



**GLOBAL  
INITIATIVE**  
AGAINST TRANSNATIONAL  
ORGANIZED CRIME

# ANNUAL REPORT


2021





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**2021**



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# DIRECTOR'S MESSAGE

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As I write this message in early 2022, it is hard to feel positive about the state of the world. A potentially explosive war in Europe threatens nuclear and cyberattacks on civilian infrastructure on a scale previously unknown. Conflicts and chronic violence on every continent remain unresolved as international troops and peacemakers withdraw; inequality is at an all-time high; poverty and human vulnerability are immense. We must find ways to work together to prevent global catastrophe. This is as true in the sector in which the Global Initiative Against Transnational Organized Crime (GI-TOC) operates as in several others – with multiple threats now interwoven.

The world has continued to reshape itself in response to the pandemic, and few of those adaptations have proven positive for governance and the rule of law, international cooperation, human rights or environmental sustainability. The trust in institutions and leadership needed to navigate the pandemic were either absent or eroded by corruption, lack of transparency, misinformation and fraud. As our Global Assassinations Monitor project has shown, civil society actors courageous enough to speak up, demand accountability and blow the whistle on wrongdoing continue to be targeted and threatened. Their harassers remain unpunished.

Organized crime groups and networks have been invigorated by these trends and are more instrumental globally than ever before, not only in fragile states and authoritarian regimes, but also established democracies. Dirty money has become more intricately intertwined with the global financial system, while the regulatory frameworks are too riddled with flaws to freeze the perpetrators. While some corporates are lobbying hard to shield their profits, the oversight and governance measures intended to regulate their behaviour and emerging technologies lag behind the opportunism of illicit actors.

The picture is bleak, the challenges immense, and the political will and capital needed to mount a meaningful response to the onslaught are sorely lacking.

When the GI-TOC was founded in 2013, its founding members charged us with the mandate to 'catalyze the building blocks of a global strategy against transnational organized crime'. At the time, this seemed like an almost unrealistic goal. We questioned how our fledgling organization would ever achieve this daunting undertaking. Organized crime encompasses so many forms of crime, enabled by a diverse range of criminal actors; it is a complex, far-reaching problem



that does profound harms. In 2021 we published our inaugural Global Organized Crime Index, a unique tool for assessing criminal markets and actors, and the resilience of states to respond to them. While the Index clearly calibrates the immense scale of the challenge posed by the global criminal complex, it also provides indicators of how to move forward and priorities for action.

As we survey the organized crime landscape today, it is clearer than ever before that a coherent strategic approach is an absolute imperative. We have therefore begun a process of consultation and engagement around what a global strategy might look like, and to bring together the diverse stakeholders who need to be part of making it a reality. Holistic, inclusive initiatives have always been a cornerstone of the way the GI-TOC has worked, and now more than ever we are drawing on our Network of Experts and our relationships with other key partners to build coalitions to counter the growing illicit economy. Respect and recognition for the GI-TOC's quality of work and integrity allow us to play a neutral convening role and offer our good offices in testing and sometimes contentious global debates.

In particular, the GI-TOC's expanding field presence and work as a coordinator for civil society – both within the multilateral system and through our Resilience networks in key communities around the world – bring the perspectives of those most affected by organized crime to the forefront of policymaking. In 2021, the Resilience Fund arranged for our Fund grantees and change agents to speak at the UN Crime Congress and in the governing bodies of our major international conventions. It is crucial that such fora are open to the voices of civil society, as threats to freedom of expression increasingly attempt to silence them. Our six regional observatories continue to provide research on the global organized crime challenge, creating the evidence base upon which policy can be predicated and understood.

I think I speak for all who work with and for the GI-TOC when I say that we are immensely proud of the work we do, and deeply motivated by realizing a compelling vision of a new world order – one in which illicit markets do much less harm; illegal money does not skew politics; and citizens' life chances and opportunities are meaningfully improved. I thank all of our partners, members, staff, and our Board and financial partners, for all they do to support us.

# EXECUTIVE SUMMARY: TOWARDS A GLOBAL RESPONSE TO ORGANIZED CRIME

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One of the overarching targets of the GI-TOC's 2021 to 2023 strategy is to become a global network in action, so that the organization is in a strong position to comprehensively monitor and firmly combat the phenomenon of organized crime – worldwide. In 2021, bold steps made towards achieving this target were evident in the organization and its outputs. We have staff members in 27 countries, and civil society observatories of illicit economies now covering six regions in all continents, with our latest, West Africa observatory getting underway in June 2021 and delivering its first outputs in the second half of the year.

As this annual report shows, the organization is in a confident position to be both the globally authoritative voice on organized crime analysis and a global advocacy group to address the complex challenges posed by illicit transnational economies. And these challenges have in many cases been exacerbated over the last year and a half by the pandemic.

The organization is not only expanding geographically, but also growing in numbers to meet the challenge, and to fulfil the strategy objectives. In 2020 and 2021, there was a steady increase in core staff, half of whom are now from developing countries, as well as consultants and associates. Meanwhile, the Global Initiative Network of Experts (henceforth, 'the Network'), has increased to 555 members, and their recruitment is being positively targeted for gender, race and regional diversity. Financially, the organization is in a healthy position to support these growth initiatives, with annual revenue for the 2021 fiscal year forecast to be in excess of 13.5 million Swiss francs, and with a similar income projection for 2022.

In addition to human resources, there has also been growth in the volume of, and thematic-geographic representation in, the publications and multimedia outputs this year. The current strategy phase provides for greater global representativeness in our research, and one key area with this in mind has been the establishment of a programme for professional translations of our published material in order to reach a broader target international readership. In 2021, the GI-TOC produced over 80 publications, including research reports, policy briefs, risk bulletins and online articles. Of these, over 50 have been translated (we currently make our material available in six languages). The research and analysis has covered illicit economies, black and grey markets, flows, trends and actors in nine geo-political regions, as well





as flagship pan-international studies, such as the first ever global index of organized crime. The GI-TOC's podcast series has also continued to grow, with 79 episodes released in 2021, and some episodes are also now produced in Spanish. Meanwhile, our informational videos and webinars continue to ramp up international engagement with our content.

As well as providing the evidence base of organized crime through rigorous primary research, the GI-TOC, through its Resilience Fund, has expanded its programme during 2021 to support civil society initiatives whose work is to build mechanisms and processes that create resilience in communities all over the world living with organized crime. The Fund now supports 113 beneficiaries, out of which 26 are individuals, who engage in a range of initiatives in their communities dealing with impacts of organized crime by fostering resilience. The grass-roots-level work of the Resilience Fund has attracted new sources of funding during 2021.

In 2021, the GI-TOC has sought to further leverage its well-established channels and platforms of engagement with the multilateral community. This crucial advocacy work has included partnering with UN programmes, co-hosting events during UN conferences, participating in intergovernmental meetings and presenting our research material in various settings. One key aspect of this sphere of our work has been to continue to use our influential voice to push for greater civil society access to UN processes.

This and other threads of our work – be it producing the research evidence base or nurturing community resilience – all form part of one of the main founding principles of the GI-TOC: to put in place the foundations to support a global, holistic strategy to address transnational organized crime. This annual report looks at the structural, organizational elements that give the GI-TOC its 'market advantage' in this strategic drive. It then highlights the main outputs of its six regional civil society observatories over the past year, as well as other core initiatives and engagements, before reflecting on the importance of a global strategy against transnational organized crime – the most pernicious threat to human security and development in the world today.

## ABOUT THE GI-TOC

The Global Initiative Against Transnational Organized Crime is an independent, international organization, headquartered in Geneva, Switzerland, with three regional offices in Austria, South Africa and Malta, and six regional organized crime observatories.



## THE TEAM

The GI-TOC team has grown steadily over the years. In 2020, there was a steep increase in staff by approximately 40%. The GI-TOC is committed to encouraging equality and diversity among its workforce. As of today, the team consists of 84 staff members of 32 nationalities working in 27 countries around the world.

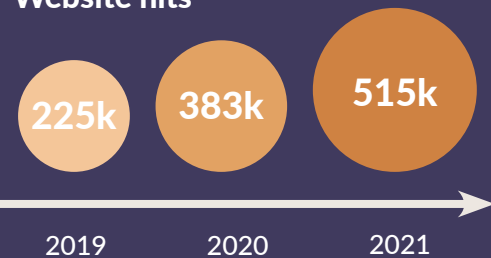
**84**  
staff members  
**32**  
nationalities  
**27**  
countries



## PUBLICATIONS AND MULTIMEDIA OUTREACH

We continue to produce robust content with the aim of reaching more audiences and increasing the impact of our research. In 2020, we built up our communications and editorial teams to be able to diversify how we deliver content, including through a range of products such as podcasts, video material and infographics, and by producing more material in multiple languages.

### Website hits



### 80+ Publications

27	Research reports
21	Policy briefs and black market briefs
17	Risk bulletins
10	Donor briefing documents
3	Trend reports
2	Handbooks/guidance documents
30	Blogs/analysis articles/commentaries



**79**  
Podcast episodes  
(57 063 downloads)

**40+**  
Videos

**30**  
Webinars

## NETWORK OF EXPERTS



The GI-TOC Network of Experts remains an integral part of the organization. As of August 2021, we have 555 Network members. During the last review process, 23 new members were added to the Network, of which 12 are women with almost half of them coming from under-represented countries.

## GI-TOC MULTILATERAL ENGAGEMENT

In 2021, the GI-TOC has scaled up its official engagement in UN meetings and processes, its coordination with other NGOs, its partnership with UN agencies and government missions, and policy analysis around UN processes.



# THE ORGANIZATION

The Global Initiative Against Transnational Organized Crime (hereafter 'the GI-TOC') is an independent, international civil society organization headquartered in Geneva, Switzerland, with three regional offices in Austria, South Africa and Malta, and six regional organized crime observatories. The organization consists of a globally dispersed secretariat and a high-level advisory board. Its Network members include prominent law enforcement, governance and development practitioners who are dedicated to seeking new and innovative strategies and responses to organized crime. The GI-TOC was established in 2013 and has developed from a lean start-up to a global organization within less than a decade.

## GI-TOC mission statement

*To enhance the analysis of, encourage action against, and support resilience to organized crime in order to reduce its negative impact on people, the environment, businesses and states.*

According to the organization's constitution, the primary purposes of the GI-TOC are to:

- Create the building blocks for a global strategy on transnational organized crime.
- Promote catalytic, cross-border processes that draw in actors and that facilitate the reshaping of thinking, coordination and responses to transnational organized crime.
- Energize the global debate around transnational organized crime to promote the sustainable translation and embedding of new approaches into current multilateral, regional and national frameworks.
- Undertake research and develop new policy and programmatic options to contribute to informed strategy development at national, regional and international levels.





## GI-TOC 2021–2023 strategy

The GI-TOC's strategy through to 2023 is to 'go global'. The aim is to ensure that, by 2023, the GI-TOC

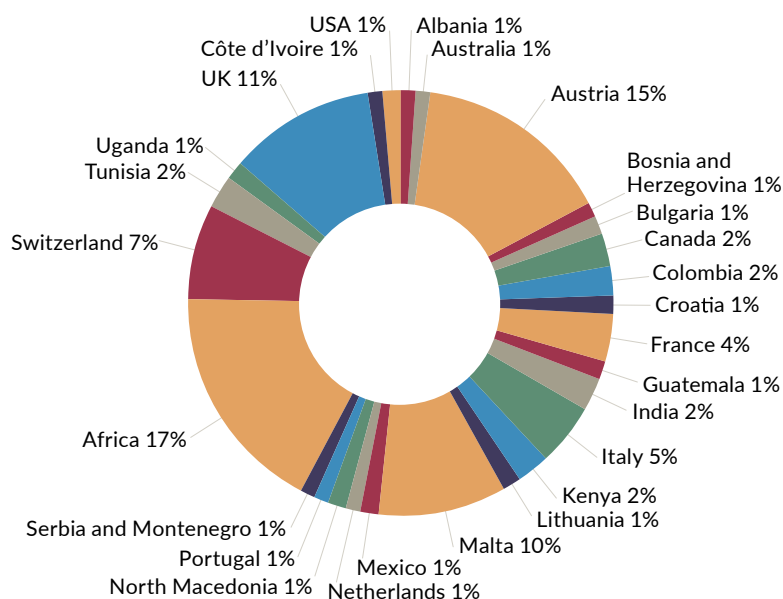
- is a global network in action;
- achieves global coverage through its offices and observatories;
- has a global perspective in its publications and other outputs;
- reaches a global audience;
- has a Network of Experts with truly global and inclusive membership; and
- meaningfully contributes to global efforts to prevent and combat organized crime.

# THE GI-TOC ADVANTAGE

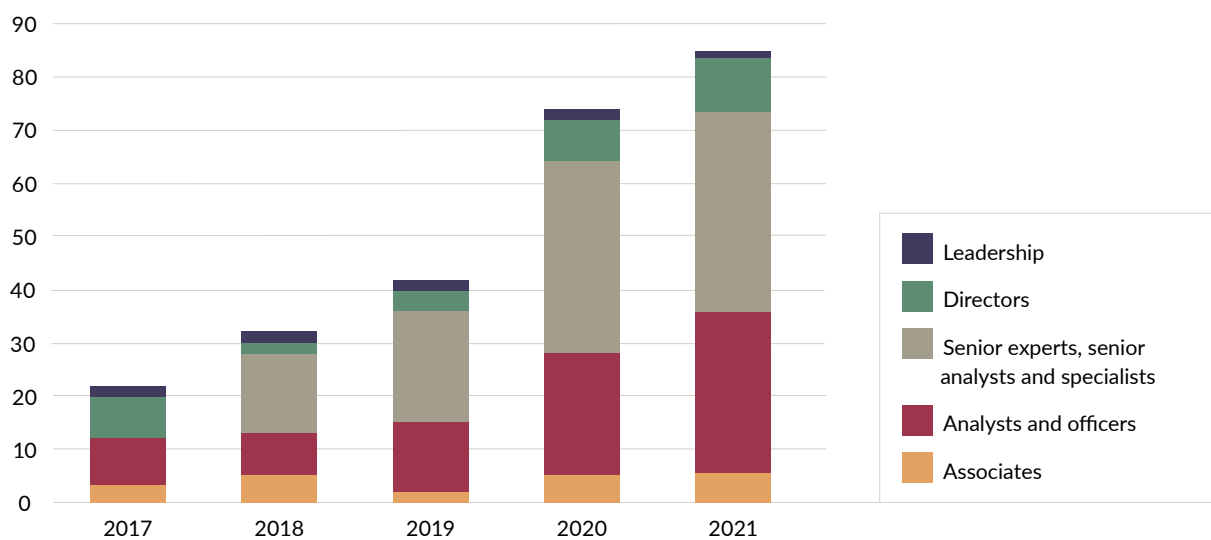
## The team

The GI-TOC team has grown steadily over the years. In 2020, there was a steep increase in staff by approximately 40%. The GI-TOC is committed to encouraging equality and diversity among its workforce. As of December 2021, the team consists of 84 staff members of 32 nationalities working in 27 countries around the world. The number of core staff from developing countries is steadily increasing: 49% of GI-TOC core staff are from developing countries. As well as core staff, we also engage approximately 160 independent experts in over 40 different countries, of whom more than 80% are from developing countries.

GI-TOC team geographic spread



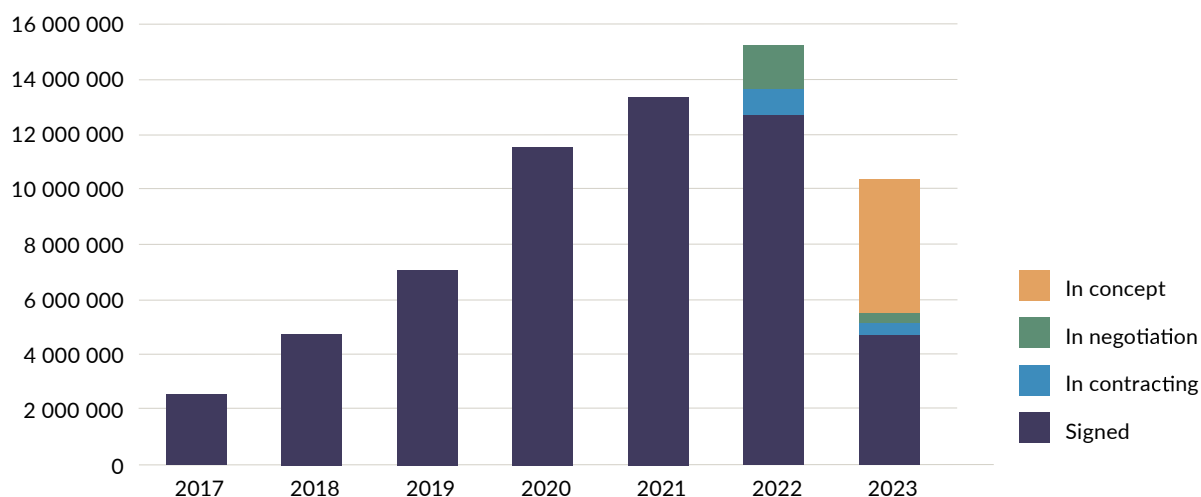
### GI-TOC team



## Financial overview

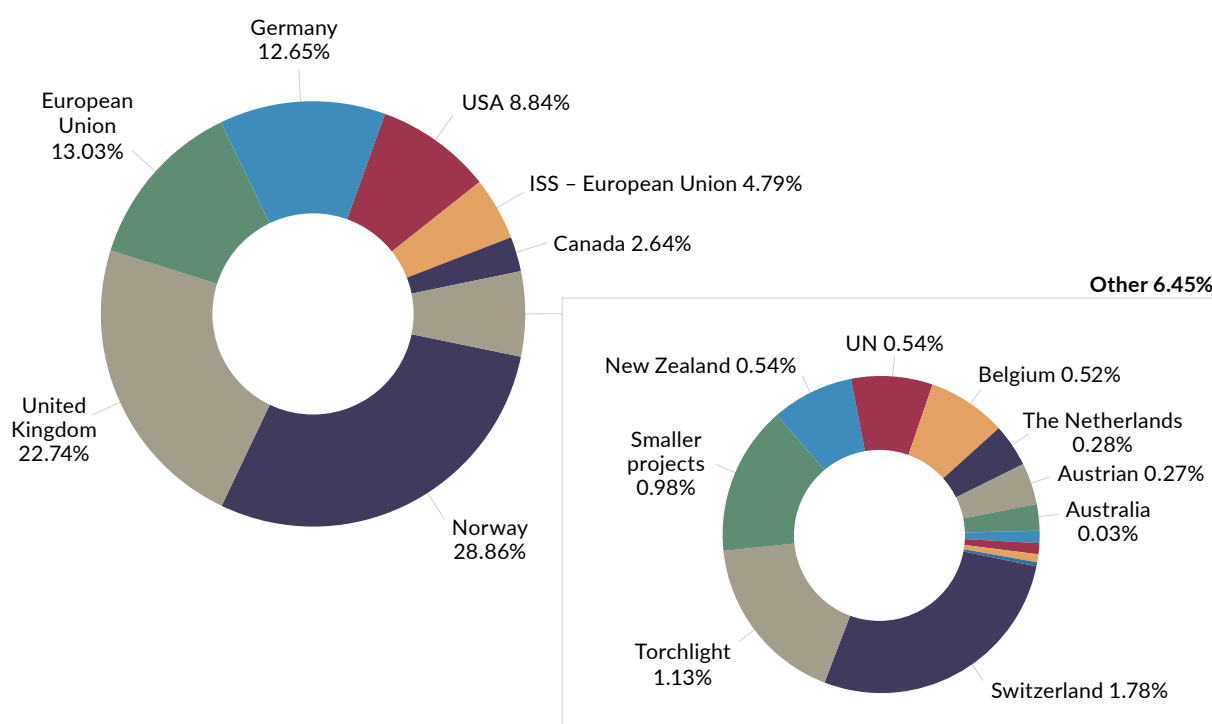
2021 was unquestionably a positive year for the GI-TOC as a whole. Consolidated income was CHF 13.37 million, despite a tightening of the global economy, and changing donor priorities. GI-TOC effectively navigated the constraints posed by COVID in its second year, with the pandemic not significantly affecting our fund raising or project delivery, although many adaptations were made in the case of the latter. As in 2020, the organisation received clean audits for the three financial- legal entities (Switzerland, Austria and South Africa).

### Income projection 2017–2023, in CHF



The graph below shows the proportions of the funding streams of our financial partners, highlighting that while there are three major financial partners (accounting for 70% of income between them), there is a growing diversity of other funding streams.

### Income overview for fiscal year 2021, by financial partner



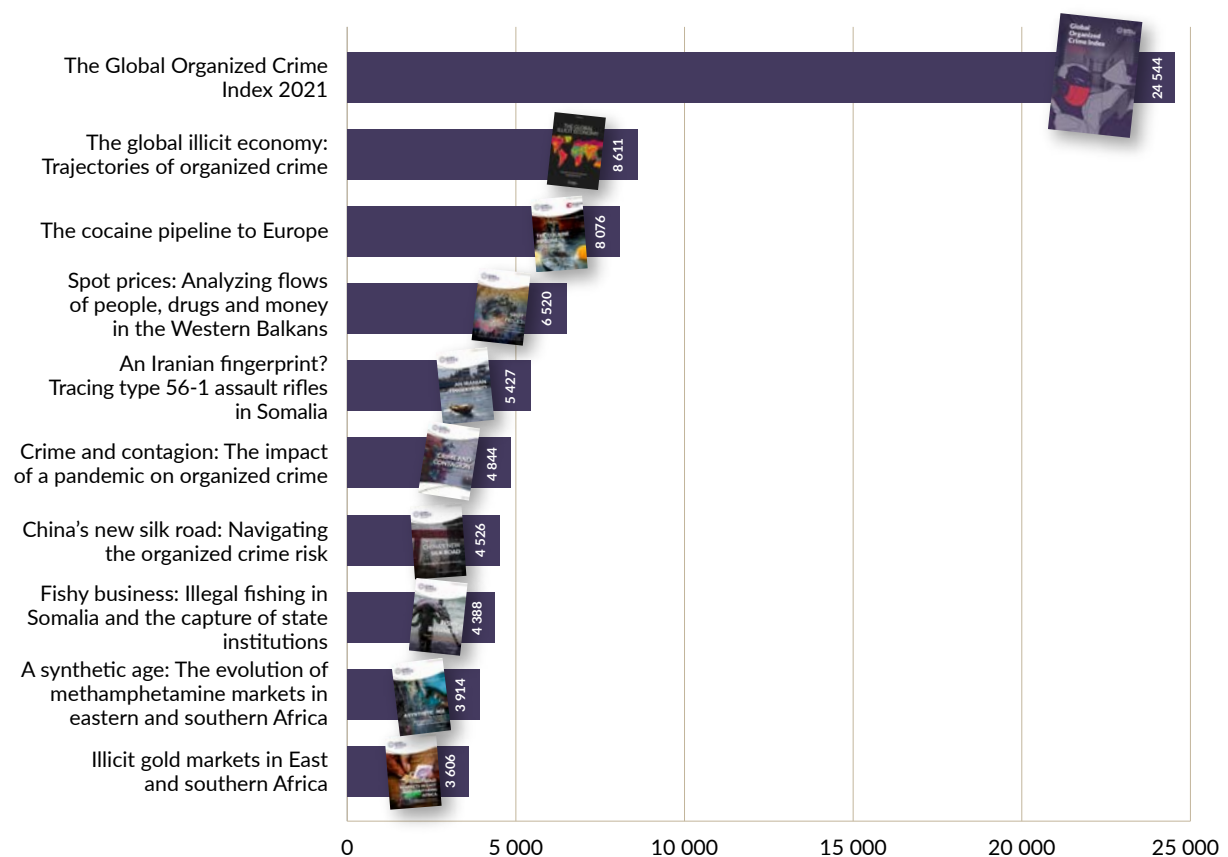
# Publications and multimedia outreach

## Publications

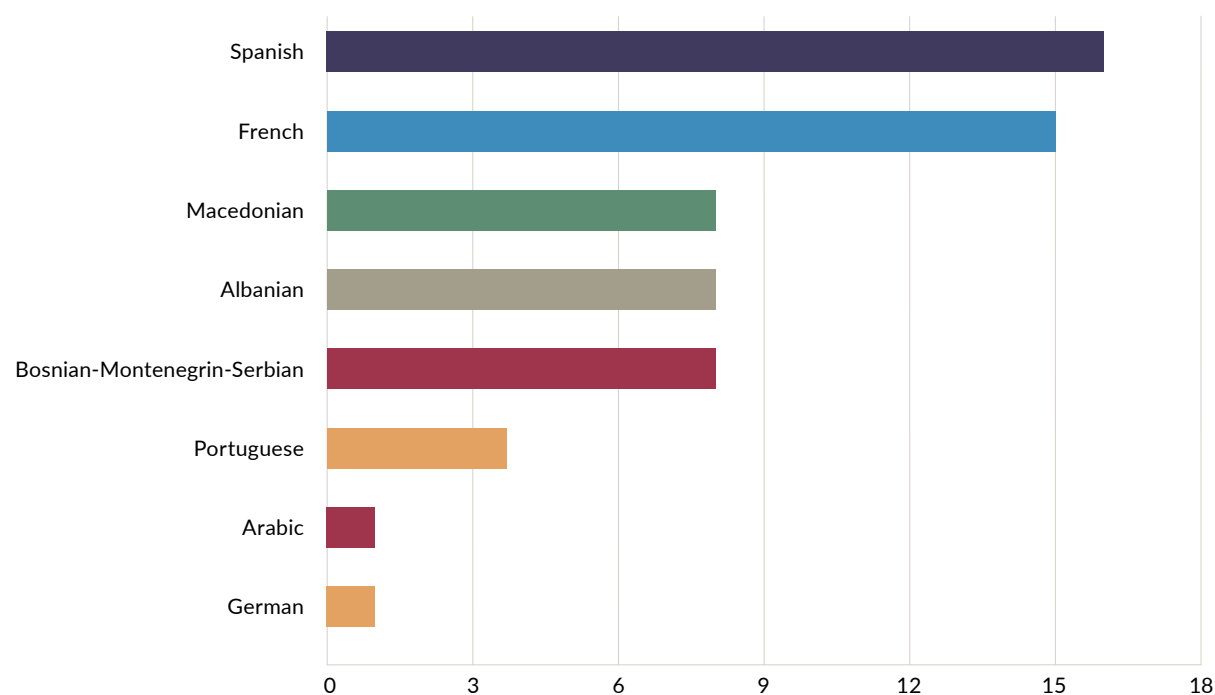
Part of the GI-TOC's new three-year strategy is to be globally representative and to increase the evidence base and understanding of organized crime around the world. Our aim is to undertake research and develop new policy and programmatic options to contribute to informed strategy development at the local, national, regional and international levels. As we enter this strategy period, the GI-TOC's body of work includes local analysis, policy briefs, risk bulletins and thematic reports, as well as a growing range of global research products such as the report 'The global illicit economy: Trajectories of organized crime', the 'World Atlas of Illicit Flows' and the 'Global Organized Crime Index' (see below for more details).

We continue to produce robust content with the aim of reaching more audiences and increasing the impact of our research. In 2020, we built up our communications and editorial teams to be able to diversify how we deliver content, including through a range of products such as podcasts, video material and infographics, and by producing more material in multiple languages.

