).⁶³⁹ Thieves also steal water itself by making illegal connections to pipes and fittings or by bypassing meters.⁶⁴⁰

Corruption has also affected the sector. Procurement has proved vulnerable to corrupt interests, as has the operation of the network: villages have been denied piped water so that local officials can broker truck deliveries of water.⁶⁴¹ One of the biggest corruption cases in recent years was the project initiated in 2014 by President Zuma to supply water to 55 villages in Giyani, Limpopo. The cost of the project skyrocketed from R500 million to over R3 billion before the project collapsed in 2019,⁶⁴² and as of September

2021, the villages of Giyani still had no water supply. The so-called ‘War on Leaks’ programme, initiated in 2015 by Zuma, likewise attracted massive corruption, with issues over costing, implementation and management. Despite an outlay of almost R3 billion, the programme made no

The harm

Criminal attacks on critical infrastructure, while for the most part non-violent, may arguably cause the most widespread harms of any criminal market, disrupting the daily lives of millions of citizens and constraining business activity. The cost to the state, both in terms of replacing stolen infrastructure and lost economic opportunity, is enormous, as is the reputational damage. Load shedding, water shortages and a dysfunctional transport system indicate a state failing to consistently deliver the basic essentials of modern-day life, to the immense frustration – and suffering – of its population.

Disrupted services and economic impact

Theft of crucial components can bring service delivery grinding to a halt. According to Transnet, some 20 trains a day were cancelled during 2020 due to cable theft.⁶⁴⁵ These disruptions affect both freight and passenger trains. Key exports carried by rail such as coal and grains have been particularly affected,⁶⁴⁶ and in April 2022, Transnet opened discussions with coal exporters over contracts, citing that legal and security issues (including cable theft) constituted force majeure.⁶⁴⁷ Faced with rising disruption and insecurity, hundreds of thousands of commuters – many of whom live far from their place of work and who rely on trains as a low-cost means of travel – have stopped using train services. Indeed, the number of people using trains declined from 634 million in 2010 to 208 million at the end of 2019.⁶⁴⁸ Many have been forced to use minibus taxis instead, which are more expensive. The outlay involved in remedying the damage and improving security to the rail network is extremely high: in the financial year 2021/22, Transnet committed to spending R1.6 billion on security and R400 million to replace stolen cables.⁶⁴⁹

Cable theft and other infrastructure crimes also seriously disrupt the provision of electricity and internet connectivity for millions of people, not least by necessitating the deployment of load shedding. The migration of business activity to the internet during the pandemic has made service disruption in this sector particularly consequential,⁶⁵⁰ while the theft of copper piping and electrical cables has prevented one hospital in Johannesburg from reopening as planned after a fire.⁶⁵¹

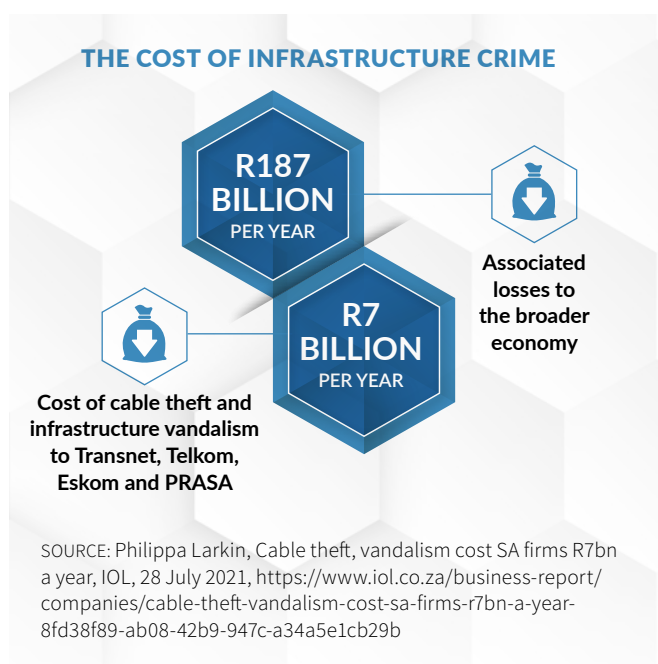
According to Eskom, repairing the damage caused by theft cost R71 million in 2019/20 alone,⁶⁵² while illegal electricity connections stole 3% of all power supplied in the

discernible impact on water loss and did not train the vast majority of the 15 000 people it had pledged to at the outset.⁶⁴³ A June 2020 SIU probe also found that approximately R600 million of the total expenditure was irregular.⁶⁴⁴

six months to September 2020, depriving Eskom of almost R5 billion in revenue.⁶⁵³ (Other estimates put the percentage of electricity theft as high as 10%.)⁶⁵⁴ Many municipalities are also dependent on sale of electricity for their budgets, meaning that electricity theft has wider economic effects for the provision of local services: City Power, the City of Johannesburg utility provider, stated in November 2021 that illegal connections had cost the city more than R2 billion in lost revenue.⁶⁵⁵ The municipalities themselves have defaulted on payments to Eskom worth billions of rands.⁶⁵⁶

Fuel theft has increased to the point where it is affecting supply: in 2020, South Africa faced an acute diesel shortage due to theft and vandalism, putting agricultural production, which is heavily dependent on diesel, at risk.⁶⁵⁷

Infrastructure crime not only hinders domestic economic activity, but also reduces South Africa’s attractiveness as an investment destination, which in turn affects the national economy. As Cyril Ramaphosa said in his 2022 State of the Nation address, ‘When electricity supply cannot be guaranteed, when railways and ports are inefficient, when innovation is held back by a scarcity of broadband spectrum, when water quality deteriorates, companies are reluctant to invest and the economy cannot function properly.’⁶⁵⁸



Human and environmental impact

As well as disrupting the daily activities of citizens, infrastructure crime also brings significant threats to safety. The 2019 train crash in Pretoria that killed three people and injured more than 600 was in part caused by the theft of signalling cables.⁶⁵⁹ The use of weapons by cable thieves has also resulted in deaths, with two City Power guards shot dead in Newtown in April 2022.⁶⁶⁰ Illegal electricity connections also pose great danger as live wires are often left exposed, sometimes coming into contact with roofs, gutters and washing lines and turning them live.⁶⁶¹ Several children have died after being electrocuted from illegal electricity connections.⁶⁶²

Illegal water connections can damage pipelines, increasing the risk of contamination in the water supply

and exposing users to greater risk of contracting waterborne diseases. In a 2021 study, residents of Folweni Township in KwaZulu-Natal reported that they had fallen sick as a result of using illegal water connections.⁶⁶³

Several people have burned to death while attempting to steal fuel, including three in October 2021 after a fire broke out while the thieves were attempting to access a pipeline.⁶⁶⁴ Fuel theft can also have a serious environmental impact. In October 2020, 60 000 litres of oil leaked into the Umbilo River and flowed out to Durban Harbour,⁶⁶⁵ while March 2022 saw a spill of thousands of litres of diesel in the Free State after thieves failed to turn off a valve. The fuel saturated the ground and contaminated a river, forcing farmers to move livestock.⁶⁶⁶

The future

The destruction wrought by criminal actors on South Africa's infrastructure is widespread and extensive. The cost of remedying the damage to the railway network has been estimated at R500 million per kilometre,⁶⁶⁷ but many fear that the network is beyond saving, especially if security provision continues to be ineffective.

A lack of intelligence regarding the constitution of criminal syndicates involved in copper theft remains a major stumbling block: over the years, mainly low-level runners (who carry the stolen goods) have been arrested, while the ringleaders of organized criminal gangs remain largely unknown. But some private-sector strategies have emerged that may help limit criminal opportunity. As well as deploying drones and sensors to detect infrastructure interference, Transnet is rolling out copper-manganese wire to replace copper, as the compound cannot be melted down into copper.⁶⁶⁸ Openserve is similarly replacing copper cable in city and suburban blocks with fibre.⁶⁶⁹

There is also greater awareness over the importance of collaboration in intelligence-gathering and risk mitigation. On 25 January 2022, MTN, Vodacom, Telkom, Cell C and Liquid Intelligent Technologies established the Communication Risk Information Centre (COMRiC), a non-profit organization that will work on the collective identification, mitigation and prevention of the common risk issues within the telecommunications industry, with an initial focus during 2022 on critical infrastructure network vandalism, commercial crimes and cybersecurity.⁶⁷⁰ Momentum is also building at state level. In March 2022, President Ramaphosa signed off on the creation of a Critical Infrastructure Council to counter threats against key infrastructure and assess risk level on a quarterly basis.⁶⁷¹ The council will consist of both senior ministry

officials, private sector and civil society members and the secretary for the police service. There has also been fresh impetus in 2022 for the establishment of a national water infrastructure agency.⁶⁷²

Large procurement processes are underway to improve infrastructure. In February 2022, Ramaphosa announced a R100 billion Infrastructure Fund 'to prepare a pipeline of projects with an investment value of approximately R96 billion in student accommodation, social housing, telecommunications, water and sanitation and transport.'⁶⁷³ There has also been an increased state drive to bring new sources of energy generation online in the next few years, although, unless procurement and transparency measures are improved, the sizable contracts underpinning such sources may be vulnerable to corruption.

Yet responses to some aspects of infrastructure crime will require a sensitive approach. Electricity and water theft are often carried out by those who either lack any alternative supply or the money to pay such services. At present, however, companies are caught in a bind, as the cost of removing illegal connections, which are often dangerous, is diverting money that could be used to expand supply.⁶⁷⁴

Even if syndicates are successfully dismantled, a further challenge lies in preventing new actors from entering the market. The rise of electric vehicles and renewable energy systems, together with traditional copper-demand sectors such as construction, mean that the global appetite for copper is likely to remain high – and prices will follow suit. It is also feared that the rising fuel prices seen in early 2022 may also further increase demand for illegal petrol and diesel.⁶⁷⁵ Criminals will seek a quick profit, at a high cost to the functioning of the South African state.

ORGANIZED CORRUPTION

Corruption is one of the most severe organized crime risks faced by South Africa. Over the past three decades it has penetrated almost every facet of the state, from street-level law enforcement to multi-billion-rand public procurement tenders and the presidency itself. The growing links between state and criminal actors have also catalyzed a fusion of organized crime and corruption that can be termed ‘organized corruption’, blurring the line between upper and underworlds. As well as hindering the state response and provision of services, organized corruption has also provided fertile conditions for organized crime to operate and expand. Reversing the damage will take years and requires not only bringing perpetrators to justice, but also a deep and searching reform of South Africa’s institutions.



TREND: STABLE AT HIGH LEVEL

The market

Corruption has been a long-standing challenge in South Africa since before the institutionalization of apartheid.⁶⁷⁶ Classic corruption, which involves people with state authority taking side payments for preferential treatment in outsourcing contracts and performing their duties in the form of small deals or licence payments,⁶⁷⁷ was a feature of the Mandela and Mbeki administrations, as was low-level corruption among law enforcement at street and station level, mainly in the form of bribes.

Zuma's tenure saw the rise of 'state capture' – a more highly developed, pervasive and cross-society form of corruption, which saw private interests warp the state's decision-making process for illicit gain. State capture was driven by Zuma's foregrounding of personality over process in both the ANC and government, leading to increased factionalization and competition for lucrative postings and positions and the formation of rent-seeking patronage networks. Key state agencies such as SAPS, the NPA and SARS were brought under direct control through the appointment of Zuma acolytes to leadership positions and the firing (or resignation) of competent officials, while the highly effective anti-corruption Scorpions unit was disbanded (see 'Countering organized crime: the state's response'). Many investigations into corruption were subsequently stymied, either through leadership interference or insufficient capacity, a situation that helped foster a climate of impunity for those engaged in state capture.

Patronage networks extended beyond the political sphere to include business actors, who helped facilitate widespread public procurement fraud in state-owned enterprises, such as the South African Broadcasting Corporation (SABC), South African Airways, Transnet, Denel and Eskom, as documented by the Zondo Commission of Inquiry into State Capture. Organized crime also formed part of these patronage networks, providing services such as money laundering and assassination-for-hire, while leveraging new political connections to expand illicit markets.

Ultimately, South Africa has witnessed a fusion of corruption with organized crime that may best be understood by the integrated concept of 'organized corruption', in which the interests and actions of the state and organized crime have intersected to form a system of criminality, the extent of which is unprecedented in South Africa's history, and which represents a severe threat to the country's political, economic and social vitality.⁶⁷⁸

Expansion of low-level corruption

Bribes have long been crucial to the functioning of South Africa's illicit markets and the maintenance of criminal governance, as well as thwarting investigative and prosecutorial processes. Criminal money can help get through checkpoints and roadblocks, obtain insider information on investigations and help police dockets 'disappear'. The highly profitable and territorially defined drugs market has historically been a driver of corruption among law enforcement, with bribes allowing gangs to operate in their areas with impunity, which not only facilitates drugs sales but bolsters criminal governance. Police officers have also become actively involved in a variety of illicit markets, such as drugs⁶⁷⁹ and extortion,⁶⁸⁰ critically undermining public trust in law enforcement.

Despite its street-level nature, bribes and other forms of low-level corruption can drive significant structural change in the organized crime landscape. Late in the first decade of the 2000s and in the early 2010s, low-level corruption at the Central Firearms Registry (CFR) enabled criminal syndicates to acquire firearm licences.⁶⁸¹ In 2013, 18 CFR officials, including the then head of the registry, Brigadier Mathapelo Miriam Mangwani, were suspended due to their alleged involvement in the fraudulent issuing of firearm licences.⁶⁸² Mangwani received payments of between R5 000 and R10 000 twice a month for more than four years – money that she received from a single firearms deal.⁶⁸³

Similarly, the designated firearms officer (DFO) at the Pretoria Central Police Station, Captain Lawrence Mamogobo, was found guilty on 30 counts of corruption, and sentenced to 13 years' imprisonment in 2015.⁶⁸⁴ Chris Prinsloo, a former police colonel, was sentenced in 2016 to an effective 18 years in jail for selling firearms to gang members in the Western Cape (see also 'Illegal firearms' section).⁶⁸⁵ The guns had been in police storage and were marked to be destroyed. These guns fundamentally changed the use of lethal force among gangs by enabling ordinary members to readily access guns and drove a rapid increase in gang-related violence, with many innocent bystander casualties.

The widespread availability of illegal guns also fed into the emergence of professional hitmen, who have been used to assassinate both underworld and upperworld figures, including businesspeople, politicians, activists and members of the criminal justice system. As such, this form of corruption has vastly increased the lethal reach and influence of organized crime in South Africa.

NKANDLA: PUBLIC MONEY FOR A PRIVATE HOME

President Zuma's use of state funds for the extensive upgrading of his Nkandla residence in northern KwaZulu-Natal from 2009 drew widespread criticism. In March 2014, Public Protector Thuli Madonsela's 'Secure in Comfort' report estimated that the cost of the work would run to at least R246 million and that much of the project – which included a cattle kraal, chicken run, swimming

pool and visitor's centre – 'went beyond what was reasonably required for the president's security, was unconscionable, excessive, and caused a misappropriation of public funds.'⁶⁸⁶ In March 2016, South Africa's constitutional court ruled that Zuma had to pay back R7.8 million – a portion of the tax money spent on installing non-security features at Nkandla.⁶⁸⁷

Procurement corruption

Public procurement accounts for some R800 billion in state spending annually and, as such, represents a lucrative target for corruption.⁶⁸⁸ Procurement corruption can take the form of the appointment of senior administrative officers (such as provincial heads, director generals and financial officers) because of their political affiliation with a particular ruling party in that municipality or province; the inflation of the prices of goods and services offered; contracts awarded to friends or family; tenders not advertised; and the improper constitution of bid committees, sometimes with members who have obvious conflicts of interests or who are not aware of legislative requirements.⁶⁸⁹

The 1999 multi-billion-rand Strategic Defence Package, commonly known as the Arms Deal, became the first high-profile procurement corruption case in post-apartheid South Africa (see 'Countering organized crime: the state's response').⁶⁹⁰ Procurement fraud became more widespread under President Zuma (who himself was implicated in Arms Deal corruption) and has been exhaustively documented by the Zondo Commission.⁶⁹¹ The commission especially highlighted the outsized role played by the Gupta family, who were estimated to have siphoned off about R50 billion in state funds during the Zuma presidency, mainly from Transnet, Eskom and the Free State provincial government.⁶⁹² The massive corrupt dealings of private company Bosasa constituted the entire third instalment of the commission's report. According to the testimony of former chief operating officer Angelo Agrizzi, Bosasa paid out between R4 million and R6 million per month in bribes to secure government contracts for a huge range of services, with the company given months of notice of future tenders, having contracts illegally extended or awarded under 'exigency' guidelines, and even writing the specifications of the tenders themselves.⁶⁹³

During Ramaphosa's presidency, the procurement of PPE and other COVID-19-related goods and services became a magnet for significant corruption (see 'Health sector crime' and 'Critical infrastructure' sections).⁶⁹⁴ The decentralization of procurement under Zuma's Preferential Procurement Regulations of 2017 (which has also been characterized as 'patronage as national policy')⁶⁹⁵ also continues to fuel huge procurement corruption at the local-government level. Under the regulations – which stipulated that 30% of major public procurement contracts were to be reserved for designated local populations – thousands of local officials were given control of billions of rands to be spent locally, with manifold attendant opportunities for corruption between local officials and businesses.⁶⁹⁶ (For other major cases of public procurement corruption, see 'Critical infrastructure' section). Pervasive corruption at the local government level not only has severe consequences for service delivery but also makes local government positions highly desirable – and competition for such posts can turn violent. Many assassinations are linked to this competition for lucrative official positions, as well as targeting those who attempt to expose corrupt practices (see 'Organized violence' section).

Although efforts have been made to root out public sector procurement fraud, impunity remains pervasive.⁶⁹⁷ The SIU says that state institutions routinely ignore its recommendations to take disciplinary action against officials implicated in financial irregularities and very few who are disciplined are dismissed.⁶⁹⁸ Only a random audit was conducted from a sample of all department procurement after Gauteng Health Department whistleblower Babita Deokaran was assassinated in August 2021, despite Deokaran having called for a forensic investigation into the hospital and companies suspected of having misappropriated more than R850 million of public money (see 'Health sector crime' section).⁶⁹⁹



AMENDABLE APPOINTMENTS: ZUMA AND THE GUPTAS

The case of the Gupta family, who secured lucrative contracts with South African government departments and state-owned enterprises during Zuma's tenure, illustrates how the appointment of politically aligned figures to key roles is crucial to organized corruption. During his presidency, Zuma used his power to appoint ministers, the boards of directors of state-owned enterprises and the heads of law enforcement agencies to directly favour the Guptas; those who attempted to block such appointments were dismissed. Barbara Hogan, the cabinet minister in charge of Transnet, was fired after resisting Zuma's preferred candidate Siyabonga Gama (who faced allegations of misconduct) to be appointed as Transnet's group CEO.⁷⁰⁰ (Gupta-linked Gama was fired by Transnet in October 2018 and arrested for fraud, corruption and money laundering in May 2022.)⁷⁰¹ Similarly, Denel CEO Riaz Saloojee refused to take bribes and was suspended, with a new board of directors more pliable to the Guptas appointed.

The Guptas' confidence in their privileged standing was revealed in a 2013 scandal that became known as 'Guptagate', when a private jet carrying guests for a Gupta wedding landed at an air force base in Pretoria. The landing – which was illegal and resulted in a major public outcry – was reportedly authorized by Zuma, although the official who made this allegation later withdrew it (and was subsequently appointed ambassador to the Netherlands).⁷⁰² Much of the cost of wedding itself was reportedly paid for with funds illegally diverted from the Free State Vrede dairy project, a major provincial government procurement contract that was awarded to an IT salesperson with no farming experience.⁷⁰³

Cadre deployment and patronage networks

Zuma's self-styled 'people's president' image reflected a broader shift within the ANC from a mass rule-led movement to one driven by personality – and personal interests.⁷⁰⁴ This manifested in the use of cadre deployment and patronage networks, which in turn helped facilitate grand-scale corruption and enabled business and organized crime to secure an unprecedented foothold in the state apparatus.

Cadre deployment – defined by some as the appointment of 'a party-political loyalist to an institution or body' that 'effectively bring[s] that institution under the control of the party, as opposed to the State'⁷⁰⁵ – has been part of ANC policy since 1994. Originally intended as a means

of transforming the white-dominated state during the democratic transition from apartheid, cadre deployment became more deleterious under Zuma, with high-level appointments at SAPS, the NPA and SARS (among others) chosen for political loyalty over competence, with standard hiring and vetting procedures set aside (see 'Countering organized crime: the state's response'). In November 2011, the Constitutional Court held that Menzi Simelane's appointment as NPA head by Zuma was 'inconsistent with the Constitution and invalid'.⁷⁰⁶ Irregular practices were also used to remove those who had fallen from favour: in 2015, Mxolisi Nxasana, who was Simelane's permanent replacement at the NPA, accepted a R17.3 million bribe from Zuma to leave his role.⁷⁰⁷

The deployment of Zuma loyalists in law enforcement and criminal-justice agencies not only protected Zuma from investigations into his alleged involvement in corruption (with such investigations put on ice or otherwise stymied), but also drove a broader collapse in morale and expertise in the institutions, with experienced professionals leaving in droves, drastically reducing capability and capacity. A similar narrative took place in the public health sector, where incompetence among political appointees saw a similar decline in morale and capability (see 'Health sector crime' section).

