



**GLOBAL  
INITIATIVE**  
AGAINST TRANSNATIONAL  
ORGANIZED CRIME

# ANNUAL REPORT

2022









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2022



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# DIRECTOR'S MESSAGE

The passing year has been one of extraordinary geopolitical complexity and volatility. Even as we emerge from the shadow of the pandemic, which after nearly three years has left us individually and as a society more brittle and vulnerable than we were before, our hope of returning to a normal life has been skewed by Russia's invasion of Ukraine, and the wider political, economic and security impacts. While a changing world geopolitical order has been gathering on the horizon for some time, few would have seen such an overt statement of challenge from one of the global powers, in violation of accepted global norms.

I feel it is time to recognize how fragile the global coalitions and multilateral accords have become. As the norms on which international cooperation are based are progressively violated, including the laws of war, human rights and humanitarian principles, it becomes increasingly difficult to address global challenges such as climate change, irregular migration and transnational crime.

But, in addition to this, what the last years have highlighted is how tainted other sinews of the globalized modern world have become: systems of global trade, finance and communication. COVID-19 and now the Ukraine conflict have shown the weaknesses of long supply chains, particularly those that move through the growing number of free-trade zones and along insecure maritime routes. The steady drumbeat of leaks, whistles blown and impressive investigations by coalitions of journalists have called attention to how the financial system enables wealth accumulation and resource diversion by elites, allowing them to become richer at the expense of the most vulnerable, and driving more and more people into poverty.

The Resilience Fund of the Global Initiative Against Transnational Organized Crime (hereafter 'GI-TOC') now supports grassroots organizations in almost 50 countries severely affected by organized crime. Through our work in these communities, people tell us that they feel that the world is rigged against them; they feel less hope that they can live safe and productive lives, that they will be treated with justice and that their voices will be heard. For many people, this leads them to accept criminal governance, take employment in criminal enterprises and to justify using violence. The same motivation, however, drives a courageous set of individuals and groups to speak out against the system, to call out corruption, to use their platforms to bear witness to criminal acts, and give voice to its victims and document the harms. But, as our Assassination Witness project has documented, they are increasingly paying a very high price. More than 400 civil society workers, advocates and frontline fighters were killed between 2019 and 2021, according to our database of assassinations, and that is almost certainly an undercount.

The pressure on civil society is immense, and the space for them to work safely and share their experience is closing rapidly. It has affected our own ability as an organization to lend our expertise to policymaking bodies. The weaponization of multilateral processes to suppress





independent voices may not be a new phenomenon, but it is one that should continue to be considered with serious concern. For our part, we have continued to work with states and other civil society bodies across the spectrum to raise the profile of the issue and seek a way forward.

The international response to these harms – largely moulded by the multilateral legal framework to address the problem – is challenged. The response to the cross-cutting threat of organized crime needs to be strengthened through a stronger evidence base on illicit economies and actors, and targeted engagement with key stakeholders. And it is for this very reason, we should remember, that the GI-TOC was founded, as the only international, independent organization with a global mandate specifically to formulate a strategy to reduce the global harms caused by organized crime and simultaneously build resilience to it.

Our work in 2022, which we report on here, continued to put in place those building blocks, in line with our 2021–2023 strategy we set to allow us to achieve our mission, across five core areas, namely analysis and better understanding of organized crime; catalyzing actionable policy responses; strengthening resilience to organized crime; enhancing and leveraging partnerships; and positioning the organization for its second decade.

What events show is that, globally, organized crime continues to be a cross-cutting threat to peace, development and democracy. It influences, and is impacted by, phenomena in the global macro environment, whether that is a pandemic, a conflict or financial fraud. From covid to conflict to corruption, organized crime undermines development, profits from war, feeds off corrupt networks and accelerates climate change.

We have been extraordinarily privileged to have the Global Network of Experts and the Boards invested in and enriching our work, setting our strategic direction and goals. We are also fortunate to partner with astonishingly committed civil society organizations across our growing network of regional observatories and through the Resilience Fund. We have donors whose political and financial support has been unequivocal despite downturns in the economy and global policy priorities changing. At a time when consensus is lacking, alliances and networks for change are essential to the way forward.

**Mark Shaw**

DIRECTOR, GLOBAL INITIATIVE AGAINST TRANSNATIONAL ORGANIZED CRIME



# EXECUTIVE SUMMARY

How organizations deal with crisis says a lot about their agility and resilience. By early 2022, the GI-TOC had largely emerged from one devastating global crisis, the COVID-19 pandemic, only to find that the world was soon watching with horror as another unfolded in Ukraine. With that invasion, the organized crime landscape is shifting once again, and the situation looks bleak. The trajectories of organized crime are set to worsen.