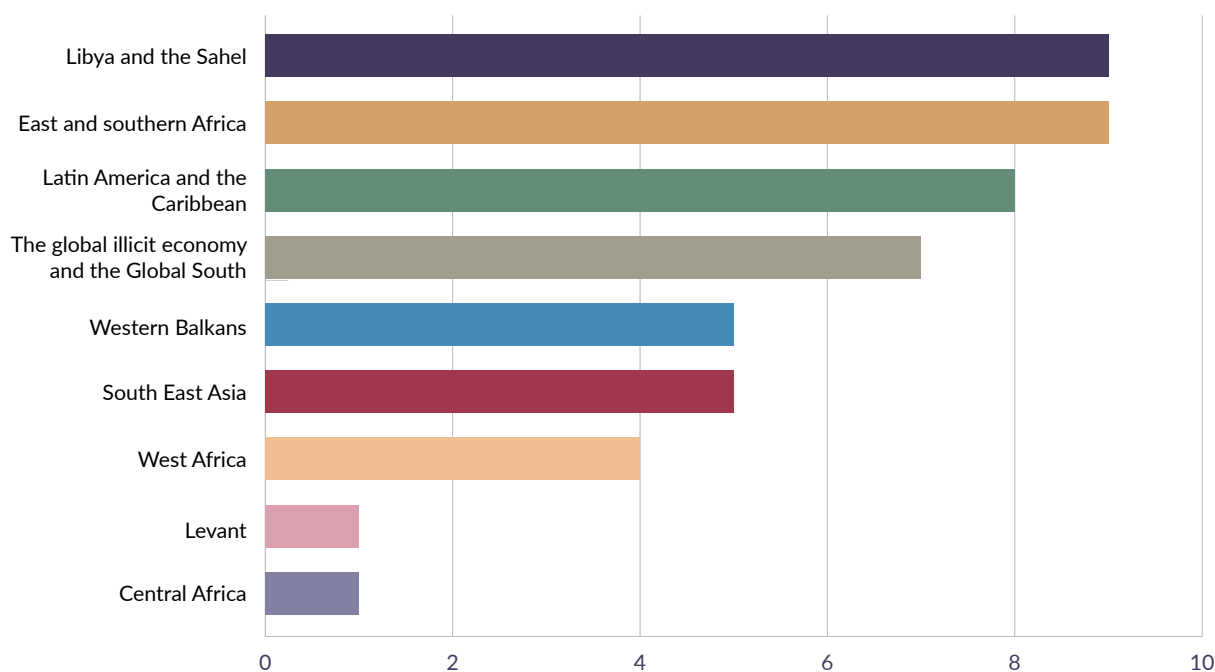
### Top 10 publications, 1 January to 15 November (page views):



### Number of publications translated into multiple languages



### Regions covered by GI-TOC publications







## 80+ Publications

27	Research reports
21	Policy briefs and black market briefs
17	Risk bulletins
10	Donor briefing documents
3	Trend reports
2	Handbooks/guidance documents
30	Blogs/analysis articles/commentaries



79  
Podcast episodes  
(57 063 downloads)

40+  
Videos

30  
Webinars



## Website

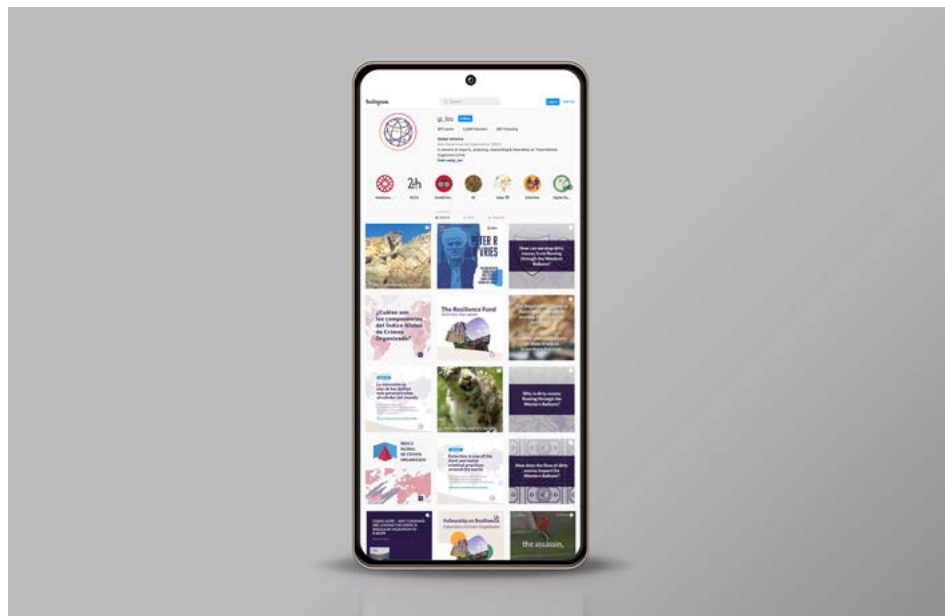
Our online audience continues to grow every year, as can be seen in the graph below. Especially due to our new multimedia channels (podcast and video) and the availability of publications in different languages, we have attracted new audiences and increased the number of online users by 37.79% from 2020 to 2021. In 2021, the GI-TOC website had 515 100 page views with a particular spike in May.

## Social media

In May 2021, we gained a record number of new Twitter followers (+500) and visits to the GI-TOC's profile (35 600). Of our website visitors, 11 600 come from social networks, and Twitter accounted for more than half (52.14%) of these referred users. On Twitter, our best performing video was the report 'A synthetic age', with 1 120 views as of August 2021. We have also experimented with a Twitter quiz, using audio from our podcasts.

On our social channels, the biggest improvers by reach were Twitter and Facebook, with a monthly increase in impressions of 33.8% and 65.3%, respectively, from February to March 2021. The average post engagement also increased every month in the quarter for Facebook posts.

At the beginning of the year, we also relaunched the GI-TOC's Instagram page, with a new strategy, series and visual redesign.



16.5k



12.6k



13.1k



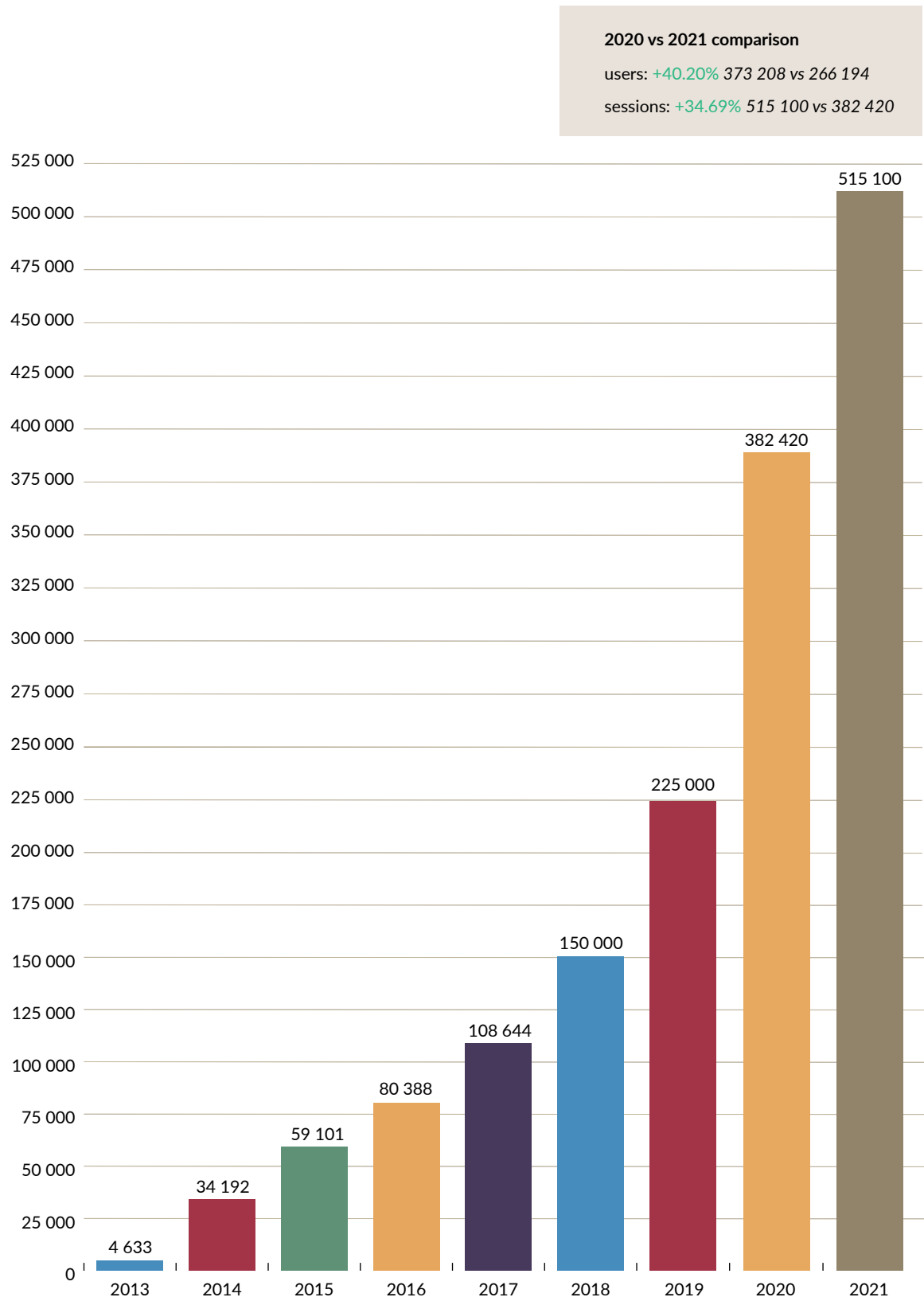
1.2k



3.2k



Annual web hits rate: globalinitiative (2013–2021)



\* Data: Google Analytics. The amount refers to the total number of sessions within the date range. A session is the time a user is actively engaged with the website. All usage data (screen views, events, etc.) is associated with a session.

## Podcast series

The GI-TOC's podcast series, which was launched in 2020, continues to grow. Since its establishment, the GI-TOC has produced over 130 episodes and our audience is steadily growing. In 2021, we released 79 new episodes. The current download total for the year is 57 063 downloads. 'Deep Dive: Exploring Organized Crime' continues to be the GI-TOC's top-performing series, with episodes being downloaded more than 2 000 times each. At

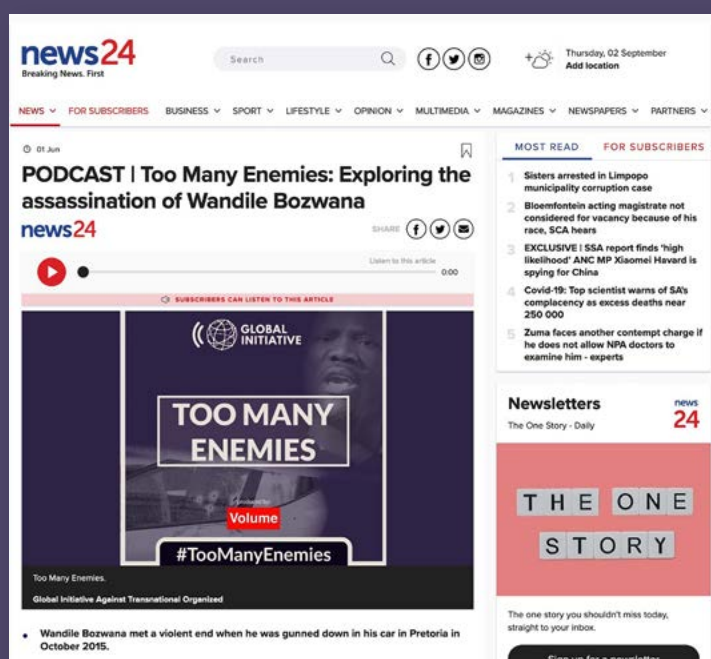
the start of the year, the GI-TOC produced its first narrative-driven report, 'The fall of EncroChat', as part of the Deep Dive podcast series, which quickly became one of the GI-TOC's most popular episodes.

The GI-TOC is also producing podcasts in different languages. Our podcast in Spanish, 'Coaliciones por la Resiliencia', has released six more episodes this year and then 'Paisajes' released three episodes. Latin America is one of the fastest-growing podcast markets and our Spanish-speaking audience keeps growing.



In 2021, we created two special episodes based around illicit markets in Guinea-Bissau, which were translated into Portuguese and broadcast on one of the country's community radio stations, Rádio Comunitária de Bolama.

In addition, we launched Too Many Enemies, a podcast series produced in collaboration with News24 in South Africa, which takes the audience on an investigative journey into the dangerous dealings of Wandile Bozwana, killed in October 2015 while stopped at a red traffic light in Pretoria.



*The Impact: Coronavirus and Organized Crime*, shortlisted for Best Coronavirus Podcast at the 2021 Publisher Podcast Awards, will return for a second series building on the very successful first series.

Our Multimedia Communications Manager also received a nomination for 'Podcast Hero of the Year' at the same awards.

Part of our new multimedia strategy is video content, presenting different styles, lengths and approaches. Many of our report launches are now accompanied by short informational videos in order to increase attention and engagement with our content. The videos are published on the GI-TOC's YouTube channel.

In 2021 our videos had 260 448 views, with a watch time of 229 000 hours. We had +2 100 new subscribers in 2021.

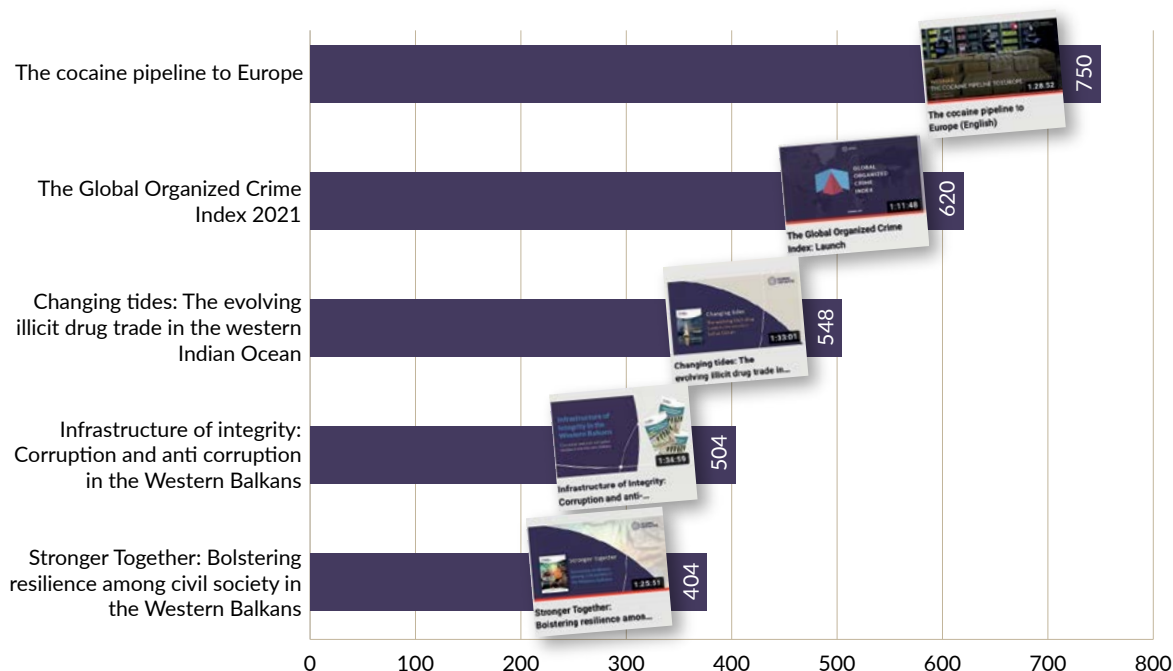
The most viewed videos over the year were:

- 'Contested Ground: Inside Cape Town's gang wars', which has had 241 437 views since it was published.
- 'Mobile Money – Inside Kenya's Matatu Gangs' (full documentary) has had 48 992 views since it was published.
- 'The Cocaine Pipeline to Europe' has had 7 415 views since it was published.
- 'Armed Response: South Africa's Gun Violence' has had 3 566 views since it was published.
- 'Diálogos para la Resiliencia – Nebaj Quiché, Guatemala 2019' has had 2 612 views since it was published.

## Webinars

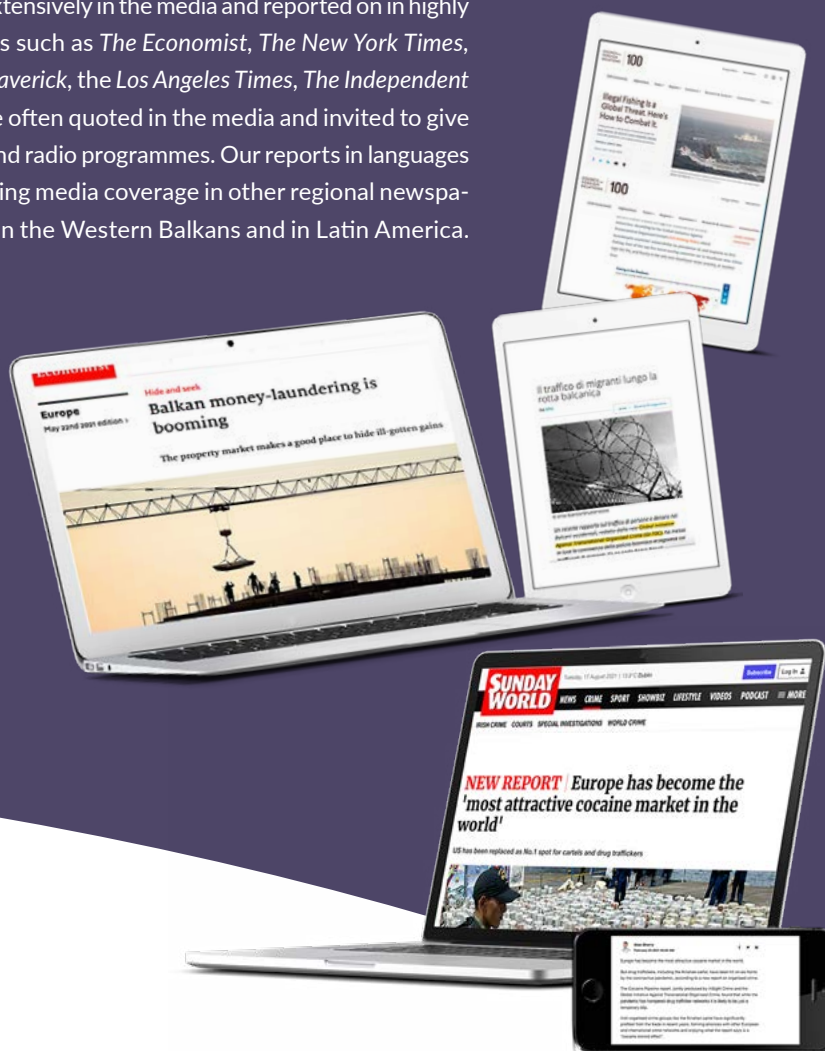
In 2020, we increased the number of webinars we held, as in-person meetings became limited due to the pandemic. Most of our webinars and video content are produced in multiple languages, using simultaneous translation or second audio tracks. Participation in GI-TOC webinars has been impressive. In the first six months of 2021, we hosted 10 webinars with a total of 4 000+ participants. Our webinar on the launch of the report 'The cocaine pipeline to Europe' had 750 participants. We also ran our first event on YouTube, premiering the launch of *Criminal Contagion*, a book written by the GI-TOC's leadership, Tuesday Reitano and Mark Shaw.

### Top 5 webinars:



## Media coverage

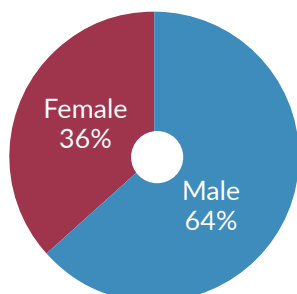
The GI-TOC's research is covered extensively in the media and reported on in highly regarded journals and newspapers such as *The Economist*, *The New York Times*, *Der Spiegel*, *The Irish Times*, *Daily Maverick*, the *Los Angeles Times*, *The Independent* and *The Guardian*. GI-TOC staff are often quoted in the media and invited to give their expert opinion on television and radio programmes. Our reports in languages other than English are also increasing media coverage in other regional newspapers and magazines, for example in the Western Balkans and in Latin America.



## Network of Experts

The Network is the GI-TOC's key resource body, providing a forum for exchanging knowledge, expertise and advice. The Network is a multi-disciplinary group, comprising national and international experts such as policymakers, law enforcement specialists, academics, members of non-governmental organizations, investigative journalists and businesspeople who are involved in researching or countering transnational organized crime.

At the end of 2021, the Network consists of 555 members. Targeted recruitment is being used to increase membership from under-represented regions, as well as female experts. In addition, the GI-TOC is developing regional initiatives to facilitate networking, encourage dialogue and future collaborations, and increase members' involvement with the GI-TOC's work.

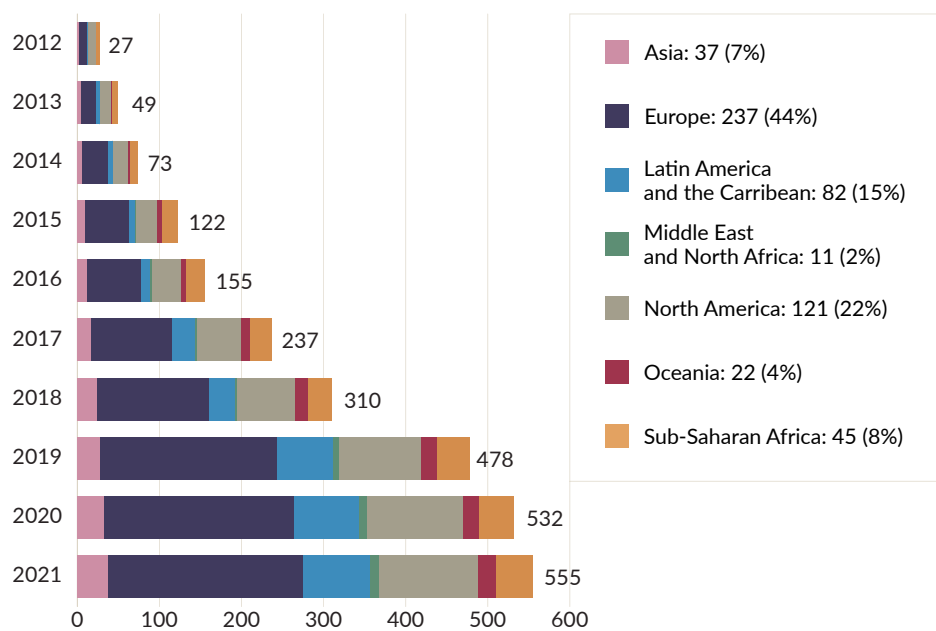


555 members

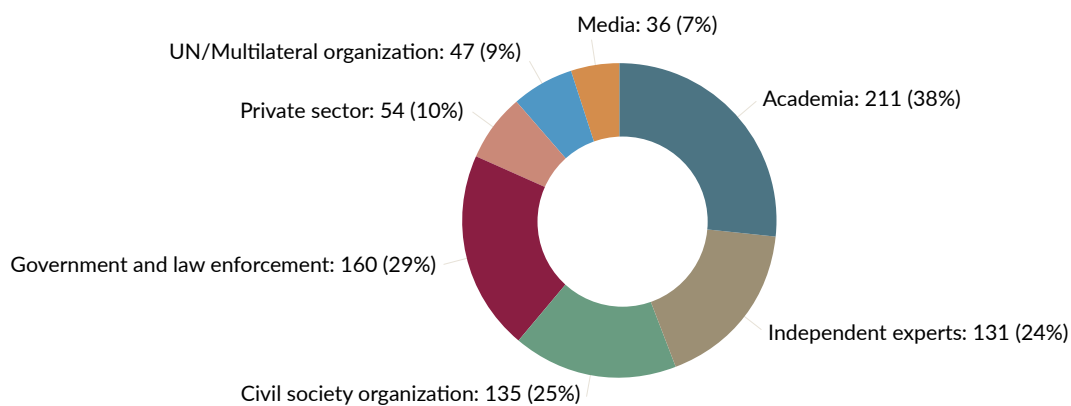
Latest review: September 2021 (+23)

*The Global Initiative Network is the key resource body of the Global Initiative, providing a valuable forum for exchanging knowledge, expertise and advice.*

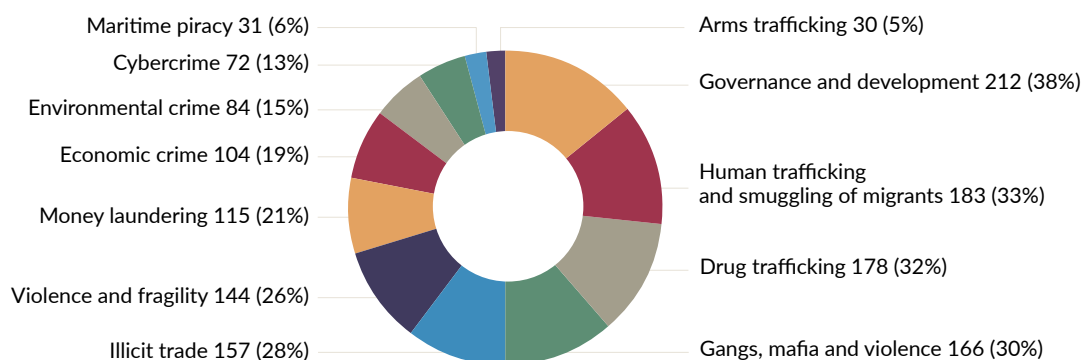
## Growth of members by region of origin



## Professional group



## Subject area expertise



## Development of new programmes

### Young Professionals Network

The GI-TOC launched the Young Professionals Network (YPN) in late 2021, with the aim of helping new generations of young professionals and researchers garner experience and make connections through their professional journey, with the objective of increasing their proactive and meaningful participation in the fight against transnational organized crime.

### Mentoring programme

The mentoring programme is being designed as a way to tap into the existing knowledge, skills and experience of the accumulative expertise of the Network and transfer these skills to other members who wish to develop, complement or sharpen their expertise in a particular domain. A pilot programme will be launched in 2022 for YPN members and eventually GI-TOC staff.

### Network meetings

Following the success of the virtual group discussions, exclusive to the Network, which started in May 2019, these were increased from quarterly to monthly discussions, moderated by a GI-TOC staff member and with presentations by two Network members. Average attendance has been 32 participants.

A new series of virtual meetings has been launched in 2021 to encourage collaborations and ensure Network members are familiar with the GI-TOC's main projects. During these meetings, teams managing the GI-TOC's flagship initiatives present their projects to Network members. This is an opportunity for GI-TOC staff members to connect with Network members who might be able to support their activities.

### Network quarterly bulletins

Since the first bulletin in April 2019, the GI-TOC has received positive feedback and encouragement from the Network. The bulletins are circulated in three languages (English, Spanish and French), highlighting Network members' recent projects, initiatives and publications, as well as welcoming newly accepted members. Each bulletin receives contributions from around 25 members.

### #GINetwork

As part of our Network communication strategy, we have created a specific hashtag for Network activities and updates. This hashtag is used by both GI-TOC staff and Network members on Twitter, Facebook and LinkedIn. A Network LinkedIn group was set up in late 2021 to facilitate communication and exchange between Network members.

## Network peer review of GI-TOC publications

The GI-TOC has also drawn on the Network's diverse and rich expertise to uphold the quality of our publications. In 2021, the Network reviewed several GI-TOC publications.

## Network engagement in the GI-TOC's Organized Crime Index

The expertise of Network members has been crucial in developing the GI-TOC's Organized Crime Index. In 2021, 48 Network members supported the development of the project (34 took part in the project in 2020). Members contributed to the Index in a number of ways, such as reviewing country profiles and scores or recommending and connecting the project's core team to other local and thematic experts.

## Network contributions to GI-TOC podcasts and blogs

The Network has proven to be a sound support and source for contributions to GI-TOC podcasts and blog posts. In 2021, 60 members contributed to a number of thematic articles, and 10 were invited to speak as part of the podcast series.

# Governance

The GI-TOC Board provides high-level governance and strategic direction, championing its work and ensuring that the actions of the GI-TOC are consistent with its mandate. The members of the Board provide oversight for the financial, legal, human resources and ethical integrity of the GI-TOC.

The GI-TOC's primary oversight Board is global, overseeing the organization's actions and operations worldwide, and providing governance and strategic advice through the organization's headquarters in Geneva and its regional office in Vienna.

An African Board, which oversees the organization's work in eastern and southern Africa, West Africa, and North Africa and the Sahel, brings a strategic focus to the particular needs of our work on the continent. The Board provides strategic advice through the organization's regional office in Cape Town. The African Board maintains close ties and communication with the global Board and works under its authority.

We have sought to ensure that the boards are geographically and gender representative. The global Board has members from every region of the world, and half of the members are women.



# NODES IN A NETWORK: REGIONAL OBSERVATORIES OF ILLICIT ECONOMIES

The GI-TOC's regional observatories form a global network of civil society actors and researchers working together to address organized crime. The observatories were created to analyze and expose more fully the extent and damage caused by organized crime, illicit trade and corruption, and to bolster state and non-state actors committed to achieving an effective response. Rather than regional offices, these observatories should be considered nodes in a network: clusters where like-minded crime analysts and activists come together to collect, share and analyze data, and take part in dialogues about the 'hidden economy' and the impact of organized crime. These regional observatories provide a unique platform for engagement with states, and for narratives and joint action between researchers, civil society, law enforcement and other state actors.