Highlighting the extent to which the state was dictated by private interests, Zuma's decision to oust officials was sometimes the result of pressure from his associates. The Zondo Commission, for example, found that Zuma's removal of Themba Maseko as head of the Government Communications and Information System was the result of pressure by the Gupta family after Maseko had resisted their demands, with Maseko's removal paving the way for the Gupta's mass state capture project (see box: 'Amendable appointments: Zuma and the Guptas').⁷⁰⁸

This illustrates the complex and symbiotic nature of patronage networks, in which political power becomes a tool of business, and vice versa. The patron of the patronage network may in fact heavily depend on his clients for money, goods or services, making the balance of power in such relationships difficult to ascertain. Patronage networks under Zuma also extended into the criminal sphere, providing the underworld with access to a range of criminal services, such as assassination-for-hire, while granting underworld actors access to the highest levels of decision-making in the state, destabilizing the very idea of rule of law. Zuma's reported meeting with Americans boss Igshaan 'Sanie American' Davids and other underworld figures in 2011 at the president's official Western Cape residence is arguably the most vivid illustration of this phenomenon.⁷⁰⁹

**Corruption
destroys
jobs**

**Corruption
= an attack
on the**

**Ban
steel scrap
exports!
Stop steel
dumping!**



The harm

Organized corruption has led to the disappearance of tens of billions of rands; the deterioration of state infrastructure and institutions and state-owned enterprises; and decline in public trust in both the state and the ANC, where internal tension has generated significant political instability. The march of organized corruption has exacted a broader socio-economic toll, impeding economic growth and leaving millions mired in poverty. Low-level corruption has also enabled criminal governance to flourish.

Economic and service-delivery cost

The cost of organized corruption to South Africa has been staggering, with President Ramaphosa estimating that the cost of state capture could easily be R500 billion.⁷¹⁰ The Zondo Commission reported that procurement and related crimes had cost Transnet alone R41 billion, with 72% of all contracts tainted by corruption.⁷¹¹

These massive illicit outflows have had several ramifications. First, service provision has plummeted as a consequence of debilitated budgets, insider dealings and incompetent firms being awarded contracts. In the water sector, taps have run dry so that municipal councillors and their acquaintances could receive government contracts to provide water; the construction of a dam to provide water to Gauteng has been delayed by years, in part because one of the ministers in charge sought to change procurement rules to benefit her friends; and in the Western Cape, the raising of the Clanwilliam Dam has been delayed for similar reasons (see also 'Critical infrastructure' section).⁷¹²

As well as hindering service delivery, work poorly executed (or not carried out at all) can have severe health impacts: for example, people have developed lung infections due to asbestos material in their homes while companies have manipulated procurement processes to receive millions of rands to remove this asbestos.⁷¹³ Sometimes corruption's effects can be hard to trace, but are no less devastating for being indirect: corruption in the education sector has drastically slowed the replacement of pit latrines, which are the only toilet facilities at nearly 4 000 schools in South Africa. Two five-year-old children have died in the past decade after falling into these latrines and drowning – a tragic indication of the human cost of corruption and a damning indictment of those who perpetrate it.⁷¹⁴

Organized corruption has also had a severe economic impact on South Africa. Local start-ups are discouraged by a predatory operating environment, while corruption, fraud and political machinations have made the country less attractive to foreign investment, which declined

during Zuma's administration.⁷¹⁵ Indeed, Zuma's 2017 replacement of highly respected Finance Minister Pravin Gordhan with Zuma loyalist Malusi Gigaba was explicitly cited by S&P Global when downgrading South Africa's credit rating to junk status, with the agency saying the removal of Gordhan and other executive changes was undermining the country's fiscal and growth outcomes.⁷¹⁶ (As finance minister, Gordhan had challenged the Guptas over their financial transactions, and accused them of being behind a campaign to discredit him.)⁷¹⁷

Although corruption is only one factor in South Africa's recent poor economic performance, it undoubtedly has had an impact. With investment declining and resources intended for the country's development wasted, the overall economic health of South Africa has suffered.⁷¹⁸ The country's unemployment rate has steadily increased, from a post-apartheid low of 22.4% in 2009 to 33.6% in 2021 – a level not seen since 2002 (33.3%)⁷¹⁹ – while economic growth has also been sluggish. South Africa was hit hard by the 2008 global recession and, unlike many other countries, failed to recover: between 2010 and 2019, economic growth averaged 1.7% a year, compared with an average of 4% a year in the decade prior.⁷²⁰ Forecasts do not predict any dramatic improvement, with real GDP expected to grow only 1.8% in the medium term.⁷²¹

The factionalization of the ANC into pro- and anti-Zuma contingents – driven by the experience of state capture – has seen heightened tension and antagonism within the party that has affected the quality of South Africa's governance. The National Assembly has become progressively more inclined to protect the party than citizens, while the growing power of private, unelected interests during the state capture period was described as 'akin to a silent coup' by the authors of the landmark 2017 Betrayal of the Promise report.⁷²² Tensions within the party – and its increased linkages with criminal elements – have also driven a spate of inter-ANC assassinations – about 90 between 2016 and mid-2018 – with ANC officials ordering hits against one another 'over influential positions and spoils that come go with them'.⁷²³

The internal turmoil within the ANC manifested on a tragic scale in July 2021, when protests broke out over the imprisonment of Zuma for contempt of court for his failure to appear in front of the Zondo Commission. The unrest was attributed to a faction of the ANC known as the Radical Economic Transformation (RET), known to include those who have benefited from Zuma's corruption and patronage networks, including his children (who have been implicated in various illicit markets, including money laundering and the tobacco illicit market), rogue elements of the intelligence community, media houses, political entrepreneurs, criminal networks, military

veterans loyal to Zuma, and Zulu nationalists.⁷²⁴ This faction has vehemently defended Zuma's impunity for years because of their shared opposition to accountability, benefits from illicit markets and because the imprisonment of Zuma opens the door to their own prosecution.⁷²⁵ The protests resulted in more than 200 deaths and caused billions of dollars' worth of damage to infrastructure in KwaZulu-Natal and Gauteng.⁷²⁶

The July protests fed into the strengthening current of disaffection towards the factionalized and scandal-hit ANC. At the November 2021 municipal elections, the party won less than 50% of the vote for the first time in South Africa's democratic history.⁷²⁷ It was a damning verdict on both the country's direction of travel and the party's efforts to reform after Zuma.

Impact on law enforcement and criminal justice

Corruption within law enforcement is one of the most serious risks facing South Africa today. Indeed, in 2018, Independent Police Investigative Directorate (IPID) Executive Director Robert McBride claimed that 'the biggest threat to national security is corruption in the SAPS'.⁷²⁸

This risk lies both in the nature of the corruption itself and the enabling power it provides to organized crime at large. The expansion of low- and high-level corruption in South Africa's law enforcement agencies has eroded

their ability to fight organized crime and contributed to a climate of impunity and increased criminality among some police officers. State capture has also eroded hiring and vetting procedures, with a 2013 state audit finding that 1 448 serving officers were convicted criminals.⁷²⁹ Discipline and training have also suffered as a result of institutional decline, contributing to the abuse of power (including the use of lethal force against innocent civilians) by some officers.⁷³⁰ Again, officers implicated in the abuse of power are rarely held to account.

At the highest levels, political influence and interest has left key South African institutions without the capability or capacity required to tackle the threat of organized crime and undermined the authority and integrity of leadership. The Hawks unit has become highly politicized and suffers high levels of corruption and criminality within its ranks and its leadership.⁷³¹ The most recent police chiefs of the SAPS have been sanctioned variously for corruption, fraud, obstruction of justice and murder. In 2011, General Bheki Cele, former SAPS commissioner and current Police Minister, was found guilty of improper conduct and maladministration by the public prosecutor when the police under his leadership authorized a R500 million lease for a building to be used by SAPS.⁷³² In 2017, then SAPS National Commissioner Khehla Sitole was implicated in a scandal over the R45 million procurement of a 'grabber' surveillance device that reportedly retailed for R10 million.⁷³³

CHARL KINNEAR: ASSASSINATION OF AN ANTI-CORRUPTION COP

Charl Kinnear was a detective in the elite Western Cape Anti-Gang Unit and said to be investigating a 'guns to gangs' syndicate when he was gunned down outside his home on 18 September 2020. He had also sent a lengthy affidavit in December 2018 to his bosses that outlined links between the Western Cape underworld (including alleged kingpin Nafiz Modack) and law enforcement, including members of the Crime Intelligence Division, but no action was taken.⁷³⁴

Those accused of orchestrating Kinnear's assassination provide further evidence of these links. Standing trial alongside Modack and former professional rugby player Zane Kilian is Ashley Tabisher, an AGU sergeant accused of receiving bribes from Modack in exchange for warning him about raids on his home.⁷³⁵ Kilian – accused of carrying out the murder – is alleged to have received almost R100 000 from a Modack-affiliated

company.⁷³⁶ Kilian was also accused of having 'pinged' Kinnear's and Kinnear's wife's phones thousands of times to ascertain his location, including with increasing frequency leading up to the murder (after which point the pinging ceased), and also had photos of Kinnear and his wife.⁷³⁷

There were also accusations of wrongdoing at senior levels of SAPS in the run-up to Kinnear's death. An October 2021 IPID report revealed that the Hawks were aware that Kinnear's phones were being tracked prior to the murder, but failed to act.⁷³⁸ The report also said that Modack had been registered as a Crime Intelligence source.⁷³⁹ And despite numerous attempts on the detective's life and the high-profile nature of his caseload, Kinnear's security detail was removed in December 2019, leaving him exposed to further assassination attempts, including that which ultimately claimed his life.



The future

In 2019, the Investigating Directorate was established by Cyril Ramaphosa under the NPA to investigate and prosecute corruption cases that derive from the Public Protector's State Capture Report, the Zondo Commission and other anti-corruption inquiries and granted a five-year mandate.⁷⁴⁰ Ramaphosa also implemented the National Anti-Corruption Strategy, which is premised on the principles of transparency, integrity, accountability and good governance and aims to proactively detect corruption as a supplement to reactive measures in order to mitigate the risk of costly commissions of inquiry and other legal processes such as forensic investigations.⁷⁴¹

Among other suggestions, the Zondo Commission has recommended the establishment of an independent Anti-Corruption Authority/Agency of South Africa (ACASA), recalling the remit of the Scorpions. Private sector involvement in policy – the current lack of which Zondo recognizes as 'weaken[ing] the procurement system' and driving corruption⁷⁴² – will also be crucial. Indeed, one leading law firm has suggested that Zondo's formulation of ACASA misses opportunities for private sector involvement, and argues that professional bodies involved in law, accounting and audit could help ensure the putative agency's independence and improve its functionality.⁷⁴³ Civil society has also proved a vital asset in the fight against corruption, with many of the public protector's landmark investigations into state capture launched as a result of citizens' complaints.⁷⁴⁴

However, this anti-corruption drive faces significant challenges. South Africa already has a decade of unimplemented recommendations of previous commission reports, from the Khayelitsha Commission, appointed in December 2012 to investigate police inefficiency, to the Farlam Commission into the 2012 Marikana massacre. Progress at the Investigating Directorate has been slow due to an apparent lack of resources, despite the wealth of evidence produced by the Zondo Commission. Meanwhile, the draft Public Procurement Bill, which aims to provide a single regulatory framework for all public procurement, has been criticized

for being inadequate in several areas and has moved slowly through the legislative process, after being published in September 2020.⁷⁴⁵

Ramaphosa is also operating within a highly factionalized party, elements of which are working to undermine his efforts, with both the ANC and the government deeply divided between reformists and those with a vested interest in maintaining entrenched patronage relationships.⁷⁴⁶ Zuma's supporters in the ANC have consistently shielded him from sanction by hindering the passage of legislation and conducting smear campaigns against Chapter 9 institutions they deemed to be responsible for the former president's prosecution. Combating alleged criminality within the ANC itself also poses a major challenge: in April 2022, two people accused of murder and corruption respectively were elected to prominent positions in the ANC, exploiting a loophole in the so-called 'step-aside' rule. (The rule was subsequently tightened to prevent anyone formally accused of a crime holding or standing for a political position.)⁷⁴⁷ Such instances severely undermine the president's efforts to clean up the party's image and persuade the public that the ANC deserves re-election in 2024.

In the short term, much will depend on the success of prosecutions stemming from the evidence unearthed by the Zondo Commission, as well as the amount of plundered funds retrieved, which will contribute to dismantling the culture of impunity. However, combating corruption at root will require reforming all the affected institutions and instituting practices that prevent the insertion of personal interests. All appointments, regardless of the position, need to be based on merit and not partisanship; all candidates, especially in law enforcement positions, should be subjected to background checks.

Without a combination of targeted prosecutions and far-reaching structural measures, the rot of organized corruption will continue to undermine the integrity of the South African state and facilitate the expansion of organized crime – along with its political influence.

CYBERCRIME

The increasing centrality of the internet and internet-based systems to many aspects of life in South Africa makes cybercrime one of the most disruptive and far-reaching criminal threats. Hackers can shut down key infrastructure and services, defraud the government and steal money and data from corporations and individuals. Although South Africa now has international-standard legislation and a strong national policy to coordinate cyber efforts, implementation will require overcoming significant hurdles in the shape of a shortfall in expertise and capacity in government agencies, insufficient cyber defences in the public and private spheres and a lack of awareness among the public of online risks.



TREND: INCREASING

The market

South Africa is increasingly being targeted by cybercrime,⁷⁴⁸ and actors within South Africa are perpetrating cybercrime against a growing number of victims in countries around the world. Between January 2020 and February 2021, South Africa suffered the highest number of threat detections on the continent (230 million), according to INTERPOL.⁷⁴⁹ Mentions of 'South Africa' on the dark web have increased since 2016, indicating that cybercriminals have become more aware of the country's cyber landscape⁷⁵⁰ – and its potential for illicit profit.

South Africa's sophisticated communications and network infrastructure, well-developed financial system and a large online user base – which is to large extent unaware of cyber threats – make it an ideal target for cybercriminals, who also take advantage of a lack of law enforcement capacity and competency, and lack of cyber-crime knowledge in the NPA.⁷⁵¹

Public and private efforts to combat cybercrime have not kept pace with the evolving threat, leaving South Africa connected but not protected.⁷⁵² Delayed development and enforcement of cybercrime legislation has left the field open to cybercriminals, while a lack of investment has eroded the state's ICT security capacity,⁷⁵³ although mismanagement has also played its part. ICT services for government departments and other public entities, administered by the State Information Technology Agency (SITA), have repeatedly been suspended for issues such as claims of unpaid invoices for licence and maintenance fees.⁷⁵⁴ In 2018, various SAPS technology services were suspended by suppliers, which affected, among others, the function of the Cyber Crime Unit.⁷⁵⁵ Numerous cases continue to be investigated of irregular and fruitless expenditure at SITA, with allegations of fraud and corruption being brought against consultants, specialists and senior management.⁷⁵⁶

In the private sector, threats have also grown significantly with the pandemic-accelerated shift to cloud services and work-from-home models, which IT departments had not been prepared for.⁷⁵⁷ The use of illegal/unlicensed software has also contributed to ICT vulnerability.⁷⁵⁸

Cybercrimes are broadly categorized as either cyber-enabled crimes (crimes such as fraud and theft which can be committed without a computer but has vastly increased in scale and reach due to ICT) or cyber-dependent crimes, which are cybersphere-specific crimes that threaten the confidentiality, integrity and availability of data and systems (such as distributed denial of service [DDoS] attacks or ransomware).⁷⁵⁹ When discussing country-specific cyber markets, it is also important to bear in mind that

cybercrime is truly international and self-supporting. Although many cyber actors may not have high levels of sophistication, according to the UK's Crown Prosecution Service, they have recourse to 'the growing online criminal marketplace, which provides easy access to sophisticated and bespoke tools and expertise, allowing these less skilled cybercriminals to exploit a wide range of vulnerabilities.'⁷⁶⁰ This enabling power of this transnational community of cybercriminals and services is arguably one of the most difficult law enforcement challenges.

The most common threats in South Africa are phishing, credit card and card-not-present (CNP) fraud, advanced payment fraud, cryptocurrency scams, romance scams, digital extortion, business email compromise (BEC), DDoS, ransomware, and data breaches and leaks. One activity may facilitate another: data leaks, for example, can drive CNP fraud, while phishing is often used as a vector for ransomware delivery.⁷⁶¹

Phishing

Phishing is a form of cyberattack in which communications from an apparently reputable source are sent to a target to 'trick' them into disclosing sensitive information or performing an action that would compromise their system (such as clicking on a link that installs malware). Phishing can be carried out via phone call, text message or through websites, but email messages are the most common vector of attack.⁷⁶² Criminals often tailor their attacks using personal information or broader contexts: during the second quarter of 2020, there were 616 666 phishing attacks detected in South Africa (the highest number in Africa), many of which were themed around the response to the COVID-19 pandemic.⁷⁶³

Advance-payment fraud

Non-delivery and non-payment scams are variants of payment order and advance-payment fraud. Fraudsters use online classifieds and other marketplaces on social-media platforms to contact sellers and offer to purchase their goods as well as to advertise and sell non-existent goods to buyers. Fake e-commerce websites are also used to attract unsuspecting victims.

A growing number of cases have also been discovered in South Africa of Request for Quotation (RFQ)/tender or procurement scams, in which fraudsters set up fake supplier websites and send mass emails from spoofed domain names that appear to come from a government department with an RFQ.⁷⁶⁴

Cryptocurrency scams

Cryptocurrency scams involve fraudsters setting up cryptocurrency trading platforms, which appear to be legitimate trading businesses but are in fact Ponzi schemes – victims are scammed of their investments when the platform suspends its services or shuts down. On 25 May 2018, Bitcaw Trading Company, also called BTC Global, shut down its services after claiming that an employee called Steven Twain, known as the ‘master trader’, disappeared, resulting in 28 000 investors losing over R1 billion. (A search for Twain later found that he did not exist.)⁷⁶⁵ In December 2020, cryptocurrency trading company Mirror Trading International (MTI) shut down due to its founder and CEO Johann Steynberg disappearing.⁷⁶⁶ Victims are expected to be in the hundreds of thousands based on MTI having accumulated R8.5 billion over more than 471 000 deposits.⁷⁶⁷ MTI shareholders Clynton Marks and Cheri Marks will be appearing in the High Court over possible links to BTC Global, along with Andrew Caw of Bitcaw Trading Company, who has denied any involvement.⁷⁶⁸

In other cases, fraudsters act as brokers on fake trading platforms that offer high returns to attract unsuspecting victims. The victims are convinced to sign up and pay funds, following which the fraudsters take over control of the accounts. On 13 April 2021, cryptocurrency trading company Africrypt claimed that its systems had been breached, resulting in the theft of almost R50 billion in bitcoin (69 000 bitcoin) from investor accounts (crypto wallets). All accounts were frozen and operations were halted.⁷⁶⁹ This case has been extensively reported in

international news as one of the biggest crypto heists in history. Ameer and Raees Cajee, the founders of Africrypt, fled the country under suspicion of fraud, although no claims have been proven at the time of writing.⁷⁷⁰

Romance fraud and digital extortion

Romance fraud involves fraudsters using online dating sites and apps to engage victims in fictitious romantic relationships in order to elicit money or personal and financial information. The fraudsters also get their victims to participate in other illicit activities such as money laundering and the reshipping of goods purchased with stolen credit cards.

A major romance fraud ring was cracked in October 2021 when seven members of the Nigerian Black Axe group and a conspirator were arrested in Cape Town in a joint operation between the FBI, INTERPOL and the Hawks. The men were charged with running a romance fraud syndicate that had reportedly stolen R100 million from about 100 US victims over a decade – the biggest such case in South African history.⁷⁷¹

Digital extortion involves criminals presenting individuals (increasingly via social-media platforms) with either false claims or proof of stolen personal data, including sexual images or activity online (known as sextortion). Payment is demanded from victims to recover data or prevent the data from being leaked online. Between January and May 2021, South Africa was the top sender of spam emails linked to digital extortion on the continent, with 715 unique IP addresses (see Figure 35).