The pandemic, however, had taught us that by remaining focused on our core strategy – to reduce the global harms caused by organized crime – there is opportunity to be found in crisis. Our programme of work to identify and address the links between the pandemic and illicit global economies and networks was valuable, productive and innovative; and with an agreement now in place to establish the Ukraine Observatory of Illicit Markets and Conflict, we are confident that this new project will be another bold step towards achieving our founding principle of catalyzing a global strategy against transnational organized crime.

This report sets out some of the organization's major achievements in the 2022/23 reporting period.

In 2021, the GI-TOC formulated a medium-term strategy over three years, to position ourselves as the leading global civil society organization dealing with transnational organized crime and develop more effective responses to this global threat. Midway through this period, we have achieved nearly three-quarters of our goals set and are making progress towards completing those that remain.

In 2022, the organization continued to expand in terms of staff numbers to help us meet the challenges of this global threat and the targets we have set ourselves in our strategy to achieve this. In 2022, the staff size reached and surpassed the 100 mark. At the time of writing, we have employees of 41 nationalities working in 34 countries, over 50% of whom are from developing countries. The Global Initiative Network of Experts (the 'Network'), the GI-TOC's key resource body, grew to over 600 members. Through targeted recruitment, we are increasing Network membership from the developing world and actively recruiting female experts.





In terms of regional growth, in May we established a presence in Thailand overseen by a programme manager to allow us to better develop our programmes of research and engagement in Asia-Pacific, and to establish a more formal, consolidated footprint in the region following the launch of the Asia-Pacific Observatory in 2020.

The Observatory of Illicit Economies in West Africa has made considerable programmatic progress across the region since it launched in June 2021, exploring the links between organized crime and regional instability, and has developed networks and coverage in 18 countries. Our engagement in Guinea-Bissau continues to support and strengthen civil society in the country, including through dialogues to foster relationships between communities and government stakeholders, and through analysis of the country's illicit economies.

In Latin America, we now have a presence in 11 countries, with teams developing ways to increase resilience to criminality, violence and conflict in communities, and helping combat the culture of extortion in Central America through network partnerships, dialogues and coalitions.

Our work covering North Africa and the Sahel has extended its scope to include wider regional coverage of the hubs, routes and flows of illicit markets. Meanwhile we are consolidating our coverage in Western and Central Asia.

The regional observatory model has begun to coalesce and show fruitful outcomes. With field networks coordinated through the regional observatories, and supported by the organization's central analytical capacity as well as the multisectoral perspectives provided by the Network of Experts, our granular regional knowledge is providing critical cross-regional analysis and monitoring, and connecting peer networks of communities for resilience around the world.

Despite the challenges brought by the pandemic, our sound approach to financial foresight and planning, an expanding base of financial partners ready to support our strategy with funding and a well-managed approach to expenditure have continued to ensure the financial health of the organization. Financially, 2022 was another positive year for the GI-TOC. Total projected income for year end 2022 is over CHF 15 million, up by approximately 12% against 2021. Once again, clean audits were received for the three financial-legal entities for the previous fiscal year.



The GI-TOC's publications and multimedia outputs are a central part of our global strategy. In 2022, we increased the total number of publications by 44%, or 48 more publications against the previous year's total. Of these, 37 were translated into 13 target languages, which provides greater audience reach and aligns our publications work with the overarching organizational mandate to be a global network in action against transnational organized crime.

Major milestones achieved this year in terms of our research publications included a report on organized criminal economies in the rebel Donbas region of Ukraine; an innovative methodology to map and monitor West African crime hubs; critical research and monitoring of criminal markets and gang networks conducted in South Africa, which culminated in the publication of a flagship national risk assessment of organized crime markets in South Africa. Meanwhile, a study on Cambodia investigates the actors and networks behind the illegal logging economy. This year, we published a major report on how seaports in the Balkan peninsula facilitate regional and international illicit trade; a series of papers monitoring human trafficking and smuggling dynamics in six countries in coastal North Africa and the Sahel; and a paper providing an overview of the sources and flows feeding the global illegal firearms trade.

The multimedia strategy has continued to promote the work of the GI-TOC's initiatives and our participation at events through bespoke digital content on several platforms. Among the highlights of 2022 were the production of 'social first' video content and reaching the milestone of 5 000 users on YouTube. Meanwhile, 39 new episodes of the podcast series were released in the first half of the year, and the series is gaining a steadily growing audience. The 'Deep Dive: Exploring organized crime' series was nominated as best investigative podcast at the 2022 Publisher Podcast Awards.