## South-Eastern Europe

The GI-TOC's Observatory of Illicit Economies in South-Eastern Europe is a platform that connects and empowers civil society actors in Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia, and aims to enable civil society to identify, analyze and map criminal trends and their impact on illicit flows, governance, development, inter-ethnic relations, security and the rule of law. Established in 2018 with a strong focus on the Western Balkans Six, in 2021 the observatory started to expand its work across south-eastern Europe more widely, including Bulgaria, Croatia, Greece, Romania and Slovenia.

Every year, the observatory publishes a flagship report on illicit economies in the region. In 2021, this report was 'Spot prices: Analyzing flows of people, drugs and money in the Western Balkans'. The report estimates

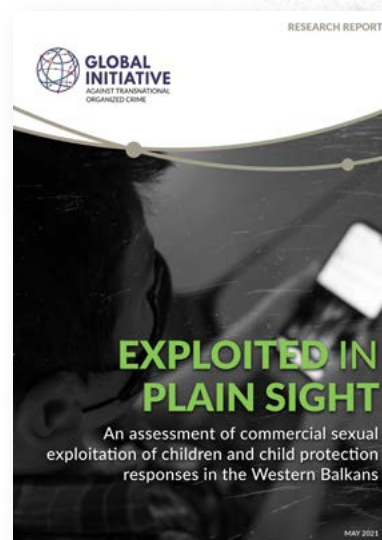




the value of the market for migrant smuggling in the region, provides an overview of wholesale and consumer drug prices and investigates money laundering hotspots. The report has been widely quoted in national and international media. The observatory also produced an assessment on illicit financial flows (IFFs) in Bosnia and Herzegovina, Montenegro and Serbia (accompanied by a short video), which complements a similar report on IFFs in the other three countries of the region published in 2020. The observatory compiled a report on the drivers and enablers of organized crime in seven municipalities across Albania, including a detailed assessment of gender-based vulnerabilities. The observatory also worked with the Organization for Security and Cooperation in Europe (OSCE) on analyzing IFFs in south-eastern Europe, with a particular focus on the confiscation, seizure and social reuse of the assets of organized crime.

In 2021, the observatory released the first ever comprehensive overview of commercial sexual exploitation of children in the Western Balkans. The report includes an assessment of the regional risks to commercial sexual exploitation of children as well as extensive recommendations to reduce vulnerability to this crime.

Since 2019, the observatory and its network of anti-corruption experts in the region have been monitoring the implementation of anti-corruption pledges made by the governments of Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia at the 2018 London Summit of the Berlin process. In 2021, the observatory produced a series of publications that analyze





the problem and impact of corruption in the region as well as anti-corruption measures, titled 'Infrastructure of Integrity'. One of the reports coined the expression 'organized corruption', which was picked up extensively by the media and practitioners. The series also includes a comprehensive overview of how each country has followed up on its anti-corruption pledges made at the 2018 London Summit, and produced an online monitoring tool to track implementation.



In 2021, the observatory also completed a mapping of civil society organizations (CSOs) in the Western Balkans that are focused on strengthening resilience to organized crime and corruption. In February 2021, we issued 'Stronger Together: Bolstering resilience among civil society in the Western Balkans', a report that looks at the main issues addressed by CSOs in the region working on organized crime and corruption, and the challenges they face. The report makes recommendations on how to strengthen local resilience. The report was produced on the basis of consultations with civil society actors and was launched with an online event in March 2021 with the participation of Dunja Mijatović, Commissioner for Human Rights at the Council of Europe. Together with the GI-TOC's Resilience Fund, the observatory supports 14 CSOs in the Western Balkans, providing them with practical support, training and networking to increase their capacity to support vulnerable youth, minorities and marginalized groups; to develop social enterprises and facilitate the social reuse of confiscated assets; and to enhance local media and research organizations focused on organized crime and corruption. The observatory organized six in-person national resilience dialogues between September and December 2021, one in each capital of the region, to discuss current trends and concerns, raise awareness and engagement among civil society on the topics of organized crime and corruption, and strengthen the relationship between civil society and government.

## Publications

### Monthly risk bulletins

In 2021, the observatory produced 12 editions of its monthly risk bulletin. These online publications profile hotspots of organized crime in the region, highlight recent trends and developments related to organized crime and corruption, and profile civil society organizations that are strengthening local resilience to organized crime. They also regularly feature new regional publications on organized crime and corruption in south-eastern Europe.

Research and analysis in the second half of 2021 focused on the importance of regional ports in facilitating organized crime, the drug situation in the Western Balkans, hooliganism, asset confiscation and recovery, and on the role of youth and women in strengthening resilience to organized crime and corruption across the region. Steps were also taken to enhance the visual impact of the observatory's data and analysis on the GI-TOC website. Our publications are regularly featured in local, regional and international media, with 300+ mentions as of July 2021.

### Regional network

The backbone of the observatory is its regional network. This network, which now numbers more than 40 members, provides invaluable feedback on draft reports as well as advice on strategic objectives. The observatory also draws on a network of more than 60 researchers who help gather information for research and publications.

One of the observatory's objectives for 2021 has been to strengthen partnerships with inter-governmental organizations. This was achieved through enhanced cooperation with the OSCE; outreach to the South East Europe Police Chiefs Association; a strengthened partnership with the Southeast European Law Enforcement Center; and an analysis of drug markets in the region for the European Monitoring Centre for Drugs and Drug Addiction.

In 2021, the observatory took further steps to strengthen its links with academia in south-eastern Europe. This was achieved by co-organizing a regional meeting with Balkan Criminology on research methodologies in Zagreb, Croatia. The meeting was attended by representatives from civil society, the media and academia. GI-TOC staff also met with the Croatian Minister of Justice and Public Administration as well as the Director of the Croatian State Prosecutor's Office for the Suppression of Organized Crime and Corruption to discuss possible cooperation.

## East and Southern Africa

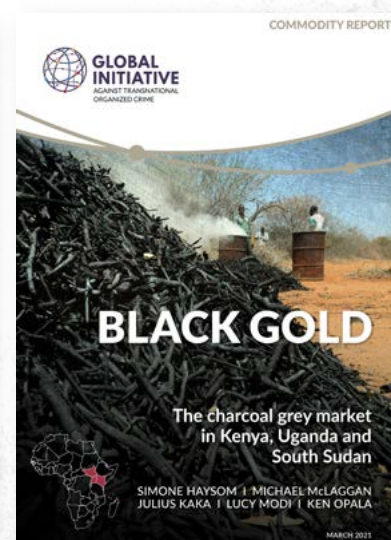
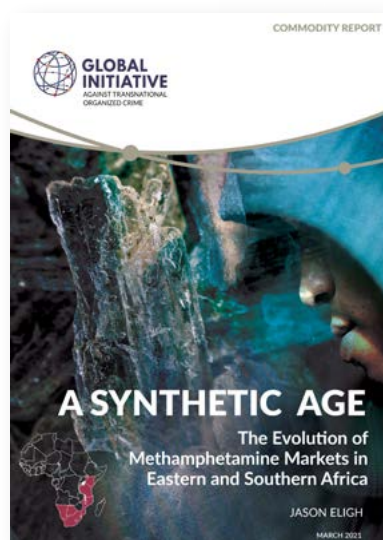
The Observatory of Illicit Economies in East and Southern Africa is a network of civil society activists, researchers and journalists working across the region, with hubs in Nairobi and Cape Town. The observatory was launched in 2019, and maps and analyzes criminal trends and illicit flows in the region through regular reporting in the observatory's risk bulletin, political economy analyses and surveys of illicit economies covering the region.

In 2021, the observatory produced six market/commodity and political economy reports and as many risk bulletins. Market research focused on the evolution of methamphetamine markets in the region, on illicit gold markets in East and southern Africa, and on charcoal grey markets in Kenya, Uganda and South Sudan. Political economy reports have covered extortion and gangs in Cape Town, the evolving illicit drug trade in the western Indian Ocean, and illegal fishing and the capture of state institutions in Somalia.

### Market research

#### Drugs

A report on methamphetamine markets in the region, titled 'A synthetic age', was published in March 2021. The report provides an analytical summary of meth markets that is grounded in data collected in 10 countries across the region with details of specific retail price points, commentary on domestic meth distribution systems and structures, and discussion of common structural characteristics across the region that enable and sustain these markets. To date, the report has been accessed nearly 1 000 times.



The data that was collected from the price surveys on drug markets in East and Southern Africa was published on the website. This is an interactive platform for users to engage with the various types of data, and to compare them over time and space.

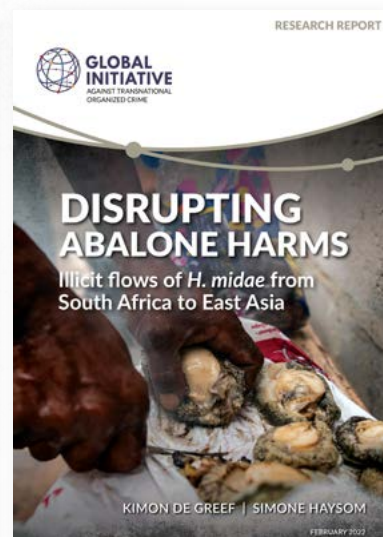
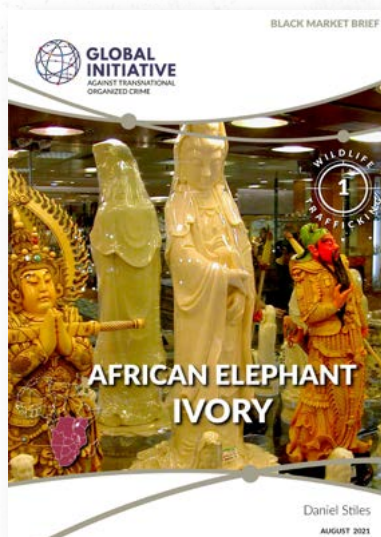
#### Gold

The stress on gold markets during the COVID-19 pandemic highlighted the strength and resilience of illicit gold markets. Although legal gold mining operations and buyers were shut down in many countries by national lockdowns that placed severe restrictions on movement and trade, illegal mining and trade were only temporarily stalled, or suffered from minimal disruption. Many illicit gold buyers responded to this disruption by either stockpiling gold at bargain prices (resulting in windfall profits when they were able to sell the gold) or developing new ways of moving gold. Furthermore, miners dependent on artisanal and small-scale gold mining for survival continued to mine in many locations, increasing their vulnerability to criminal actors and bribe-seeking law enforcement agents. Analysis of various factors that shape illicit gold markets in East and southern Africa provides insight into the stability or instability of markets and linkages between various marketplaces.

#### Charcoal

A report on charcoal titled 'Black gold: The charcoal grey market in Kenya, Uganda and South Sudan' was published in March 2021. Charcoal is one of the most important commodities in sub-Saharan Africa, with as much as 80% of the urban population in the East Africa region using charcoal as their primary energy needs for cooking. It is





cheap, efficient and easily transportable. It also provides income and livelihoods for millions of people. Ineffective or inappropriate regulation has given rise to forms of market organization with organized crime qualities.

This situation has led to the emergence of a 'grey market' in charcoal, where laws or regulations are flouted at some point in the value chain, but where the final sale is not strictly illegal. This report investigates the criminality that affects each stage of the value chain in charcoal.

### Illegal wildlife trade

The illegal wildlife trade in eastern and southern Africa pricing study has so far completed three standalone market briefs:

- The report 'African elephant ivory' was published in August 2021.
- 'Live cheetahs' was published in September 2021.
- A third report on the trade in abalone from South Africa and its link to gangs and drug markets is currently in peer review.

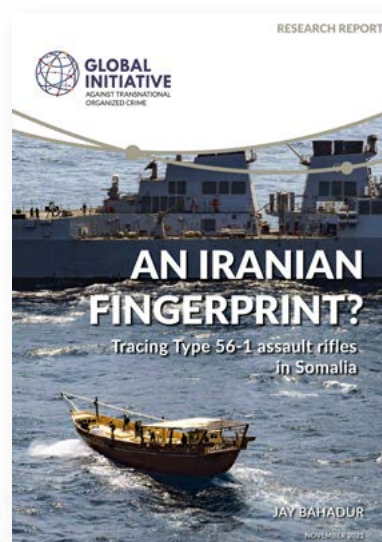
### Arms flows in East Africa

Published in November, 'An Iranian fingerprint? Tracing Type 56-1 assault rifles in Somalia' is a report that investigates arms flows in East Africa with a focus on the spill-over of weapons from the conflict in Yemen into Somalia.

Over the course of eight months, GI-TOC researchers documented more than 400 illicit weapons in 13 locations across Somalia. The documented materiel included 38 Type 56-1 assault rifles – Chinese-manufactured

AK-pattern rifles that had likely originated in Iranian arms shipments to the Houthis in Yemen. The majority of the firearms documented in this study were found in Puntland, a region that has historically functioned as the gateway for illicit weapons into the country. However, the GI-TOC documented Type 56-1 rifles as far south in Somalia as Dolow, a town bordering Ethiopia.

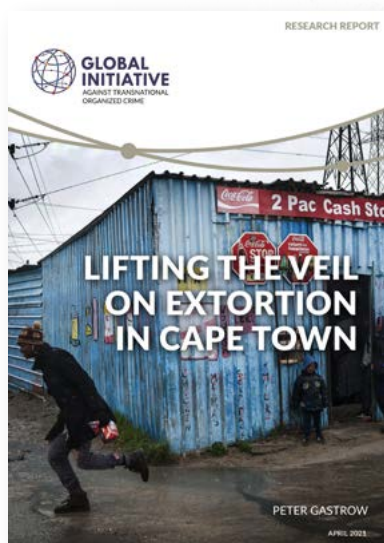
The proliferation of arms related to the Yemen conflict in Somalia has potentially serious security implications for Puntland and for the country as a whole, as well as for neighbouring Ethiopia and Kenya. The militant groups al-Shabaab and the Islamic State of Iraq and the Levant operating in Puntland routinely source small arms and ammunition from Yemen. The import of arms into Puntland has correlated with heightened clan tensions, particularly in areas disputed between Puntland and the neighbouring self-declared republic of Somaliland to the west.





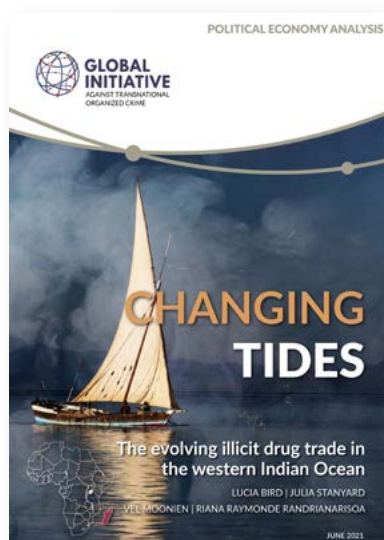
## Political economy reports

### Lifting the veil on extortion in Cape Town



This research report explores extortion developments that occurred during the second half of 2020 in the Cape urban area. It examines conditions that brought the extortion economy to the fore and the nature of the extortion activities. By analyzing who is involved and the victims, the research seeks to assess how critical this situation is, particularly in terms of its impact on development, businesses, tourism, and on the safety and security of residents and communities in the greater Cape Town area.

The report is particularly relevant as it examines the rise of certain criminal groups in the area and the hostile takeovers of security contracts for nightclubs and bars in central Cape Town.



### Changing tides

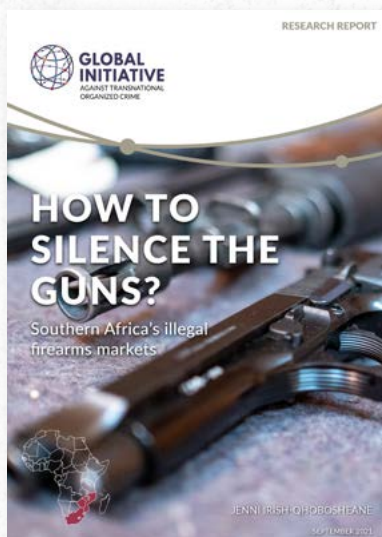
The islands of the western Indian Ocean have been drastically impacted by illicit drug markets. Mauritius and the Seychelles report some of the highest rates of heroin consumption in the world. Growing volumes of heroin are being trafficked via Madagascar, which also operates as a significant cannabis exporter in the inter-island drugs economy.

Since 2015, long-standing heroin flows have been joined by a flood of synthetic cannabinoids, which have fundamentally disrupted drug markets in Mauritius, Mayotte and the Comoros islands. The drugs markets on the French overseas territory of Réunion have different dynamics from the other island states. This research report documents how drug markets are expanding and diversifying in the island states, fuelling corruption and driving growing domestic consumption.

### Fishy business: Illegal fishing in Somalia and the capture of state institutions



The waters off Somalia are some of the richest fishing grounds in the world and are still largely untapped. Following a steady decline in attacks by Somali pirates since 2012, foreign fishing fleets have gradually returned to Somali waters. Many of these vessels, particularly those originating in Iran, Yemen and South East Asia, routinely engage in IUU (illegal, unreported and unregulated) fishing practices. This paper presents three case studies of IUU fishing practices in Somalia, each illustrating a different facet of corruption within Somali state institutions.



### How to silence the guns? Southern Africa's illegal firearms market

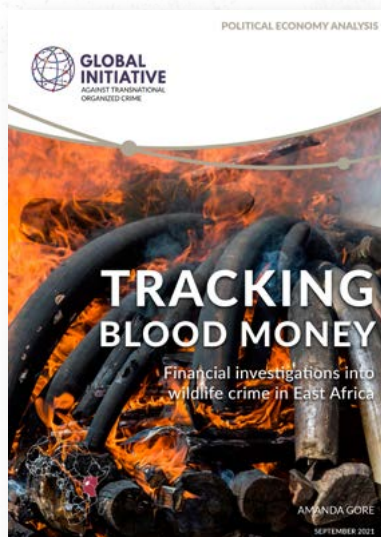
Violent crimes – such as cash-in-transit heists, armed robberies, kidnappings and assassinations – share one common factor: the ready availability of illegal guns.

Although the exact figure for the number of illicit firearms in circulation in the SADC region is not readily available, it is estimated that there are about 3.8 million unregistered illegal firearms in circulation in South Africa, Mozambique and Zimbabwe alone.

This report is based on extensive research and fieldwork conducted in South Africa, Mozambique and Zimbabwe. The report examines the sources, markets and types of firearms inflaming conflict and organized crime in the region.

### Tracking blood money: Financial investigations into wildlife crime in East Africa

A financial investigation allows for assets linked to criminal activity to be identified, and financial tools and techniques can then be applied to freeze, seize or recover the proceeds of the crime. On paper, these tools exist in many East African countries, yet their application is lacking. The missed opportunities are unfortunately common and reveal a glaring gap in the strategy to combat wildlife crime and other crimes, with the result that there is lack of focus on offenders across the criminal supply chain. This report examines the progress of selected East African nations (Kenya, Tanzania and Uganda) in applying financial investigation tools to wildlife crime cases.



### Murder by contract: Targeted killings in eastern and southern Africa

This report aims to quantify the frequency and form of targeted assassinations in South Africa, Kenya and Mozambique. The report brings together data on assassinations from GI-TOC's years-long monitoring of targeted violence in southern Africa. The data provides an opportunity to compare the methods, location, fatality rate and price of targeted killings in the region. The methodology developed for this research also forms the basis of the GI-TOC's global Assassination Monitor report, launched in November 2021.

The effects of targeted killings go far beyond the pulling of a trigger: they threaten a country's security, politics, judiciary and economy, and create an atmosphere of fear and intimidation that warps the fabric of society.

### Monthly risk bulletins

The observatory has published eight risk bulletins in 2021. To date, the observatory has published more than 70 articles on criminal economies in East and southern Africa. The articles have covered 14 countries. The risk bulletin has become a vital means of informing stakeholders and a broader readership about the observatory's research and work each month. The reach has been amplified through strategic syndication partnerships with leading news publications in the region including *The Star* in Kenya; *Daily Maverick*, *Financial Mail* and *Mail & Guardian* in southern Africa; and the *Mail & Guardian's* Africa newsletter, *The Continent*. These media organizations republish many of the original risk bulletin articles.

The observatory has also worked to support investigative journalism focused on organized crime by funding a





three-part investigative series on COVID-19, vaccines, corruption and crime by the Bhekisisa Centre for Health Journalism, and supporting News24 – Africa's largest news website, with more than 7 million monthly readers – in a groundbreaking investigation into rampant corruption at a critical state-owned enterprise.

### Podcasts, documentary films and webinars

The observatory has produced 10 podcast episodes as part of the GI-TOC's Africa and the Global Illicit Economy series, covering topics ranging from heroin and methamphetamine flows to the impact of the insurgency in northern Mozambique on illicit supply chains; emerging illicit markets related to the pandemic; arms trafficking; kidnappings; illegal gold mining; and police assassinations. In partnership with News24, the observatory produced and published a six-part investigative podcast series highlighting the scourge of murder-for-hire in southern Africa.

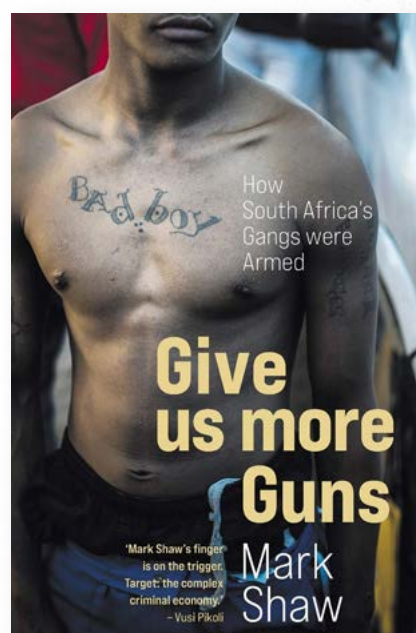
To complement our in-depth research reports, the observatory produced four short documentary films on illegal firearms fuelling taxi violence in South Africa, gangs in Kenya and South Africa, and drug trafficking in East Africa. The films impart a human side to the horrific impact of organized crime on communities, telling the stories of people whose lives are directly affected.

The observatory also partnered with News24 on an investigation dubbed the Eskom Files, a vast trove of internal financial documents, emails and audit reports leaked to the GI-TOC that shed new light on the extraordinary scale of corruption that crippled South Africa's sole power producer, with devastating consequences for the country and the economy. To date, this partnership has resulted in more than 30 news articles exposing the looting of Eskom.



During the year, the observatory has participated in more than 20 engagements, including public webinars, closed meetings with key stakeholders, conferences and public outreach events. Our work on drug markets has produced data that several countries in East and southern Africa are using to develop health and policy interventions.

The observatory is currently starting up some new research projects with a diverse list of topics that are currently being finalized.



### Give Us More Guns

Based on interviews with South African police and the criminal underworld, this book, published in March 2021, tells the story of the callous machinations behind how state property firearms were sold to violent gangs in South Africa. GI-TOC director Mark Shaw explores the underworld channels and networks that enabled the illegally sold guns to get into the hands of South Africa's crime bosses.

The book describes the bloodbath that ensued and uncovers accounts of rampant corruption within the police and the gun-licensing system, probing government failure that has been instrumental in arming the country's gangsters.

The book uncovers how one of deadliest criminal acts of the post-apartheid era – the illegal sale of guns to South Africa's crime bosses – came about. The decision to sell

these weapons was made by one senior police official, Colonel Christiaan Prinsloo, and resulted in many deaths that could have been avoided. At least a thousand people were killed by these guns – in cases where ballistics can be matched – but the figure is likely to be much higher.

The book received extensive media coverage, including multiple radio and television interviews.

## North Africa and the Sahel

The Observatory of Illicit Economies in North Africa and the Sahel focuses on the political economy of transnational organized crime, mapping and identifying the hubs, routes and flows of illicit markets; the key actors, stakeholders and transnational organized crime groups involved; and the impact that those activities have on governance, social tension, conflict and stability in North Africa and the Sahel. Launched in 2018, the observatory is headquartered in Malta, with researchers working across the two regions.

The GI-TOC continues to lead a research project on human smuggling and trafficking in North Africa and the Sahel, principally through a project commissioned by the European Union Emergency Trust Fund for Africa (EUTF) to monitor and analyze the political economy of the phenomenon in Libya, Tunisia, Morocco, Niger, Chad and Mali. Morocco was added to the list of countries where research is being conducted in January 2021. This programme has two streams of work: granular monthly reports on the situation in Libya and the Sahel, and focused research on themes developed jointly by the GI-TOC and the EUTF around smuggling and trafficking dynamics in North Africa and the Sahel.

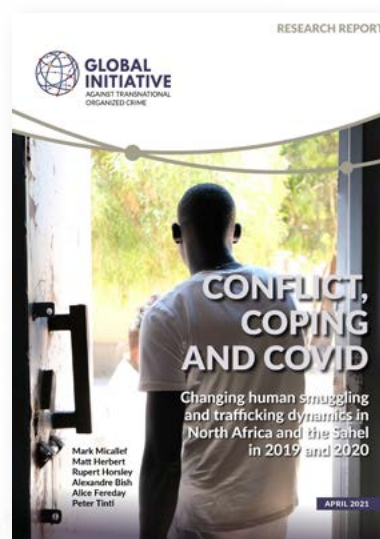
The monthly briefs have been produced since July 2018, comprehensively delving into key human smuggling and trafficking issues, organized crime dynamics and government response efforts in North Africa and the Sahel. These briefs are circulated monthly to a restricted distribution list of EU policymakers, diplomats and humanitarians focused on Libya. During 2021, GI-TOC analysts also produced assessments that have informed policy and intervention related to criminal and armed actors involved in smuggling and trafficking in Libya.

As a result of this research, the observatory has been able to expand and consolidate its network of field monitors

in the Maghreb Sahel, which now counts more than 200 monitors across Libya, Tunisia, Algeria, Morocco, Niger, Chad, Mali and Sudan. Monitors, who are typically local activists, journalists and researchers, are the core of the observatory's network-based research system.

Our focused research also resulted in the production of a published report in May 2021 covering the changing human smuggling and trafficking dynamics in the region. A second report, on human smuggling and irregular migration from Tunisia, was being finalized for release in early 2022. Both are based on comprehensive fieldwork.

The observatory has also conducted independent research throughout 2021 in North Africa and the Sahel. This will result in the publication of reports in the first half of 2022 on human smuggling and irregular migration to the Canary Islands; the detention of irregular migrants and the overlap with organized crime in Libya; resilience to organized crime in the Libyan city of Zuwara; and the political economy of drug use in the central Sahara.





Other work undertaken by the observatory in 2021 included applied research on Libyan and Tunisian borders together with the United States Institute of Peace, the World Food Programme and UN Women. A draft report was submitted to the consortium in October 2021 and was in the stages of preparation for publication at the time of writing. Other research conducted focused on conflict early-warning indicators in Libya for the American Bar Association – Rule of Law Initiative. In quarter four, the observatory undertook a project that will seek to develop a regional situation update on drug trafficking in North Africa and the Middle East for the European Monitoring Centre for Drugs and Drug Addiction. This project is being carried out together with the the South-Eastern Europe observatory, which is concurrently researching drug trafficking and consumption in the Balkans.

The observatory also engages in joint activities in the Sahel with the West Africa observatory on applied research and reporting, as well as routine and comprehensive staff engagement on regional issues. In November, this joint work saw the publication of an in-depth study: *Soldiers of Fortune: The Future of Chadian Fighters after the Libyan Ceasefire*. This research builds on more than two years of monitoring by the NAS Observatory on the involvement of former mercenaries in various illicit activities in northern Chad and northern Niger, from banditry to drug trafficking, human smuggling and artisanal gold mining. The observatory is also undertaking a small project, funded by the Friedrich Ebert Foundation (FES), which assess Libya's oil and fuel security architecture, and the challenges that exist, including smuggling and diversion, as well as armed group threats. The project will result in a policy brief on natural resource protection challenges, state building and the importance of popular buy-in, to be published in the second quarter of 2022.

## Articles

The observatory published several articles in the first eight months of 2021 on the GI-TOC website. For example:

- Muhasasa, militias and meddling foreign actors: The challenges facing Libya's new government
- Déby's death will fuel instability and criminal opportunity in the Sahel

Each elicited attention and comment by regional media and the international community.

Other policy publications by observatory staff included articles with DCAF – Geneva Centre for Security Sector Governance, the Institute for Security Studies, Twala, War on the Rocks, Carnegie Endowment for International Peace, the Atlantic Council, *Middle East Law and Governance*, Herodote, *Confluences Méditerranée*, Orient XXI, the Istituto per gli studi di politica internazionale, the Tahrir Institute for Middle East Policy, *Diplomatie* and *Foreign Policy*. Staff also authored book chapters for various publications, focused on the crime-terror nexus in Libya, irregular migration from North Africa to Europe, and organized crime, smuggling and resilience.