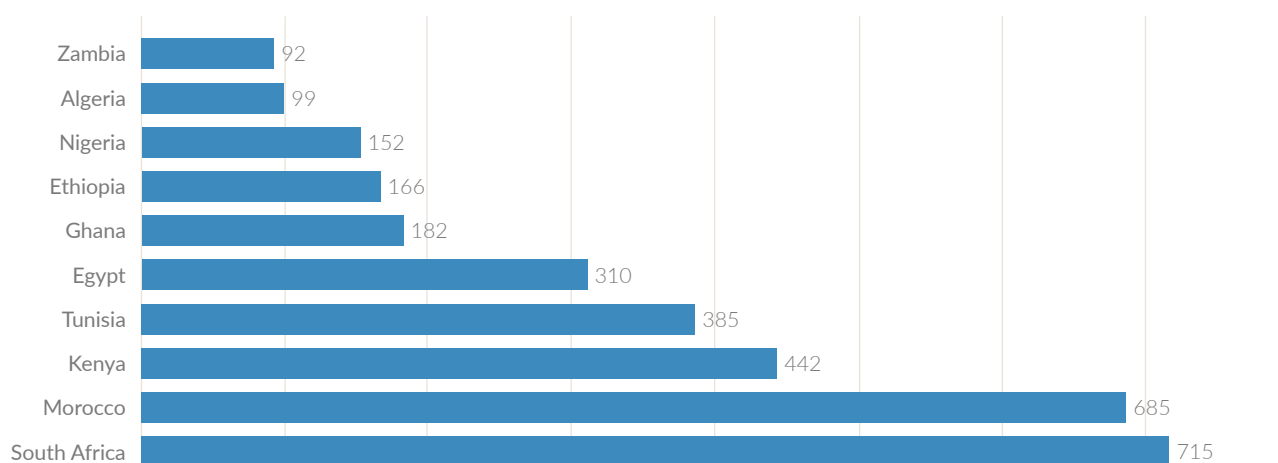


FIGURE 35 Location of IP senders of digital extortion schemes in Africa, January–May 2021.

SOURCE: Trend Micro, cited in INTERPOL, African Cyberthreat Assessment Report, October 2021





Business email compromise

BEC involves the impersonation of a company executive in an email to a finance employee giving instruction to process a payment to a bank account that is under the control of the fraudster. Criminals also impersonate legitimate suppliers and request the change of bank account details or attach fake invoices with the details of bank accounts that are under their control. This has evolved from spoofing email addresses to include gaining access to business email accounts to gather information that can be used in attacks.

The amount of money targeted by BEC scams can be significant. On 2 July 2021, the University of Mpumalanga (UMP) and Investec Bank's emails were compromised, resulting in UMP depositing R100 million (US\$6.6 million) into a fraudulent bank account. The suspect pretended to be an Investec broker and gave UMP new banking information for investment payments. The account was quickly suspended and UMP only lost R3 000 from an ATM withdrawal.⁷⁷²

Distributed denial-of-service attacks

DDoS is a form of cyberattack that attempts to overwhelm targeted servers with network traffic to prevent them carrying out their intended function, and therefore can be a major disruptor to the delivery of services, including internet provision and online banking. In the third quarter of 2019, there was a wave of massive attacks on large ISPs and banks, which highlighted the growing size, complexity and duration of DDoS in South Africa (see timeline: 'Six major DDoS attacks on ISPs and banks, Q3 2019').⁷⁷³ DDoS attacks ramped up massively in 2020 during the pandemic, before falling in the first half of 2021 – although these six months still saw 188% more attacks than during the equivalent period in 2019.⁷⁷⁴ South Africa and Kenya were targets for 59% of the 382 500 DDoS attacks between January and July 2021, highlighting that cybercriminals focused on two of the continent's leading tech-enabled nations.⁷⁷⁵

The education sector in South Africa is also a major target of DDoS attacks. Nexus Guard listed edu.za – the second-level domain reserved for tertiary institutions – as

one of the largest sources of attack traffic in the second quarter of 2019.⁷⁷⁶ These educational institutions typically have large IT infrastructure with improperly configured servers that are exploited to launch DDoS attacks.

Data breaches and leaks

Data breaches involve unauthorized access or disclosure of confidential data typically through manipulation of individuals (social engineering) or the exploitation of vulnerable and misconfigured systems. Criminal actors may be internal – as highlighted by the ABSA case in October 2020, when a credit analyst sold the personal information of 209 000 clients to a third party⁷⁷⁷ – or affiliated with international criminal organizations, with operations demonstrating high levels of international coordination. This was demonstrated in May 2016, when Standard Bank's systems were breached and the account information of 3 000 customers was stolen to produce counterfeit credit cards in Japan.

SIX MAJOR DDoS ATTACKS ON ISPs AND BANKS, Q3 2019



More than 100 people were able to withdraw R300 million (1.8 billion yen) from 1 700 ATMs in 1 600 sites around Japan.⁷⁸⁴ One of the alleged ringleaders, who reportedly had ties to the Yakuza, later fled to North Korea.

Sometimes, however, the *modus operandi* behind data breaches can be simple. One of South Africa's largest-ever data breaches occurred on 24 May 2020 when credit bureau Experian was contacted by a man who pretended to be a client and fraudulently obtained the personal details of 24 million people and 790 000 organizations.⁷⁸⁵ In March 2022, TransUnion South Africa was hacked by an alleged Brazilian group via the misuse of an authorized client's credentials, with the group claiming to have gained access to 54 million personal records. The group said it would expose the data unless a US\$15 million (R223 million) ransom was paid in bitcoin.⁷⁸⁶

Although the public leaking of data does not necessarily imply criminal involvement, as it could be accidental, these vulnerabilities highlight a lack of ICT security controls and provide data that can potentially be exploited by cybercriminals with little effort (see box: 'Card-not-present fraud'). In 2016, a vulnerability on the eThekweni Municipality's webserver enabled 98 000 people's personal information – including names, dates of

birth, gender, ID and passport numbers, email addresses, and passwords (in plain text) – to be accessed.⁷⁸⁷ A similar situation occurred in 2019, when personal and financial customer information held by Eskom was exposed. Sometimes third-party providers are the source of vulnerability: in January 2020, a flaw in the systems of Computer Facilities, which handles Nedbank's emails and text messaging, enabled 1.7 million Nedbank customers' personal information to be accessed.⁷⁸⁸

Ransomware

Ransomware involves the use of malware (malicious software) that encrypts data or locks systems to disrupt the victim's business operations. A ransom payment in cryptocurrency is usually demanded in order to decrypt the data and regain access. Ransomware is typically the final phase of a breach (hack) at an organization. According to INTERPOL, South Africa was Africa's most targeted country for ransomware attacks in the first quarter of 2021.⁷⁸⁹ Research by Sophos, which surveyed 200 companies in South Africa in 2021, found that 24% had been hit by ransomware in the past year, and that the average cost of remediating a ransomware attack was R6.4 million (US\$447 097).⁷⁹⁰

The harm

Cybercrime's harms are multifaceted, from the individual losing their life savings in a romance scam to key areas of national infrastructure being compromised. Cybercrime is a major national security concern and an economic drain, a disruptor of daily life and a manipulator of trust. Those caught by its snares often suffer psychological trauma as well as financial loss, while others may be unaware that they are even victims of crime, with breaches and leaks of their data covered up by the companies and state bodies entrusted with it.

The economic toll

Although some cybercriminals are motivated by political concerns, money remains the overwhelming motivation for most. While corporations are often assumed to bear the brunt – IBM reported that the average cost of a South African corporate data breach in 2021 was US\$3.21 million⁷⁹¹ – small businesses and individuals can also lose significant, even life-changing amounts. According to Derek Smythe, founder of Artists Against 419,

'many businesses have been shut down due to tender scams, resulting in a loss of life savings, and it's associated with job losses.'⁷⁹² In 2021, reports emerged of a South African female victim who had lost a total of R5 million over a period of three years to romance fraud.⁷⁹³

Many suffer the cost of cybercrime without ever clicking on a link or sharing personal data, compromised instead by failures of those responsible for their data security. A poignant example of this emerged in September 2020, when a suspected system breach resulted in R10 million being stolen from the Guardian Fund, managed by the Masters Office at the Department of Justice and Constitutional Development on behalf of people who are unable to handle their funds, such as minors, unborn heirs and those who have gone missing.⁷⁹⁴

More broadly, cybercrime affects the global standing of South African business. According to Smythe, 'Many countries regard South African suppliers with suspicion. It's progressively hurting our economy [...]. We see international sites blocking South Africa – example, the US Better Business Bureau after a DDoS attack.'⁷⁹⁵

CARD-NOT-PRESENT FRAUD

Cybercriminals often buy lists of breached or exposed personal data and financial information and match them up to perpetrate CNP fraud, such as online transactions, where information about the card holder's name, billing address and card details can enable a transaction without the need for the physical card.

CNP fraud on South African-issued credit cards is the leading contributor to gross fraud losses in the country – reaching 79.9%

of all gross SA credit card fraud in 2020 – while CNP fraud value has consistently risen for debit cards and online banking since 2017 (see Figure 36).

CNP fraud is mostly perpetrated by actors outside South Africa. According to SABRIC, in 2020, 69.3% of South African-issued credit card CNP fraud and 71.9% of South African-issued debit card CNP fraud took place abroad (see Figure 37).

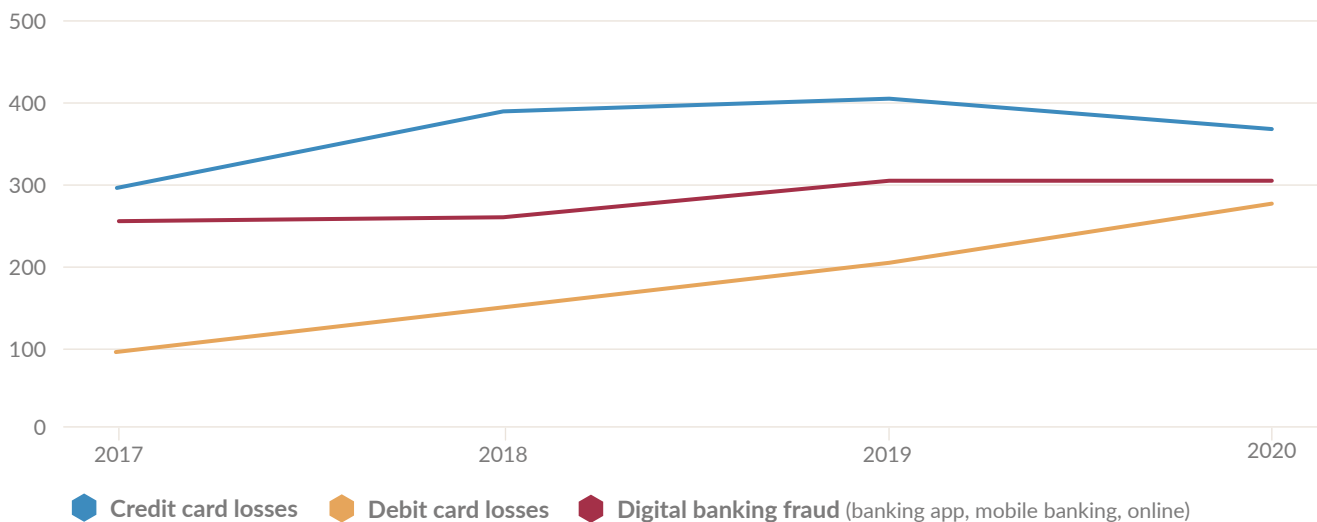


FIGURE 36 Total value of CNP fraud, millions of rands.

NOTE: In 2017, CNP debit card fraud increased significantly by 60.7% due to certain banks allowing online transactions on debit cards.

SOURCE: SABRIC annual reports, 2017–2020, <https://www.sabric.co.za/media-and-news/press-releases/release-of-card-fraud-stats-2017>

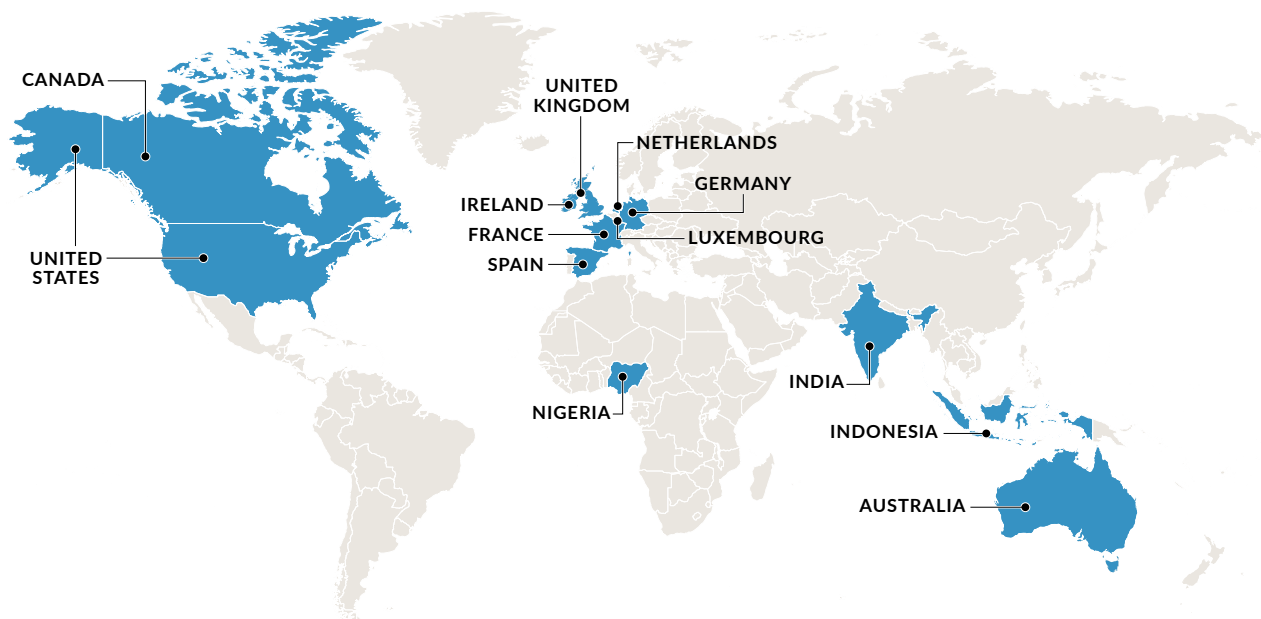


FIGURE 37 Top countries where CNP fraud relating to South African-issued debit or credit card took place.

SOURCE: 2020 SABRIC report



MAJOR RANSOMWARE ATTACKS IN SOUTH AFRICA, 2019–2021



Crippling key infrastructure and services

South Africa's increasingly networked and online infrastructure has magnified the disruptive potential of cyberattacks. DDoS attacks on internet providers and the education and finance sectors have at times suspended operations, while major ransomware attacks in recent years have affected power supply, communications, healthcare, transport and municipal services (see timeline: 'Major ransomware attacks in South Africa, 2019–2021').

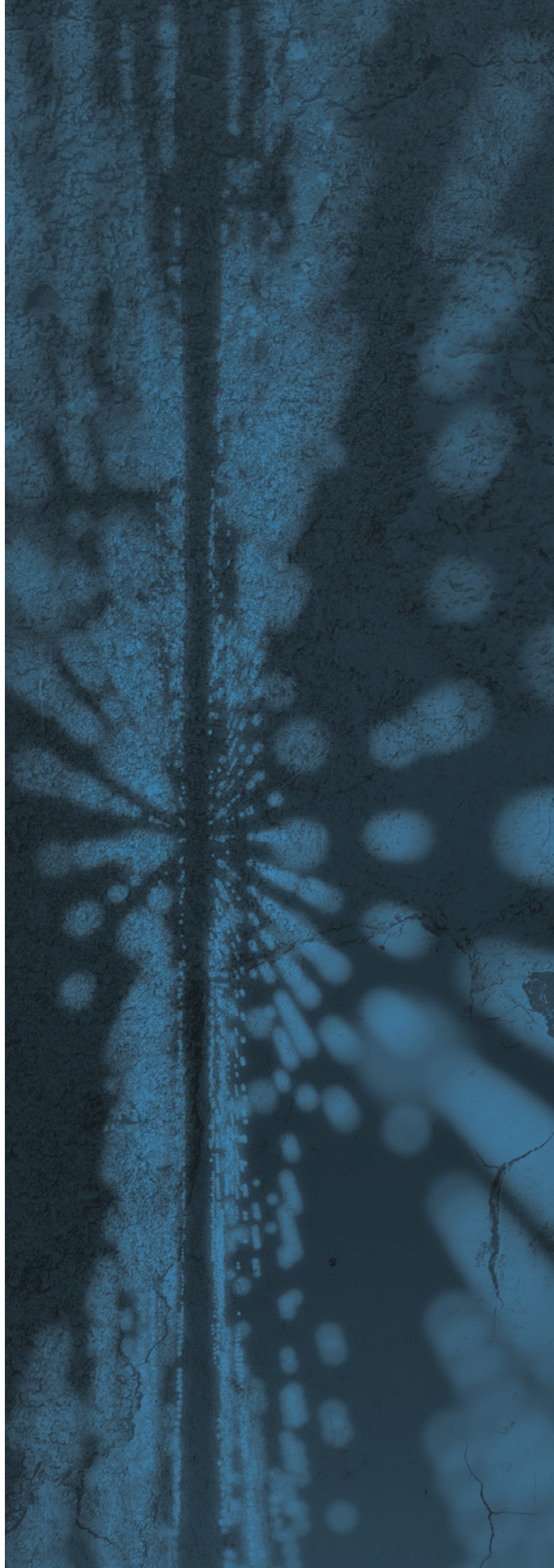
Lack of transparency

Before the reporting obligations of the Protection of Personal Information Act (POPIA) came into effect in 2021, South African companies were not forced to report data breaches and leaks since it was not a legal requirement to do so.⁸⁰⁶ Typically, only publicly listed companies would issue notices of security incidents following international standards and best practices in governance, risk and compliance but with very few details available.

Information posted online by external security researchers who discovered breaches has also commonly resulted from receiving unsatisfactory or no response from companies after alerting them about the potential threat, as was the case with the attacks on eThekweni Municipality (2016) and Eskom (2019).⁸⁰⁷ In the absence of formal processes for dealing with the disclosure of incidents, vulnerabilities in systems and data leaked on the internet were not correctly dealt with.

In cases of data breaches and leaks, individuals may still not be aware of their personal information having been compromised or the potential harmful impact. Companies have in the past typically avoided or delayed the exposure of having experienced an attack to minimize the potential loss of customer confidence and brand reputation damage.

In addition to cases being under-reported, the aspect of incidents being undetected for long periods of time is an important factor. The IBM Cost of a Data Breach Report 2021 included South African companies in its study and found that the average time taken to identify and contain a breach was 287 days (more than nine months).⁸⁰⁸



The future

South Africa has made significant efforts to overhaul its policy in response to the threat of cybercrime. The National Cybersecurity Policy Framework (NCPF) 2012 was developed by the Justice, Crime Prevention and Security (JCPS) Cluster to help strengthen intelligence collection, investigation, prosecution and judicial processes; promote a cybersecurity culture and demand compliance with minimum security standards; establish public-private partnerships; ensure the protection of National Critical Information Infrastructure; and promote and ensure a comprehensive legal framework governing cyberspace.⁸⁰⁹ A key provision in the policy is the establishment of the Cybersecurity Response Committee (CRC), the Cybersecurity Hub and additional Computer Security Incident Response Teams (CSIRTs) administered by different government departments. The Cybersecurity Hub is the National CSIRT and serves as the central point of collaboration regarding cybersecurity incidents for the private sector, civil society and citizens, although there have been reports of functionality issues around the hub, including an inability to receive reports of cybercrime.⁸¹⁰

South Africa has also recently seen two landmark pieces of legislation come into effect, which will shape efforts to combat cybercrime in the near future. POPIA 4 of 2013 is South Africa's first data privacy legislation and was promulgated to address the unlawful processing of data, inadequate data security, and penalties and civil remedies for violation.⁸¹¹ The Act came into full effect on 1 July 2021, after a one-year grace period for compliance (mitigating risk).

The Cybercrimes Act 19 of 2020 is South Africa's latest (updated) cybercrime legislation and was promulgated to address the limitations of the Electronic Communication and Transactions Act (ECTA) 25 of 2002 and the increasing challenges of cybercrime and related threats. The Act consolidates the provisions under ECTA and, among other additions, creates new offences, imposes stricter penalties, and provides for capacity and capability development.⁸¹² The Bill was finally passed into law by President Ramaphosa on 26 May 2021, and substantial sections of the Cybercrimes Act came into effect on 1 December 2021.⁸¹³ Under the Act, cyber fraud, cyber forgery and uttering, cyber extortion and theft of incorporeal property will all be punishable by up to 25 years' imprisonment. South African courts also now have extra-territorial jurisdiction to pursue criminals outside South Africa who have committed crimes against South African entities.