Throughout 2021, observatory staff provided in-depth briefings and interviews for a number of governmental actors and multilateral institutions. These included the UN, the US Department of State, the US Senate, the European Union, the European Parliament and the government of Malta.

In addition, staff offered commentary on human smuggling in the region to a number of media outlets, including the BBC, *Liberté Algérie*, *France24*, *Verdens Gang*, *The Wall Street Journal*, *The Washington Post*, AFP, Radio France Internationale, Associated Press, Al-Monitor, *Jeune Afrique*, Reuters, CNN and *The Telegraph*.

## Events

The observatory organized four public conferences during 2021. The first, a workshop in February 2021 for EU member state representations to Libya organized by the EU Delegation, focused on the warehousing and kidnapping for ransom of migrants in Libya. In March, the observatory organized an event 'Sudan and Libya – geopolitics and conflict linkages', in conjunction with the Konrad-Adenauer-Stiftung in March. In May, a launch event was held for 'Conflict, coping and COVID', the report of the



same name. In August, a workshop was held for EU implementing partners working in Libya in which the GI-TOC gave a presentation on the political economy of smuggling and trafficking in coastal Libya and detention centres. On 22 November, a workshop titled Libya's Security Sector Reform: Ways Forward was organized together with the Al-Sharq Forum Foundation. The event convened a wide spectrum of policymakers, programme officers, diplomats as well as Libya experts specialized in different fields, to discuss the future of security sector reform in Libya, against the backdrop of impending elections planned for 24 December, which has been postponed into 2022 and a

recent action plan for the departure of mercenaries from the country. Research carried out by the GI-TOC in the country has focused closely on the nexus between transnational organized crime and non-state armed groups, including mercenaries from the broader region engaged in the Libyan theatre.

Observatory members also presented at public or semi-public events, including those organized by the International Centre for Migration Policy Development, the Global Center on Cooperative Security, Small Arms Survey and the École des Hautes Études en Sciences Sociales.

## Central America

Since it was formed in 2020, the Central America observatory has consolidated a mixed-methodology approach that allows for the dissemination of analysis on extortion and related crimes in the region. Topics covered in the

observatory's publications include the extortion landscape after lockdown; gender, micro trafficking and extortion in Panama; and the challenges of measuring extortion in Central America.

As an immediate response to the migratory and forced displacement crisis occurring in Central America, the observatory published a policy brief on US engagement, 'Extortion and forced displacement in Central America: Opportunity for a new US agenda in the region'. The analysis and recommendations included in the brief enabled the discussion of new and innovative approaches to address the crisis with regional stakeholders. The paper was of particular interest to officials from the United States Agency for International Development and the Organization of American States, which allowed us to present our work in the region and explore opportunities for collaboration.

The analysis developed by the observatory is disseminated to a general audience and it is a source of debate and discussion within the Network of Experts Against Extortion in Central America, formed in May 2019. Since October 2020, the observatory has organized 16 webinars, the most popular being 'Extortion in Central America and lessons for Panama', in collaboration with Panama's Observatorio de Seguridad Ciudadana and the Panamanian chamber of commerce, 'Gangs, victims and extortion in El Salvador'; and 'Extortion in Central America: Challenges of access to public information and citizen responses to confront them'.

These webinars were complemented by the Coaliciones por la Resiliencia podcast as a multimedia resource to reach out to new audiences. On this platform, we featured a







discussion on sextortion to raise awareness about the link between extortion and violence against women; a case study describing the impact of extortion on victims in El Salvador; and the risk of covering extortion by journalists as well as recommendations to reduce the potential dangers associated with covering this crime.

## Asia-Pacific

The Observatory of Illicit Economies in Asia-Pacific is a network of civil society activists, researchers and journalists working across the region and coordinated by the GI-TOC. Our aim is to map and analyze criminal trends and illicit flows in the region through political economy analyses. A formal and physical presence for the observatory is intended to be established in the region in 2022. The observatory has worked across a number of different projects, with existing and new financial partners to further develop the understanding of organized crime and possible responses to it in the region.

The observatory's relationship with the Australian government is developing with the formation of an expert briefing series that enables the observatory to share insights with Australian counterparts as well as a wide range of other international partners and potential donors in the region. In 2022, this will lead to the first ever regional Development Dialogue event where the GI-TOC will jointly host a participatory event designed to develop joint initiatives, inform and influence policymakers who are integral to the region's development, e.g. Japan, Korea.

During the fourth quarter of 2021, the observatory produced two policy briefs that are a direct response to the needs of the Network of Experts Against Extortion in Central America. Topics include corruption and criminal governance, and existing responses to victims of extortion.

These policy briefs are complemented by two papers that analyze extortion and the private sector, and gun trafficking as a catalyst for extortion. We supported the development of six social-audit exercises using a tailor-made guide to gather public information on extortion.

On 11 to 13 October, the observatory coordinated the Resilience Dialogues on security and organized crime in Latin America and the Caribbean, with 484 participants. This served as a needs assessment for further analysis and engagement with key stakeholders in the region.

The observatory will continue to generate analysis of extortion in the region with an effort to examine global responses in coordination with other GI-TOC observatories.

The New Zealand government has also funded the GI-TOC to initiate research into human smuggling in South and South East Asia. The GI-TOC is developing Resilience Fund activities for capacity building, coordination and collaboration among civil society groups and individuals in South East Asia – in various organized crime fields. We launched a cross-continental investigative journalism grant programme that is supporting over 20 investigative journalism pieces and in November were proud to support the Global Investigative Journalist Network (GIJN)'s annual conference at which the GI-TOC-sponsored 'Guide to Investigating Organized crime' was launched.

### Illicit flows of plastic waste

Timed to coincide with COP26, the observatory released 'Plastics for profit: Tracing illicit plastic waste flows, supply chains and actors', a report that outlines the devastating impacts of the illicit trade in plastic waste. The report examines a highly criminalized supply chain of misdeclaration and concealment of hazardous and mixed waste,



money laundering, financial crime and corruption, involving networks of brokers, recycling companies, logistics and shipping entities, as well as corrupt officials who arrange the shipping of hazardous and mixed waste from countries such as the United States, the UK and the Netherlands to Malaysia, the Philippines and other countries predominantly in the Global South. In recipient countries, consignments are illegally disposed of in the absence of suitable processing facilities. There is also evidence of convergence with other criminal activities, e.g. drugs, prostitution, human trafficking and modern slavery. With follow-up interviews published in the *Los Angeles Times*, and other media outlets, and plans for direct government engagement – including with the US – the observatory intends to curb the illicit activities associated with this organized illicit trade.

## China's Belt and Road Initiative

The observatory's work understanding the impacts of China's Belt and Road Initiative (BRI) on illicit trade continues, with a particular focus on how it is being used to promote traditional Chinese medicine around the world and the potential impacts this will have on biodiversity, as well as how criminal networks are exploiting infrastructure developments and loopholes in domestic and international legislations. This complements our work under MMFU (see next subsection) understanding the online trade dynamics in this respect.

## Monitoring and Market Friction Unit

A key component of the observatory's work is the Monitoring and Market Friction Unit (MMFU), launched early in 2021 using data developed by Cascade (the GI-TOC's online internet scraping tool) as the foundation for a suite of holistic and collaborative working efforts and practices across all sectors – public, private, commercial and governmental. The unit's work has progressed significantly with the launch of its first community tool – 'Assessing online wildlife marketing: a tool for monitoring illegality', which has been accessed over 500 times since its release.

In November, the unit released its first market monitoring report on African grey parrot markets, with a study on the sale of traditional Chinese medicine products containing pangolin parts due for release soon. This analysis forms the basis for a range of interactions and engagements with community actors, including law enforcement agencies, platforms, advocacy groups and civil society actors, with the objective of reducing opportunities for trade and protecting vulnerable species. It is the unit's intention to build a body of new market-leading methodologies that will be shared with several organizations, governments and law enforcement agencies to pursue illegality and the associated criminal actors and networks.



## West Africa

The GI-TOC's newest observatory – the Observatory of Illicit Economies in West Africa, established in June 2021 – monitors and analyzes trends in organized crime, and its relationship with instability and conflict, across 18 countries in West Africa, central Africa and the Sahel. The observatory works in conjunction with the North Africa and Sahel observatory network to cover the Sahelian states.

In 2021, the observatory's work has principally revolved around two projects commissioned by the German Ministry of Foreign Affairs and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), together with ongoing work in Guinea-Bissau under the observatory. As a result of these contracts, the GI-TOC has been able to solidify its presence in the region and expand existing programming activities. The GI-TOC presence in Guinea-Bissau, established in 2020 jointly with the UN system in the country, operates under the umbrella of the West Africa observatory.

The observatory is strengthening the GI-TOC's network across the region, and aims to bring together civil society, and support stakeholders to better understand criminal trends and their impact on instability and conflict in the region. The coordination of regional civil society meetings in 2022 will support the consolidation of network-building activities.

The observatory is coordinating a range of programming activities, including:

- mapping regional illicit markets in West and central Africa;
- creating a system of regular reporting to build an evidence base for stabilization and peacebuilding interventions;
- building capacity among regional civil society stakeholders researching transnational organized crime; and
- enhancing engagement between civil society and state actors in responding to criminal markets.

The observatory produces policy briefs and analytical reports on regional issues, including the impact of returning Chadian armed groups from the war in northern Libya

to the Sahel region; the role of illicit markets in shaping conflict and peacekeeping in Mali; the political economy of violence in Nigeria; and the relationship between gold mining and instability. The observatory is coordinating a hotspot mapping exercise across the region, whose findings will be consolidated into a report and form the baseline for ongoing activities. The observatory has developed a quantitative methodology to analyze the degree to which illicit markets in the identified hotspots operate as vectors of instability in the region. The results of this analytical process will be launched in the first half of 2022.

The observatory also produces quarterly risk bulletins. This new publication, modelled on similar risk bulletins produced by the GI-TOC's other regional observatories, covers issues and trends related to illicit markets, instability and conflict across the region.

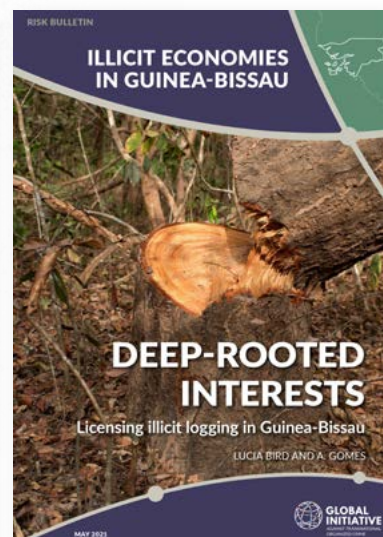
The observatory also focuses on building resilience in local communities across West and central Africa. Together with the Resilience Fund, it supports local civil society and community organizations in strengthening the response to organized crime and mitigating the harms it causes. Resilience-strengthening activities among several local organizations have been selected and supported during 2021, and over 200 local actors participated in GI-TOC-led events, principally in Guinea-Bissau. The observatory is also developing a series of capacity-building modules, which will be delivered to elements of civil society working to monitor organized crime in West Africa, through a mixture of virtual and in-person events. The first capacity-building events are scheduled for March 2022, hosted in Abidjan, Côte d'Ivoire.

## Publications

### **Soldiers of fortune: The future of Chadian fighters after the Libyan ceasefire**

This report describes the typologies of Chadian fighters active in Libya and the central Sahara, and their role as mercenaries and enablers in the transnational mercenary trade in Libya's second civil war. Chadian fighters have long been key actors within the constellation of armed groups active in the Sahel and central Sahara, but the October 2020 ceasefire in Libya – and the ensuing drop in fighting – are reshaping the role that they play in regional illicit markets and stability dynamics.





### Quarterly Risk Bulletin

The first West Africa Risk Bulletin scrutinized the relationship between jihadist violence and local illicit economies in Burkina Faso and Côte d'Ivoire, the revenue sources of bandit groups behind the upsurge in violence in north-western Nigeria, and the implications of the unlawful temporary release of cocaine traffickers imprisoned for coordinating two bumper cocaine imports in Guinea-Bissau.

The second Risk Bulletin was a special issue exploring the complex relationship between artisanal gold mining and instability in West Africa.

### Community resilience to transnational organized crime in West Africa: The experience of six communities in Nigeria, Burkina Faso and Guinea-Bissau

The first research output under the OCWAR-T project, this report, for which data collection was carried out in December 2021, explores the building blocks of community resilience to transnational organized crime in fragile and conflict contexts.

### Guinea-Bissau

Between January and June 2021, Guinea-Bissau outputs published on the GI-TOC website generated 1 584 page views. Views and pickup are expected to surge following publication of the remaining outputs, including in Portuguese, and enhanced dissemination activities in the upcoming quarter. Community dialogues and podcasts featured influential stakeholders.

### Mission not accomplished?

This brief examines the role of the UN Security Council and the steps it has taken in Guinea-Bissau, with a particular focus on its attention to the impact of drug trafficking on political stability, beginning in 1998 and leading up to the mission closure in 2020.

### West Africa's cocaine corridor

This report explores the criminal ecosystem underpinning the import, storage and onward trafficking of cocaine through Guinea-Bissau, and its neighbouring fragile states, towards end markets in Europe.

### Deep-rooted interests

This brief scrutinizes recent developments in Guinea-Bissau's illicit logging market, which have accelerated in anticipation of the lifting of the ban on logging exports.

The observatory published two podcasts on the GI-TOC's Deep Dive podcast series on Guinea-Bissau's civil society and illicit markets, and on illicit logging in the country.

### Supporting civil society organizations

The observatory also identified six local civil society organizations to receive grants. We have helped reinforce the capacities of these CSOs to better plan, implement and report based on high-quality and objective research, and enhance their expertise in fighting organized crime and illicit markets.

The Observatory is coordinating two civil society workshops, one as part of the ENACT consortium, to be held

in March and April 2022 in the region. The workshops will include capacity building, networking and knowledge dissemination activities.

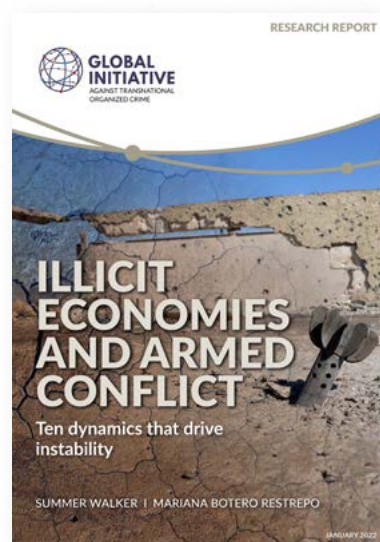
## Short-term projects

In addition to multi-year projects, the West Africa Observatory is conducting two smaller, deliverable-based projects.

### Illegal mining and criminal networks in West Africa

Artisanal and small-scale mining (ASM) takes place across West Africa, generating hundreds of millions of dollars annually. The ASM sector and associated minerals trade is highly attractive to criminal actors due to the high value and informality of the sector. Key to minimizing opportunities for networks is building a sound understanding of the complex, largely secretive web of activities, actors, supply chains and financial flows. This investigation is funded by the US Bureau of International Narcotics and Law Enforcement Affairs (INL); it began in October 2020 and will continue for two years. Research is carried out by a consortium comprising the GI-TOC, the University of Queensland, the University of Mines and Technology, Tarkwa, Ghana, and the US Geological Survey. We adopt a multi-faceted approach that triangulates research and data from different sources to build a more comprehensive and holistic understanding of criminality and transnational organized crime organizations in the West Africa mineral sector, as well as the involvement of and links to violent extremist organizations and countries outside the region. Reliable data on the scale and spread of ASM is needed, as well as an improved knowledge of the supply chains, illicit financial flows and criminal networks that

underpin and perpetuate criminality in the West Africa ASM sector. To provide the insights and resources that can aid INL and other stakeholders to best disrupt illegal mineral supply chains in the future, it is critical to develop new tools, including technology and investigative methods, and build local capacity.



### Illicit economies and armed conflict: Ten dynamics that drive instability

This report, funded by the German Foreign Ministry to produce a report, analyzes transnational organized crime in crisis contexts. The report was designed to consider three case studies at different stages of armed conflict to assess the dynamic relationship between criminal networks, illicit economies, and conflict actors and conditions. These three case studies offer unique perspectives in terms of duration, size of the conflict area and stage of the conflict. The report draws on findings from two expert workshops to debate and discuss elements on Latin America and Africa.



# GI-TOC INITIATIVES

## Resilience Fund: Supporting community responses to organized crime

In 2021, the Resilience Fund (henceforth, 'the Fund') consolidated and expanded its programme of support to civil society initiatives that build community resilience to organized crime around the world. These efforts have been supported throughout the ongoing social, economic and health crises caused by the COVID-19 pandemic, and in the face of increasingly difficult and dangerous circumstances for civil society activists and organizations. By the end of 2021, the Fund supported over 100 organizations and individuals in a diverse range of initiatives and projects – all of which strengthen their community, and global, resilience to organized crime.

To name a few examples, in 2021 the Fund supported the following initiatives:

- Efforts to prevent human and sex trafficking in Haiti, Rwanda, Vietnam, Kenya and Uganda.
- Investigative journalists reporting on organized crime in Mexico, Mozambique and Guatemala.
- Efforts to prevent natural resources and the environment being exploited through organized crime in Kenya, Zimbabwe and Madagascar.
- Building youth resilience in crime hotspots in Albania, and across the Western Balkans region more broadly.
- Violence interruption and peacebuilding initiatives in South Africa, Liberia and Colombia.
- Research and policy-focused coalitions of civil society in Guinea-Bissau and Pakistan.

# Resilience Fund

## Supporting community responses to organized crime

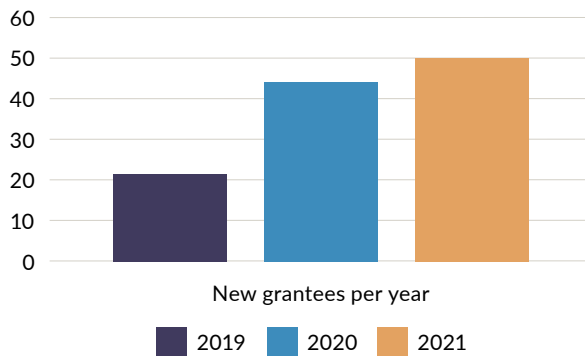
[about us](#)

As they build their communities' own resilience, our grantees share their lessons with one another, including through the Fund's own bespoke and innovative app, VIVA, and they engage with their local authorities, national governments and the international community – such as through UN events and public engagement undertaken by the Fund's Fellowship programme. In doing so, our grantees are contributing to the global evidence base and providing case studies and tools for improved state and international responses to organized crime. Their efforts are being increasingly noticed and supported by the international community as they continue their work despite the inherent risks and dangers that they face.

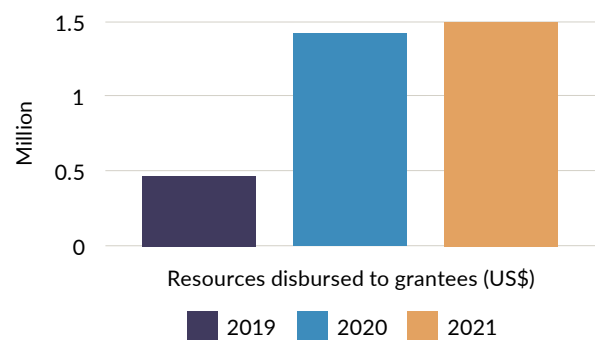
### **Growing financial and political support for courageous members of civil society**

Civil society actors put themselves at risk when they engage in activities to prevent organized criminal activity or mitigate its damaging effects, or when they expose corruption or challenge the power structures that allow organized crime and the violence associated with it to thrive. The pandemic has exacerbated these risks and dangers to civil society, and the Fund has been able to support those in most need of assistance thanks to our funding partners, in particular the government of Norway. Following its programme of support for civil society in the Western Balkans in 2020, the government of Germany is continuing its financing for Fund grantees in 2021. In addition, the governments of New Zealand and the Netherlands have also joined the Fund's range of funding partners in 2021.

## Grantee growth

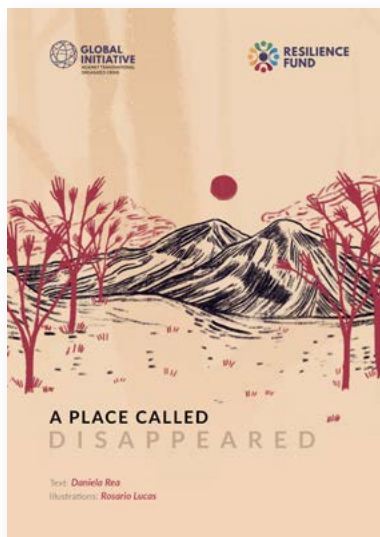


## Resource growth



In 2021, the Fund continued its partnership with the UN Development Programme in Guinea-Bissau. Taken together, the funds available for grants under the Fund have grown from US\$1.96 million to US\$3.49 million between 2019 and 2021. This growing support from the international community has enabled a stable growth in the number of grantees whom we can support around the world. And, importantly, it sends a message of moral and political support to these courageous members of civil society: that the international community cares about what is happening in violent communities affected by criminal governance.

## Highlighting pertinent organized crime issues through the Resilience Fellowship



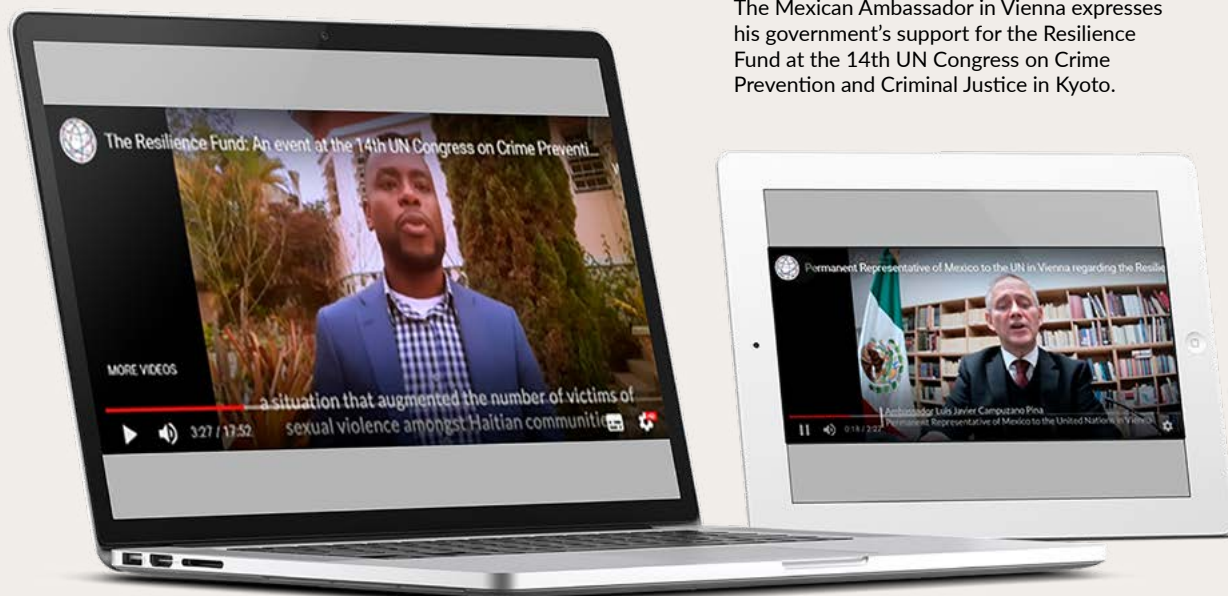
The 2020 Fellowship under the Resilience Fund supported a global cohort of individuals to work in their communities and collaboratively on the issue of disappearances related to organized crime. The main collaborative output was finalized in 2021: the Landscapes project is an outcome of this collaboration. 'Landscapes' documents disappearances throughout the world featuring contributions by all of the 2020 Fellows. This project is a collaboration between the Resilience Fund Fellows and award-winning Mexican journalist Daniela Rea, author of the project's centrepiece essay and documentary on disappearances, 'A Place Called Disappeared', which is closely linked to the Fellows' work in their communities and includes contributions by them. Find out more at [landscapes.globalinitiative.net](https://landscapes.globalinitiative.net).

For 2021, the Fellowship theme was extortion and organized crime. Each of the 10 Fellows was supported in their work with communities, in which they were encouraged to pursue collaborative projects. They were provided with mentorship, training opportunities and different international platforms for the dissemination of their work. From Guatemala to Indonesia, 10 Fellows were selected for their projects, which dealt with systemic issues that have come to normalize extortion in their respective communities. Through a series of dialogues, the Fellows also collaborated on a joint statement highlighting extortion ecosystems and their impact on these communities.



## Engaging and influencing policy

The value of Fund grantees' work is not only of benefit to their own organizations and communities. Through their engagement with the GI-TOC, in 2021 they have contributed to a number of policy briefs, podcasts and research reports. This contemporary research and evidence provide opportunities to engage in UN and other multilateral meetings, and thereby influence policy. The Fund's grantees have presented their work at several UN meetings in 2021, including the 14th UN Crime Congress in Kyoto, and the 30th UN Commission on Crime Prevention and Criminal Justice in Vienna.



The Mexican Ambassador in Vienna expresses his government's support for the Resilience Fund at the 14th UN Congress on Crime Prevention and Criminal Justice in Kyoto.

Resilience Fund grantee Gerson Nozea addresses the 14th UN Congress on Crime Prevention and Criminal Justice in Kyoto, Japan.

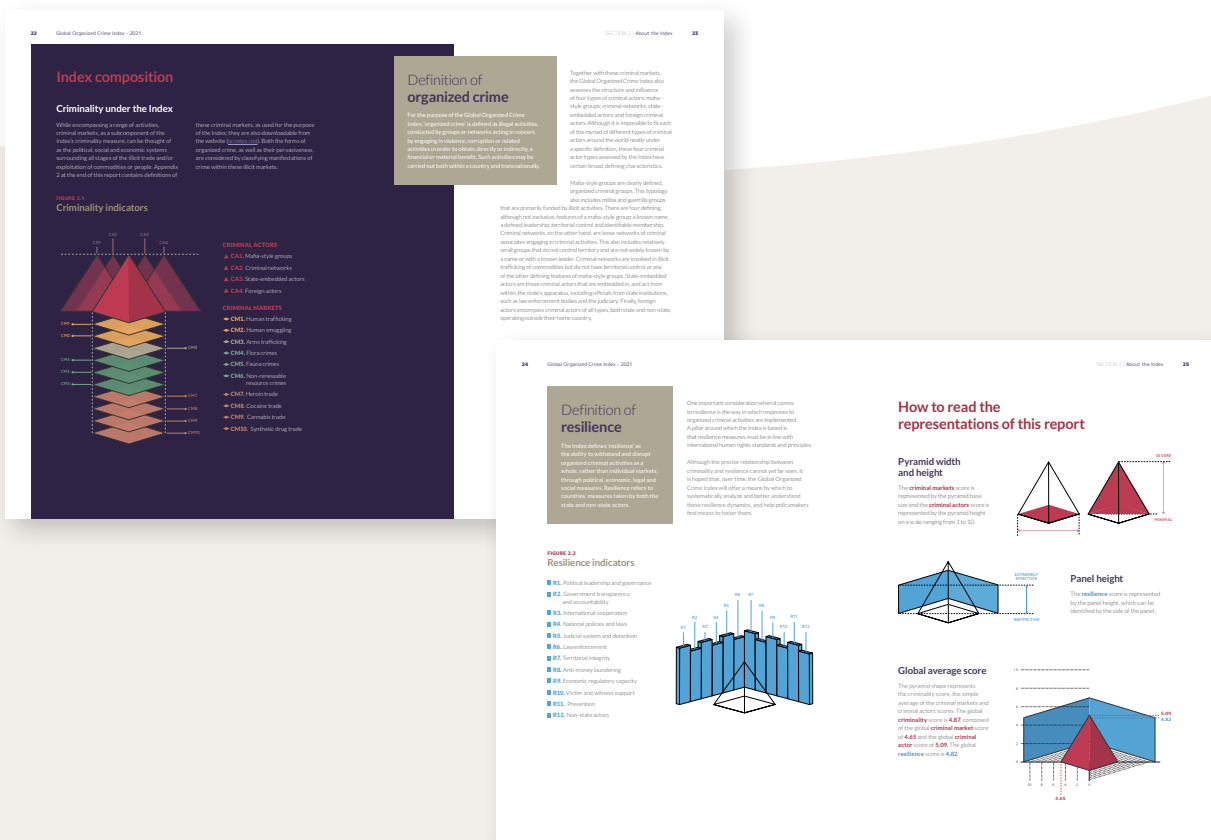
# Global Organized Crime Index

As the first global tool of its kind, the 2021 Global Organized Crime Index builds upon the 2019 ENACT Organised Crime Index for Africa, with an expanded scope covering 193 countries. Launched in September 2021, this year's Index captures data and analysis from 2020, evaluating criminality and resilience dynamics around the world, against the backdrop of the COVID-19 pandemic.

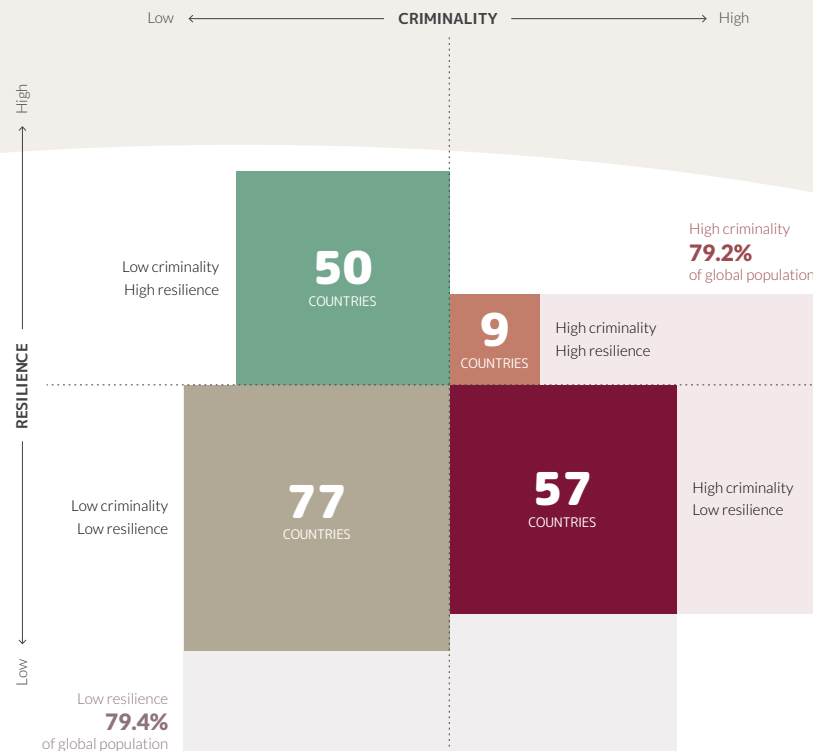


As an analytical tool, the Index presents not only an innovative approach to the analysis of organized crime flows but also a more nuanced look at the scope and scale of 10 criminal markets, the structure and influence of four criminal actor types, and the existence and effectiveness of 12 resilience building blocks. These three domains are used to assign each country a criminality score and resilience score using a scale of 1 to 10, with scores accompanied by country narratives that provide an overview of the national context to allow users to not only compare rankings, but examine more closely the criminality and resilience dynamics of each country.

The tool is accompanied by a report, which introduces the Index structure and methodology, sets out analysis of the Index results both thematically and by continent, and outlines key patterns, dynamics and relationships among indicators. The report highlights the adaptability of organized crime to the pandemic, and the ubiquity of the problem. For example, among the Index's key findings is that the majority of people worldwide (nearly 80%) live in countries with high levels of organized crime, while the shortcomings in global levels of resilience are widespread.

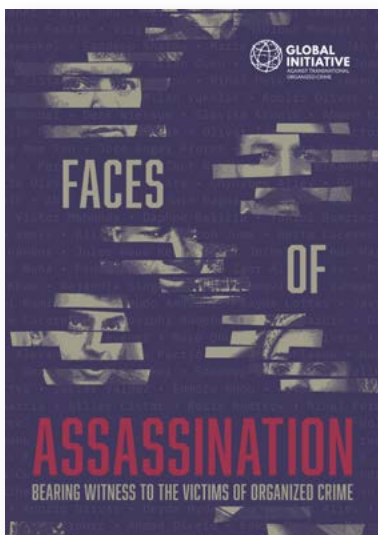


Drawing on in-depth desk research and the input of over 350 experts with country, regional and thematic expertise, the tool creates an extensive repository of relevant country data and information, providing a solid baseline for deeper investigation and analysis. It guides policymakers in their efforts to respond to the organized crime threats they face. Since its launch, the Index has been lauded as an important learning tool and resource for researchers, analysts, policymakers and civil society around the world. The Index tool, country narratives and report in English, French, Spanish and Arabic are hosted on an interactive website (ocindex.net).



## Assassination Witness

Over the years, the GI-TOC has witnessed the tremendous human cost of organized crime and how criminals strategically use assassinations to gain control over people and territories.



In light of the gravity of the situation, the GI-TOC developed Assassination Witness, a multifaceted initiative that encompasses the GI-TOC's flagship campaign #AssassinationWitness and the Global Assassination Monitor database. The campaign was officially launched on 15 June 2020 with the release of the book *Faces of Assassination: Bearing Witness to the Victims of Organized Crime*. The book was launched at a virtual event attended by international experts and family members of victims of assassination.

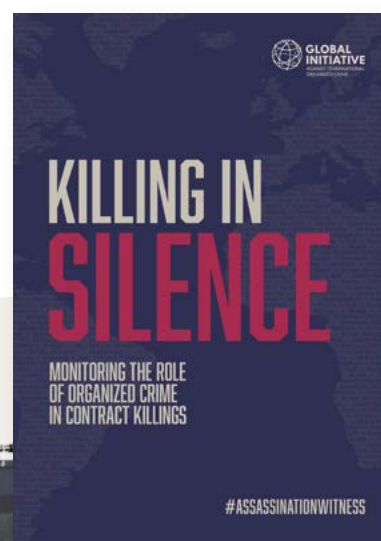
The aim of this initiative is to draw public attention to the high number of people across the world who, standing up for the truth, transparency and public integrity, face grave threats of violence. The project also aims to provide a better evidence base and to inform multilateral policymakers on the ways in which assassinations are used strategically by criminal actors and corrupt networks, calling on the international community to provide better responses to assassinations, and to strengthen community resilience to this crime.

Over the past year, the GI-TOC has actively followed up on the cases profiled in *Faces of Assassination* and has highlighted important developments on the search for justice. On every death anniversary, we remember those assassinated and demand justice through our social media channels. We also publish blog posts and share information in our newsletter. We maintain an up-to-date news repository of the cases that are in the public domain. The GI-TOC also continues to publish new profiles of assassinations on the project's website.

A dedicated podcast series, 'Faces of Assassination', launched in September 2020, discusses the struggles and challenges that many people face and offers specific solutions to this global problem. The series now contains 17 podcast episodes, including six round tables, three interviews with victims' family members and international experts, and eight individual stories.

In December 2020, as part of International Anti-Corruption Day activities, the GI-TOC and its partner LIBERA hosted an event where regional experts exposed the threats suffered by those who denounce corruption in Europe. In March 2021, we held a virtual event on the monitoring of assassinations during the 14th UN Congress on Crime Prevention and Criminal Justice.

We are now focusing on the data-driven component of the programme: the Global Assassination Monitor. Both the Monitor and its first data-driven report, 'Killing in Silence: Monitoring the Role of Organized Crime in Contract Killings', were published in November 2021. The study looks at incidents that occurred in 2019 and 2020 and aims to fill the knowledge gap on contract killings and organized crime. The report was published alongside an interactive data visualization tool available on our website. Currently, an environmental crime track is being developed. The stream aims to look at assassinations related to environmental crime in the Asia-Pacific region, in collaboration with the Asia-Pacific observatory.





# The Global Illicit Economy

In 2018, the Conference of Parties to the UN Convention Against Transnational Organized Crime (UNTOC) established a review mechanism that offers a limited yet significant opportunity for civil society groups to engage with state parties.

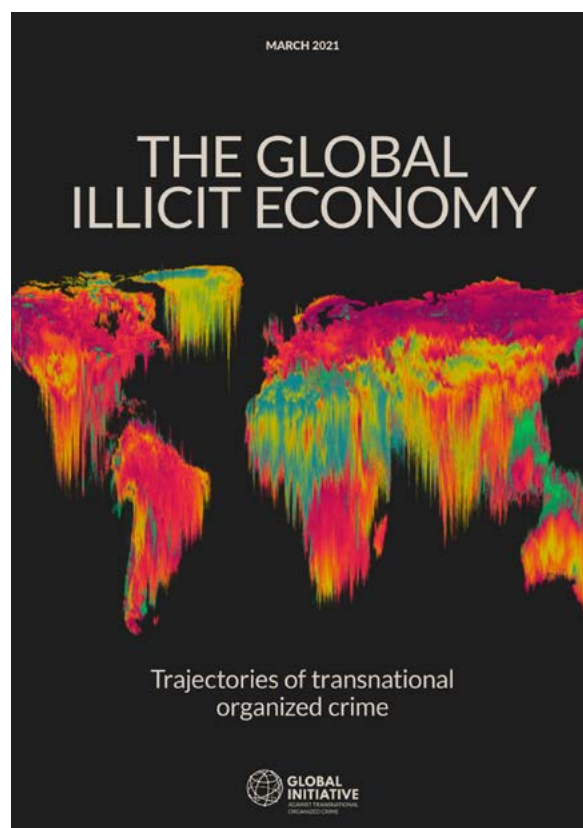
The GI-TOC hopes that this review mechanism can be a focal point through which civil society can push forward substantive debate and contribute to the international agenda on organized crime.

As part of our efforts to maximize the efficacy and impact of this opportunity, and funded by the government of Switzerland, the GI-TOC published a flagship, wide-ranging report on global organized crime trends, 'The global illicit economy: Trajectories of transnational organized crime'. The report was published both to support discussions at the UNTOC Conference of Parties in 2020 and launched on the occasion of the 14th UN Crime Congress at a virtual side event. The authors have presented the report since in a number of online events.

The report surveys the global drivers of illicit economies over the last 20 years. It shows how organized crime is a common denominator to the world's major challenges and a driver of unsustainable development. It is designed to show the inter-relationships and interdependence between global mega-trends and the trajectories of organized crime since 2000, the year the UNTOC was adopted.

It is written from the perspective of civil society, drawing on consultations with the GI-TOC's secretariat, its Network of Experts and recipients of the Resilience Fund. In 2019, we held nine consultations in five regions: Europe, North America, South America, South East Asia and Africa. We co-hosted consultations with Network members, and it is based on data that is in the public domain, gathered through research and analysis.

Through vivid visualizations and analysis, the report focuses on the evolution of five major illicit economies over the past two decades: human exploitation, illicit environmental markets, illicit drugs, cybercrime and the illegal trade in licit and counterfeit goods. The report also looks at emerging trends of how organized crime may operate in the future and concludes with recommendations on how to change the trajectories of crime.



Punctuated with interviews from journalists, authors and civil society leaders, this report moves from mega-trends to local impacts, and brings fresh approaches and different perspectives to intergovernmental processes, aimed at stimulating new thinking for stakeholders.

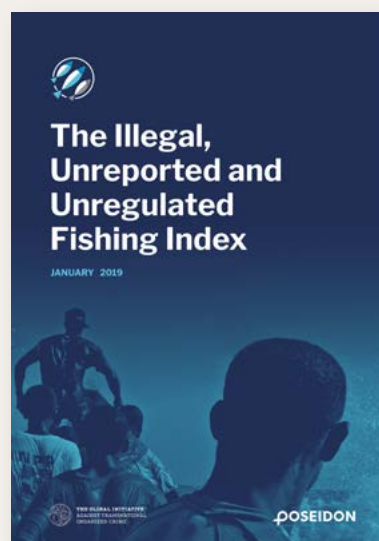
Given the pandemic, we geared the launch towards virtual audiences in March 2021. We produced a video capturing the key points of the report, which is on our website. Watch the video [here](#).

Our website statistics – captured quarterly – showed 4 000 views of the report for the first month of the report's launch. Our intention is to disseminate the hard copy widely to ensure that this flagship publication is on the desk of policymakers in capitals and international organizations in order to ring the alarm bell about the impact of organized crime, and to stimulate remedial action.



## The Illegal, Unreported and Unregulated (IUU) Fishing Index

The IUU Fishing Index 2019 received international media attention and has been used widely by governments, academia and civil society organizations. Following the success of the IUU Fishing Index 2019, an update for 2020 was launched in December 2021. Just like the 2019 Index, the 2021 update benchmarks countries' exposure to, and performance in, combating IUU fishing. To ensure comparability between the 2019 Index and the 2021 update, changes in methodology have been kept to a minimum. The same countries are included in the Index, the same scoring methodology has been applied, and the same number of indicators have been included. The 2021 update therefore allows users to track countries' performances in combating IUU fishing over time. This will help policymakers in identifying areas where interventions have worked best, and areas where more interventions are needed. Given the success of the IUU Fishing Index 2019, the 2021 Index is expected to be used just as widely.



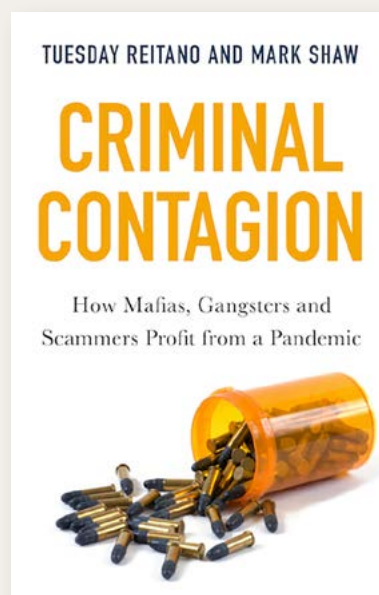
## Criminal Contagion

### How Mafias, Gangsters and Scammers Profit from a Pandemic

COVID-19 has turned our idea of 'normal' upside down. Governments, social orders and the world economy have all been challenged and reshaped in previously unimaginable ways.

The flow of illegal goods and services is no exception. Organized criminal groups adapted and even profited from the weaknesses that the pandemic created or exposed. Cybercrime boomed, new prohibition markets emerged, a lack of safeguarding left children open to exploitation, while corruption proliferated in health care systems.

In their new book, *Criminal Contagion: How Mafias, Gangsters and Scammers Profit from a Pandemic*, Tuesday Reitano and Mark Shaw outline how different criminal markets responded to COVID-19, and the long-term impact the pandemic could have on the global illicit economy.



Reporter Lindy Mtongana spoke to Tuesday Reitano and Mark Shaw about how different criminal markets responded to COVID-19, the long-term impact the pandemic could have on the global illicit economy, and their new book. Watch the full interview [here](#).



# GI-TOC ACADEMIC ENGAGEMENT

The GI-TOC's focus on academic engagement serves as a bridge between academia and policy. It aims to utilize the GI-TOC's unique strengths to bridge existing global networks, support academics to engage with policy processes and provide an avenue for policymakers to connect with key academics in the fields of illicit economies and transnational organized crime. To further these aims, in October 2020 the GI-TOC appointed a director of academic engagement.

Over the course of the past year, the organization has expanded the GI-TOC's partnerships with a number of universities around the world, such as the Universidad de los Andes in Colombia, the University of Milan, the University of Cape Town, the London School of Economics (LSE), the Jackson Institute at Yale University, the University of Oxford, the University of Groningen, the University of Essex and the University of Hong Kong. Alongside this, the GI-TOC has cemented its role as the home of the International Association for the Study of Organized Crime and has adopted core secretariat functions for the International Society for the Study of Drug Policy.

The GI-TOC is currently co-developing three pioneering global short courses:

- A course focused on organized crime and citizen security in Colombia with the Universidad de los Andes that was delivered online for the first time in November 2021.
- A West Africa tailored course on transnational organized crime for West African civil society and researchers.
- A course focusing on crime, instability and conflict co-branded with the University of Oxford.



The GI-TOC also publishes three issues a year of the open access *Journal of Illicit Economies and Development* (JIED), published in close partnership with LSE Press. To guide the journal in its strategic development and priorities for 2021-2023, the JIED has recently appointed 24 strategy committee and editorial board members representing a diversity of thematic and geographical expertise as well as of stakeholder and gender balance across the world.

## Overview of 2021 outputs

Agreements with nine global universities to develop teaching, training, research and network-building capacity have been established in 2021. We launched two projects with students examining illicit economies in the Balkans and Central America. The GI-TOC has developed and delivered one executive short course with a leading Latin American university, the Universidad de los Andes, and is developing two executive short courses for implementation in West Africa as part of the ENACT consortium and another with a leading UK university.

Dozens of peer-reviewed articles were published in the JIED covering all aspects of organized crime and illicit economies, with over 25 000 open-access downloads to date.

The GI-TOC has increased publication in leading peer-reviewed journals, with roughly 10 articles published or under production with diverse journals such as the JIED, the *LSE Public Policy Review*, the *International Journal of Drug Policy* and others.

The GI-TOC has assumed leadership of the Drugs and Development Hub, in partnership with the GIZ Global Partnership on Drug Policies and Development. It is co-hosting a series of workshops and events on policy capacity building in Africa in 2021 and 2022.

In addition, we are producing four special issues in peer-reviewed journals in 2021–2022 and have a number of books under development with academic and independent publishing houses. We are supporting the translation of a book by a Latin American researcher to enable publication in English markets.

Continuing the International Association for the Study of Organized Crime (IASOC)'s tradition of honouring the best and brightest in organized crime research, the GI-TOC is supporting IASOC in awarding the four prizes (for best journal article, best book, best PhD dissertation and distinguished scholar) every year.

Together with the Standing Group on Organised Crime of the European Consortium of Political Research, the Center for Information and Research on Organized Crime and IASOC, the GI-TOC organized the second edition of the 24-hour virtual conference on global organized crime (OC24) on 1–2 December. This year's conference grew by more than 25% since the first OC24 conference in 2020, with more than 80 panels scheduled over the course of 24 hours, attracting many speakers and participants from academia, as well as other stakeholder groups (NGOs, law enforcement, governments, etc).



The GI-TOC has launched the LinkedIn group 'Illicit economies and organized crime: Researchers and policy professionals'. This group has 500 members who share knowledge, experience and insights into the world of transnational organized crime research, academia and study. The group is aimed at creating new connections between the GI-TOC and the academic community, and building a receptive audience for the GI-TOC's products.

The GI-TOC's Asia-Pacific observatory is planning a special issue of the JIED on exploring the nexus between human vulnerabilities and environmental crime to be published in February 2022.

Much has been written on the implications of environment crime for biodiversity, but the human cost and impact of this form of crime are often neglected. Through this special issue, the editors wish to highlight the ways in which crime undermines the livelihoods, human rights and lives as a whole of the individuals and communities along the supply chain of illicit environment commodities.

The call for abstracts, which closed on 31 July 2021, was open to academia, the policy world and civil societies alike, and invited contributions in English as well as other languages. It particularly encouraged submissions from Asia.

# GI-TOC MULTILATERAL ENGAGEMENT

In 2021, the GI-TOC scaled up its official engagement in UN meetings and processes, its coordination with other NGOs, its partnership with UN agencies and government missions, and policy analysis around UN processes. This included partnering with UN programmes, co-hosting and leading side events in partnership with UN organizations, member states and other organizations, participating in a wide range of official intergovernmental meetings, and launching several GI-TOC reports and products in multilateral settings. As a relatively large and well-resourced civil society organization, we have also ensured that we use our voice to advocate for civil society access to UN processes, as this access has been placed increasingly under threat owing to hostility from some member states.

## 14th UN Congress on Crime Prevention and Criminal Justice

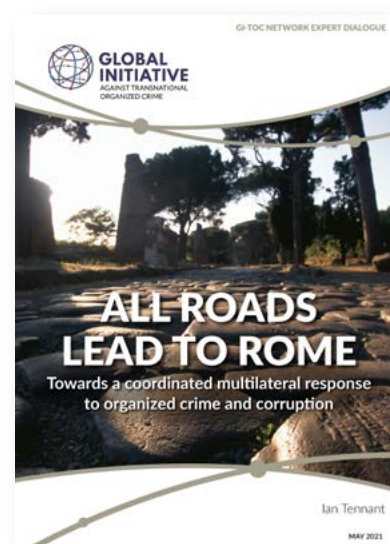
The GI-TOC's engagement with the congress began well in advance of the meeting itself, with two policy-focused publications in 2019 and 2020, and with the launch of the Road to Kyoto podcast series throughout 2020. In 2021, just before the congress, the podcast series launched a special episode featuring messages and recommendations from a diverse selection of GI-TOC Network members, followed by an episode during the congress itself and one after the congress reflecting on the way ahead.



Alongside the podcast, the GI-TOC published a number of blogs commenting on the negotiation process and the contents of the outcome document of the congress, the Kyoto Declaration. In addition, the GI-TOC published an advocacy video calling for civil society to be listened to at the congress, in the context of hostility to civil society involvement including some member states' attempts to block access for specific civil society organizations on political grounds. At the congress, the GI-TOC's director delivered a statement on behalf of the GI-TOC at the plenary, we launched the report 'The global illicit economy' at an official side event, and hosted two side events – on the #AssassinationWitness initiative and on the Resilience Fund.

## G7 and G20

To mark the G7 leaders' summit in the UK, the GI-TOC made use of its growing evidence base and analysis on environmental crime to publish a series of recommendations to G7 ministers on tackling organized environmental crime. This was circulated to high-level contacts in the G7 and other governments, as well as to the diplomatic community covering environmental crime issues in Vienna and New York. The GI-TOC also engaged directly with the Italian presidency of the G20, as well as with the Civil Society 20 Anti-Corruption Working Group. The outcome of this engagement process was a policy brief, created with the collaboration of members of the GI-TOC Network of Experts, calling for increased coordination between all the multilateral processes aimed at preventing and countering organized crime and corruption, or 'organized corruption'. The report was launched at an event at the 30th UN Commission on Crime Prevention and Criminal Justice, in partnership with the Italian presidency of the G20, the UN Office on Drugs and Crime (UNODC) and other civil society partners, and moderated by GI-TOC Board member Gladwell Otieno.





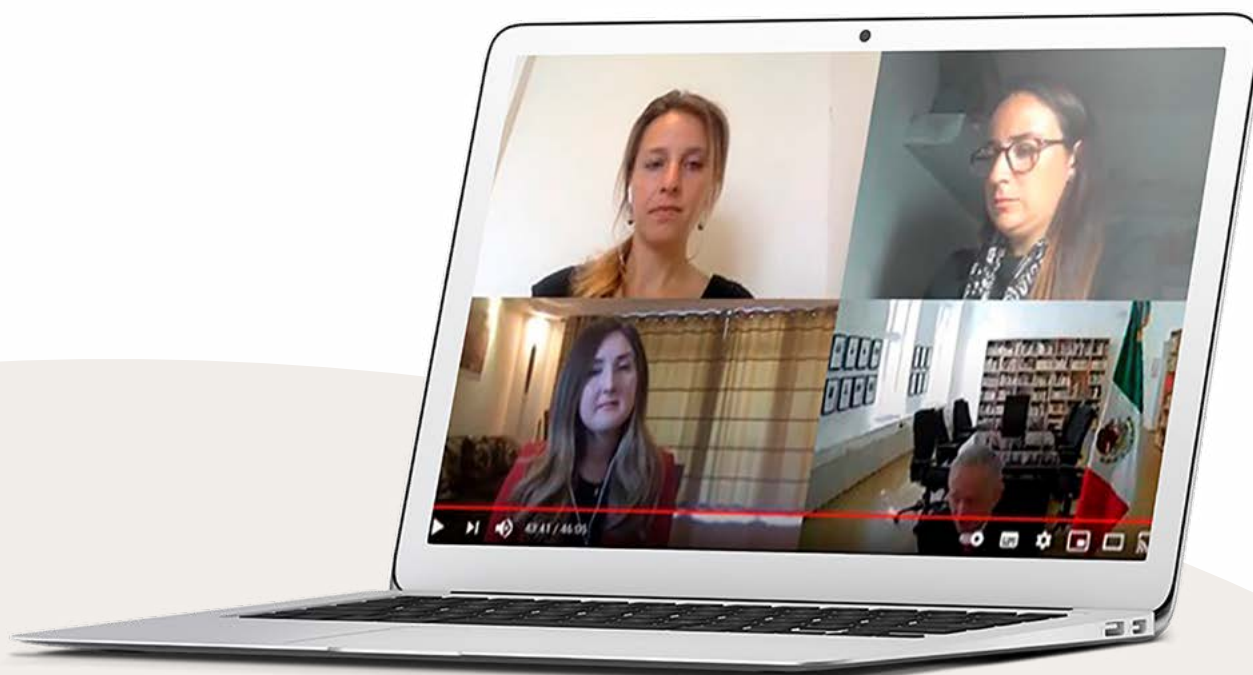
## Vienna-based policymaking bodies

The GI-TOC participated in three side events at the 64th UN Commission on Narcotic Drugs, with a focus on our latest research on synthetic drug markets, which were presented at two side events alongside UNODC, INTERPOL, the UK government and the Institute for Security Studies. We also partnered with GIZ and the London School of Economics to deliver a side event exploring the environmental impacts of drug-related organized crime. Following the event, the GI-TOC was invited to brief a meeting of the International Narcotics Control Board on the impacts of illicit financial flows on development and security.

At the 30th UN Commission on Crime Prevention and Criminal Justice, the GI-TOC's activity was wide-ranging:

- The GI-TOC's deputy director was invited to present our latest research on human smuggling as part of the official panel of the Institutes of the UN Crime Prevention and Criminal Justice Programme Network.
- GI-TOC representatives participated in nine side events.
- Five GI-TOC policy and research reports were launched.
- The GI-TOC's director issued a message to all delegates focused on the importance of civil society in responding to organized crime.

The GI-TOC has continued its engagement at the CND and CCPCJ in the intersessional period, providing statements, coordinating engagement with broader civil society, including Resilience Fund grantees, and providing analytical blogs coinciding with meetings.



GI-TOC senior analyst Lucia Bird speaking at a UN Commission on Crime and Criminal Justice side event launching a report on gender and organized crime, alongside civil society and governmental partners.

## UNTOC review mechanism

The GI-TOC partnered with the UNODC in the Stakeholder Engagement 4 U programme to support civil society engagement in the review mechanism of the UNTOC, through training, capacity building and networking. We will continue to bring civil society perspectives to the review mechanism and explore broader issues outside of the scope of the convention that need to be addressed in designing effective whole-of-society responses to organized crime, through a project supported by the government of Switzerland and other partners.

## UN cybercrime treaty process

In February 2022, the UN will formally begin its debate on a universal cybercrime instrument. The GI-TOC has raised awareness of the negotiation process during 2021 through analysis, by speaking at events such as at Chatham House, hosting a GI-TOC Network discussion on the agenda, and by publishing a policy brief ahead of the onset of formal discussions. We continue to engage with member states and civil society to ensure that civil society can contribute to this process, which could have far-reaching legal and practical effects.

## New York-based processes

This year, the GI-TOC participated in the two high-level crime-related agendas happening in New York – the UN General Assembly Special Session on Corruption (UNGASS) and the High Level Reviews of the Global Plan of Action to Combat Trafficking in Persons.

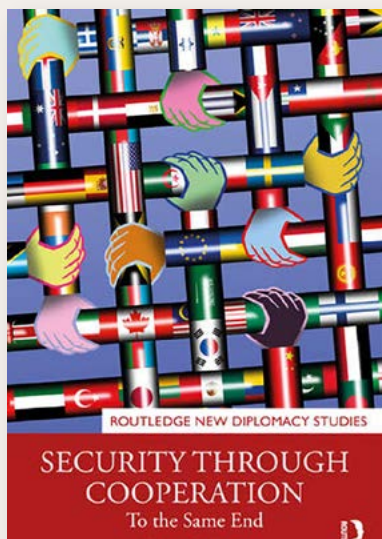
The GI-TOC continues to analyze the ongoing agenda on corruption at the UN. The GI-TOC attended the UNGASS held in June 2021 in New York, and co-hosted an official side event with the government of France, Transparency International and the Wildlife Justice Commission, titled 'Leveraging the best tools to address environmental crime enabled by corruption'. GI-TOC Board member Vusumzi Pikoli spoke on illicit mining in South Africa and the GI-TOC's New York representative Summer Walker moderated the event. The GI-TOC attended the 9th Conference of States Parties (COSP) to the UN Convention Against Corruption, and co-hosted a side event on the benefits of linking the UNCAC and UNTOC frameworks. The GI-TOC also attended the US Summit for Democracy in December 2021. During the summit, USAID Administrator Samantha Power launched the 2022 Combating Transnational Corruption Grand Challenge, to which the GI-TOC has pledged to contribute. During the high-level event, the GI-TOC's deputy director, Tuesday Reitano, highlighted the challenges posed by corrupted state-embedded actors who are able to stonewall international cooperation and legislation, warp their own domestic institutions and undermine the rule of law. Also in December, the GI-TOC attended the Open Government Partnership (OGP) Summit, hosted by South Korea, focusing on anti-corruption and strengthening civic spaces.