Implementation of the Act, however, is likely to prove a challenge given critical shortfalls in cyber expertise and capacity in government agencies.⁸¹⁴ SAPS and the NPA will require further training to handle the influx of cases and carry out improved investigation and prosecution, as will officials at police stations, who must be guided on how to correctly handle reports and digital evidence and advise victims on procedures.⁸¹⁵ Additional resourcing backed by strong political will is also required to finalize the establishment of South Africa's cyber coordination, investigation and intelligence architecture. The Department of Defence's Annual Report 2018/19 on Defence Intelligence Programmes stated that 'planning was concluded, however, the full establishment of a Cyber Command Centre was not achieved due to financial constraints.'⁸¹⁶ At present, there is a lack of state capacity to investigate and prosecute cybercrime. Many of the state's experts on cybercrime have migrated to the private sector. Banks have also hired many experts, who now handle all breaches in-house and present SAPS with ready-made cases – a situation that does not foster capacity-building in law enforcement agencies.

Cybercrime must be taken seriously in South Africa and treated as a form of transnational organized crime that requires a coordinated effort from interdisciplinary research and policymaking to effective implementation. International partnerships will also prove crucial in the future, given that so much cybercrime originates outside South Africa. In this sense, diplomatic orientation may prove as critical as technical or law enforcement capacity, with the choice of partner, be it Western nations or Russia and China, likely to have a long-term impact on South Africa's digital security.⁸¹⁷

Ultimately, improving cybersecurity in South Africa will be an all-society challenge. A system is only as strong as its weakest link and cybercriminals will exploit vulnerabilities wherever they find them. A company may have first-class cybersecurity but may be at risk if it contracts a vulnerable third-party provider; governments may pass legalization, but without training and capacity-building, campaigns to raise security awareness among the general public or information-sharing between businesses and government agencies, efforts will fall short. And as internet access and use continues to increase across South Africa, the stakes – and potential number of victims – will only get higher.

ECONOMIC AND FINANCIAL CRIME

Economic and financial crime – often called ‘white collar crime’ – is on the rise in South Africa. There have been major instances of corporate fraud that have misappropriated billions of rands, while many citizens have lost their life savings to Ponzi and pyramid schemes. Illicit financial flows (IFFs), including money laundering, have allowed illicit money to be integrated into the licit financial system but out of reach of tax authorities, depriving the country of much-needed revenue. Shortfalls in law enforcement capacity and expertise, the result of years of corruption, have hindered investigative efforts and enabled many of those responsible to evade punishment.



TREND: INCREASING

The market

Independent surveys and crime statistics attest to the growing prevalence of economic and financial crime in South Africa, which has increasingly displayed aspects usually associated with organized crime (see box: ‘White collar organized crime?’). According to PricewaterhouseCoopers (PwC), 245 companies in South Africa experienced a total of US\$1.7 billion in losses in 2019, while fraud perpetrated by senior management was reported to have risen to 34% in 2020, from 20% in 2018.⁸¹⁸

Corporate fraud

One of the most prominent large-scale examples of an organized criminal racket taking place from within the business sector in South Africa centred around the construction of the 10 new stadiums for the 2010 FIFA World Cup. A syndicate of 15 construction companies – including prominent local construction firms Aveng, Murray & Roberts, Group Five, Basil Read, Grinaker-LTA, WBHO and Stefanutti Stocks – colluded to fix prices and rig contracts.⁸¹⁹ Executives from the cartel companies would meet in secret and decide who would win each project, and the others would dutifully submit ‘dummy bids’, which they knew would lose.⁸²⁰ The scheme was designed to ensure that each company made at least a 17.5% profit margin on projects, and it directly contravened the Competition Act, among other laws.

This cartel was one of the reasons behind the soaring cost of the project: after initially allocating R1.6 billion

Experts say that it is no coincidence that the steep rise in incidents in white collar crime over the past decade has been mirrored by a wider increase in public sector corruption in the country, which gained pace during the tenure of Jacob Zuma. Simultaneously, Zuma’s appointment of either incompetent or compromised individuals at the apex of the NPA, the Hawks and other public institutions meant that their ability to detect and prosecute crimes was vastly diminished.

to the construction of the stadiums, the government eventually spent R16.5 billion – a more than tenfold increase.⁸²¹ Ultimately, the fraud went far beyond World Cup stadiums, involving 300 projects worth R47 billion, constituting ‘the biggest corporate scandal in post-apartheid South Africa,’ according to former Aveng CEO Roger Jardine.⁸²² In 2013, South Africa’s Competition Commission announced that the 15 construction companies had agreed to pay R1.46 billion as a ‘settlement’ for colluding to fix prices.⁸²³

Four recent internal corporate fraud cases – Steinhoff, VBS Mutual Bank, Tongaat Hulett and EOH – highlight a trend that has seen this form of crime, which formerly revolved around charismatic individuals such as Tigon CEO Gary Porritt or Fidentia chair J Arthur Brown, develop organized crime traits, involving a much wider group of people acting in concert, often for a sustained period.

WHITE COLLAR ORGANIZED CRIME?

White collar crime has been often seen as conceptually distinct from organized crime, despite a methodology and outcome that appear to overlap significantly. In part, the experts say, there is a difference in structure: organized crime typically vests its primary economic energy into illegal enterprises, often using violent means, while white collar criminals use legal enterprises as a medium through which to conduct illegal activities. Yet the difference between the two is only a question of degree, since both operate on the spectrum of legitimacy.⁸²⁴ In addition, there is growing awareness that economic and financial crime not only intersects with organized crime

practices and actors, but is also a form of organized crime in its own right. The increasingly inextricable nature of the two areas of crime is evidenced by the fact that when perpetrators are charged, they often end up facing elements of both ‘disciplines’: fraud or tax evasion charges are often accompanied by racketeering charges, for example. Gary Porritt, the CEO of financial services firm Tigon who was arrested in 2002 and is still on trial, faces 3 160 charges — including share-price manipulation, money laundering and three racketeering charges for a ‘planned, ongoing, continuous or repeated participation or involvement in any offence’.⁸²⁵

There is growing awareness that economic and financial crime is a form of organized crime in its own right.

Steinhoff: On 6 December 2017, CEO Markus Jooste resigned with immediate effect and Steinhoff announced that forensic auditors would be appointed to investigate ‘accounting irregularities’ at the multinational company, which had grown to become Europe’s second-largest furniture retailer, after Ikea. In March 2019, forensic auditors reported that ‘a small group of Steinhoff Group former executives and other non Steinhoff executives’ implemented ‘fictitious and/or irregular transactions’ worth R106 billion over a decade.⁸²⁶

VBS Mutual Bank: The small bank was placed under curatorship in March 2018 after it was systematically looted by a group of more than 53 individuals who were acting in concert, according to the curator, Advocate Terry Motau. He found that R1.89 billion was ‘gratuitously’ stolen from the bank in a racket, saying that ‘it emerges very clearly’ that VBS and its majority shareholder Vele ‘have been operating as a single criminal enterprise’.⁸²⁷

Tongaat Hulett: a multi-layered fraud emerged at Africa’s largest sugar company, the 130-year-old Tongaat Hulett, in March 2019. A group of former executives were named as responsible for various misrepresentations – including backdating land sale agreements and overvaluing sugar cane. Forensic auditors from PwC determined that Tongaat’s profits were overstated by 239% in 2018 alone, while investors were told that ‘retained earnings’ had been overstated by R10.2 billion.⁸²⁸ Criminal complaints were lodged against ‘former executives and senior managers’, and in February, seven individuals – including former CEO Peter Staude, former CFO Murray Munro and the sugar company’s former auditor, Deloitte’s Gavin Kruger – were arrested and appeared in court for fraud estimated at R2.4 billion.⁸²⁹

EOH: In July 2019, law firm ENSafrica, appointed to investigate allegations of irregularity over EOH’s sale of Microsoft licences to the Department of Defence, reported that they had found ‘serious governance failures and wrongdoing’ at EOH and identified R47 million for ‘overbilled’ contracts and R750 million paid where there was ‘no valid work’.⁸³⁰ An SIU investigation reported in 2021 that the cost of Microsoft contracts agreed in 2016

and 2017 had been inflated by over R40 million, which EOH said it would repay.⁸³¹ At the heart of it were 16 implicated EOH employees, and as many as 80 external companies that may have been involved.⁸³² Stephen van Coller, CEO of EOH, agrees that the immense fraud perpetrated at the company over a number of years bears many of the hallmarks of organized crime: ‘A group of people saw the weaknesses in governance structures and exploited this, particularly as it related to public sector business ... and they organized the extraction of money in a variety of ways,’ he said.⁸³³

Ponzi/pyramid schemes and advance-fee fraud

Ponzi and pyramid schemes lure investors with the promise of high returns, only for the scammer to disappear with the funds. In 2020/21, the Financial Intelligence Centre (FIC) assessment of suspicious and unusual transaction reports revealed a prevalence of Ponzi and pyramid schemes.⁸³⁴ While such scams are often carried out by domestic solo operators,⁸³⁵ there have been reports of more sophisticated operations. In December 2021, for example, IOL reported on a group called KL-online Revenue that had run a scam via WhatsApp groups, with some investors losing as much as R200 000.⁸³⁶

There have also been reports of foreign actors attempting to exploit South African investors. In February 2021, South Africa’s Financial Sector Conduct Authority warned the public against doing any business with investment company Beurax.⁸³⁷ The company was reportedly registered in Australia,⁸³⁸ although there were indications that the scam originated in Russia: Beurax’s CEO and CMO were both revealed as Russian actors before the company shut down in March 2021.⁸³⁹ There have also been instances of sophisticated Ponzi schemes involving cryptocurrencies (see ‘Cybercrime’ section).

Advance-fee fraud (also known as 419 fraud) is when victims are requested to forward money in exchange for goods and/or later payments. Scammers have often targeted victims in South Africa, sometimes using the name of reputable institutions, such as the World Bank.⁸⁴⁰ This type of crime is now overwhelmingly carried out online (see ‘Cybercrime’ section).





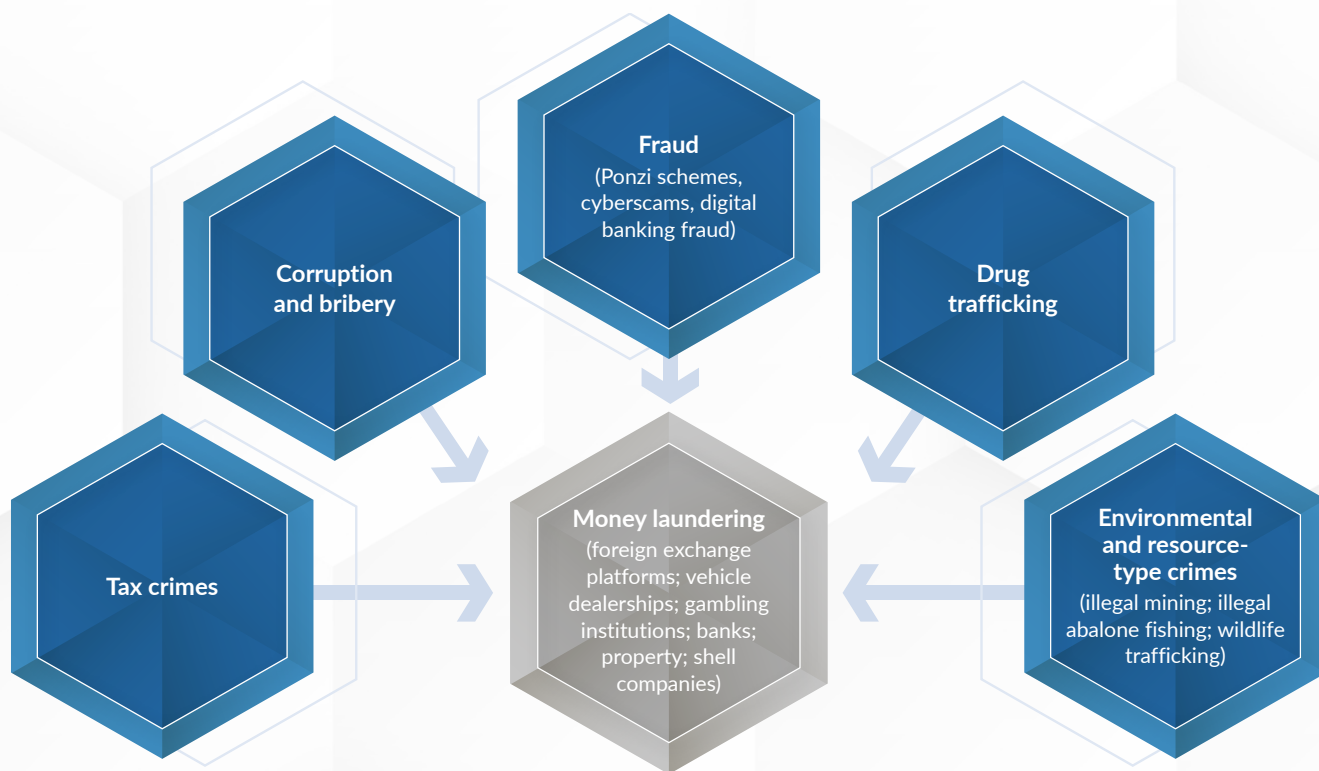


FIGURE 38 Money laundering threats: main domestic proceeds-generating predicate crimes in South Africa.

NOTE: Foreign-exchange platforms, motor dealerships and gambling institutions have been classed as 'high risk', according to the preliminary findings of South Africa's national risk assessment of money laundering, while banks were categorized as medium to high risk.

SOURCE: FATF, Anti-money laundering and counter-terrorist financing measures in South Africa, 2021, pp 5, 18, 21 and 40

Money laundering

Money laundering may represent the most direct connection of economic and financial crime with 'traditional' organized crime. A range of criminal actors, from corrupt officials to drug trafficking groups, generate significant illicit proceeds, which in many cases must be laundered into the licit financial system to be used (see Figure 38). The first stage of money laundering – 'placement' – sees money introduced into the financial system through a variety of ways, such as small deposits (to avoid raising a suspicious transaction report – a tactic known as 'smurfing'),⁸⁴¹ buying commodities such as gold or diamonds; gambling; cash smuggling,⁸⁴² and using cash-intensive businesses or foreign exchange bureaux. The second stage, 'layering', is aimed at distancing the money from its illicit origins via a series of transactions, before the final stage – 'integration' – sees the funds moved back into the licit financial system.⁸⁴³

The FIC, which was set up to identify the proceeds of crime and combat money laundering, has detected a rise in suspicious transaction reports filed by banks, lawyers, realtors, car dealers and others who handle money. Advocate Xolisile Khanyile, executive director of the FIC, revealed that suspicious and unusual transaction reports had grown by more than 30% (to 394 709) in the year up to March 2021, from 299 256 the year before.⁸⁴⁴ Whether this suggests rising criminal profits and sophistication or

better reporting and oversight is open to interpretation, it is nevertheless clear that criminals, both domestic and foreign, have found South Africa fertile ground to launder their illicit gains using the tools of the licit financial system.

This structural amenability was confirmed in October 2021, when the intergovernmental Financial Action Task Force (FATF) published its assessment of South Africa's anti-money laundering/combating financing of terrorism (AML/CFT) measures. It found that while South Africa had a good legal framework to fight money laundering, it faced 'significant shortcomings in implementing an effective system, including a failure to pursue serious cases'.⁸⁴⁵ Although FIC was praised for producing operational financial intelligence, the FATF assessed that the proactive identification and investigation of money laundering cases was 'not really happening' due to a shortage of skills and resources among law enforcement agencies. (FIC figures point to a more nuanced picture, although still provide evidence of a predominately reactive stance; see Figure 39.) Recovering assets from state capture and proceeds that have moved across borders remains problematic – a fact confirmed by the NPA, which reported missing its value target for assets related to corruption by 99%.⁸⁴⁶ The widespread use of cash, including across borders, was also seen as a high risk for money laundering and terrorist financing.



Counterfeit goods and customs fraud

Counterfeit goods and customs fraud are significant illicit activities in South Africa that generate billions of rands annually, measured by the value of counterfeit seizures.⁸⁴⁷ Counterfeit goods, which include clothing, accessories, electricals, furnishings, fake perfumes and sports equipment, are a form of intellectual property theft, while customs fraud may take the form of undeclared goods passing through customs checks, or misdeclaring the value and/or nature of goods. Customs fraud can include counterfeit goods but is also used by criminal actors handling illicit drugs, scrap metal (some of which may be stolen from national infrastructure) and even misdeclared fish intended for export.⁸⁴⁸

Most goods are imported through ports, where endemic corruption allows them to pass unchecked.⁸⁴⁹ Bonded warehouses, where imported goods may be stored without having to pay duty, are also used as clearing houses for imported misdeclared and counterfeit goods, which may be covertly swapped out of the warehouse for non-taxable items (such as second-hand mattresses) once the customs official on duty has gone home at night. The dry dock at Johannesburg, where goods are stored for onward export,

is also manipulated to leak goods into the domestic market. Johannesburg is the largest counterfeit hub in the country via its series of malls, but there are also significant hubs in Belville, Western Cape; Marabastad, Pretoria; and Durban CBD.⁸⁵⁰

Transnational syndicates, including Pakistani, Indian and Chinese actors, are heavily involved in the movement of counterfeit goods, but there is also extensive domestic production. This was revealed in July 2018, when SAPS raided a Northern Cape warehouse involved in manufacturing counterfeit goods including spices, sanitary products and shoe polish in a racket worth R77 million.⁸⁵¹

Illicit tobacco

The illicit tobacco market in South Africa remains large. Estimates vary depending on methodologies used, but a rough estimate based on the most recent research available indicates that it constituted somewhere between 27% and 36% of the total market before the COVID-19 pandemic,⁸⁵² although the share may have subsequently increased due to the temporary ban on tobacco sales between March and August 2020.⁸⁵³ Seizures of illicit cigarettes remain frequent and some of raw and cut rag tobacco also occurred.⁸⁵⁴ One company, Verbena Freight and Logistics, is alleged to have

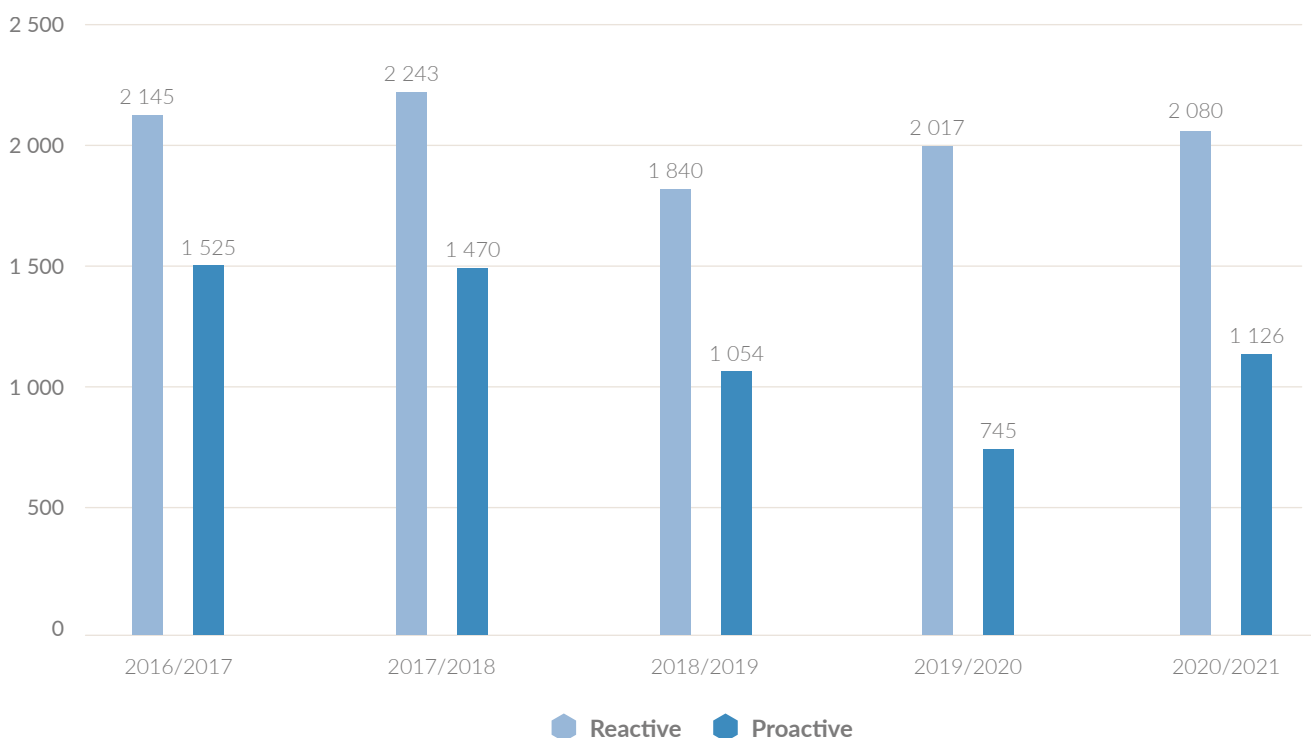


FIGURE 39 Proactive and reactive financial intelligence reports, 2016/17–2020/21.