The GI-TOC also addressed the UN Multi-stakeholder Hearing on the Global Plan of Action to Combat Trafficking in Persons in July 2021, and was granted special accreditation to attend the November 22–23 High-Level high-level meeting of the General Assembly on the appraisal of the United Nations Global Plan of Action to Combat Trafficking in Persons. Staff participated in related side-events and followed the process, producing analysis following the meeting.

Additionally, the GI-TOC participated at a side event on corruption and gender at the Commission on the Status of Women; and the GI-TOC's deputy director, Tuesday Reitano, spoke at an event hosted by Sweden on crime, conflict and the way ahead for the UN Police.

## Other settings and regional bodies

The GI-TOC was invited to brief a meeting of the World Health Organization Framework Convention on Tobacco Control and been invited to join their Meeting of Parties as an observer. The GI-TOC has continued to build its relationship with regional bodies over the last year. Notably, the GI-TOC is now regularly invited to brief official meetings of the OSCE. The GI-TOC was an official observer at the Organization of American States' Third Meeting of National Authorities on Transnational Organized Crime in June 2021, and the 50th Meeting of the Group of Experts for the Control of Money Laundering.



### *Security through Cooperation*

In early 2022, Routledge will publish a new book by the GI-TOC's director of the south-eastern Europe observatory, Walter Kemp, entitled *Security through Cooperation: To the Same End*.

This book makes the case for why cooperation is the key to security within and between states, and for dealing with complex threats and challenges to international peace and security (including transnational organized crime).

It argues that cooperation is not altruism or liberal internationalism, rather it is in the self-interest of states. Drawing on both theory and practice, it looks at how cooperation can be promoted within and between states as well as in the global community. It explains the concept of 'cooperative security' and its potential contribution to promoting integration against the current of fragmentation. Furthermore, the book explores the potential impact of technology on cooperation. It makes an urgent call for new ideas and approaches to encourage people and states to work together to deal with complex threats and challenges.

This book will be of particular interest to students of diplomacy studies, foreign policy and international relations, and to practitioners dealing with security issues.



# GOING FORWARD: A GLOBAL STRATEGY AGAINST ORGANIZED CRIME

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There is a growing body of evidence, not least reports by the GI-TOC, such as the 'Global Organized Crime Index' the 'Global Illicit Economy', as well as the 'World Atlas of Illicit Flows', that organized crime is a growing threat to security, development, governance and the environment.

Despite the global and serious nature of this threat and a normative framework to deal with it – namely the UNTOC – there is no global strategy to prevent or address it. This not only hampers the ability of states to deal with organized crime, but also enables organized crime to exacerbate other global threats and challenges, including the destruction of the environment, the smuggling of migrants, cybercrime and money laundering and corruption. Furthermore, lack of a strategy in the face of organized crime impairs global objectives like achieving the sustainable development goals, slowing climate change, as well as resolving conflicts and building peace.

It is important to recall that one of the main reasons for establishing the GI-TOC was to create the building blocks towards a global strategy on transnational organized crime. In the past decade, the need for such a strategy has become ever more marked and urgent.

It is not sufficient for the GI-TOC to simply identify problems: we also need to put forward solutions. Therefore, it was announced in 2021 that the GI-TOC intends to start working on the building blocks of a global strategy against organized crime. The aim is to enhance the analysis of organized crime, mobilize action against it and support resilience to organized crime in order to reduce its negative impact on people, the environment, businesses and states.

Experience shows that, to be successful, such a strategy will have to build on existing intergovernmental processes and be as inclusive and consultative as possible, by engaging, for example, a wide range of stakeholders, including civil society, the private sector, law enforcement as well as parliamentarians, in addition to the various spheres and levels of government.

In terms of process design, the aim is to have a series of consultations with different stakeholders and experts on a wide range of issues that could be considered the building blocks for a global strategy against organized crime. These discussions will take place throughout 2022, resulting in a draft report in 2023.

## APPENDIX

# PERFORMANCE AGAINST THE STRATEGY 2021–2023

In January 2021, the Global Initiative Against Transnational Organized Crime (GI-TOC) promulgated a strategy that would allow us to achieve our mission statement – To enhance the analysis of, encourage action against, and support resilience to organized crime to reduce its impact on people, the environment, businesses and states – and to build a truly global, efficient and impactful organization.

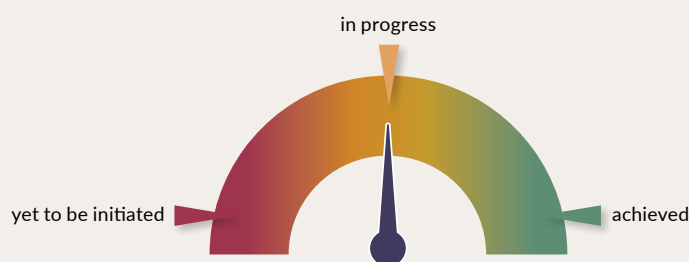
The GI-TOC strategy for 2021–23 has five core objectives:

1. **Awareness and analysis:** Increasing the evidence base and understanding of organized crime;
2. **Action:** Facilitating and catalysing innovative, policy-relevant responses;
3. **Resilience:** Strengthening local resilience and responses to organized crime;
4. **Partnerships:** Enhancing and leveraging partnerships for more effective response, and
5. **The future:** Consolidating a decade of growth and positioning the organization for the future.

These objectives are intended to position the GI-TOC as it enters its second decade, to leverage the organization's key advantages in reach, inclusiveness, credibility, agility and good governance, to make a valuable contribution to engage with key counterparts, and to make a valuable contribution to reducing the global harms caused by organized crime.

Under each of the five objective areas, the strategy laid out a set of activities that would provide a roadmap for the governance and management bodies of GI-TOC to achieve those goals. The target is to achieve these within the three-year period of the strategy.

For ease of reference, we have developed a 'speedometer' of progress, which shows the rate of progress against the activities. Only when the full goal has been completed will it be marked 'achieved'. At the time of writing this report, at the end of the first year of the reporting period, in some cases projects were yet to be initiated.














## Activity report

STRATEGIC OBJECTIVE	ACTIVITIES	PROGRESS TRACKER (First of three years)
1. Awareness and analysis: Increasing the evidence base and understanding of organized crime	1.1. Continue to publish a steady stream of high-quality reports each year as well as shorter publications.	
	1.2. Increase the number of regional observatories from five to seven.	
	1.3. Increase the number of GI-TOC outputs in languages other than English.	
	1.4. Expand the geographic and thematic range of topics to ensure that the outputs have a truly global perspective and coverage.	
	1.5. Broaden the range of GI-TOC outputs, including podcasts, videos, infographics and webinars, as well as their promotion through the media, and define metrics to measure the impacts of publications of digital outputs	
2. Action: facilitate and catalyze innovative policy-relevant responses	2.1. Regional observatories will develop a diverse range of products and convene at least five dialogues per year around their outputs.	
	2.2. Invest in tools (including digital metrics) that can track and measure more effectively the impact of GI-TOC outputs and build an evidence basis on how the GI-TOC influences outcomes).	
	2.3. Increase Network member engagement by holding group discussions (using online platforms if necessary) around specific regions and issues as well as GI-TOC products, in addition to our current quarterly Network virtual group discussion.	



STRATEGIC OBJECTIVE	ACTIVITIES	PROGRESS TRACKER (First of three years)
3. Resilience: Strengthen local resilience and responses to organized crime	3.1. Grow the Resilience Fund by 10 percent per year	
	3.2. Extend the number of funded projects to at least five in (each of) Latin America, Africa, Asia and the Western Balkans	
	<p><b>GRANT GEOGRAPHIC BREAKDOWN</b></p> <p> <span style="color: #f4a460;">■</span> Europe  <span style="color: #4682b4;">■</span> Americas  <span style="color: #800000;">■</span> Asia  <span style="color: #a9a9a9;">■</span> Sub-Saharan Africa  <span style="color: #0000ff;">■</span> Middle East and North Africa </p>	
	3.3. Develop a hub on lessons learned and how to replicate them.	
	3.4. Develop a centralized repository and online resources for local anti-organized crime initiatives.	
	3.5. Enhance monitoring and evaluation of GI-TOC and GI-TOC supported initiatives to better assess their impact, risk and effectiveness.	
4. Partnerships: Enhance and leverage partnerships for more effective responses.	4.1. Use the presence of the GI-TOC in key hubs of international dialogue (e.g. NY etc) to facilitate meetings and side events, and create opportunities to input ideas to key TOC related meetings and debates.	
	4.2. Strengthen network and partnerships with academic institutions and develop a module on TOC that can be used for teaching.	
	4.3. Grow partnerships with regional and global law enforcement agencies.	
	4.4. Initiate a strategic discussion between law enforcement and the private sector on strengthening partnership to prevent and combat TOC.	

STRATEGIC OBJECTIVE	ACTIVITIES	PROGRESS TRACKER (First of three years)
	4.5. Enhance publishing partnerships with academic journals, including JIED.	
	4.6. Facilitate at least one meeting per year involving international and/or regional organizations to promote the idea of a global strategy on TOC.	
	4.7. Develop a (donor) partnership with at least one foundation and one private sector entity per year.	
5. The Future: Consolidate a decade of growth and position the organization for the future.	5.1. Established regular (virtual) regional network group discussions, linking to global experts and trans-regional online workshops to exchange ideas and experiences to policymakers.	
	5.2. Increase members of the Network from under-represented regions and professional backgrounds.	
	5.3. Enhance internal coordination and workflow while maintaining decentralizations by a yearly all-staff retreat and regular online meetings.	
	5.4. Increase staff training on security, legal and research/methodical issues.	
	5.5. Review publications procedures and develop a publications strategy to ensure sustainable growth, timely delivery and maximum impact on GI-TOC material.	
	5.6. Develop guidance on archiving and access to GI-TOC material to maintain institutional memory, enhance user-friendliness and cross referencing to GI-TOC research and publications, and grow the GI-TOC as a "learning organization".	
	5.7. Based on lessons learned from adapting as a result of COVID-19, make more effective use of video conferencing and webinars to provide direction, simulate debate, connect staff, liaise with strategic partners and affected communities, and reduce travel costs and carbon footprint.	
	5.8. Develop a strategy to celebrate the 10 <sup>th</sup> anniversary of GI-TOC.	

**CAPE TOWN**

# **ANNUAL FINANCIAL STATEMENTS**

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**FOR THE YEAR ENDED 31 DECEMBER 2021**



**Global Initiative Against Transnational Organised Crime Cape Town NPC**  
**Annual Financial Statements for the year ended 31 December 2021**  
**General Information**

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<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	Non profit company
<b>Directors</b>	G.S.W Otieno E.E Alemika P.H.P Gastrow P.V Pikoli
<b>Business address</b>	2nd Floor The Armoury Buchanan Square 160 Sir Lowry Road Cape Town 7925
<b>Postal address</b>	2nd Floor The Armoury Buchanan Square 160 Sir Lowry Road Cape Town 7925
<b>Bankers</b>	Nedbank Group Limited
<b>Reviewers</b>	Mazars Registered Auditor
<b>Company registration number</b>	2019/05557/08
<b>Level of assurance</b>	These annual financial statements have been independently reviewed in compliance with the applicable requirements of the Companies Act of South Africa.
<b>Preparer</b>	The annual financial statements were independently compiled by: Gerard Lategaan Associate General Accountant (SA)
<b>Issued</b>	05 May 2022

**Global Initiative Against Transnational Organised Crime Cape Town NPC**  
**Annual Financial Statements for the year ended 31 December 2021**  
**Index**

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The reports and statements set out below comprise the annual financial statements presented to the members:

	<b>Page</b>
Directors' Responsibilities and Approval	3
Independent Reviewer's Report	4 - 5
Directors' Report	6 - 7
Statement of Financial Position	8
Statement of Comprehensive Income	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Accounting Policies	12 - 15
Notes to the Annual Financial Statements	16 - 20
The following supplementary information does not form part of the annual financial statements and has not been reviewed:	
Detailed Income Statement	21



**Global Initiative Against Transnational Organised Crime Cape Town NPC**  
**Annual Financial Statements for the year ended 31 December 2021**  
**Directors' Responsibilities and Approval**

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The directors are required by the Companies Act of South Africa, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The independent reviewer is responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's independent reviewer and their report is presented on pages 4 to 5.

The annual financial statements set out on pages 6 to 20, which have been prepared on the going concern basis, were approved by the directors on 05 May 2022 and were signed on their behalf by:



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**Director**



## Independent Reviewer's Report

31 December 2021

*To the Members of Global Initiative Against Transnational Organised Crime Cape Town NPC*

# Report on the Review of the Annual Financial Statements

We have reviewed the annual financial statements of Global Initiative Against Transnational Organised Crime Cape Town NPC, set out on pages 8 to 20, which comprise the statement of financial position as at 31 December 2021 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the annual financial statements, including a summary of significant accounting policies.

## Directors' Responsibility for the Annual Financial Statements

The company's directors are responsible for the preparation of the annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

## Independent Reviewer's Responsibility

Our responsibility is to express a conclusion on these annual financial statements. We conducted our review in accordance with International Standards on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical Financial Statements. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the annual financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of annual financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The independent reviewer performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

## **mazars**

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these annual financial statements.

### **Basis for Qualified Conclusion**

As is common with similar companies, it is not feasible for the company to institute accounting controls over cash collections from donations, prior to initial entry of the collections in the accounting records. Accordingly, it was impracticable for us to extend our examination beyond receipts actually recorded, therefore, we have been unable to satisfy ourselves as to the completeness of donations received.

### **Qualified Conclusion**

Based on our review, except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that these annual financial statements do not present fairly, in all material respects the financial position of Global Initiative Against Transnational Organised Crime Cape Town NPC as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

### **Other Matter**

Without qualifying our opinion, we draw attention to the fact that supplementary information set out on page 21 does not form part of the annual financial statements and is presented as additional information. We have not reviewed this information and accordingly do not express an opinion thereon.

### **Other reports required by the Companies Act**

The annual financial statements include the directors' report as required by the Companies Act of South Africa. The directors are responsible for directors' report. Our conclusion on the annual financial statements does not cover the directors' report and we do not express any form of assurance conclusion thereon.

In connection with our independent review of the annual financial statements, we have read the directors' report and, in doing so, considered whether the directors' report is materially inconsistent with the annual financial statements or our knowledge obtained in the independent review, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the directors' report, we will report that fact. We have nothing to report in this regard.

*Mazars*

Mazars  
Partner: M Odendaal  
Registered Auditor  
5 May 2022  
Cape Town



**Global Initiative Against Transnational Organised Crime Cape Town NPC**  
**Annual Financial Statements for the year ended 31 December 2021**  
**Directors' Report**

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The directors have pleasure in submitting their report on the annual financial statements of Global Initiative Against Transnational Organised Crime Cape Town NPC for the year ended 31 December 2021.

**1. Nature of business**

Global Initiative Against Transnational Organised Crime Cape Town NPC was incorporated in South Africa with interests in the Non-profit industry. The company operates in South Africa.

There have been no material changes to the nature of the company's business from the prior year.

**2. Review of financial results and activities**

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements and do not, in our opinion require further explanation.

**3. Directors**

The directors in office at the date of this report are as follows:

<b>Directors</b>	<b>Nationality</b>
G.S.W Otieno	Kenyan
E.E Alemika	Nigerian
P.H.P Gastrow	South African
P.V Pikoli	South African

There has been no changes to the directorate for the period under review.

**4. Covid-19**

Subsequent to 31 December 2021, the entity has assessed the impact of COVID-19 on the annual financial statements and considered the potential impact on the entity. As at the date of approving these annual financial statements, management have assessed that there is no material impact on the annual financial statements for the year ended 31 December 2021. Management will continue to assess the financial impact of COVID-19.

**5. Events after the reporting period**

Subsequent to 31 December 2021 the company has closely monitored developments regarding the crisis between Russia and Ukraine. As at the date of approving these annual financial statements the directors have assessed that there is no material impact on the annual financial statements for the year ended 31 December 2021. The directors will continue to assess the impact of the crisis. This is a non-adjusting subsequent event.

Apart from the above, the directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

**6. Going concern**

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future, including specific consideration of the risk associated with COVID-19, and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material noncompliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.



**Global Initiative Against Transnational Organised Crime Cape Town NPC  
Annual Financial Statements for the year ended 31 December 2021  
Directors' Report**

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**7. Review**

The annual financial statements are subject to an independent review and have been reviewed by Mazars.

**8. Liquidity and solvency**

The directors have performed the required liquidity and solvency tests required by the Companies Act of South Africa, of which the outcome was satisfactory.

**Global Initiative Against Transnational Organised Crime Cape Town NPC**  
**Annual Financial Statements for the year ended 31 December 2021**  
**Statement of Financial Position as at 31 December 2021**

<b>Figures in Rand</b>	<b>Notes</b>	<b>2021</b>	<b>2020</b>
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	181,146	144,766
<b>Current Assets</b>			
Trade and other receivables	3	2,122,666	147,216
Cash and cash equivalents	4	1,152,038	3,286,210
		<b>3,274,704</b>	<b>3,433,426</b>
<b>Total Assets</b>		<b>3,455,850</b>	<b>3,578,192</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Retained income		2,459,036	2,412,788
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	5	996,814	1,165,404
<b>Total Equity and Liabilities</b>		<b>3,455,850</b>	<b>3,578,192</b>

**Global Initiative Against Transnational Organised Crime Cape Town NPC**  
**Annual Financial Statements for the year ended 31 December 2021**  
**Statement of Comprehensive Income**

<b>Figures in Rand</b>	<b>Notes</b>	<b>2021</b>	<b>2020</b>
Revenue	6	16,080,479	24,893,150
Operating expenses		(16,035,459)	(22,487,752)
<b>Operating profit</b>	7	<b>45,020</b>	<b>2,405,398</b>
Investment revenue	8	1,228	-
<b>Surplus for the year</b>		<b>46,248</b>	<b>2,405,398</b>



**Global Initiative Against Transnational Organised Crime Cape Town NPC**  
**Annual Financial Statements for the year ended 31 December 2021**  
**Statement of Changes in Equity**

<b>Figures in Rand</b>	<b>Retained income</b>	<b>Total equity</b>
<b>Balance at 01 January 2020</b>	<b>7,390</b>	<b>7,390</b>
Surplus for the year	2,405,398	2,405,398
<b>Balance at 01 January 2021</b>	<b>2,412,788</b>	<b>2,412,788</b>
Surplus for the year	46,248	46,248
<b>Balance at 31 December 2021</b>	<b>2,459,036</b>	<b>2,459,036</b>

**Global Initiative Against Transnational Organised Crime Cape Town NPC**  
**Annual Financial Statements for the year ended 31 December 2021**  
**Statement of Cash Flows**

<b>Figures in Rand</b>	<b>Notes</b>	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities</b>			
Cash (used in) generated from operations	10	(2,052,860)	3,283,074
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(81,312)	(108,157)
<b>Cash flows from financing activities</b>			
Proceeds from loans of other financial liabilities		-	20,162,304
Repayment of loans from other financial liabilities		-	(21,888,450)
<b>Net cash from financing activities</b>		-	(1,726,146)
<b>Total cash movement for the year</b>		<b>(2,134,172)</b>	<b>1,448,771</b>
Cash at the beginning of the year		3,286,210	1,837,439
<b>Total cash at end of the year</b>	4	<b>1,152,038</b>	<b>3,286,210</b>



**Global Initiative Against Transnational Organised Crime Cape Town NPC**  
**Annual Financial Statements for the year ended 31 December 2021**  
**Accounting Policies**

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**1. Basis of preparation and summary of significant accounting policies**

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act of South Africa. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

**1.1 Significant judgements and sources of estimation uncertainty**

**Critical judgements in applying accounting policies**

Management are required to make critical judgements in applying accounting policies from time to time. The judgements, apart from those involving estimations, that have the most significant effect on the amounts recognised in the annual financial statements, are outlined as follows:

**Key sources of estimation uncertainty**

**Useful lives of property, plant and equipment**

Property, plant and equipment are depreciated over its useful life taking into account the residual values where appropriate. The actual useful lives of assets and residual values are assessed annually. In re-assessing assets' useful lives, factors such as technological innovation, product life cycles and maintenance programs are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

**1.2 Property, plant and equipment**

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one period.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Cost includes costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company.

The useful lives of items of property, plant and equipment have been assessed as follows:

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Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	5 years
Computer equipment	Straight line	5 years
Computer software	Straight line	2 years

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## **1.2 Property, plant and equipment (continued)**

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

## **1.3 Financial instruments**

### **Initial measurement**

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

### **Financial instruments at amortised cost**

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

## **1.4 Leases**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

### **Operating leases – lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

Any contingent rents are expensed in the period they are incurred.



### **1.5 Impairment of assets**

The company assesses at each reporting date whether there is any indication that asset may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

### **1.6 Employee benefits**

#### **Short-term employee benefits**

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the related service is rendered and are not discounted.

### **1.7 Grants**

Grants that do not impose specified future performance conditions are recognised in income when the grant proceeds are receivable.

Grants that impose specified future performance conditions are recognised in income only when the performance conditions are met.

Grants received before the revenue recognition criteria are satisfied are recognised as a liability.

Grants are measured at the fair value of the asset received or receivable.

### **1.8 Revenue**

Revenue consists of funds received from fundraising projects, fees and donations received.

Revenue is recognised if the performance conditions of the grants are met.

Interest is recognised, in profit or loss, using the effective interest rate method.

### **1.9 Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred.

#### **1.10 Foreign exchange**

##### **Foreign currency transactions**

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the each reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on monetary items are recognised in profit or loss in the period in which they arise.

The foreign exchange component of a non-monetary item is recognised consistently with any other gains or losses on those items, in other comprehensive income or is transferred from equity in other comprehensive income and included in the initial measurement of the cost of the asset or loss.

#### **1.11 Related parties**

Individuals or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party, or exercise significant influence over the other party in making financial and/or operating decisions. The directors of the company are to be key management and consequently related parties. Related party transactions and balances are disclosed in note 12.



**Global Initiative Against Transnational Organised Crime Cape Town NPC**  
**Annual Financial Statements for the year ended 31 December 2021**  
**Notes to the Annual Financial Statements**

Figures in Rand

2021

2020

**2. Property, plant and equipment**

	2021			2020		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Computer equipment	214,536	(51,297)	163,239	133,224	(19,374)	113,850
Furniture and fixtures	39,998	(22,109)	17,889	39,998	(9,550)	30,448
Computer software	899	(881)	18	899	(431)	468
<b>Total</b>	<b>255,433</b>	<b>(74,287)</b>	<b>181,146</b>	<b>174,121</b>	<b>(29,355)</b>	<b>144,766</b>

**Reconciliation of property, plant and equipment - 2021**

	Opening balance	Additions	Depreciation	Closing balance
Computer equipment	113,850	81,312	(31,923)	163,239
Furniture and fixtures	30,448	-	(12,559)	17,889
Computer software	468	-	(450)	18
	<b>144,766</b>	<b>81,312</b>	<b>(44,932)</b>	<b>181,146</b>

**Reconciliation of property, plant and equipment - 2020**

	Opening balance	Additions	Depreciation	Closing balance
Computer equipment	19,856	107,258	(13,264)	113,850
Furniture and fixtures	38,447	-	(7,999)	30,448
Computer software	-	899	(431)	468
	<b>58,303</b>	<b>108,157</b>	<b>(21,694)</b>	<b>144,766</b>

**3. Trade and other receivables**

Trade receivables	1,995,872	-
Prepayments	-	40,307
Deposits	126,794	106,909
	<b>2,122,666</b>	<b>147,216</b>

**4. Cash and cash equivalents**

Cash and cash equivalents consist of:

Bank balances	1,152,038	3,286,210
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**5. Trade and other payables**

Trade payables	273,859	850,835
Income received in advance	5,049	6,648
Accrued leave pay	442,521	-
Other payables	275,385	307,921
	<b>996,814</b>	<b>1,165,404</b>

**Global Initiative Against Transnational Organised Crime Cape Town NPC**  
**Annual Financial Statements for the year ended 31 December 2021**  
**Notes to the Annual Financial Statements**

Figures in Rand	2021	2020
<b>6. Revenue</b>		
Grant income	16,080,479	24,893,150
<b>7. Operating profit</b>		
Operating profit for the year is stated after accounting for the following:		
<b>Operating lease charges</b>		
Premises		
• Contractual amounts	452,790	441,121
Depreciation on property, plant and equipment	44,932	21,694
Employee costs	8,565,020	7,536,982
<b>8. Investment revenue</b>		
<b>Interest revenue</b>		
Bank	1,228	-
<b>9. Taxation</b>		
The company is registered as a Public Benefit Organisation and accordingly is exempt from taxation in terms of section 10(1)(cN) of the Income Tax Act.		
<b>10. Cash (used in) generated from operations</b>		
Surplus before taxation	46,248	2,405,398
<b>Adjustments for:</b>		
Depreciation	44,932	21,694
Loss on foreign exchange	5,759	48,452
Interest received	(1,228)	-
<b>Changes in working capital:</b>		
Trade and other receivables	(1,975,450)	368,255
Trade and other payables	(173,121)	439,275
	<b>(2,052,860)</b>	<b>3,283,074</b>
<b>11. Commitments</b>		
<b>Operating leases – as lessee (expense)</b>		
<b>Minimum lease payments due</b>		
- within one year	63,461	409,171
- in second to fifth year inclusive	-	63,461
	<b>63,461</b>	<b>472,632</b>

Operating lease payments represent rentals payable by the company for certain of its office properties. Leases are negotiated for an average term of one year. No contingent rent is payable.



**Global Initiative Against Transnational Organised Crime Cape Town NPC**  
**Annual Financial Statements for the year ended 31 December 2021**  
**Notes to the Annual Financial Statements**

Figures in Rand	2021	2020
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**12. Related parties**

Relationships	
Companies under common control	The Global Initiative Against Transnational Organised Crime The Global Initiative - Verein gegen transnationale organisierte Kriminalität
Members of key management	E E Alemika G S W Otieno P H P Gastrow P V Pikoli

**Related party balances**

**Amounts included in Trade Payables regarding related parties**

The Global Initiative - Verein gegen transnationale organisierte Kriminalität	-	(61,255)
The Global Initiative Against Transnational Organised Crime	-	(640,507)

**Amounts included in Trade Receivables regarding related parties**

The Global Initiative - Verein gegen transnationale organisierte Kriminalität	538,894	-
The Global Initiative Against Transnational Organised Crime	1,424,077	-

**Related party transactions**

**Revenue from related parties**

The Global Initiative - Verein gegen transnationale organisierte Kriminalität	(1,264,905)	(1,118,589)
The Global Initiative Against Transnational Organised Crime	(13,954,003)	(23,587,227)

**Operating expenses paid to related parties**

The Global Initiative - Verein gegen transnationale organisierte Kriminalität	-	307,858
The Global Initiative Against Transnational Organised Crime	713,621	757,220

**13. Directors' and prescribed officer's remuneration**

No emoluments were paid to the directors or any individuals holding a prescribed office during the year.

**14. Financial assets by category**

The accounting policies for financial instruments have been applied to the line items below:

**2021**

	Financial assets at amortised cost	Total
Trade and other receivables	2,122,666	2,122,666
Cash and cash equivalents	1,152,038	1,152,038
	<b>3,274,704</b>	<b>3,274,704</b>



**Global Initiative Against Transnational Organised Crime Cape Town NPC**  
**Annual Financial Statements for the year ended 31 December 2021**  
**Notes to the Annual Financial Statements**

Figures in Rand	2021	2020
<b>14. Financial assets by category (continued)</b>		
<b>2020</b>		
	Financial assets at amortised cost	Total
Trade and other receivables	106,909	106,909
Cash and cash equivalents	3,286,210	3,286,210
	<b>3,393,119</b>	<b>3,393,119</b>

**15. Financial liabilities by category**

The accounting policies for financial instruments have been applied to the line items below:

**2021**

	Financial liabilities at amortised cost	Total
Trade and other payables	(549,243)	(549,243)

**2020**

	Financial liabilities at amortised cost	Total
Trade and other payables	(1,158,756)	(1,158,756)

**16. Covid-19**

Subsequent to 31 December 2021, the entity has assessed the impact of COVID-19 on the annual financial statements and considered the potential impact on the entity. As at the date of approving these annual financial statements, management have assessed that there is no material impact on the annual financial statements for the year ended 31 December 2021. Management will continue to assess the financial impact of COVID-19.

**17. Going concern**

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future, including specific consideration of the risk associated with COVID-19, and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material noncompliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

**Global Initiative Against Transnational Organised Crime Cape Town NPC**  
**Annual Financial Statements for the year ended 31 December 2021**  
**Notes to the Annual Financial Statements**

<b>Figures in Rand</b>	<b>2021</b>	<b>2020</b>
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**18. Events after the reporting period**

Subsequent to 31 December 2021 the company has closely monitored developments regarding the crisis between Russia and Ukraine. As at the date of approving these annual financial statements the directors have assessed that there is no material impact on the annual financial statements for the year ended 31 December 2021. The directors will continue to assess the impact of the crisis. This is a non-adjusting subsequent event.

Apart from the above, the directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.



**Global Initiative Against Transnational Organised Crime Cape Town NPC**  
**Annual Financial Statements for the year ended 31 December 2021**  
**Detailed Income Statement**

<b>Figures in Rand</b>	<b>Notes</b>	<b>2021</b>	<b>2020</b>
<b>Revenue</b>			
Revenue		16,080,479	24,893,150
<b>Operating expenses</b>			
Bank charges		8,782	23,260
Computer expenses		502,411	403,157
Consulting fees		5,327,116	10,656,623
Depreciation		44,932	21,694
Employee costs		8,565,020	7,536,982
Independent reviewer's fee		35,700	112,072
Insurance		8,744	2,943
Intercompany recharge costs		-	307,858
Legal expenses		231,167	203,398
Loss on exchange differences		5,759	48,452
Operating charges		10,990	-
Other expenses		1,251	-
Postage		6,007	3,484
Printing and stationery		5,973	15,520
Rent paid		452,790	441,121
Repairs and maintenance		9,132	8,817
Service fees		154,626	99,113
Staff welfare		24,306	29,372
Subscriptions		85,959	77,656
Telephone and fax		5,489	6,147
Training		64,406	555,891
Travel - local		259,138	1,494,477
Website publications		225,761	439,715
		<b>16,035,459</b>	<b>22,487,752</b>
<b>Operating profit</b>	7	<b>45,020</b>	<b>2,405,398</b>
Investment income	8	1,228	-
<b>Profit for the year</b>		<b>46,248</b>	<b>2,405,398</b>



**GENEVA**

**REPORT OF THE STATUTORY  
AUDITOR TO THE GENERAL  
MEETING OF MEMBERS**

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**FOR THE YEAR ENDED 31 DECEMBER 2021**

## **Report of the statutory auditor to the General Meeting of Members on the limited statutory examination of The Global Initiative against Transnational Organized Crime, Geneva**

As statutory auditor, we have examined the financial statements (balance sheet, statement of income and expenses and notes) of The Global Initiative against Transnational Organized Crime for the financial year ended 31 December 2021.

These financial statements are the responsibility of the Board. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of entity personnel and analytical procedures as well as detailed tests of entity documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements do not comply with Swiss law and the association's articles of incorporation.

MAZARS LTD

Jean-Marc Jenny  
Licensed audit expert  
Auditor in charge

Henrique Gonçalves  
Licensed audit expert

Geneva, 20 May 2022

### Enclosure

- Financial statements for the year ended 31 December 2021 (Balance sheet, statement of income and expenses, notes)

# The Global Initiative Against Transnational Organized Crime

## Geneva

Balance Sheet as of 31st December 2021  
(in Swiss Francs)

	2020	2021
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	2'088'131	438'735
Grants receivables	13'362	247'306
Sister organisation receivables	183'197	184'498
Other current receivables	46'734	27'618
Accrued income	1'185'898	2'696'426
Transitory expenses	102'018	61'285
<b>Current assets</b>	<b>3'619'340</b>	<b>3'655'868</b>
<b>Non-current assets</b>		
Fixed assets	16'253	11'627
Financial assets	25'567	50'841
<b>Non-current assets</b>	<b>41'820</b>	<b>62'468</b>
<b>Total Assets</b>	<b>3'661'160</b>	<b>3'718'336</b>
<b>LIABILITIES</b>		
<b>Short-term liabilities</b>		
Vendors payables	138'574	112'756
Sister organisation payables	64'170	420'798
Other current payables	222'414	298'531
Accrued expenses	215'207	313'877
Deferred income	2'403'344	1'505'982
<b>Short-term liabilities</b>	<b>3'043'709</b>	<b>2'651'944</b>
<b>Association own funds</b>		
Balance brought forward	-151'187	617'451
Excess of income over expenditures	768'638	448'941
<b>Total association own funds</b>	<b>617'451</b>	<b>1'066'392</b>
<b>Total Liabilities</b>	<b>3'661'160</b>	<b>3'718'336</b>



# The Global Initiative Against Transnational Organized Crime

## Geneva

Statement of Income and Expenses for the year ended 31 December 2021 compared to 2020  
(in Swiss Francs)

	2020	2021
<b>INCOME</b>		
Grants received	7'355'324	6'783'444
Revenue from sister organisation	450'162	383'705
Income received in advance	313'546	919'528
Accrued income variation	217'093	1'496'463
Donations in kind	141'554	120'680
<b>Total Revenues</b>	<b>8'477'679</b>	<b>9'703'820</b>
<b>PROGRAMME EXPENDITURE</b>		
Personnel costs and salary consultants	-3'549'127	-4'153'944
Salary and consultant fees from sister organisation	-613'548	-929'342
Consultant costs	-2'390'901	-3'138'439
Consultant costs in kind	-4'853	-10'780
Grants	0	-49'943
Travel expenses	-223'826	-373'910
Professional services	-102'814	-103'624
Communications, media and outreach	-140'061	-138'659
<b>Total Expenditure related to programs</b>	<b>-7'025'130</b>	<b>-8'898'641</b>
<b>Net contribution to overheads</b>	<b>1'452'549</b>	<b>805'179</b>
<b>OVERHEAD COSTS</b>		
Rental and maintenance	-29'470	-30'335
Rent in kind	-108'742	-102'048
Administration costs	-367'095	-367'230
VAT not recoverable	0	-3'698
Overhead	-195'172	-60'406
Depreciation	-3'308	-4'626
<b>Total Overhead Costs</b>	<b>-703'787</b>	<b>-568'343</b>
<b>Earnings before financial results</b>	<b>748'762</b>	<b>236'836</b>
<b>FINANCIAL RESULTS</b>		
Interests received	12'551	2'287
Exchange gain & losses	27'262	-20'123
Bank fees	-30'782	-40'858
<b>Total financial results and expenses</b>	<b>9'031</b>	<b>-58'694</b>
<b>OPERATION FROM PREVIOUS YEARS</b>		
Operating revenue from previous years	25'922	275'503
Operating charge from previous years	-15'077	-4'704
<b>Total revenue and charges from previous years, net</b>	<b>10'845</b>	<b>270'799</b>
<b>Excess of income over expenditures</b>	<b>768'638</b>	<b>448'941</b>

# The Global Initiative Against Transnational Organized Crime Geneva

Notes to the financial statements for the year ended 31st December 2021

(in Swiss Francs)

## Association domicile

Avenue de France 23, 1202 Genève

## Scope of the association

Promote cross-border and catalytic processes that attract new players and facilitate remodeling of reflection, coordination and responses to transnational organized crime; invigorate the global debate around transnational organized crime in order to promote sustainable translation and implementation of new approaches within a multilateral framework, regional and national levels; undertake research and develop new policy options to help inform a strategic development at national, regional and international levels; create the basic materials of a global strategy on organized transnational crime.

## Accounting principles applied in the preparation of the financial statements

These financial statements have been prepared in accordance with the provisions of commercial accounting as set out in the Swiss Code of Obligations (Art. 957 to 963b CO).

## Revenue recognition

Revenues are recognised on the basis of donor specific contracts using the percentage of completion method and related accruals have been booked in the balance sheet.

## Contribution

Contributors	in CHF	in %
Australia	3'587	0.04%
Belgium	69'374	0.71%
Canada	352'652	3.63%
Europe Union	1'743'154	17.96%
Germany	1'090'853	11.24%
Institute for Security Studies as implementing	640'520	6.60%
New Zealand	26'549	0.27%
Norway	1'911'012	19.69%
Smaller projects and sister organisations	424'497	4.37%
Switzerland	238'044	2.45%
<i>Core Contribution</i>	<i>100'000</i>	<i>1.03%</i>
<i>Rent in kind</i>	<i>109'906</i>	<i>1.13%</i>
<i>Civil Society Engagement in UNTOC Mechanism 1</i>	<i>-5'488</i>	<i>-0.06%</i>
<i>Civil Society Engagement in UNTOC Mechanism 2</i>	<i>33'627</i>	<i>0.35%</i>
The Netherlands	9'673	0.10%
UNDP	10'774	0.11%
United Kingdom	1'928'550	19.87%
United Nations	71'744	0.74%
United States of America	1'182'838	12.19%
<b>Total</b>	<b>9'703'820</b>	<b>100.00%</b>

# The Global Initiative Against Transnational Organized Crime Geneva

Notes to the financial statements for the year ended 31st December 2021

(in Swiss Francs)

## Contribution received from the United Kingdom

Following the specific requirement of the donor the following projects have been funded by the United Kingdom. Specific exchange rate have been used as stated on the grants agreements.

Projects Name	Contract N°	in GBP
Civil Society Observatory for E and S Africa	204227-109	695'621
Civil Society Observatory for E and S Africa	204227-112	754'386
Civil Society Observatory of the Illicit economy in Guinea-Bissau	C19800	88'448
Organised Crime and Violence in Jamaica	300358-121	0
Political Economy of Organised Crime in the Levant Region	300358-122	16'026
Global Security Rapid Analysis - COMRETOC	300358-146	29'159

## Expenditure recognition

Expenses are recognized in the financial statements on an accrual basis.

## VAT Affiliation

In December 2020, the organization obtained its affiliation to the Swiss VAT regime. Certain conditions remain underlying. VAT savings for 2020 were already accounted for in the 2020 financials statements. Further savings related to 2018 and 2019 have been recognised in 2021 when fully validated by Swiss authorities.

## Declaration of full-time equivalents

The association employs about sixty consultants - employees (2020 - forty) of which less than ten are located in Switzerland.

## Pension liabilities

	2020	2021
Liability to pension scheme as at 31st December	CHF 7'834.80	CHF 8'469.90

## Lease commitment not considered in the financials

The Swiss confederation is providing an in-kind contribution covering the rent for the Geneva's office space. This contractual agreement ends by 31 December 2023.

## Exchange Rates applied

Devises	2020	2021
AUD	0.6857	0.6701
CAD	0.6987	0.7246
DKK for 100	14.7608	14.1011
EUR	1.0946	1.0453
GBP	1.2130	1.2469
JPY for 100	0.8634	0.8032
NOK for 100	10.4358	10.4725
NZD	0.6429	0.6302
PKR for 100	0.5552	0.5181
SEK for 100	10.8575	10.2091
SGD	0.6739	0.6837
THB for 100	2.9763	2.7703
USD	0.8908	0.9233
ZAR	0.0609	0.0581



# The Global Initiative Against Transnational Organized Crime Geneva

Notes to the financial statements for the year ended 31st December 2021

(in Swiss Francs)

## Operation from previous years

Operating revenue from previous years

### 2020

As a result of a VAT affiliation from January 1, 2020 (note VAT affiliation above) the association has reassessed the VAT related to its previous years projects and accordingly adjusted the related recharges for the years 2018 and 2019, along with its own declarations. In addition other minor revenues related to previous years are recognised in this balance.

### 2021

Following the VAT affiliation, the final assessment from the Swiss authorities was concluded in 2021. The association received back all the payments that were made in excess for the years 2018 and 2019.

Operating charge from previous years

### 2020

An exhaustive verification of the expenditure over the last three years has highlighted an incorrect amount of overhead on one of the projects financed by Norway requiring a correction.

### 2021

Subsequent to the VAT affiliation, the association received the invoices for the radio and television fees related to Swiss public transmissions.

## Contingencies and litigations

During the 2020 year, a third party individual instigated proceedings against three GI staff members alleging defamation for a paper published under the EU-funded ENACT programme in 2018.

The GI-TOC has engaged legal counsel who considers that the claim has no merit, and they have recommended that to defend by all means necessary against the allegations which have been filed in the High Court of Kenya. An interlocutory procedural motion was refused in March 2021. Once the case begins, the process is likely to take upwards of 18-24 months to conclude. There were no significant developments in 2021 in relation to this case.

In August 2021, a third party Somali lodged a case with the Kenyan Constitutional Court claiming that GI-TOC researchers had breached his human rights in investigations on corruption relating to government tendering in the fishing industry, a piece of work funded under an UK grant. An appeal was lodged by the GI-TOC and the case has not been heard.

Accordingly, and in line with Swiss regulations, a contingent liability has been made in the financial statements to cover litigation costs and the required percentage of a potential judgement.

## Subsequent events

The Management assessed subsequent events occurring after the date of the annual financial statements for the year ended December 31, 2021. It has not noted the existence of any significant event likely to require a modification of the annual accounts.



# **REPORT ON THE REVIEW OF THE FINANCIAL STATEMENTS**

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**FOR THE YEAR ENDED 31 DECEMBER 2021**



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- A. Financials Statements as of 31 December 2021
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To the

Members of the Management Board of

The Global Initiative – Verein gegen transnationale organisierte Kriminalität

Schwarzenbergplatz 1/3<sup>rd</sup> floor

1010 Vienna

We have completed the review of the financial statements as of 31 December 2021 of

**The Global Initiative – Verein gegen transnationale organisierte Kriminalität  
1010 Vienna, Schwarzenbergplatz,**

(referred to as „the Association“)

and provide the results of our review in the following report:

## **1. CONTRACT AND PERFORMANCE OF THE ENGAGEMENT**

The Management Board of The Global Initiative – Verein gegen transnationale organisierte Kriminalität, Vienna, concluded a contract with us to review the financial statements as of 31 December 2021, consisting of balance sheet, income statement and notes to the financial statements pursuant to UGB (Austrian Company Code).

We conducted our review in accordance with the legal requirements and generally accepted standards on review engagements as applied in Austria, particularly the Expert Opinion „Principles on review engagements of financial statements“ (KFS/PG 11; Grundsätze für die prüferische Durchsicht von Abschlüssen) prepared by the Professional Committee for Company Law and Audit of the Institute for Business Administration, Tax Law and Organisation of the Austrian Chamber of Tax Advisors and Public Accountants and International Standard on Review Engagements (ISRE 2400) „Engagements to Review Historical Financial Statements“.

We performed the review, with interruptions, from February 2022 to March 2022 at our premises in Vienna. The review was substantially completed at the date of this report.

Responsible for the proper performance of the engagement is Mr. Günther Mayrleitner, Austrian Certified Public Accountant.

The Association's legal representatives provided all evidence and explanations requested by us. We obtained a representation letter signed by the legal representatives which we included in our working papers.

Our review is based on the contract concluded with the Association. The "General Conditions of Contract for the Public Accounting Professions" issued by the Austrian Chamber of Tax Advisors and Auditors (refer to Appendix B) form an integral part of the contract. These conditions of contract do not only apply to the Association and the auditor, but also to third parties. Section 275 UGB (Austrian Company Code) applies with regard to our responsibility and liability as auditors towards the Association and towards third parties. Our responsibility and liability as auditor is analogously to Section 275 UGB (Austrian Company Code; liability regulations for the audit of small and medium-sized companies) limited with a total of 2 million Euro towards the Association and towards third parties.



## **2. REVIEW REPORT**

### **Introduction**

We have reviewed the attached financial statements of The Global Initiative - Verein gegen transnationale organisierte Kriminalität, Vienna, for the period from 1 January 2021 to 31 December 2021. The financial statements include the balance sheet dated 31 December 2021 and the income statement for the period from 1 January 2021 to 31 December 2021 as well as the notes to the financial statements.

The legal representatives of the Association are responsible for preparing these financial statements. They are also responsible to ensure that the financial statements present a true and fair view of the assets, the financial position and the financial performance of the Association in accordance with Austrian Company Code (UGB).

Our responsibility is to provide an assessment summary of these financial statements, based on our review.

Our responsibility and liability for actual damage due to gross negligence is guided by section 275 para. 2 UGB (Austrian Company Code) and is limited to a total of 2 million Euros. Our liability for minor negligence is excluded in accordance with the General Conditions of Contract for the Public Accounting Professions (AAB 2018), as amended, on which this engagement is based. The limitation of our liability agreed with the client and stated here shall also apply in respect of any third party who undertakes or refrains from actions whilst relying on our report. As our report has only been prepared on behalf of the client, it is no basis for a possible trust of third parties on its content. Therefore, third-party claims cannot be derived from this report.

### **Scope of the review**

We conducted the review in compliance with the auditing principles applicable in Austria, in particular KFS/PG 11 "Principles on review engagements for financial statements".

The review of financial statements includes enquiries, addressed primarily to those responsible for finance and accounting, as well as analytical assessments and other investigations. A review is carried out on a considerably smaller scale and includes less information than an audit of financial statements, and it therefore does not allow us to ascertain with the certainty comparable to an audit of financial statements that we are aware of all essential facts. For this reason, we shall not issue an audit opinion.

### Assessment summary

On the basis of our review we did not identify any facts that causes us to believe that the attached financial statements do not present a true and fair view of the Association's assets and financial position as of 31 December 2021 and the financial performance for the period from 1 January 2021 to 31 December 2021.

This report is intended solely for the informational requirements of the Management Board of The Global Initiative - Verein gegen transnationale organisierte Kriminalität, Vienna, as our client and must not be disclosed to third parties, in whole or in part, without express consent.

Vienna, 18<sup>th</sup> March 2022



  
.....  
Mag. Günther Mayrleitner  
Austrian Certified Public Accountant

  
.....  
Mag. Elisabeth Hasler  
Austrian Certified Public Accountant

This report is a translation of the original report in German, which is solely valid.  
Publication or sharing with third parties of the financial statements together with our report is only allowed if the financial statements are identical with the German reviewed version. This report is only applicable to the German and complete financial statements. Section 281 para. 2 UGB (Austrian Company Code) applies to alternate versions

**APPENDIX A.  
FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2021**



## I. Balance sheet as at December 31, 2021

	2021-12-31 EUR	2020-12-31 EUR
<b>ASSETS</b>		
<b>A. Fixed assets</b>		
<b><i>I. Tangible assets</i></b>		
1. Tools and equipment	9,172.80	10,475.71
<b>B. Current assets</b>		
<b><i>I. Accounts receivable and other assets</i></b>		
1. Accounts receivable - Affiliated companies	323,492.97	62,020.79
thereof other	323,492.97	62,020.79
2. other receivables and assets	308,677.22	499,544.57
	<u>632,170.19</u>	<u>561,565.36</u>
<b><i>II. Bank balances</i></b>	<u>683,792.14</u>	<u>822,710.17</u>
	1,315,962.33	1,384,275.53
<b>C. Prepayments and accrued income</b>	<u>78,045.00</u>	<u>144,695.99</u>
<b>Total assets</b>	<u><u>1,403,180.13</u></u>	<u><u>1,539,447.23</u></u>

## I. Balance sheet as at December 31, 2021

	2021-12-31 EUR	2020-12-31 EUR
<b>ASSOCIATION'S EQUITY AND LIABILITIES</b>		
<b>A. Association's equity</b>		
<b>I. Association's result</b>	<b>135,728.83</b>	<b>25,133.27</b>
thereof profit carried forward from the previous years,		
thereof accumulated losses brought forward	25,133.27	-33,986.28
<b>B. Provisions</b>		
1. other provisions	<b>94,884.58</b>	<b>57,435.15</b>
<b>C. Liabilities</b>		
1. Accounts payable - Trade	83,108.51	55,739.54
2. Accounts payable - Affiliated companies	206,360.69	131,780.60
thereof trade	206,360.69	131,780.60
3. other liabilities	23,862.57	24,855.67
thereof taxes	2,791.06	2,845.76
thereof social security	20,903.53	22,009.91
	<b>313,331.77</b>	<b>212,375.81</b>
<b>D. Accruals and Deferred income</b>	<b>859,234.95</b>	<b>1,244,503.00</b>
<b>Association's equity and liabilities</b>	<b>1,403,180.13</b>	<b>1,539,447.23</b>

## II. Income statement for the fiscal year 2021

	2021 EUR	2020 EUR
1. Revenue		
a. Public subsidies	3,656,916.97	3,226,520.80
b. other income	529,846.22	223,691.51
	<u>4,186,763.19</u>	<u>3,450,212.31</u>
2. other operating income	808.46	1,591.14
3. Cost of purchased services		
a. Statutory task fulfillment costs thereof personnel expenses	-527,320.95 -527,320.95	-409,627.56 -409,627.56
4. Personnel expenses		
a. Salaries	-869,234.74	-592,521.87
b. Social security costs	-194,169.52	-138,505.04
	<u>-1,063,404.26</u>	<u>-731,026.91</u>
5. Amortisation and Depreciation		
a. Of tangible fixed assets	-7,075.56	-3,888.82
6. other operating expenses	-2,479,175.32	-2,248,140.61
<b>7. Subtotal no. 1 to 6 (Operating result)</b>	<b><u>110,595.56</u></b>	<b><u>59,119.55</u></b>
<b>8. Net profit for the year</b>	<b><i>110,595.56</i></b>	<b><i>59,119.55</i></b>
9. profit carried forward from the previous years, accumulated losses brought forward	25,133.27	-33,986.28
<b>10. Association's result</b>	<b><u>135,728.83</u></b>	<b><u>25,133.27</u></b>



**III. Notes**

**for the fiscal year 2021**

**of**

**The Global Initiative - Verein gegen transnationale organisierte  
Kriminalität, Vienna**

## 1 Accounting and valuation principles

### 1.1 General principles

The financial statements as of December 31, 2021 was prepared in accordance with current accounting principles of the Unternehmensgesetzbuch (UGB, Austrian Corporate Code) and the Vereinsgesetz (VerG, Austrian Association Act).

The association is classified as "medium" according to § 22 VerG as the relevant criteria were exceeded in 2019 and 2020. As the association exceeded the criteria for two consecutive years, the legal consequences of a "medium" association have occurred as of 2021. Therefore, the association is obligated to prepare annual financial statements consisting of the balance sheet and the profit and loss statement. Furthermore, the association is obliged to have the financial management of the association audited by the auditors with regard to the correctness of the accounting and the use of the funds in accordance with the articles of association within 4 months of the preparation of the annual financial statements.

Since the size criteria of a "large" association according to § 22 VerG were exceeded in the previous year and in the current financial year, the legal consequences of a large association will therefore apply at the beginning of the following year 2022.

The annual financial statements have been prepared in accordance with the Austrian generally accepted accounting principles and the general principle of presenting a true and fair view of the net assets, financial position and results of operations of the Association.

The principle of completeness was applied at preparation of the statutory financial statements.

The valuation was based on the assumption of the continuation of the association.

The principle of individual valuation was applied in the valuation of assets and liabilities.

Estimates are based on prudent judgment. To the extent that statistically determinable experience from similar situations is available, these have been taken into account in the estimates.

Taking into account the principle of prudence, the association only reported the profits realised at the balance sheet date. All identifiable risks and impending losses occurred with the balance sheet date were taken into account.

### 1.2 Fixed Assets

Tangible assets are valued at acquisition or production cost less scheduled straight-line depreciation.

Scheduled depreciation is based on the following useful lives:

Fixed assets	Useful life in years
Technical equipment, plant and machinery	3

### **1.3 Current Assets**

Accounts receivable and other current assets are valued at their nominal value. Recognizable risks are considered by individual allowances.

### **1.4 Provisions**

When measuring provisions, all identifiable risks and impending losses are taken into account in accordance with legal requirements.

Other provisions take into account risks identifiable at the balance sheet date and liabilities and liabilities whose amount has not yet been determined. They are calculated in the amount of the expected claim.

### **1.5 Liabilities**

Liabilities are valued at the settlement amount taking into account the principle of prudence.

### **1.6 Currency conversion**

Receivables in foreign currencies are translated using the exchange rate at the date of the original transaction or the lower bank buying rate prevailing at the balance sheet date.

Liabilities in foreign currencies are valued at the date of the original transaction or the higher bank selling rate prevailing at the balance sheet date.

### **1.7 Change in valuation methods**

The valuation methods previously applied have been retained in the preparation of these financial statements.



## 2. Notes on the balance sheet and the profit and loss account

### 2.1 Balance sheet

#### 2.1.1 Assets

##### Fixed assets

The development of fixed assets and details to the depreciation are shown in the attached schedule (Appendix 1).

#### 2.1.2 Liabilities

##### Provisions

The provisions developed in the fiscal year 2021 as follows; whereby these included expenses regarding the preparation of the statutory financial statements as of December 31, 2021, the corresponding limited review as well as bonus payments to employees and holiday accruals for employees.

	Status 2021-01-01 EUR	Usage EUR	Cancellation EUR	Allocation EUR	Status 2021-12-31 EUR
other provisions	<b>57,435.15</b>	<b>56,626.69</b>	<b>808.46</b>	<b>94,884.58</b>	<b>94,884.58</b>

## 2.2 Profit and loss account

### Revenue

	2021 EUR	2020 EUR
Public subsidies	3,656,916.97	3,226,520.80
Other income	529,846.22	223,691.51
	<b>4,186,763.19</b>	<b>3,450,212.31</b>

The public subsidies also include in 2021 contributions from the United Kingdom in regards of the following projects (the underlying exchange rate is in general the one, which was published by the Oesterreichische Nationalbank (Austrian National Bank); the project "Western Balkans SOC (CSSF)" is exempted from this, as the underlying contract determines that OANDA exchange rates should be used instead):

	2021 subsidy in GBP	2021 subsidy in EUR
Western Balkans SOC (CSSF) Projekt (Projektnummer 276)	859,316.35	997,159.22
	<b>859,316.35</b>	<b>997,159.22</b>

	2020 subsidy in GBP	2020 subsidy in EUR
Western Balkans SOC (CSSF) Projekt (Projektnummer 276)	462,129.23	516,990.22
	<b>462,129.23</b>	<b>516,990.22</b>

### Personnel expenses

	2021 EUR	2020 EUR
Salaries	869,234.74	592,521.87
Social security costs	194,169.52	138,505.04
	<b>1,063,404.26</b>	<b>731,026.91</b>

### Depreciation of tangible assets

Scheduled depreciation/amortization in the current short financial year totaled EUR 7,075.56 (prior year: 3,888.82 EUR).

**Other operating expenses**

	2021 EUR	2020 EUR
maintenance and operational costs	48,072.27	37,870.95
travel expenses	83,652.45	70,374.96
Rental expenses	67,237.65	56,909.35
allocated staff costs	131,372.03	227,098.07
costs for office supplies	5,410.16	14,433.86
communication expenses	3,255.23	8,318.06
Expenditure on advertising and representation	12,774.71	48,415.54
insurance expenses	2,740.90	2,421.81
Legal and consulting expenses	85,735.59	81,856.73
education and training expenses	7,562.95	12,953.86
fees and contributions	5,242.92	388.41
bank charges	16,864.81	14,728.82
consulting expenses	708,159.46	605,330.51
grants and grants to the sister organization	1,283,741.10	1,034,644.75
other operating expenses	17,353.09	32,394.93
	<b><u>2,479,175.32</u></b>	<b><u>2,248,140.61</u></b>

### 3. Other notes

The association is represented by Dr. Mark Shaw (Director).

After the balance sheet date no significant events occurred which were not included into the balance sheet or the profit and loss account.

#### Employees

In 2021, the association employed 13 employee on average (prior year: 10 employees).