SOURCE: FIC Annual report 2020/21, p 43, <https://www.fic.gov.za/Documents/Annual%20Report%202020-2021%20-%20Final.pdf>

smuggled 30 tonnes of tobacco into South Africa between 2016 and 2019.⁸⁵⁵

For cigarettes, local manufacture and the smuggling of contraband product, mainly from Zimbabwe, are the biggest contributors to the illegal market. In 2021, 34 incidents of seizures of cigarettes were recorded from news reports. This number could be higher. Of these, the largest single bust was of stock valued at R35 million made in Durban Harbour.⁸⁵⁶ This included the locally manufactured 'RG' brand and an unidentified foreign brand not for sale in the country. Other busts made in the country's ports include Asian brands falsely declared as household goods.⁸⁵⁷ That

local brands and foreign brands are sometimes seized as part of the same consignment indicates potential collusion between local and foreign syndicates.

Most of the seizures identified in 2021 were made in Gauteng and Limpopo. The most seized brand is Remington Gold, manufactured by Gold Leaf Tobacco Zimbabwe, although this does not mean it is the most prolific. It is commonly smuggled from Zimbabwe, whereas others, such as RG, are locally manufactured. Remington Gold's status as a smuggled cigarette makes it – and the routes it is transported along – easier to identify.

The harm

Economic and financial crime is often perceived as victimless, yet this is far from the case. Counterfeit and misdeclared goods undermine local industries, especially domestic textile production, and often are manufactured using forced labour and human trafficking practices in other countries, while food fraud and fake cosmetics may pose a serious risk to consumer health.⁸⁵⁸ On a national scale, the taxes lost to illicit trade represent a severe blow to state revenue.

Fraud can lead investors to lose significant amounts,⁸⁵⁹ which for some can amount to their life savings or retirement funds.⁸⁶⁰ The Steinhoff fraud scandal, for example, saw more than R200 billion wiped off the Johannesburg Stock Exchange, with the Government Employees Pension Fund reporting that it had lost more than R20 billion.⁸⁶¹ Economic and financial crime also erodes confidence in corporations and markets alike, especially when senior management is implicated. In 2017, KPMG removed the top leadership of its South African firm in relation to work done for the Gupta family, who control mining, media and technology assets.⁸⁶² Associations with fraud and poor governance can affect levels of investment, both domestic and foreign, in afflicted companies and the country more generally.

Money laundering in particular has multifaceted harms. It plays a crucial role in the maturation and protection of organized crime actors by allowing them to expand into the licit sphere and making illicit proceeds much harder to trace, and also enables corrupt officials to hide evidence of wrongdoing.⁸⁶³ It additionally erodes faith in the financial system, where the perception of integrity is vital, and this in turn may undermine foreign direct investment, with further knock-on effects to economic development.⁸⁶⁴ After its assessment in 2021, the FATF gave South Africa 18 months to improve its AML/CFT response;⁸⁶⁵ if it fails to do so, it may be placed on FATF's 'grey list', which may impact South Africa's international risk profile and affect trade between domestic and international financial institutions.⁸⁶⁶

Money laundering also contributes to IFFs, commonly defined as money illegally earned, transferred or used that crosses borders.⁸⁶⁷ IFFs, which form a component of capital flight (see Figure 40), deprive countries of much-needed tax revenue and thus also impede development, and can also sustain organized criminal networks and terrorist groups. Between 1980 and 2018, South Africa was the largest emitter of IFFs on the continent, with IFFs representing 15% of South Africa's total trade.⁸⁶⁸

The future

There is widespread recognition that economic and financial crime poses significant threats to South Africa, but prosecutions have often struggled with the complexity of bringing cases to a conclusion. Although conviction rates have remained above 90% since 2016/17, prosecutions have declined, in part due to the hollowing out of the NPA under previous national directors who, according to Glynnis Breytenbach, the former head of the Specialised

Commercial Crimes Unit (SCCU) in the NPA, 'did an inestimable amount of damage to the independence of prosecutors who wouldn't do their bidding. As a result, the best people left.'⁸⁶⁹ And there is no quick fix, according to Breytenbach: 'I've always believed it takes 10 years to make someone into a good, effective prosecutor. But it takes 20 years if you want a specialist, like in these crimes.'⁸⁷⁰



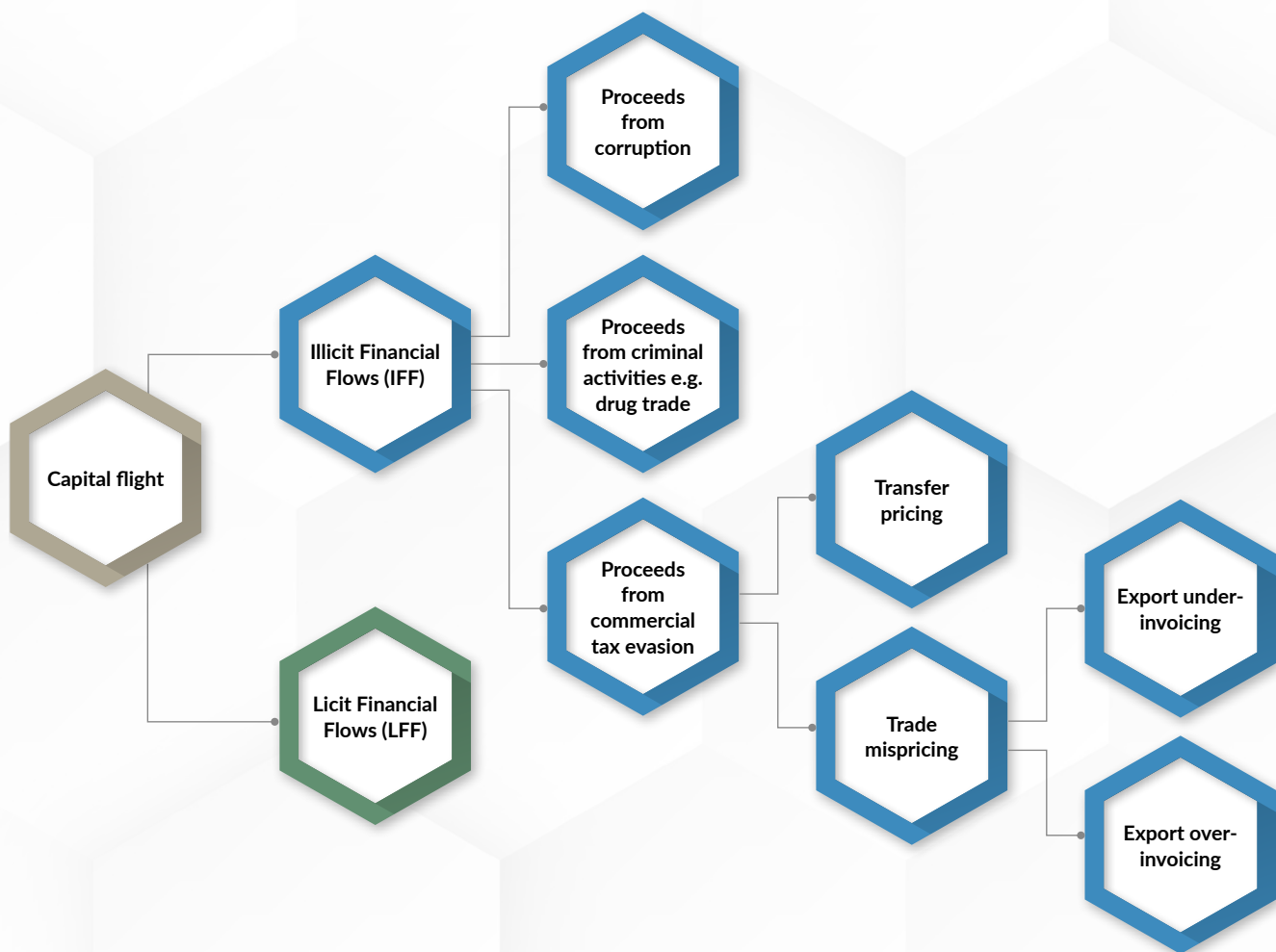


FIGURE 40 IFFs and their role in capital flight.

SOURCE: Simon Mevel, Siope V Ofa and Stephen Karingi, Quantifying illicit financial flows from Africa through trade mis-pricing and assessing their incidence on African economies, Presentation at the 16th GTAP Conference, 2013, <https://www.gtap.agecon.purdue.edu/resources/download/6543.pdf>

The fall in NPA prosecutions is also the result of the decrease in the number of cases being brought by the police to the NPA, despite the explosion of crime (see Figure 41).⁸⁷¹ In many instances, cases were withdrawn before they got to court, which the NPA attributed to the ‘poorer quality of criminal investigations’ as well as the resources crunch. In 2020, for example, 110 249 criminal cases were withdrawn (6% more than the year before).⁸⁷² Experts believe that this is due to an underlying lack of capacity and capability in the police to engage with the intricate and complex nature of many economic and financial crimes. Specifically, there are serious shortfalls in forensic accounting and cyber forensics skills, with little money available to acquire such skills.⁸⁷³

Remedying this skill shortage is crucial to the future of the fight against white collar crime, but the obstacles are

significant. Government salaries for forensic investigators, and especially those with accounting or financial expertise, are far below those in the private sector. In December 2021, the Hawks placed lengthy adverts in national Sunday newspapers seeking to recruit people for several positions. However, the salaries offered were less than compelling for a critical public institution in desperate need of forensic skills.⁸⁷⁴ For example, the post of a lieutenant-colonel in the investigative accounting section offered R474 216 per year, while for a ‘senior forensic analyst’ and ‘senior investigative accounting analyst’ the salary offered was R376 473 a year. By comparison, forensics experts in the private sector are being hired for upwards of R1.8 million a year.⁸⁷⁵

An innovative way of bridging this skills and salary gap was proposed at a closed-door Financial Crime Symposium on 3 November 2021, when the heads of the

NPA, Hawks, NPA Investigating Directorate and Financial Sector Conduct Authority investigations unit, together with the Banking Associations (representing the 36 largest banks), the South African Insurance Crime Bureau and the South African Insurance Association, gathered to discuss public-private cooperation in tackling financial crime. According to one person who attended the conference, 'There's a sense that we're failing to get a handle on white collar crime, and that something has to change. Things had clearly slipped, and there needed to be a new form of collaboration to change this trajectory'.⁸⁷⁶

The option tabled was to source 1 000 people with specialized forensic accounting expertise who would then volunteer their services to the Hawks for a minimum of two days per month. This would not be without complexity – for example, there is the prospect of a potential conflict of interest should someone from the private sector be recruited to work on a criminal case involving past or existing clients – but given adequate safeguards, may represent a pragmatic and low-cost solution.⁸⁷⁷

There have also been other indications of a prioritization of economic and financial crime. In 2019, the 'Fusion Centre' – a multi-disciplinary unit pooling expertise from the NPA, the Hawks, SARS, FIC and the SA Reserve Bank's surveillance department – was created. One of its first successes was in dealing with 276 cases of corruption, involving 740 individuals, relating to COVID-19 relief funds that had been stolen.⁸⁷⁸ As a result, 33 people were charged

in 18 financial crime cases, the FIC blocked R146 million in 81 bank accounts, R247 million in unpaid taxes was recovered, and cases to the value of R289 million were enrolled in a special court. Elsewhere, the SCCU has become part of the Anti-Corruption Task Team, which identifies priority cases in the private and public sectors. In the last year, the SCCU hired 50 senior state advocates on contract, opened six more dedicated commercial crimes courts across the country, and reactivated a money-laundering desk in the NPA.

Yet while such initiatives and collaborations are promising, their success will ultimately depend on whether investigations and prosecutions translate into convictions. At present, many prominent long-running cases have stagnated: Ponzi mastermind Barry Tannenbaum remains at large in Australia, and there has been no action over Steinhoff, Tongaat Hulett and EOH. Not a single executive from the World Cup construction cartel has been arrested. Even the imprisonment of Fidentia chair Brown was only achieved after the Supreme Court of Appeal overruled the initial ruling, which had handed down a suspended prison term in disregard of the 15-year recommended minimum.⁸⁷⁹ Until the status quo changes, this form of organized crime will continue to pay handsome dividends to those ensconced in boardrooms and offices, criminal actors laundering illicit proceeds and scammers using the veneer of legal enterprise to defraud their victims.

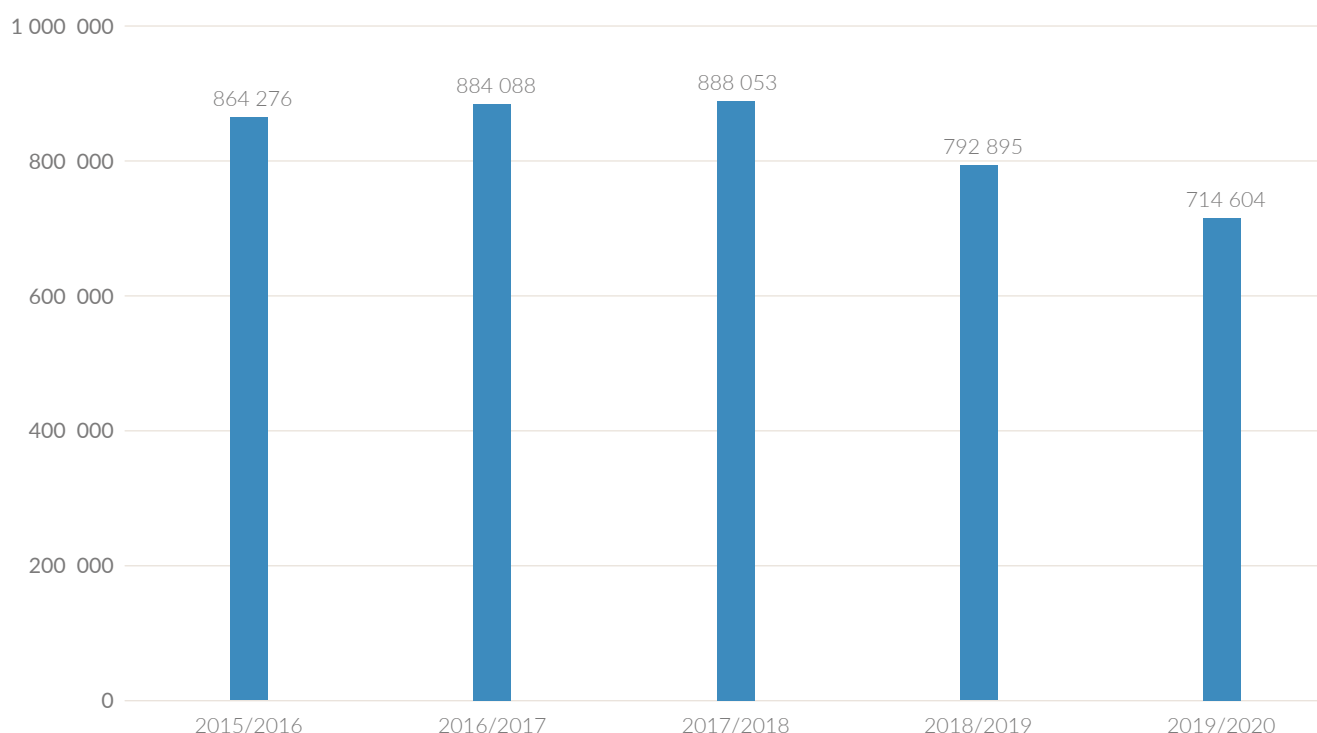


FIGURE 41 Cases brought to the NPA by SAPS.

SOURCE: NPA annual report 2019/20, p 81





HEALTH SECTOR CRIME

Owing to the massive sums of money involved, South Africa’s health sector, like many others around the world, is particularly vulnerable to crime. The public health sector has been plagued by rampant corruption, especially during the COVID-19 pandemic, which has critically undermined health capability. The largely unregulated private sector suffers from claims fraud, some of which is highly organized, while transnational syndicates have exploited regulatory and monitoring gaps to insert substandard and falsified medicines into the licit and illicit pharmaceutical markets. The pending National Health Insurance (NHI) scheme will be the biggest healthcare reconfiguration since 1994, but unless rigorous procurement and oversight measures are in place, it may merely represent a lucrative criminal opportunity.



The market

The health sector in South Africa has proved fertile ground for crime. Corruption and procurement fraud have led to a massive misappropriation of public funds, especially during the COVID-19 pandemic. The deregulated private sector, established under apartheid and dominated by three hospital groups, sees rampant claims fraud, of which a significant subset of cases are highly organized. The production and smuggling of falsified and substandard medicines is also a sophisticated transnational operation, and it too boomed during the pandemic. Corrupt actors in the health sector have also forged connections with the underworld, as highlighted by the professional hit of a Gauteng health official-turned-whistle-blower in 2021.

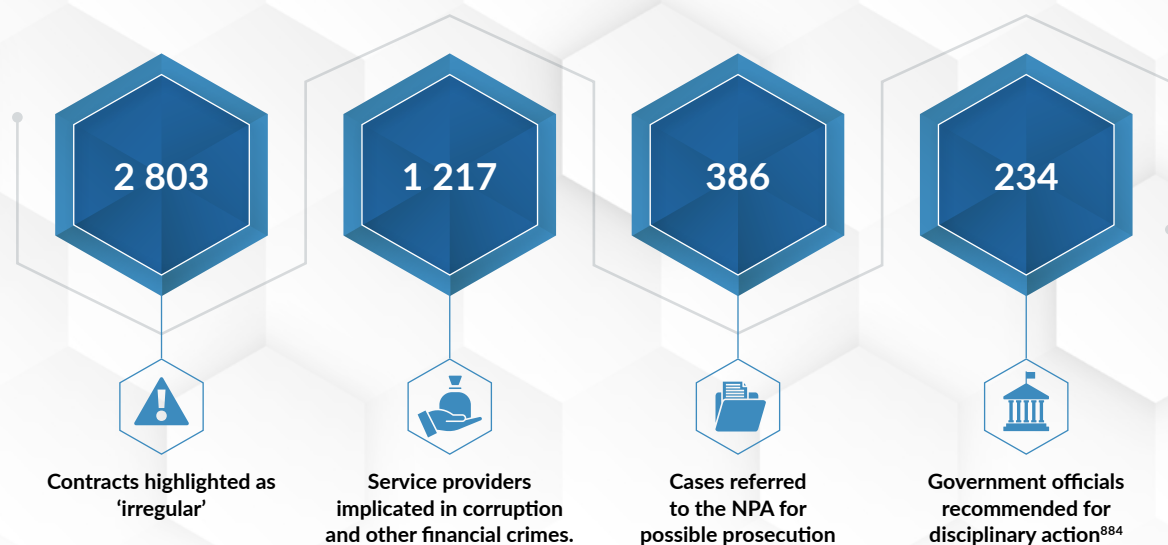
Public sector corruption and procurement fraud

During the presidency of Jacob Zuma, ANC patronage networks marshalled the appointment of party loyalists or pliable subordinates to key administrative positions in the public health sector. These leaders and managers – often unqualified and under-skilled for their roles – held great sway over the executive functions of the department, particularly the procurement, and corruption expanded

throughout the system. The installation of weak, incompetent and corrupt leadership also led to the erosion of morale within the sector, which together with a lack of effective management, created a climate in which staff stole medicines and medical equipment.⁸⁸⁰

The COVID-19 pandemic exposed the extent of and drove an evolution and extension of corruption in procurement processes. Systemic corruption and fraud manifested across every single provincial health department (with the exception of the Western Cape) almost instantaneously, as corrupt officials sought to take advantage of loosened tender regulations.⁸⁸¹ On 25 January 2022, the SIU released its final report that assessed financial malfeasance linked to PPE tenders and contracts awarded mostly between March and November 2020.⁸⁸² The report revealed that within days of the State of National Disaster being announced on 15 March 2020, companies with no record of manufacturing and/or supplying medical equipment of any kind began registering as such with the Companies and Intellectual Property Commission. Many won multiple contracts to provide PPE to the state, as did firms that had been deregistered shortly before the pandemic began, and ‘front companies’, according to SIU head, Advocate Andy Mothibi.⁸⁸³

COVID-19 HEALTHCARE CORRUPTION: FINDINGS OF THE SIU REPORT



SOURCE: Special Investigating Unit, Investigation into procurement, or contracting for goods, works and services [...] by or on behalf of the State Institutions, February 2021, https://www.siu.org.za/wp-content/uploads/2021/02/R23_of_2020_Final_report_on_matters_finalised_for_public_release_05022021.pdf



The SIU linked a number of powerful political figures to PPE graft, including then presidential spokesperson Khusela Diko, whose husband, Thandisizwe, is said to have benefited from PPE contracts. On 30 March and 1 April 2020, the Gauteng Health Department, then under the leadership of Dr Bandile Masuku, awarded two contracts of R78 million and R47 million to firms owned by Thandisizwe Diko to supply PPE to the provincial health department. Masuku was removed from office in October 2020.

The most prominent figure to be implicated was Health Minister Dr Zweli Mkhize. An SIU investigation, delivered to Ramaphosa on 30 June 2021, but only publicly released on 29 September 2021, revealed that the minister had influenced the decision to award a contract that was eventually worth R150 million to Digital Vibes, and that he and his family had benefited financially from the deal. According to the SIU, WhatsApp messages exchanged between Mkhize and the former Department of Health director-general, Malebona Matsoso, appeared to show that Mkhize instructed Matsoso to give the contract to Digital Vibes.

Digital Vibes was an obscure company initially contracted in 2019 via a closed bid process to provide communications over the NHI scheme, but whose remit was drastically increased in 2020 when it was awarded R82 million to provide communications services concerning COVID-19, despite the fact that the Department of Health already had this capacity in-house. It was later revealed that Digital Vibes – which was registered to a residential property and was run by a woman who worked in a fuel station⁸⁸⁵ – used two close associates of Mkhize (his long-time personal spokesperson Tahera Mather and former secretary Naadhira Mitha) in consultancy roles.⁸⁸⁶ The SIU investigation found that that Mkhize's son, Dedani, had received a vehicle and at least R3.8 million from Digital Vibes, with the firm also paying R6 720 for repairs at a property owned by Mkhize.⁸⁸⁷ Still maintaining his innocence, Mkhize resigned on 5 August 2021, saying he was leaving in the interests of bringing 'stability' to the health department.

Links with professional violence

The assassination of senior Gauteng government health official Babita Deokaran on 23 August 2021 revealed apparent links between those involved in health sector corruption and the illicit market in assassination-for-hire. Deokaran was a whistle-blower who was assisting the SIU as it probed PPE corruption in the provincial health department estimated at more than R330 million.⁸⁸⁸ Police subsequently arrested six alleged hitmen, including Phakamani Hadebe, who claimed that Mkhize had hired him to kill Deokaran (the former health minister denied the allegation and Hadebe later retracted his accusation, saying he implicated Mkhize to stop the police from torturing him during interrogation).⁸⁸⁹

Since Deokaran's murder, several other people with insider knowledge into PPE corruption and other crimes in the health sector, some who were also cooperating with law enforcement investigations, have 'clammed up' or 'gone into hiding', according to one former health official.⁸⁹⁰ Athol Williams, another whistle-blower over state capture, left the country due to Deokaran's murder.⁸⁹¹ This modus operandi of threatening or killing public officials who have sought to shine a light on organized crime is part of a rising pattern of professional violence contracted by and directed against up-perworld figures in South Africa (see 'Organized violence').

Private sector crime: fraud, waste and abuse

Fraud, waste and abuse constitute the main crime threats to South Africa's poorly regulated private health sector.⁸⁹² Although more research is required to understand the involvement of organized criminal actors in this sector, current evidence reveals that sophisticated and organized actors account for a significant subset of private health sector crime, with signs that such organized criminal activity is increasing.

The Board of Healthcare Funders (BHF), which represents the majority of South Africa's 75 medical schemes, estimates that at least R30 billion is lost to fraudulent claims annually, but believes the figure to be far higher as, for a variety of reasons, cases are 'severely underreported'. Discovery Health, one of the two main schemes, estimates that 25% of all claims submitted by South Africa's almost 9 million medical scheme members every year are fraudulent. Common modes of fraud include false or duplicate claims, excessive billing for products and services, irregular billing of codes and provision of unnecessary medical services.

While it is likely that most of these crimes are carried out by non-organized criminal actors, experts have suggested that some cases reveal a more syndicated approach.⁸⁹³ Syndicate members include health practitioners, medical scheme administrators (who share information with doctors in exchange for kickbacks), hospital administrators and even patients themselves. In KwaZulu-Natal, and especially in Durban, a sustained pattern has been observed of people visiting doctor's rooms for fake consultations, after which the funds are split, with 30% for the healthcare provider and 70% for the member.⁸⁹⁴ Several sources in the medical scheme environment cited the recent case of a hospital in KwaZulu-Natal that had been closed for years. A group of doctors used the hospital as a front to fabricate claims, including for ambulance trips, medicine and operations. The syndicate used a runner who would locate and pay people to use their medical aid card details to enable the doctors to submit claims.⁸⁹⁵ Identity theft is also a growing trend, with criminals stealing the

credentials of medical practitioners and then submitting false claims to the scheme.⁸⁹⁶ After the money has been paid to the syndicate's bank account, the money is withdrawn and the account closed.⁸⁹⁷

Efforts to combat fraud, waste and abuse have been hampered by the fragmented nature of the private health industry,⁸⁹⁸ which results in a lack of cooperation among investigators who work for individual schemes and prefer to handle matters on their own terms.⁸⁹⁹ Many schemes do not report cases to the police, in part due a lack of understanding over the nature of healthcare fraud, waste and abuse.⁹⁰⁰ For their part, medical aid investigative units are well aware that individual fraudsters and syndicates, after being caught by the units, often simply shift their focus to other schemes.

Falsified and substandard medicines

South Africa's pharmaceutical sector is an economic success story – sales in the country were estimated at US\$3.4 billion in 2018⁹⁰¹ – but is affected by falsified and substandard medicines. The country is one node in a vast regional market: almost half of all substandard and falsified medicines found globally between 2013 and 2017 were in sub-Saharan Africa.⁹⁰² Organized criminal groups are heavily involved in the trade, taking advantage of weak regulations, porous borders, corrupt officials and law enforcement agencies that do not recognize the distribution of fake pharmaceutical products as a crime, despite the harm they do.

Africa's strong economic links to China and India – which together account for the majority of falsified and substandard medications seized globally every year⁹⁰³ – are facilitating easier flows of illicit pharmaceuticals into Africa.⁹⁰⁴ In 2014, the World Customs Organization launched Operation Biyela 2, which, over a period of 10 days, seized 113 million fake pharmaceutical products from 122 containers at 15 African ports, with most of the shipments having come from India or China.⁹⁰⁵ Most of these fake pharmaceutical products were allegedly heading to South Africa.⁹⁰⁶

The harm

The impact of corruption on health outcomes

The flouting of proper procurement procedures, corruption and fraud has led to a systematic and deliberate erosion of capacity in South Africa's healthcare system.⁹¹¹ This has had material impacts on the quality of healthcare provided, particularly in South Africa's public health sector, which serves 83% of the population. In the worst instances, patients have died due to the erosion of capacity and capability caused by corruption, including through the

According to several sources in law enforcement in South Africa, there is an increasing intersection between the trafficking of narcotics, especially heroin, and illicit pharmaceuticals, with much of the contraband moving down from East Africa to Mozambique, where ports are subject to far fewer controls and inspection regimes, and then finally into South Africa, mostly via road and sea. The South African Health Products Regulatory Authority (SAHPRA) says medicines mainly come into the country through four points of entry, depending on their origins: Cape Town, Durban, Gqeberha (by sea and air) and Johannesburg (air).

In 2021, INTERPOL, in conjunction with southern African law enforcement agencies, launched Operation Afya 2, which seized almost 40 000 illicit medical products worth US\$3.5 million and led to more than 300 investigations being launched in the 10 participating countries.⁹⁰⁷ While the operation provided further evidence of regional flows and the pivotal role of Mozambique (where 32 300 illicit pharmaceutical products were intercepted), there were also signs of burgeoning local production in South Africa, where counterfeit goods and manufacturing equipment worth almost US\$1 million were seized in one inspection. This new domestic production capability may have serious consequences for the supply of illicit pharmaceutical products in South Africa.⁹⁰⁸

The extent of fake medicines that reach the market in South Africa is unknown, due to a lack of joined-up monitoring and investigation. There is no proactive sampling of the market and issues over quality are usually investigated only by the manufacturer.⁹⁰⁹ These manufacturers are often reluctant to acknowledge the problem, at least publicly, due to fears that reporting on fake medicines would raise safety concerns and undermine brand confidence.⁹¹⁰ The growing role of technology – which allows users to order pharmaceutical drugs direct via social-media apps and the dark web – also threatens to establish a shadow supply chain that further hides the scale of the trade from the public eye. More research is required to provide a more transparent and comprehensive picture of the scale of the market, as well as its associated risks.

shortage of medicine and suspended construction of clinics due to misappropriated funds and fraudulent tender processes.⁹¹²

Loss of capacity in health through crime, corruption, wastage and mismanagement inevitably hurts the poor the most, given that wealthier people can resort to the private sector.⁹¹³ This exclusion of poor people from good healthcare also further entrenches perceptions of social inequality and racial division, which have been hallmarks of the public sector since the introduction of apartheid in 1948.⁹¹⁴





Substandard medicine harms

Substandard and falsified medicines may have serious health consequences for those who use them due to the potential presence of toxic filler substances; possible absence/incorrect dose of the active ingredient, which can fail to provide the intended treatment; and potential contamination with bacteria (due to unhygienic manufacturing processes).⁹¹⁵ According to the World Health Organization (WHO), falsified and substandard malaria drugs cause up to 158 000 deaths every year in sub-Saharan Africa.⁹¹⁶ Although more research needs to be done about the effect of such fake medicines in South Africa, their high prevalence in Gabon has been reported as causing severe stomach, kidney and neurological disorders and

even death.⁹¹⁷ In Nigeria, 84 children died of kidney failure between November 2008 and February 2009 due to the presence of an industrial solvent in domestically manufactured teething syrup.⁹¹⁸

Fake medicines may also have broader effects on general population health by compromising the treatment of chronic and infectious diseases and encouraging drug resistance and progression. This is especially pertinent in the case of fake HIV antiretrovirals (which have been reported in Kenya and Tanzania) as these may lead to higher viral loads and increase transmission in the population as well as favouring the selection of drug-resistant virus strains.⁹¹⁹

The future

The vulnerability of the healthcare system to corruption and other forms of criminal exploitation has been recognized by President Ramaphosa, who has launched a raft of initiatives to combat the problem, on top of preexisting legislation.⁹²⁰ Such efforts, however, have been hampered by the fact that the state agencies tasked with this drive were hollowed out during the Zuma administration,⁹²¹ and some are themselves corrupt.⁹²² The new 'collaborative and coordinating centre' of nine state agencies,⁹²³ proposed by Ramaphosa on 23 July 2020, has been criticized as a 'hydra-headed monster of dubious skill, capacity, resourcing and independence.'⁹²⁴ The establishment of the SIU's cross-society Health Sector Anti-Corruption Forum is however a promising development,⁹²⁵ being the first serious recognition of the fact that the health sector is particularly vulnerable to corruption.⁹²⁶

It remains to be seen whether this awareness will extend to health crime in the private sector, where the closed and fragmented nature of the industry has removed incentives to involve law enforcement in criminal investigation. The same issue may also affect responses to substandard and falsified medicines, which are often framed as an intellectual property issue, not one that affects public health.⁹²⁷ One step that could contribute towards a more secure supply chain in South Africa, according to many in the pharma sector, would be for it to implement GTIN-14 Datamatrix barcode technology for pharmaceutical products, in accordance with global best practice.⁹²⁸

Perhaps the biggest opportunity for organized crime is the prospect of the NHI plan, which if implemented, will revolutionize healthcare in South Africa. The NHI aims to combine the country's two parallel health sectors and bring standardized, good quality healthcare to all. However, it has been fraught with controversy and subject to vehement opposition, especially from the private sector, which stands to lose astronomical profits should the NHI be implemented.⁹²⁹

Once established, it is estimated that the NHI will eventually control R3 billion in taxpayer contributions every week⁹³⁰ – a sum of money that many NHI opponents believe will make it a magnet for corruption, fraud and theft. Pointing to the fact that these vast sums of money will be administered by the same health department under whose watch the extensive COVID-19 corruption took place, critics suggest that political cronyism will maintain its stranglehold over the sector. Transparency over the operation of the NHI will therefore be paramount, including whether an independent oversight mechanism is established and civil society is allowed to participate.⁹³¹ Without adequate safeguards against corruption, bad governance and fraud, any future consolidated healthcare system in South Africa will remain as vulnerable to crime as its predecessors.

FAKE VACCINES

As well as driving a boom in corruption, the COVID-19 pandemic saw a surge in fake and substandard medicines and medical equipment. In November 2020, thousands of fake COVID-19 vaccines were seized at a warehouse in Germiston, east of Johannesburg. INTERPOL said the vaccines had been advertised on Chinese social-media app WeChat South Africa and imported through OR Tambo Airport as 'cosmetic injections'.⁹³² SAHPRA seized a number of smaller consignments of suspected fake vaccines throughout the pandemic as well as a significant amount of substandard or fake Ivermectin, the veterinary drug touted as treatment for COVID-19.⁹³³ In March 2021, law enforcement seized thousands more fake vaccines doses, again in Germiston, and arrested three Chinese nationals and a Zambian national; in a separate operation, Chinese authorities arrested 80 people in China suspected of being part of a global fake-vaccine trafficking network.⁹³⁴



MASS PUBLIC TRANSPORT (MINIBUS TAXIS AND BUSES)

The largely unregulated minibus-taxi industry is a lifeline for millions of South Africa's commuters: it is low cost and serves many areas not covered by official public transport networks. Yet it is also controlled by mafia-like associations, which extort their drivers and compete, often violently, for control over lucrative routes, resulting in the deaths of hundreds of taxi operators and innocent bystanders. The level of violence, and increased access to weapons, has seen the emergence of professional hitmen who have gone beyond assassinating rival taxi bosses and drivers to carry out jobs against other targets in the underworld and upperworld. Efforts to reform the industry and new disruptors such as Uber have been resisted, while bus companies operating on the same routes have been attacked, with some drivers killed. As such, public transport in South Africa remains hostage to an industry with pronounced criminal characteristics.



TREND: INCREASING

The market

Minibus taxis are a vital component of South Africa's transport system, transporting 65% of commuters – about 15 million people – every day.⁹³⁵ In 2017, it was estimated that there were more than 200 000 minibus taxis, and that the industry generated R90 billion in revenue annually.⁹³⁶ Owing to the industry's profitability, the number of taxi operators has consistently outstripped demand, leading to heightened contestation for market share, particularly over the more profitable intra-provincial and long-distance routes. These routes – and the drivers who ply them – are controlled by a myriad of local and provincial taxi associations and umbrella organizations, most of which are aligned with one of the two national-level bodies: the South African National Taxi Council (SANTACO) and the National Taxi Alliance.

Rise of taxi associations

Taxi associations have existed since the 1970s, but became a real force when the industry expanded after the apartheid regime deregulated minibuses in 1987,⁹³⁷ offering many black people the opportunity to legally access a profitable livelihood for the first time.⁹³⁸ Licences were distributed freely and the nascent industry had no meaningful government oversight. Associations stepped into the regulatory gap, securing routes and offering drivers protection and help to obtain permits, often through corrupt channels. But as competition for market share grew, violent conflict between associations over routes erupted in the shape of several 'taxi wars', such as the Cape Peninsula Taxi War between 1990 and 1992, which resulted in hundreds of people – including many passengers and residents – being killed, with allegations that members of the security forces had allowed or even manipulated the violence to foster intra-black community conflict and undermine ANC support.⁹³⁹

In the post-1994 period, more powerful associations, known as 'mother bodies', emerged and increasingly extorted drivers via 'membership fees', the 'bucket' system (a form of daily tariff) and ad hoc collections at taxi ranks, with little bookkeeping about what happened to collected cash. The top bosses of these mother bodies grew in power, garnered vast wealth, and became feared members of the underworld with immense influence.

The profitability and unregulated nature of the taxi industry soon attracted the attention of other criminal actors, including gangs offering 'protection' and those looking to launder money through the cash-intensive sector, such as CIT heist actors and drug trafficking organizations.⁹⁴⁰

Guns for hire: private security companies and hitmen

The increasing criminalization of and contestation in the industry led to rising levels of violence, which in turn led taxi associations in the mid to late 1990s to begin employing private security companies for protection for bosses and then taxi ranks. Soon, these companies started carrying out offensive actions against other associations, in effect becoming armed wings of the industry. In 2018 in KwaZulu-Natal, a hotspot for taxi violence, there were between 50 and 60 private security companies that specialized in the taxi industry.⁹⁴¹

The violent capacity these companies offered was complemented by, and sometimes overlapped with, the rise of professional hitmen, known as *izinkabi*, who mostly came from rural KwaZulu-Natal and were employed in taxi rank shoot-outs or to assassinate taxi bosses. Experienced, efficient and often coming from a military or security background,⁹⁴² these taxi hitmen soon attracted the attention of other organized criminal groupings, who contracted them for assassinations outside the taxi industry (see 'Organized violence' section).⁹⁴³

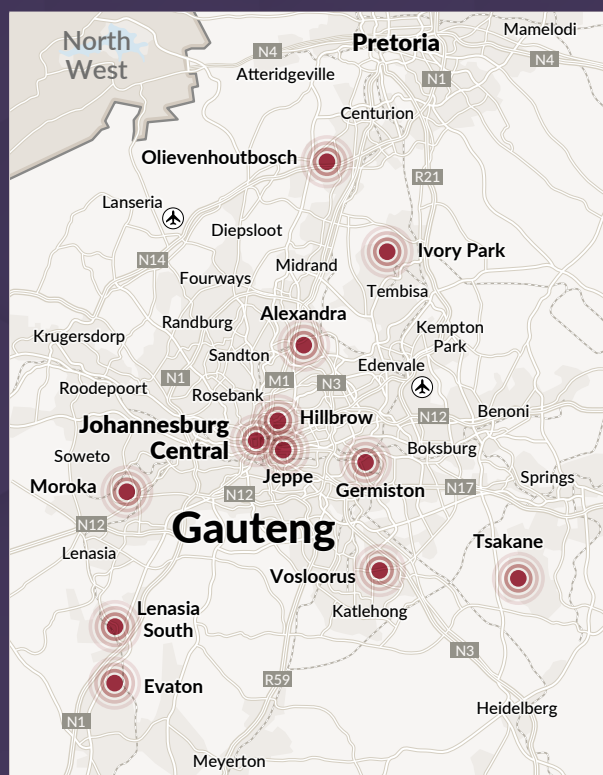
Access to weapons

Registered private security companies, as well as security companies set up by the taxi associations themselves (sometimes regulated, sometimes not regulated), have been used as a means for taxi associations to secure modern heavy firepower for their hitmen, who are often employed by the security companies as 'guards' on behalf of taxi bosses.⁹⁴⁴ (This arrangement is often a condition of the company winning the contract from the association.) In 2018, the owner of the Taxi Violence Unit, a registered private security company, said, 'Many private security companies now involved in the taxi industry are nothing more than hitmen in uniforms.'⁹⁴⁵



2018 KETA TAXI VIOLENCE

On 15 May 2018, the chairman of KETA, Johnson Mdaka, was assassinated in a brutal attack in his driveway after being shot 29 times. His wife was also injured but survived by playing dead, while his daughter watched in horror.⁹⁴⁶ In July, 12 taxi drivers – two from KETA and 10 from the Ivory Park Taxi Association – were killed while returning from a funeral of a taxi owner, allegedly due to a conflict between KETA and a rival family who owned taxis.⁹⁴⁷



Taxi violence hotspots in Gauteng: Johannesburg Central; Everton; Jeppe; Tsakane; Moroka; Lenasia South; Ivory Park; Olivenhoutbosch; Alexander; Hillbrow; Germiston and Vosloorus.

SOURCE: Gauteng Commission of Inquiry into taxi violence, September 2019, p. xv, https://cisp.cachefly.net/assets/articles/attachments/84583_final_report_of_the_commission_of_inquiry_into_the_minibus_taxi-type_service_violence_fatalities_and_instability_in_the_gauteng_province.pdf

Alongside the weapons of security firms, the high levels of violence have also increased demand for illegal guns, including state-issued arms. The 2019 Gauteng Inquiry into violence in the minibus-taxi industry, for example, reported that ‘Some of the high calibre weapons used [in taxi violence] are the kind that [are] issued to state agencies such as the SANDF and the SAPS.’⁹⁴⁸

While theft may account for some of these weapons, there have also been reports of state weapons being sold or rented out to taxi hitmen.⁹⁴⁹ One notable instance of this was

the illegal firearms trade run by SAPS officer Chris Prinsloo, who confessed that he had sold guns to both the Gcaba and Mpungose factions of the taxi conflict in KwaZulu-Natal (see ‘Illegal firearms’ section).⁹⁵⁰ As a result of these different arms streams, taxi hitmen have access to a formidable arsenal, which, sources have reported, includes R4s, R5s, LM-4 semi-automatic rifles, Dashprod SAR M14s, AK-47s, Glucks, Z88, Berettas, Norincos and .38 specials.⁹⁵¹

These factors played into the increase in violence in the taxi industry from 2013 onwards (see Figure 42), with reports of rival private security firms engaging in shootouts and carrying out hits for their clients. In 2014, Blue Ocean Security (Boss) – whose employees are armed with heavy-calibre R1 assault rifles and .50 calibre sniper rifles⁹⁵² – was cited in the media for brandishing ‘weapons of war’ and being involved in two shootouts in one week. In September 2015, Mvimbeni Security was involved in a shootout with members of the Berea Taxi Association, which resulted in the death of three people and injury of three more. After the shooting, police found more than 120 spent cartridges and recovered 25 firearms, including the new Czech-made SAR M14 Dashprod assault rifles.