	2021	2020
Workers	0	0
Employees	13	10
	<b>13</b>	<b>10</b>

Vienna, March 04, 2022



.....  
Dr. Mark Shaw



Statement of fixed assets as at December 31, 2021

A. FIXED ASSETS

I. Tangible assets

1. Tools and equipment

Purchase/Production costs				accumulated depreciations					Carrying values		
Status	Additions	Disposals	Repostings	Status	Status	Depreciations	Write-ups	Disposals	Status	Status	Status
2021-01-01				2021-12-31	2021-01-01				2021-12-31	2021-01-01	2021-12-31
EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
16,582.85	5,772.65	0.00	0.00	22,355.50	6,197.14	7,075.56	0.00	0.00	13,182.70	10,475.71	9,172.80

**APPENDIX B.**  
**GENERAL CONDITIONS OF CONTRACT**  
**FOR THE PUBLIC ACCOUNTING PROFESSIONS (AAB 2018)**

# General Conditions of Contract for the Public Accounting Professions (AAB 2018)

Recommended for use by the Board of the Chamber of Tax Advisers and Auditors, last recommended in its decision of April 18, 2018

## Preamble and General Items

(1) Contract within the meaning of these Conditions of Contract refers to each contract on services to be rendered by a person entitled to exercise profession in the field of public accounting exercising that profession (de facto activities as well as providing or performing legal transactions or acts, in each case pursuant to Sections 2 or 3 Austrian Public Accounting Professions Act (WTBG 2017). The parties to the contract shall hereinafter be referred to as the "contractor" on the one hand and the "client" on the other hand).

(2) The General Conditions of Contract for the professions in the field of public accounting are divided into two sections: The Conditions of Section I shall apply to contracts where the agreeing of contracts is part of the operations of the client's company (entrepreneur within the meaning of the Austrian Consumer Protection Act. They shall apply to consumer business under the Austrian Consumer Protection Act (Federal Act of March 8, 1979 / Federal Law Gazette No. 140 as amended) insofar as Section II does not provide otherwise for such business.

(3) In the event that an individual provision is void, the invalid provision shall be replaced by a valid provision that is as close as possible to the desired objective.

## SECTION I

### 1. Scope and Execution of Contract

(1) The scope of the contract is generally determined in a written agreement drawn up between the client and the contractor. In the absence of such a detailed written agreement, (2)-(4) shall apply in case of doubt:

(2) When contracted to perform tax consultation services, consultation shall consist of the following activities:

- preparing annual tax returns for income tax and corporate tax as well as value-added tax (VAT) on the basis of the financial statements and other documents and papers required for taxation purposes and to be submitted by the client or (if so agreed) prepared by the contractor. Unless explicitly agreed otherwise, documents and papers required for taxation purposes shall be produced by the client.
- examining the tax assessment notices for the tax returns mentioned under a).
- negotiating with the fiscal authorities in connection with the tax returns and notices mentioned under a) and b).
- participating in external tax audits and assessing the results of external tax audits with regard to the taxes mentioned under a).
- participating in appeal procedures with regard to the taxes mentioned under a).

If the contractor receives a flat fee for regular tax consultation, in the absence of written agreements to the contrary, the activities mentioned under d) and e) shall be invoiced separately.

(3) Provided the preparation of one or more annual tax return(s) is part of the contract accepted, this shall not include the examination of any particular accounting conditions nor the examination of whether all relevant concessions, particularly those with regard to value added tax, have been utilized, unless the person entitled to exercise the profession can prove that he/she has been commissioned accordingly.

(4) In each case, the obligation to render other services pursuant to Sections 2 and 3 WTBG 2017 requires for the contractor to be separately and verifiably commissioned.

(5) The aforementioned paragraphs (2) to (4) shall not apply to services requiring particular expertise provided by an expert.

(6) The contractor is not obliged to render any services, issue any warnings or provide any information beyond the scope of the contract.

(7) The contractor shall have the right to engage suitable staff and other performing agents (subcontractors) for the execution of the contract as well as to have a person entitled to exercise the profession substitute for him/her in executing the contract. Staff within the meaning of these Conditions of Contract refers to all persons who support the contractor in his/her operating activities on a regular or permanent basis, irrespective of the type of underlying legal transaction.

(8) In rendering his/her services, the contractor shall exclusively take into account Austrian law; foreign law shall only be taken into account if this has been explicitly agreed upon in writing.

(9) Should the legal situation change subsequent to delivering a final professional statement passed on by the client orally or in writing, the contractor shall not be obliged to inform the client of changes or of the consequences thereof. This shall also apply to the completed parts of a contract.

(10) The client shall be obliged to make sure that the data made available by him/her may be handled by the contractor in the course of rendering the services. In this context, the client shall particularly but not exclusively comply with the applicable provisions under data protection law and labor law.

(11) Unless explicitly agreed otherwise, if the contractor electronically submits an application to an authority, he/she acts only as a messenger and this does not constitute a declaration of intent or knowledge attributable to him/her or a person authorized to submit the application.

(12) The client undertakes not to employ persons that are or were staff of the contractor during the contractual relationship, during and within one year after termination of the contractual relationship, either in his/her company or in an associated company, failing which he/she shall be obliged to pay the contractor the amount of the annual salary of the member of staff taken over.

### 2. Client's Obligation to Provide Information and Submit Complete Set of Documents

(1) The client shall make sure that all documents required for the execution of the contract be placed without special request at the disposal of the contractor at the agreed date, and in good time if no such date has been agreed, and that he/she be informed of all events and circumstances which may be of significance for the execution of the contract. This shall also apply to documents, events and circumstances which become known only after the contractor has commenced his/her work.

(2) The contractor shall be justified in regarding information and documents presented to him/her by the client, in particular figures, as correct and complete and to base the contract on them. The contractor shall not be obliged to identify any errors unless agreed separately in writing. This shall particularly apply to the correctness and completeness of bills. However, he/she is obliged to inform the client of any errors identified by him/her. In case of financial criminal proceedings he/she shall protect the rights of the client.

(3) The client shall confirm in writing that all documents submitted, all information provided and explanations given in the context of audits, expert opinions and expert services are complete.

(4) If the client fails to disclose considerable risks in connection with the preparation of financial statements and other statements, the contractor shall not be obliged to render any compensation insofar as these risks materialize.

(5) Dates and time schedules stated by the contractor for the completion of the contractor's products or parts thereof are best estimates and, unless otherwise agreed in writing, shall not be binding. The same applies to any estimates of fees: they are prepared to best of the contractor's knowledge; however, they shall always be non-binding.

(6) The client shall always provide the contractor with his/her current contact details (particularly the delivery address). The contractor may rely on the validity of the contact details most recently provided by the client, particularly have deliveries made to the most recently provided address, until such time as new contact details are provided.

### 3. Safeguarding of Independence

(1) The client shall be obliged to take all measures to prevent that the independence of the staff of the contractor be jeopardized and shall himself/herself refrain from jeopardizing their independence in any way. In particular, this shall apply to offers of employment and to offers to accept contracts on their own account.

(2) The client acknowledges that his/her personal details required in this respect, as well as the type and scope of the services, including the performance period agreed between the contractor and the client for the services (both audit and non-audit services), shall be handled within a network (if any) to which the contractor belongs, and for this purpose transferred to the other members of the network including abroad for the purpose of examination of the existence of grounds of bias or grounds for exclusion and conflicts of interest. For this purpose the client expressly releases the contractor in accordance with the Data Protection Act and in accordance with Section 80 (4) No. 2 WTBG 2017 from his/her obligation to maintain secrecy. The client can revoke the release from the obligation to maintain secrecy at any time.

#### 4. Reporting Requirements

(1) (Reporting by the contractor) In the absence of an agreement to the contrary, a written report shall be drawn up in the case of audits and expert opinions.

(2) (Communication to the client) All contract-related information and opinions, including reports, (all declarations of knowledge) of the contractor, his/her staff, other performing agents or substitutes ("professional statements") shall only be binding provided they are set down in writing. Professional statements in electronic file formats which are made, transferred or confirmed by fax or e-mail or using similar types of electronic communication (that can be stored and reproduced but is not oral, i.e. e.g. text messages but not telephone) shall be deemed as set down in writing; this shall only apply to professional statements. The client bears the risk that professional statements may be issued by persons not entitled to do so as well as the transfer risk of such professional statements.

(3) (Communication to the client) The client hereby consents to the contractor communicating with the client (e.g. by e-mail) in an unencrypted manner. The client declares that he/she has been informed of the risks arising from the use of electronic communication (particularly access to, maintaining secrecy of, changing of messages in the course of transfer). The contractor, his/her staff, other performing agents or substitutes are not liable for any losses that arise as a result of the use of electronic means of communication.

(4) (Communication to the contractor) Receipt and forwarding of information to the contractor and his/her staff are not always guaranteed when the telephone is used, in particular in conjunction with automatic telephone answering systems, fax, e-mail and other types of electronic communication. As a result, instructions and important information shall only be deemed to have been received by the contractor provided they are also received physically (not by telephone, orally or electronically), unless explicit confirmation of receipt is provided in individual instances. Automatic confirmation that items have been transmitted and read shall not constitute such explicit confirmations of receipt. This shall apply in particular to the transmission of decisions and other information relating to deadlines. As a result, critical and important notifications must be sent to the contractor by mail or courier. Delivery of documents to staff outside the firm's offices shall not count as delivery.

(5) (General) In writing shall mean, insofar as not otherwise laid down in Item 4. (2), written form within the meaning of Section 886 Austrian Civil Code (ABGB) (confirmed by signature). An advanced electronic signature (Art. 26 eIDAS Regulation (EU) No. 910/2014) fulfills the requirement of written form within the meaning of Section 886 ABGB (confirmed by signature) insofar as this is at the discretion of the parties to the contract.

(6) (Promotional information) The contractor will send recurrent general tax law and general commercial law information to the client electronically (e.g. by e-mail). The client acknowledges that he/she has the right to object to receiving direct advertising at any time.

#### 5. Protection of Intellectual Property of the Contractor

(1) The client shall be obliged to ensure that reports, expert opinions, organizational plans, drafts, drawings, calculations and the like, issued by the contractor, be used only for the purpose specified in the contract (e.g. pursuant to Section 44 (3) Austrian Income Tax Act 1988). Furthermore, professional statements made orally or in writing by the contractor may be passed on to a third party for use only with the written consent of the contractor.

(2) The use of professional statements made orally or in writing by the contractor for promotional purposes shall not be permitted; a violation of this provision shall give the contractor the right to terminate without notice to the client all contracts not yet executed.

(3) The contractor shall retain the copyright on his/her work. Permission to use the work shall be subject to the written consent by the contractor.

#### 6. Correction of Errors

(1) The contractor shall have the right and shall be obliged to correct all errors and inaccuracies in his/her professional statement made orally or in writing which subsequently come to light and shall be obliged to inform the client thereof without delay. He/she shall also have the right to inform a third party acquainted with the original professional statement of the change.

(2) The client has the right to have all errors corrected free of charge if the contractor can be held responsible for them; this right will expire six months after completion of the services rendered by the contractor and/or – in cases where a written professional statement has not been delivered – six months after the contractor has completed the work that gives cause to complaint.

(3) If the contractor fails to correct errors which have come to light, the client shall have the right to demand a reduction in price. The extent to which additional claims for damages can be asserted is stipulated under Item 7.

#### 7. Liability

(1) All liability provisions shall apply to all disputes in connection with the contractual relationship, irrespective of the legal grounds. The contractor is liable for losses arising in connection with the contractual relationship (including its termination) only in case of willful intent and gross negligence. The applicability of Section 1298 2nd sentence ABGB is excluded.

(2) In cases of gross negligence, the maximum liability for damages due from the contractor is tenfold the minimum insurance sum of the professional liability insurance according to Section 11 WTBG 2017 as amended.

(3) The limitation of liability pursuant to Item 7. (2) refers to the individual case of damages. The individual case of damages includes all consequences of a breach of duty regardless of whether damages arose in one or more consecutive years. In this context, multiple acts or failures to act that are based on the same or similar source of error as one consistent breach of duty if the matters concerned are legally and economically connected. Single damages remain individual cases of damage even if they are based on several breaches of duty. Furthermore, the contractor's liability for loss of profit as well as collateral, consequential, incidental or similar losses is excluded in case of willful damage.

(4) Any action for damages may only be brought within six months after those entitled to assert a claim have gained knowledge of the damage, but no later than three years after the occurrence of the (primary) loss following the incident upon which the claim is based, unless other statutory limitation periods are laid down in other legal provisions.

(5) Should Section 275 Austrian Commercial Code (UGB) be applicable (due to a criminal offense), the liability provisions contained therein shall apply even in cases where several persons have participated in the execution of the contract or where several activities requiring compensation have taken place and irrespective of whether other participants have acted with intent.

(6) In cases where a formal auditor's report is issued, the applicable limitation period shall commence no later than at the time the said auditor's report was issued.

(7) If activities are carried out by enlisting the services of a third party, e.g. a data-processing company, any warranty claims and claims for damages which arise against the third party according to law and contract shall be deemed as having been passed on to the client once the client has been informed of them. Item 4. (3) notwithstanding, in such a case the contractor shall only be liable for fault in choosing the third party.

(8) The contractor's liability to third parties is excluded in any case. If third parties come into contact with the contractor's work in any manner due to the client, the client shall expressly clarify this fact to them. Insofar as such exclusion of liability is not legally permissible or a liability to third parties has been assumed by the contractor in exceptional cases, these limitations of liability shall in any case also apply to third parties on a subsidiary basis. In any case, a third party cannot raise any claims that go beyond any claim raised by the client. The maximum sum of liability shall be valid only once for all parties injured, including the compensation claims of the client, even if several persons (the client and a third party or several third parties) have sustained losses; the claims of the parties injured shall be satisfied in the order in which the claims have been raised. The client will indemnify and hold harmless the contractor and his/her staff against any claims by third parties in connection with professional statements made orally or in writing by the contractor and passed on to these third parties.



(9) Item 7. shall also apply to any of the client's liability claims to third parties (performing agents and vicarious agents of the contractor) and to substitutes of the contractor relating to the contractual relationship.

#### 8. Secrecy, Data Protection

(1) According to Section 80 WTBG 2017 the contractor shall be obliged to maintain secrecy in all matters that become known to him/her in connection with his/her work for the client, unless the client releases him/her from this duty or he/she is bound by law to deliver a statement.

(2) Insofar as it is necessary to pursue the contractor's claims (particularly claims for fees) or to dispute claims against the contractor (particularly claims for damages raised by the client or third parties against the contractor), the contractor shall be released from his/her professional obligation to maintain secrecy.

(3) The contractor shall be permitted to hand on reports, expert opinions and other written statements pertaining to the results of his/her services to third parties only with the permission of the client, unless he/she is required to do so by law.

(4) The contractor is a data protection controller within the meaning of the General Data Protection Regulation ("GDPR") with regard to all personal data processed under the contract. The contractor is thus authorized to process personal data entrusted to him/her within the limits of the contract. The material made available to the contractor (paper and data carriers) shall generally be handed to the client or to third parties appointed by the client after the respective rendering of services has been completed, or be kept and destroyed by the contractor if so agreed. The contractor is authorized to keep copies thereof insofar as he/she needs them to appropriately document his/her services or insofar as it is required by law or customary in the profession.

(5) If the contractor supports the client in fulfilling his/her duties to the data subjects arising from the client's function as data protection controller, the contractor shall be entitled to charge the client for the actual efforts undertaken. The same shall apply to efforts undertaken for information with regard to the contractual relationship which is provided to third parties after having been released from the obligation to maintain secrecy to third parties by the client.

#### 9. Withdrawal and Cancellation („Termination“)

(1) The notice of termination of a contract shall be issued in writing (see also Item 4. (4) and (5)). The expiry of an existing power of attorney shall not result in a termination of the contract.

(2) Unless otherwise agreed in writing or stipulated by force of law, either contractual partner shall have the right to terminate the contract at any time with immediate effect. The fee shall be calculated according to Item 11.

(3) However, a continuing agreement (fixed-term or open-ended contract on – even if not exclusively – the rendering of repeated individual services, also with a flat fee) may, without good reason, only be terminated at the end of the calendar month by observing a period of notice of three months, unless otherwise agreed in writing.

(4) After notice of termination of a continuing agreement and unless otherwise stipulated in the following, only those individual tasks shall still be completed by the contractor (list of assignments to be completed) that can (generally) be completed fully within the period of notice insofar as the client is notified in writing within one month after commencement of the termination notice period within the meaning of Item 4. (2). The list of assignments to be completed shall be completed within the termination period if all documents required are provided without delay and if no good reason exists that impedes completion.

(5) Should it happen that in case of a continuing agreement more than two similar assignments which are usually completed only once a year (e.g. financial statements, annual tax returns, etc.) are to be completed, any such assignments exceeding this number shall be regarded as assignments to be completed only with the client's explicit consent. If applicable, the client shall be informed of this explicitly in the statement pursuant to Item 9. (4).

#### 10. Termination in Case of Default in Acceptance and Failure to Cooperate on the Part of the Client and Legal Impediments to Execution

(1) If the client defaults on acceptance of the services rendered by the contractor or fails to carry out a task incumbent on him/her either according to Item 2. or imposed on him/her in another way, the contractor shall have the right to terminate the contract without prior notice. The same shall apply if the client requests a way to execute (also partially) the contract that the contractor reasonably believes is not in compliance with the legal situation or professional principles. His/her fees shall be calculated according to Item 11. Default in acceptance or failure to cooperate on the part of the client shall also justify a claim for compensation made by the contractor for the extra time and labor hereby expended as well as for the damage caused, if the contractor does not invoke his/her right to terminate the contract.

(2) For contracts concerning bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions, a termination without prior notice by the contractor is permissible under Item 10. (1) if the client verifiably fails to cooperate twice as laid down in Item 2. (1).

#### 11. Entitlement to Fee

(1) If the contract fails to be executed (e.g. due to withdrawal or cancellation), the contractor shall be entitled to the negotiated compensation (fee), provided he/she was prepared to render the services and was prevented from so doing by circumstances caused by the client, whereby a merely contributory negligence by the contractor in this respect shall be excluded; in this case the contractor need not take into account the amount he/she obtained or failed to obtain through alternative use of his/her own professional services or those of his/her staff.

(2) If a continuing agreement is terminated, the negotiated compensation for the list of assignments to be completed shall be due upon completion or in case completion fails due to reasons attributable to the client (reference is made to Item 11. (1)). Any flat fees negotiated shall be calculated according to the services rendered up to this point.

(3) If the client fails to cooperate and the assignment cannot be carried out as a result, the contractor shall also have the right to set a reasonable grace period on the understanding that, if this grace period expires without results, the contract shall be deemed ineffective and the consequences indicated in Item 11. (1) shall apply.

(4) If the termination notice period under Item 9. (3) is not observed by the client as well as if the contract is terminated by the contractor in accordance with Item 10. (2), the contractor shall retain his/her right to receive the full fee for three months.

#### 12. Fee

(1) Unless the parties explicitly agreed that the services would be rendered free of charge, an appropriate remuneration in accordance with Sections 1004 and 1152 ABGB is due in any case. Amount and type of the entitlement to the fee are laid down in the agreement negotiated between the contractor and his/her client. Unless a different agreement has verifiably been reached, payments made by the client shall in all cases be credited against the oldest debt.

(2) The smallest service unit which may be charged is a quarter of an hour.

(3) Travel time to the extent required is also charged.

(4) Study of documents which, in terms of their nature and extent, may prove necessary for preparation of the contractor in his/her own office may also be charged as a special item.

(5) Should a remuneration already agreed upon prove inadequate as a result of the subsequent occurrence of special circumstances or due to special requirements of the client, the contractor shall notify the client thereof and additional negotiations for the agreement of a more suitable remuneration shall take place (also in case of inadequate flat fees).

(6) The contractor includes charges for supplementary costs and VAT in addition to the above, including but not limited to the following (7) to (9):

(7) Chargeable supplementary costs also include documented or flatrate cash expenses, traveling expenses (first class for train journeys), per diems, mileage allowance, copying costs and similar supplementary costs.

(8) Should particular third party liabilities be involved, the corresponding insurance premiums (including insurance tax) also count as supplementary costs.

(9) Personnel and material expenses for the preparation of reports, expert opinions and similar documents are also viewed as supplementary costs.

(10) For the execution of a contract wherein joint completion involves several contractors, each of them will charge his/her own compensation.

(11) In the absence of any other agreements, compensation and advance payments are due immediately after they have been requested in writing. Where payments of compensation are made later than 14 days after the due date, default interest may be charged. Where mutual business transactions are concerned, a default interest rate at the amount stipulated in Section 456 1<sup>st</sup> and 2<sup>nd</sup> Sentence UGB shall apply.

(12) Statutory limitation is in accordance with Section 1486 of ABGB, with the period beginning at the time the service has been completed or upon the issuing of the bill within an appropriate time limit at a later point.

(13) An objection may be raised in writing against bills presented by the contractor within 4 weeks after the date of the bill. Otherwise the bill is considered as accepted. Filing of a bill in the accounting system of the recipient is also considered as acceptance.

(14) Application of Section 934 ABGB within the meaning of Section 351 UGB, i.e. rescission for *laesio enormis* (lesion beyond moiety) among entrepreneurs, is hereby renounced.

(15) If a flat fee has been negotiated for contracts concerning bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions, in the absence of written agreements to the contrary, representation in matters concerning all types of tax audits and audits of payroll-related taxes and social security contributions including settlements concerning tax assessments and the basis for contributions, preparation of reports, appeals and the like shall be invoiced separately. Unless otherwise agreed to in writing, the fee shall be considered agreed upon for one year at a time.

(16) Particular individual services in connection with the services mentioned in Item 12. (15), in particular ascertaining whether the requirements for statutory social security contributions are met, shall be dealt with only on the basis of a specific contract.

(17) The contractor shall have the right to ask for advance payments and can make delivery of the results of his/her (continued) work dependent on satisfactory fulfillment of his/her demands. As regards continuing agreements, the rendering of further services may be denied until payment of previous services (as well as any advance payments under Sentence 1) has been effected. This shall analogously apply if services are rendered in instalments and fee instalments are outstanding.

(18) With the exception of obvious essential errors, a complaint concerning the work of the contractor shall not justify even only the partial retention of fees, other compensation, reimbursements and advance payments (remuneration) owed to him/her in accordance with Item 12.

(19) Offsetting the remuneration claims made by the contractor in accordance with Item 12. shall only be permitted if the demands are uncontested and legally valid.

#### 13. Other Provisions

(1) With regard to Item 12. (17), reference shall be made to the legal right of retention (Section 471 ABGB, Section 369 UGB): If the right of retention is wrongfully exercised, the contractor shall generally be liable pursuant to Item 7. or otherwise only up to the outstanding amount of his/her fee.

(2) The client shall not be entitled to receive any working papers and similar documents prepared by the contractor in the course of fulfilling the contract. In the case of contract fulfillment using electronic accounting systems the contractor shall be entitled to delete the data after handing over all data based thereon – which were prepared by the contractor in relation to the contract and which the client is obliged to keep – to the client and/or the succeeding public accountant in a structured, common and machine-readable format. The contractor shall be entitled to an appropriate fee (Item 12. shall apply by analogy) for handing over such data in a structured, common and machine-readable format. If handing over such data in a structured, common and machine-readable format is impossible or unfeasible for special reasons, they may be handed over in the form of a full print-out instead. In such a case, the contractor shall not be entitled to receive a fee.

(3) At the request and expense of the client, the contractor shall hand over all documents received from the client within the scope of his/her activities. However, this shall not apply to correspondence between the contractor and his/her client and to original documents in his/her possession and to documents which are required to be kept in accordance with the legal anti-money laundering provisions applicable to the contractor. The contractor may make copies or duplicates of the documents to be returned to the client. Once such documents have been transferred to the client, the contractor shall be entitled to an appropriate fee (Item 12. shall apply by analogy).

(4) The client shall fetch the documents handed over to the contractor within three months after the work has been completed. If the client fails to do so, the contractor shall have the right to return them to the client at the cost of the client or to charge an appropriate fee (Item 12. shall apply by analogy) if the contractor can prove that he/she has asked the client twice to pick up the documents handed over. The documents may also further be kept by third parties at the expense of the client. Furthermore, the contractor is not liable for any consequences arising from damage, loss or destruction of the documents.

(5) The contractor shall have the right to compensation of any fees that are due by use of any available deposited funds, clearing balances, trust funds or other liquid funds at his/her disposal, even if these funds are explicitly intended for safekeeping, if the client had to have anticipated the counterclaim of the contractor.

(6) To secure an existing or future fee payable, the contractor shall have the right to transfer a balance held by the client with the tax office or another balance held by the client in connection with charges and contributions, to a trust account. In this case the client shall be informed of the transfer. Subsequently, the amount secured may be collected either after agreement has been reached with the client or after enforceability of the fee by execution has been declared.

#### 14. Applicable Law, Place of Performance, Jurisdiction

(1) The contract, its execution and the claims resulting from it shall be exclusively governed by Austrian law, excluding national referral rules.

(2) The place of performance shall be the place of business of the contractor.

(3) In absence of a written agreement stipulating otherwise, the place of jurisdiction is the competent court of the place of performance.

## SECTION II

### 15. Supplementary Provisions for Consumer Transactions

(1) Contracts between public accountants and consumers shall fall under the obligatory provisions of the Austrian Consumer Protection Act (KSchG).

(2) The contractor shall only be liable for the willful and grossly negligent violation of the obligations assumed.

(3) Contrary to the limitation laid down in Item 7. (2), the duty to compensate on the part of the contractor shall not be limited in case of gross negligence.

(4) Item 6. (2) (period for right to correction of errors) and Item 7. (4) (asserting claims for damages within a certain period) shall not apply.

(5) Right of Withdrawal pursuant to Section 3 KSchG: If the consumer has not made his/her contract statement in the office usually used by the contractor, he/she may withdraw from the contract application or the contract proper. This withdrawal may be declared until the contract has been concluded or within one week after its conclusion; the period commences as soon as a document has been handed over to the consumer which contains at least the name and the address of the contractor as well as instructions on the right to withdraw from the contract, but no earlier than the conclusion of the contract. The consumer shall not have the right to withdraw from the contract

1. If the consumer himself/herself established the business relationship concerning the conclusion of this contract with the contractor or his/her representative,

2. If the conclusion of the contract has not been preceded by any talks between the parties involved or their representatives, or

3. In case of contracts where the mutual services have to be rendered immediately, if the contracts are usually concluded outside the offices of the contractors, and the fee agreed upon does not exceed €15.

In order to become legally effective, the withdrawal shall be declared in writing. It is sufficient if the consumer returns a document that contains his/her contract declaration or that of the contractor to the contractor with a note which indicates that the consumer rejects the conclusion or the maintenance of the contract. It is sufficient if this declaration is dispatched within one week.

If the consumer withdraws from the contract according to Section 3 KSchG,

1. the contractor shall return all benefits received, including all statutory interest, calculated from the day of receipt, and compensate the consumer for all necessary and useful expenses incurred in this matter,

2. the consumer shall pay for the value of the services rendered by the contractor as far as they are of a clear and predominant benefit to him/her.

According to Section 4 (3) KSchG, claims for damages shall remain unaffected.

(6) Cost Estimates according to Section 5 Austrian KSchG:

The consumer shall pay for the preparation of a cost estimate by the contractor in accordance with Section 1170a ABGB only if the consumer has been notified of this payment obligation beforehand.

If the contract is based on a cost estimate prepared by the contractor, its correctness shall be deemed warranted as long as the opposite has not been explicitly declared.

(7) Correction of Errors: Supplement to Item 6.:

If the contractor is obliged under Section 932 ABGB to improve or complement his/her services, he/she shall execute this duty at the place where the matter was transferred. If it is in the interest of the consumer to have the work and the documents transferred by the contractor, the consumer may carry out this transfer at his/her own risk and expense.

(8) Jurisdiction: Shall apply instead of Item 14. (3)

If the domicile or the usual residence of the consumer is within the country or if he/she is employed within the country, in case of an action against him/her according to Sections 88, 89, 93 (2) and 104 (1) Austrian Court Jurisdiction Act (JN), the only competent courts shall be the courts of the districts where the consumer has his/her domicile, usual residence or place of employment.

(9) Contracts on Recurring Services:

(a) Contracts which oblige the contractor to render services and the consumer to effect repeated payments and which have been concluded for an indefinite period or a period exceeding one year may be terminated by the consumer at the end of the first year, and after the first year at the end of every six months, by adhering to a two-month period of notice.

(b) If the total work is regarded as a service that cannot be divided on account of its character, the extent and price of which is determined already at the conclusion of the contract, the first date of termination may be postponed until the second year has expired. In case of such contracts the period of notice may be extended to a maximum of six months.

(c) If the execution of a certain contract indicated in lit. a) requires considerable expenses on the part of the contractor and if he/she informed the consumer about this no later than at the time the contract was concluded, reasonable dates of termination and periods of notice which deviate from lit. a) and b) and which fit the respective circumstances may be agreed.

(d) If the consumer terminates the contract without complying with the period of notice, the termination shall become effective at the next termination date which follows the expiry of the period of notice

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## **ABOUT THE GLOBAL INITIATIVE**

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