According to GI-TOC data gathering on assassinations in South Africa, 51% of all hits recorded between 2015 and 2020 were connected to the taxi industry.⁹⁵³ At the provincial level (see Figure 43), there was a spike in the Eastern Cape in 2017 due to a contestation between several associations over long-distance routes, while there were also significant increases in the Western Cape, KwaZulu-Natal and Gauteng in 2018, the latter due to violence surrounding the Kempton Park Taxi Association (KETA; see box).⁹⁵⁴ Elections within taxi associations for leadership positions have also been noted as catalysts for spikes in violence.

Resistance to reform and competition

In 1996, the National Taxi Task Team, set up to provide solutions to the problem of taxi violence, recommended the immediate re-regulation of the industry.⁹⁵⁵ However, between 1998 and 1999, attempts by the government to implement this recommendation – and a taxi recapitalization programme in 1999 – were met with resistance and increased violence.⁹⁵⁶ Reform has also been resisted through non-violent but highly disruptive strikes, which often show high levels of coordination for a highly fragmented industry.

The political power of the taxi associations was also in evidence during the COVID-19 pandemic, when in June 2020, the government removed the 70% limit on minibus capacity for trips under 200 kilometres – a move seen by some as caving in to taxi industry pressure. This pressure was also felt in the shape of several strikes over COVID-19 relief funds: in June 2020, dozens of drivers blocked busy roads in Pretoria and Johannesburg to demand more relief funding, having rejected a government offer tied to



industry reform.⁹⁵⁷ In November 2020, taxi drivers from various associations under the National Taxi Alliance went on strike in Gauteng over the release of relief funds.⁹⁵⁸

The taxi industry has also resisted private sector efforts to supply alternative methods of transportation for workers. In the Western Cape, members of several taxi associations have been accused of extorting private transport operators,

including those taking workers to a wind farm construction site in Laingsburg, with CODETA and CATA stating that they had exclusive transport rights in the Western Cape.⁹⁵⁹ Even undertakers and private cars have been stopped and fined by extortionists if they could not prove they had paid a taxi association fee.⁹⁶⁰

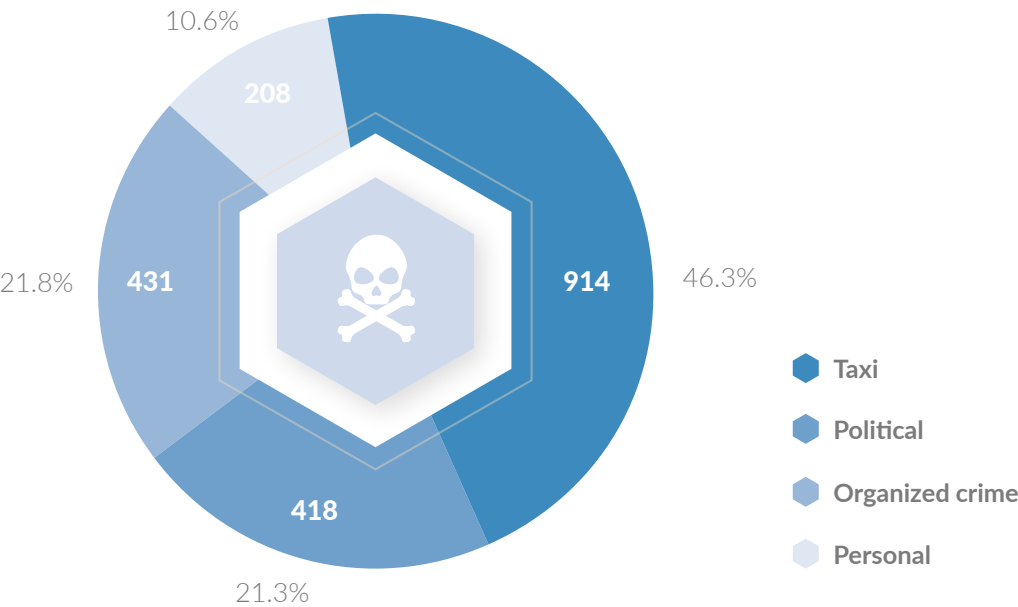


FIGURE 42 Assassinations in South Africa, 2000–2021.
SOURCE: Data from Global Assassination Monitor, GI-TOC

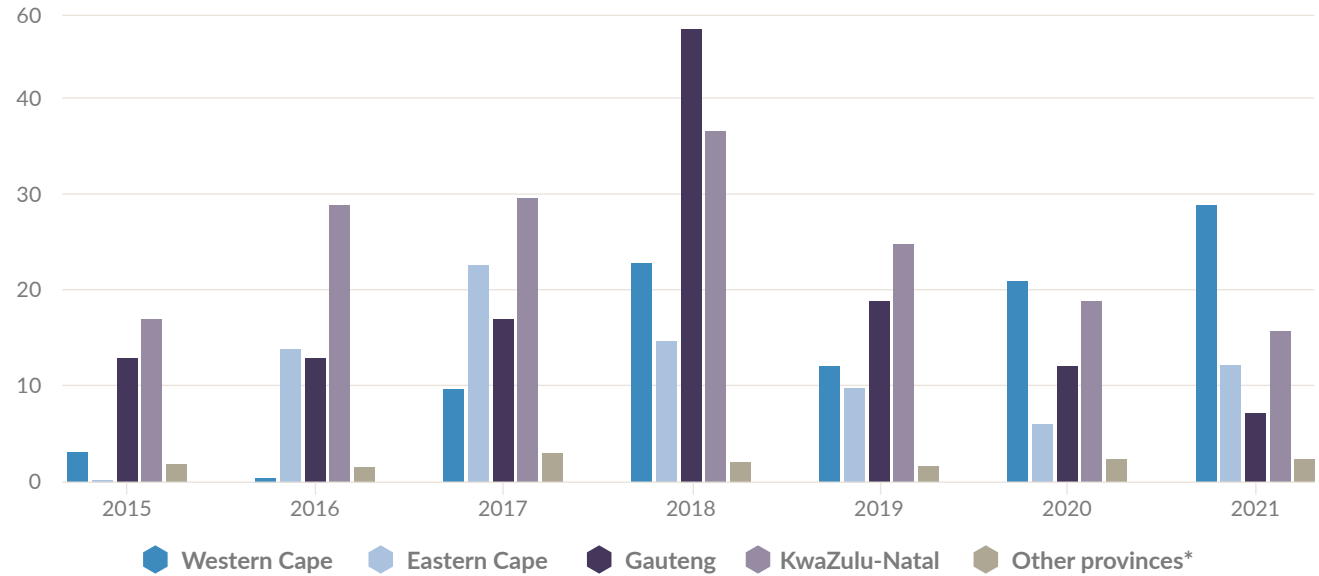


FIGURE 43 Hits in the taxi industry by province, 2015–2021.
SOURCE: Data from GI-TOC, Global Assassination Monitor



THE TAXI DONS OF DURBAN

The Gcaba brothers own a taxi empire headed by Mandla Gcaba and his brothers Royal Roma, Thembinkosi and Mfundo. They are arguably the most feared family in the KwaZulu-Natal taxi industry and have a reputation countrywide as the dons of the multibillion-rand industry. According to one taxi boss interviewed, 'They control everything in taxis. They are untouchable.'⁹⁶¹

Simon Gcaba, the father of the four brothers, and his protégé Ben Ntuli launched their first minibus taxi in 1988, and Simon became an executive committee member of the Durban and District Taxi Association. During this period, Simon was said to have developed close links and ties with officers at different levels in the police. These contacts have subsequently been built on and expanded by the Gcaba brothers, who took over from their father after his murder in February 1996. One police officer interviewed claimed that the Gcabas have even threatened the KwaZulu-Natal MEC for Transport, Mxolisi Kaunda, and told him they can have him removed from office.⁹⁶²

The Gcaba family, who hail from Nkandla, are also related to Jacob Zuma through their mother, who is Zuma's sister. In 2010, the *Mail & Guardian* stated that 'two of the most important players in Zuma Inc are not his children but his nephews: KwaZulu-Natal taxi boss Mandla Gcaba and businessman Khulubuse Zuma'.⁹⁶³ There are indications that Mandla Gcaba and his family have on more than one occasion financially helped President Zuma, including by paying some of his legal fees.

The Gcabas were among the first taxi bosses to hire private security to protect both the family and their lucrative taxi business interests. In the late 1990s, they hired the Taxi Violence Unit, but it was not long before they realised that it would be more lucrative and effective to establish their own private security companies. The Gcabas have subsequently been accused of forcing other taxi bosses and associations to make use of Gcaba-run private security companies.

The Gcabas have also been the recipients of vast sums of public money through their investment in Tansnat Africa, the company that, in 2009, took over the running of the Durban Transport bus company. Between 2010 and 2012, the city paid R300 million to Tansnat to run the city's buses on a month-to-month basis. In addition to this, another R1 million a month was paid to taxi operators (many of whom were affiliated with the Gcabas) to transport bus drivers home after work. Strikes over drivers' salaries and issues over fuel led to a new deal being struck in March 2014 in which the city increased its subsidy retrospectively, resulting in a 'credit' of R26 million.

Attacks on bus companies

Other competing forms of public transport, such as Cape Town's MyCiTi integrated rapid transit system (established in 2010) and Golden Arrow bus service, have also seen high levels of resistance from the taxi industry. There have been numerous attacks on these systems over the past decade, with notable spates in 2017, when a taxi strike motivated by internal leadership tension within SANTACO saw several MyCiTi and Golden Arrow buses attacked with stones or set alight,⁹⁶⁴ and in August 2018, when MyCiTi suspended its bus service in Khayelitsha after three of its buses were stoned and two Golden Arrow buses torched.⁹⁶⁵ In late 2018, five MyCiTi buses were set alight in petrol bomb attacks and a further four damaged, at a total cost of R22 million,⁹⁶⁶ while in June 2020, two MyCiTi buses and a bus station were torched.⁹⁶⁷

In 2021, Golden Arrow reduced its services following an incident in which one of its drivers was shot in the mouth on the N2 highway, after which the company received further threats and intimidation on social media. Responding to the incident, Mayoral Committee Member for Safety and Security JP Smith said: 'The ongoing violence can be seen as a systematic plan similar to that used to destroy Metrorail infrastructure and carriages. There are suggestions that some in the taxi industry are driving the violence to have a complete monopoly of the industry.'⁹⁶⁸ (In 2022, a taxi employee admitted that he had burned a train because he got paid more if more taxis were in operation.)⁹⁶⁹ Five more Golden Arrow buses were torched in Cape Town in March 2022 in attacks believed to be linked to a taxi industry protest against the municipal government.⁹⁷⁰

Corruption

Corruption is a major enabler of the taxi industry. Bribery is common and police officials have been reported as owning taxis, creating a conflict of interest that according to a Gauteng commission of inquiry has resulted in law enforcement being 'ineffective in dealing with taxi-related crime'.⁹⁷¹ (Government officials at a national, provincial and local level have also been reported as owning taxis.)

Corruption is also used by taxi associations to gain broader influence across state bodies. In July 2021, Yasir Ahmed, chief director for transport regulation in the Western Cape, told a transport portfolio committee meeting: 'They [taxi bosses] recruit municipal officials, they recruit political players, they recruit members of the SAPS.'⁹⁷² Some of these connections go to the very top, such as the Gcaba family, whose rise exemplified many aspects of the taxi industry's development (see box: 'The taxi dons of Durban'). The issuing of permits is a major area of corruption, as shown by one case in October 2020 when five KwaZulu-Natal Department of Transport officials were charged with issuing permits to taxi operators in exchange for bribes: the going rate was reportedly R25 000 a permit in a racket totalling R7 million.⁹⁷³





THE WESTERN CAPE TAXI WARS

Taxi violence in the Western Cape has long revolved around the rivalry between CODETA and CATA, which splintered from CODETA in 1994 and immediately began violently contesting routes using its own 'hit squad'.⁹⁷⁴ From 1998, several Cape Town gangs became involved in the industry, carrying out shootings, collecting protection fees and operating taxis themselves.⁹⁷⁵

Over the decades, violence between and within the associations has periodically flared. Truces between the two associations have in the main been short-lived, although there was one notable period with no taxi-related murders between February 2010 and June 2012.⁹⁷⁶ Recent years have seen high numbers of killings: in 2021, 123 people were killed (up from 116

the year before),⁹⁷⁷ including the president of CATA,⁹⁷⁸ with at least 24 people murdered in July alone.⁹⁷⁹ Much of the violence centred on a dispute over the B97 taxi route between Bellville and Paarl, which was closed by the Western Cape Transport MEC in July for two months and again in late November for three months to stem the killings.

Although an agreement was reached in August 2021, taxi drivers have continued to be killed,⁹⁸⁰ and in January 2022, CODETA was rocked when one of its leaders, Mzoxolo Cecil Dibela, was assassinated.⁹⁸¹ Without a lasting commitment to peace, the Western Cape taxi wars look set to enter their third decade.

The harm

Impact on commuters

Owing to the unregulated nature of the taxi industry, taxi owners frequently operate unroadworthy vehicles that are also often dangerously overcrowded. Nevertheless, commuters who have no other alternative must use them, despite the risks. These commuters also bear the brunt of the economic pain when taxi associations decide to go on strike, leaving them unable to go to work. Taxi strikes have a particularly significant impact on the health sector, with clinics left unable to treat patients due to staff shortages.⁹⁸² Responding to a spate of taxi violence between CODETA and CATA in July 2021 (see box: 'The Western Cape taxi wars'), Western Cape Community Safety MEC Albert Fritz said, 'The commuters [...] get affected, they can't get work or they get fired at work because they can't come to work. It's really a sickening cycle.'⁹⁸³

Violence is a defining characteristic of the market, and taxi violence has been marked by its high level of brutality and indiscriminate nature. Many commuters and innocent bystanders, including babies and children, have been killed and wounded in the shootings that frequently break out at taxi ranks. Violence can lead commuters to avoid taxis and local governments to close affected routes and taxi ranks, further affecting commuters' ability to go to work.

Money laundering, tax evasion and fraud

The cash-intensive nature of the taxi industry makes it a prime conduit for money laundering. It allows organized crime groups to hide the origin of their illicit proceeds and reinvest them into new ventures, both in the licit industry and in the taxi industry itself, which generates high returns for such investors. The prevalence of cash and the informal nature of the industry also mitigate against accurate record-keeping – and tax evasion and misreporting appear to be almost ubiquitous. Then Finance Minister Tito Mboweni revealed in May 2021 that the entire R90 billion minibus industry paid only R5 million in tax, with the majority of operators declaring that they owed no tax or were due a refund.⁹⁸⁴ Associations were also not slow to exploit the potential for fraud offered by the pandemic: the NPA froze 25 bank accounts of Eastern Cape taxi associations containing over R14 million in July 2021, after finding that the beneficiaries of COVID-19 relief payments included 22 dead people, 22 government employees and one person in prison.⁹⁸⁵



Commodification of violence

By maintaining a pool of hitmen, the taxi industry has created a resource for those looking to project violence beyond the taxi industry. This has had far-reaching consequences, including an expansion of violence in the underworld; the undermining of criminal justice processes

by the assassination of key witnesses; and the increased ability of political and private spheres to contract hits against rivals and competitors. This has led to a blurring of and integration between the under- and upperworlds, which has profound consequences for the state in terms of encroaching criminal governance and the normalization of violence as just another means of doing business.

The future

The minibus-taxi industry is a massive stumbling block to the implementation of public transport sector reform. A new proposal to formalize the industry is currently being offered by the government, which has attempted to sweeten the deal with the promise of subsidies (as taxi operators are providing a public service).⁹⁸⁶ However, the fragmented nature of the industry, which has two national organizations attempting to speak for all taxi drivers, is likely to make the process problematic.⁹⁸⁷ There have been indications of buy-in at the upper echelons of the industry, but other parts of the taxi hierarchy are likely to resist. This is particularly true of organized crime groups with stakes in taxi associations, as the reforms would remove the ability to launder money through the industry. This resistance to reform and change may result in increased assassinations of leadership who attempt to transform the industry, as may have been the motive behind the January 2022 assassination of CODETA general secretary Mzoxolo Cecil Dibela. Dibela was due to be CODETA's signatory at the signing of the MyCiTi N2 Express contract to re-establish a service between Mitchells Plain and Khayelitsha and Cape Town CBD.⁹⁸⁸

There have, however, been indications that associations may be willing to adopt practices that reduce the opportunity for illicit activity. In August 2020, bosses from the Gauteng South African National Taxi Council and the National Taxi Council signed an agreement to abandon the bucket system, which was allegedly used to pay assassins, and deposit money into a bank account. It was further agreed that associations coming into dispute internally or with another association could be placed into administration by the transport MEC.⁹⁸⁹ However, the enforcement of such measures is likely to remain a challenge, as is the fact that efforts to foster greater financial regularity will rely on self-policing by the associations.

The rise of e-hailing companies such as Uber has added a new dimension to the transport market. These companies have been met with resistance especially from metered-taxi drivers, who argue that Uber vehicles often operate without the prerequisite licences, can charge flexible fares (surge pricing) and are stealing market share through undercutting taxi prices,⁹⁹⁰ although there have also been cases of minibus drivers targeting e-hailing vehicles despite the fact they do not directly compete. In Cape Town, minibus-taxi operators have been 'impounding' Uber and Bolt cars and charging their drivers thousands of rands to get their vehicles back, a tactic aimed at pressurizing Uber and Bolt drivers to not service certain communities and some shopping malls.⁹⁹¹ In Durban and Johannesburg, there have been reports of Uber and Taxify drivers being attacked by taxi association members and metered-taxi drivers.⁹⁹² In an ominous parallel to the development of the taxi industry, in 2017, Uber hired a private security company in Johannesburg to protect its drivers.⁹⁹³

Without regulation, violence will remain a defining characteristic of the taxi industry. A new generation of hitmen has entered the taxi market, in part to undercut prices for assassination and to eliminate other hitmen, often because such experienced killers know too much.⁹⁹⁴ More troubling, however, is the fact that while some hitmen have been caught and put on trial, those behind the hits have historically escaped justice, with very few top bosses ever prosecuted for ordering hits.

Ultimately, the current exigencies of public transport in South Africa mean that the taxi industry is here to stay. However, unless it is regulated, the industry will continue to risk the safety of its passengers and drivers and act as magnet for money laundering and assassination-for-hire. As such, it is a form of transport not only for passengers between home and work, but for criminal activity between the under and upperworlds.





ILLEGAL MINING

Illegal mining is rife in South Africa, with some 30 000 illegal miners scouring the earth for gold, diamonds, platinum and chromium.⁹⁹⁵ The market is highly criminalized, from rockface to refinery and beyond, with links to human trafficking, illegal guns and money laundering. For the private sector, lost production and increased security outlays cost billions of rands annually, while the state loses much-needed tax revenue.



TREND: INCREASING

The market

South Africa's vast natural resources have fuelled both the country's economy and an illicit mining market that is at once hugely profitable and exceptionally violent. But unlike other instances of illegal mining around the world, which are usually associated with mining booms, the evolution of the illegal mining market in South Africa appears more closely associated with mining decline. In the 1990s, the mining industry retrenched large numbers of workers in the face of falling profits, paving the way for the first generation of illegal miners – known as *zama zamas* – to take over abandoned mining infrastructure and begin their own operations. These *zama zamas* (with the help of corrupt mining officials) later began inserting themselves in working mines. The majority of these *zama zamas* are undocumented migrants from neighbouring African countries, especially Mozambique, Lesotho and Zimbabwe.⁹⁹⁶ Some are intentionally misled with offers of legal employment in mining and other industries, only to be forced to work as *zama zamas* (see 'Human trafficking' section).

Attracted by the vast sums of money associated with illegal mining, criminal syndicates have organized illegal miners and illicit flows of gold, diamonds, platinum group metals (PGM) and chrome ore, while corruption in state institutions and the public sector has flourished. Money laundering is also a concern, especially in light of the FATF's recent evaluation of South Africa (see 'Economic and financial crime' section).

Gold

South Africa's gold economy – once the largest in the world – imploded in the 1990s, leading to widespread mine closures. Underground illegal miners were first reported in 1999, climbing into abandoned shafts that plunged vertically for more than two kilometers in Welkom, Free State (a domestic powerhouse of gold production devastated by mine closures).⁹⁹⁷ These *zama zamas* soon established themselves in other parts of South Africa where gold mining was similarly in decline.

Over subsequent decades, illicit gold mining became increasingly criminalized and is now a major disruptor of the licit sector: in 2018, it was estimated that at least a tenth of South Africa's gold production, with an estimated value of US\$1 billion, was being stolen each year.⁹⁹⁸ Illegal gold is collected and refined as it passes up the actor chain); most is ultimately sent to Dubai, which is the hub for gold flows from across Africa.⁹⁹⁹

Levels of violence are high, with heavily armed syndicates warring over turf, both at the surface and underground. Some *zama zama* groups, notably from Lesotho, have begun operating as specialized protection rackets, robbing gold from illegal miners or working as gunmen for syndicates. Weapons seized by the police include assault rifles, shotguns, submachine guns and grenades; investigators believe that many of these weapons are stolen or purchased from the Lesotho police and military forces.¹⁰⁰⁰ In October 2019, four men were sentenced to life in prison for the murder of a gold-mine manager in the Free State, in what was revealed to be a contract hit.¹⁰⁰¹

Since 2019, there has been a rise in heists on gold smelters and refineries involving as many as 10 heavily armed assailants, with around 10 such incidents in 2019 alone.¹⁰⁰² In August 2021, a group in Welkom wounded a guard and attempted to grind open a smelter. Mine trucks transporting sample material have also been hijacked in Welkom, although this material is typically of low value, indicating opportunism or a lack of expertise on behalf of the hijackers.¹⁰⁰³

Efforts to seal off decommissioned shafts have driven a rise in incursions into operational shafts across the country,¹⁰⁰⁴ with an associated increase in corruption. For gold syndicates to gain access to operational shafts, an entire 'line' of employees needs to be paid off, from security guards at the surface to banksmen, winding-engine drivers and miners.¹⁰⁰⁵ The cost of bribing a line of six to seven employees has risen in recent years, due to abandoned shafts having become more difficult to enter, and currently averages between R65 000 and R70 000 per *zama zama* in the Free State and Gauteng.¹⁰⁰⁶ *Zama zamas* also pay mine-workers up to R15 000 each for the use of access cards, allowing them to clock in as regular mine employees 'right through the front door,' as one official said.¹⁰⁰⁷

One leading mining house in Gauteng apprehends around 200 employees per quarter for aiding illegal miners, yet security officials estimate that the true number of compromised employees is at least five times higher. 'The insider threat is extremely difficult to manage,' a security chief at the company said. 'Even honest people find it difficult to scoff at money like this.'¹⁰⁰⁸ Bribe payments from gold mining syndicates begin at R20 000 per week for turning a blind eye to incursions by *zama zamas*, among other forms of assistance.¹⁰⁰⁹ By comparison, even well-paid mine employees typically take home less than R30 000 per month, and most workers earn considerably less.



Police corruption is also widespread, involving both officers stealing confiscated gold¹⁰¹⁰ and active collaboration between police and illegal miners.¹⁰¹¹ In North West province, security officials allege that entire police stations have been corrupted by gold mining syndicates: one police unit was reported to regularly escort food deliveries to a decommissioned shaft controlled by *zama zamas*, while police from a different station allegedly escorted gunmen into the area, and a third set of cops had served as hitmen for a local kingpin, murdering several of his rivals.¹⁰¹² Similar problems have been reported in other *zama zama* hotspots, such as Welkom.¹⁰¹³ Mine security officials also described accounts of corruption in the judiciary, with one prosecutor in North West said to be facing three separate charges for dropping cases against illegal miners.¹⁰¹⁴

Diamonds

Theft has been a long-standing problem in the diamond industry since the nineteenth century, when diamonds were first discovered in Kimberley, Northern Cape. However, the past few decades have seen a rise in illegal digging after many mining areas, depleted after decades of production, scaled back their operations or closed down entirely. In Kimberley, out of three large-scale mines, two have been shut down and the third operates at a fraction of its former capacity. By 2018, there were thousands of miners digging for diamonds, which they sold, uncut, to a network of middlemen and traders.

In Namaqualand, a spate of retrenchments from the 1990s onwards left hundreds of people without work, culminating in the biggest employer in the region, De Beers, closing its doors in 2006. As a consequence of this withdrawal, informal diggers, many of whom were once mineworkers, began targeting the diamonds left behind.

Recent estimates of lost diamond production have exceeded 15%.¹⁰¹⁵ These diamonds, obtained by illegal diggers or smuggled from working mines, make their way into a shadowy criminal market involving diamond dealers

and gang bosses. Even the Sicilian mob has been linked to diamond smuggling across the continent and, through figures such as Vito Palazzolo, has taken control of several diamond mining operations in South Africa.¹⁰¹⁶ As well as their value as gemstones, diamonds are in many ways the perfect criminal commodity for money laundering, allowing criminals to ‘shrink’ large volumes of cash into an item that is extremely easy to smuggle and highly valuable.¹⁰¹⁷

Despite the establishment of the Kimberley Process certification scheme in 2003, loopholes remain for diamond smugglers to exploit. There is also still a significant illicit flow of diamonds from South Africa to destinations such as Dubai, which is considered the global hub for laundering diamonds. In 2012, a Lebanese man, thought to belong to a diamond-smuggling syndicate, was caught at OR Tambo Airport with diamonds worth some R20 million.¹⁰¹⁸ Another Lebanese man had been caught earlier that year with diamonds worth R15 million.¹⁰¹⁹

South Africa’s illicit diamond trade also converges with diamond smuggling elsewhere on the continent. In the first decade of the 2000s, huge flows of rough diamonds routinely took place from Zimbabwe to South Africa, where the stones were polished and laundered into legal supply channels.¹⁰²⁰ While flows of diamonds from Zimbabwe to South Africa are said to have decreased more recently, in response to tighter control of mining in Zimbabwe, industry sources believe that diamonds from elsewhere on the continent – including Namibia, Botswana, Lesotho and Angola – are regularly smuggled into South Africa.¹⁰²¹

Corruption in the diamond trade ranges from low-level police bribes to the defrauding of state institutions. In September 2021, four senior government officials in the Northern Cape were charged with fraud after allegedly swindling more than R6.7 million in donor funding from the EU. The funds were earmarked for training students to cut and polish rough diamonds. The officials purchased diamonds from a company that was not licensed to sell them, and the diamonds later went missing.¹⁰²²

DEEP COVER: A MINE WITHIN A MINE

During the 2012 operation Project Masimong, the Hawks uncovered ‘an entire parallel mining operation’ inside a Free State mine, including telecommunications, water supply and electricity, overseen by a Zimbabwean kingpin who had been living inside the mine for around two years.¹⁰²³ During that period, he had fathered a child underground with a corrupt mine employee, who laundered his money by purchasing a house and two cars at the surface. His group of *zama zamas* worked on two levels of the mine shaft, both deeper than

1.7 kilometres, which were no longer being mined by the company. They were using the mine’s lift to gain access.

Mineworkers smuggled *zama zamas* and food into the tunnels and helped smuggle out illegally mined gold, including inside stool buckets from underground toilets. During the raid, police discovered 16 illegal gold-processing stations inside the mine, as well as processed gold to the value of R120 million. Twenty-two illegal miners were convicted, including two former drilling contractors for the mine, who, after initially being co-opted as couriers for the *zama zamas*, decided to join them.

STRUCTURE OF THE ILLICIT GOLD MARKET



Platinum

At the start of the 2000s, platinum prices began a decade of exponential growth, increasing by some 500%. South Africa – the world's biggest platinum producer – saw a sharp rise in theft from platinum mines. Initially, the industry largely sought to keep this information secret, but by 2001, the Chamber of Mines had admitted that theft was an existential threat to the industry.¹⁰²⁴ In 2006, it was estimated that South Africa might be losing more than R255 million in stolen platinum group metals (PGM) per year.¹⁰²⁵ A drop in prices in 2013 is thought to have reduced PGM theft, but the problem still exists on a large scale.¹⁰²⁶

The platinum black market, similar to that of gold, operates according to a loose pyramid structure: theft of PGM from processing facilities at level one, followed by aggregation and illegal smelting at level two and sale to national buyers at levels three and four, who export the stolen material, using the cover of legal businesses, to international syndicates at level five. According to investigators in one PGM trafficking case, these syndicates spend 'huge amounts' on corrupting officials and mine security teams to enable this chain of theft to operate.¹⁰²⁷ Their activities include conducting assays of stolen PGM at private laboratories (demonstrating to their buyers that they are providing legitimate PGM) and laundering money via offshore bank accounts.

Great demand exists in the underworld for PGM, varying from low grade to high grade material.¹⁰²⁸ At typical concentrations of just five grams per tonne, PGM ore is of too low a grade to steal from mines, but theft occurs throughout the production chain, right up to pure bars of platinum.¹⁰²⁹ The areas at greatest risk of PGM theft are the various processing plants where ore is crushed, extracted and refined into multiple products, including platinum, rhodium and palladium.¹⁰³⁰ Most people involved in PGM theft are employees who have access to the product inside refinery plants. They work with corrupt contractors, including security staff, to smuggle PGM material out. At PGM concentrators, for example, where the material was formerly believed to be of insufficient grade to steal, workers use rudimentary on-site upgrading techniques, washing PGM concentrate in buckets and producing an intermediary product of much higher grade, which is then smuggled out – usually via rectum parcels – and illegally smelted with acetylene cutting torches to produce platinum-rich 'buttons'.¹⁰³¹

Another source of PGM for syndicates is unrefined ore. Owing to the low grade of this material in South Africa, syndicates need to steal and process tonnes in order to make a profit, which requires more money, logistics and coordination than illegal mining in other sectors,¹⁰³² but





stealing ore in large quantities is far easier than stealing refined PGM in smaller quantities. Every day, dozens of trucks traverse the Platinum Belt, each of them hauling 34 tonnes of ore, and syndicates may direct drivers and other corrupt staff to reroute deliveries.¹⁰³³ At the opposite end of the refinery process, syndicates steal small volumes of pure platinum.

All this stolen PGM material must be filtered into legal export channels to generate profits for the syndicates involved. This process is elaborate and extremely well organized, and includes widespread graft, both at mining companies and in state institutions. Researchers have described pervasive corruption among police officials, including organized crime investigators, with misconduct including removing case dockets and evidence, swapping exhibits of high value with those of lower value, and extorting money from suspects accused of PGM theft.¹⁰³⁴

Chrome ore

South Africa holds more than 70% of the world's chrome reserves and is the world's largest producer of chrome ore, used mainly for producing steel and alloys. Deposits of chrome ore are typically found on the surface, making them easy to access, and in 2016, the authorities became aware of illegal chrome mining operations at an abandoned open-cast mine in Limpopo province, where the resource is concentrated.¹⁰³⁵ Some traditional leaders, who own surface land rights in the area, were granting community members permission to mine without formal regulatory approval.¹⁰³⁶

Another source for this growing illicit industry is so-called fine chrome, a by-product of platinum mining that, until the middle of the first decade of the 2000s, was

dumped in large quantities across South Africa's Platinum Belt. But after new techniques arose for processing fine chrome, an export market quickly developed, mainly supplying China. 'Suddenly you had an uncontrolled export market,' one industry analyst said.¹⁰³⁷

Illegal chrome mining is facilitated by loopholes in legislation, with small-scale mining permits, intended for mining operations smaller than five hectares, being used to mine much larger areas. In some areas of Limpopo province, illegal chrome mining has been observed taking place beside rural homes.¹⁰³⁸ North West province has also been a hotspot for seizures: in 2021, four people were arrested in Rustenburg for illegally mining chrome ore worth R1 million;¹⁰³⁹ another arrest in Rustenburg, in 2020, recovered chrome worth R2.6 million. This chrome is processed in so-called 'spiral plants', which have proliferated in recent years. A 2020 mapping project by AmaranthCX, a mining consulting group, identified at least 20 chrome processing plants in South Africa that were not associated with legitimate mining operations. Processed chrome is trucked to Johannesburg and then shipped via the ports of Durban, Richards Bay and Maputo, making use of containers that would otherwise often return empty to nations such as China and India.¹⁰⁴⁰

ChromeSA, a major industry group, has estimated that upwards of 600 000 tonnes of chrome ore may be illegally mined and exported per year; other estimates place illegal mining and exports at over 1 million tonnes, or more than 10% of South Africa's legal chrome output.¹⁰⁴¹ Violence is an element of the market, although it is not comparable to what takes place within the gold industry. Illegal miners have attempted to take over legal mines, and there have been reports of chrome ore being hijacked at gunpoint.¹⁰⁴²

The harm

Dangerous conditions

Illegal mining frequently involves dangerous working practices that result in injury and death, especially from mine collapses, dust inhalation and the use of explosives. Gold is a particularly perilous commodity to mine, as much of South Africa's gold can only be obtained from deep underground mines, not at the surface. These dangers may increase when miners attempt to forge new paths through unstable geological contexts. On the west coast, diamond miners have taken to excavating tunnels in hard-packed sand to gain access to the bedrock where alluvial diamonds, deposited eons ago by ancient rivers, can still be found. These tunnels, dug by hand or with jackhammers, have little to no structural support and are prone to collapsing. In May 2012, 10 people died when a tunnel caved in near the former mining town of Kleinsee.¹⁰⁴³

Illegal mining can also have safety consequences for those not involved in mining at all. In Johannesburg, underground blasting by *zama zamas* near gas and fuel pipelines has become a major public safety issue.¹⁰⁴⁴ One particular site of concern lies beneath the FNB soccer stadium in Soweto, Africa's largest sport's venue, where illegal miners are known to blast close to gas pipelines. *Zama zamas* have also eroded supporting pillars that were left intact in the days of legal mining, raising fears of dangerous collapses across the city: in 2021, several roads collapsed in the city's southern suburbs due to illegal mining.¹⁰⁴⁵ Illegal chrome mining has similarly left extensive areas potholed with deep pits, posing a grave safety risk for surrounding communities.



Violence

Violent crimes – including murder, assault and sexual offences – occur at significantly higher levels in former gold mining settlements than in South African cities, themselves notorious for violence.¹⁰⁴⁶ The murder rate for the Free State Goldfields region, for example, reached 55 cases per 100 000 people – a rate that would place it among the 15 most violent cities in the world in 2019.¹⁰⁴⁷ Contestation between rival zama zama groups is a major source of violence. One analysis of media reports found that 187 *zama zamas* were murdered in turf wars between 2012 and 2016, accounting for more than half of all zama zama deaths reported during that period.¹⁰⁴⁸ Police have ascribed 90% of all murders in Matholeville, in the West Rand, to conflict over illegal mining.¹⁰⁴⁹ However, the true death toll of *zama zamas* killed in internecine conflict may never be known, as according to one mine security official, ‘the bodies are simply tossed down the shafts’.¹⁰⁵⁰

Mineworkers, security officials and the police have also been targeted by syndicates. In 2017, a Welkom mine manager known for his tough stance against illegal mining was murdered. This followed the abduction, just two days previously, of a female employee, who was given instructions to warn the manager to stop interfering with illegal miners.¹⁰⁵¹ Over the following year, another mine manager in Welkom was murdered in broad daylight; the wife of a mine manager was kidnapped and held ransom for a bar of pure gold; and a third mine manager went missing, just two weeks after his son was tied up and held at gunpoint. Newspaper reports linked these incidents to ‘a deadly war between mining companies and illegal miners’.¹⁰⁵²

While less overtly violent and criminalized than the illicit gold industry, the diamond trade in South Africa nevertheless poses serious risks to its participants and surrounding communities. This is perhaps best exemplified by a purportedly successful initiative in Kimberley to integrate informal miners into the formal economy. In April 2019, following years of conflict, more than 800 informal miners in Kimberley received permits to dig for diamonds on property owned by a local mining company, but the project has since been plagued by conflict with informal miners who were not included in the scheme. Mine security guards have been attacked, mining trucks have been petrol-bombed and a waste pipeline sabotaged.¹⁰⁵³ Reports of violence are also common in Namaqualand. Informal miners have fought with knives and stones to access lucrative diamond deposits.¹⁰⁵⁴ It is likely that, due to the

secretive and remote nature of the trade – which unlike gold mining takes place mostly in sparsely populated rural locations – more violence occurs than is reported. There are also troubling reports of violence towards informal miners by security contractors. In 2019, police in Namaqualand opened an attempted-murder case after guards shot at four suspected illegal miners.¹⁰⁵⁵ In 2020, in the same region, a miner was shot dead by guards from the same firm.¹⁰⁵⁶

The economic cost

According to the Minerals Council of South Africa, illicit mining costs the industry around R7 billion annually, including heightened security costs to protect mines from incursions by syndicates.¹⁰⁵⁷ Such costs can be astronomical: one mining house spent over R960 million on security in five years, included upgrading their security systems and hiring specialized operational teams.¹⁰⁵⁸ Mining companies are also responsible by law for accidents on their property, even those involving illegal miners. De Beers spent more than R5 million on hiring rescue specialists to respond to the 2012 tunnel collapse near Kleinsee, which occurred on company land, a figure that excluded internal costs for De Beers.¹⁰⁵⁹ The government also suffers from unpaid taxes and royalties due to illegal mining, as well as lost foreign exchange into the country.

Money laundering also represents a significant economic impact, and illegal mining was flagged by the FATF in its September 2021 report on South Africa’s compliance with anti-money-laundering rules. The FATF cited the 2012 Project Masimong case where illegal miners were discovered to have sold R6.2 million worth of refined gold to smelters or other buyers, effectively laundering illicit gold into the legal system. Some of the received money was then transmitted to neighbouring countries.¹⁰⁶⁰ If South Africa fails to make sufficient progress within 18 months of the report’s October 2021 publication it risks being ‘grey-listed’ by the FATF, which would affect its international financial standing.

Corruption also has an economic impact on local communities whose land is being mined. Corruption Watch claims that the mining royalties system is afflicted by ‘widespread abuse, corruption and unethical practices,’ with claims of misappropriation and opacity over the handling of royalties intended for the benefit of land-owning communities, holding back development and increasing community tensions.¹⁰⁶¹

The future

The lucrative nature of illegal mining will continue to prove attractive for those willing to face its dangers, especially if formal unemployment rates remain high. However, the constitution of illegal miners may be changing, in some sectors at least: since around 2020, a pronounced shift in illegal diamond mining has taken place in Namaqualand, with foreign miners from Zimbabwe, Lesotho and Mozambique ‘flocking into area,’ as one police official explained.¹⁰⁶² Formerly, most informal miners in Namaqualand hailed from the region, but now immigrants make up as much as 70% of the mining population in some places, the official said.

Legalizing small-scale artisanal mining is one possible path, with many arguing that *zama zamas* are simply artisanal miners who have been frozen out of a sector long dominated by massive corporations. But the degree of criminalization that afflicts South Africa’s informal sector is a serious concern: either such actors may resist reform as harmful to their influence, or actively support it in order to legitimize their authority and profits. And as the violence surrounding the issuing of permits in Kimberly has shown, such efforts may serve to fracture rather than consolidate the market.

At present, the daunting geography and nature of the market present steep challenges for state and private sector alike. In an interview, the chairman of the South African Diamond Producers Association said: ‘Police structures simply do not have the capacity to control this. Industry is willing to assist and even contribute, but looking at our country’s capabilities, there is not money available. I’m despondent looking at the future.’¹⁰⁶³ For the *zama zamas*, working underground at great risk and in the clutches of criminal syndicates, the prospects may appear little better.



NOTES

- 1 Mark Shaw and Tuesday Reitano, *Criminal Contagion*. London: Hurst, 2021; Michael McLaggan, Cape Town, South Africa: Gangs tighten grip during hard lockdown, Global Initiative Against Transnational Organized Crime (GI-TOC), November 2021, <https://globalinitiative.net/wp-content/uploads/2021/10/GIZ-PB-Cape-Town-web.pdf>.
- 2 The parties to UNTOC did however agree on the definition of an 'organized criminal group'. See Ian Tennant, The promise of Palermo: A political history of the UN Convention against Transnational Organized Crime, GI-TOC, October 2020, <https://globalinitiative.net/wp-content/uploads/2020/10/The-promise-of-Palermo-GI-TOC-Tennant.pdf>.
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- 909 'We don't proactively sample the market. We react to reports of quality problems and those are then usually investigated by the manufacturer, not by anyone else. So, if our medicines go across into neighbouring countries, is somebody slipping falsified versions across into those countries? We don't know. Are some of the importers' medicines that are arriving on our shelves not the ones that we expect to find? We only know what we're told [by pharmaceutical companies].' GI-TOC interview with Andy

Gray, a member of the WHO's Expert Panel on Drug Policies and Management who has been sitting on the South African Medicines Control Council since 2000.

- 910 'We don't broadcast it when we find false versions of our brands in the market. That would cast doubt in the minds of the public [about the safety of our products]; it would cause unnecessary panic and it could cost us [sales]. Sometimes we don't report the issue to SAHPRA. We just get these things off the shelves as fast as possible, no harm done.' GI-TOC interview with senior manager at a pharmaceutical firm.
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