The GI-TOC's engagement with the multilateral community on transnational organized crime has always been a pillar of our work. Although we have faced some challenges, this has not deterred us from contributing substantively to key debates involving organized crime in the multilateral forums, coordinating civil society support and expert engagement in the UNTOC process. This year, among several other activities, we have closely tracked the progress through the UN of a proposed international convention on countering the use of information and communications technologies for criminal purposes. Since the process got underway at the UN, the GI-TOC has provided analysis of the negotiations and acted as a convener of civil society organizations and external stakeholders.

The Resilience Fund has supported just under 150 grantees in 50 countries. In 2022, the initiative, which has received new and continued funding from four governments, saw the launch of the 2022 Resilience Fund Fellowship and a Resilience Fund Community Platform was established to raise the profile of civil society organizations among a wider public.

Currently in preparation for its second iteration in 2023, the Global Organized Crime Index has been extended in scope to include analysis of five new criminal markets and one new criminal actor category, to take into account the fast-changing nature of transnational organized crime.



Our work on environmental crime economies, across the regional observatories, has involved highly innovative approaches, including piloting strategies to disrupt online trade in illegal wildlife products and pioneering investigations into global trafficking networks.

The database and analysis of global assassinations, the Assassination Monitor, continues to inform our understanding of the impact of organized crime around the world, providing critical insight into ways in which violence as a 'service' is monetized.

The GI-TOC Global Board has continued to provide governance, oversight and strategic direction for the organization as a whole, while the African Board oversees the work of the three observatories in the continent. We have continued to ensure that board members are gender- and geographically representative.

Today, the world is facing mounting geopolitical hostility, conflict, socio-economic crisis, state-sponsored corruption and environmental destruction. These shocks to a global order we had taken for granted since the end of World War II are largely driven by the wide-reaching forces of organized criminal economies.

In such a context, the GI-TOC continues to provide the evidence base and analytical frameworks to enable better understanding of the impact of criminal networks and illicit flows in conflict zones. Through the Ukraine observatory we will examine how to reduce the impact of criminal networks in a post-war reconstruction context and analyze the impact of sanctions, with an emphasis on our work on illicit financial flows. This analysis will complement our studies of other conflict zones, including Afghanistan, Libya, Iraq and Syria.

In an environment of increasing conflict and criminality, we will continue to work to build the global strategy and develop the networks of resilience that are urgently needed to address this global challenge.



# ABOUT THE GI-TOC

The Global Initiative Against Transnational Organized Crime is an independent, international civil society organization headquartered in Geneva, Switzerland, with a globally dispersed Secretariat and a high-level advisory board. The GI-TOC was established in 2013 and has grown to 100+ full-time staff members, with regional offices in Austria, Malta and South Africa, and six regional civil society observatories as well as a presence in Ukraine and Guinea-Bissau. More regional offices and observatories are planned in the near future.



Observatory of Illicit Economies in Latin America

Observatory of Illicit Economies in North Africa and the Sahel

Observatory of Illicit Economies in West Africa

Observatory of Illicit Economies in South Eastern Europe

Observatory of Illicit Economies in the Asia-Pacific

Observatory of Illicit Economies in East and Southern Africa



## THE NETWORK

The Network is the GI-TOC's key resource body, providing a forum for exchanging knowledge, expertise and advice. As of December 2022, the Network consists of 629 members.

## THE TEAM

The GI-TOC consists of a globally dispersed and culturally diverse team. As of November 2022, there are 107 people of 41 nationalities working in 34 countries. The team is almost gender balanced, with 53% of staff identifying as female and 47% identifying as male.



107 staff members



41 nationalities



34 countries



## PUBLICATIONS AND MULTIMEDIA OUTREACH

The GI-TOC's published research and analysis is a central part of the organization's global strategy. In the 2022 reporting period, we increased the number of publications by 44% against the previous year. The publications continue to promulgate a better understanding of transnational organized crime dynamics around the world and, aligned with this, the regional coverage was global in perspective. We translated 37 publications, into a total of 13 target languages, providing significantly greater audience reach and influence than would be the case with English-only outputs in certain regions.



# 120+

 Publications

- 35 Research reports
- 21 Policy briefs
- 9 Risk bulletins
- 6 Financial partner briefing documents
- 3 Trend reports
- 9 Handbooks/guidance documents
- 43 Blogs/analysis articles/commentaries



# 70+

 Podcast episodes

The GI-TOC's podcast network, which was launched in 2020, continues to grow. Since its establishment, the GI-TOC has produced over 230 episodes and our audience is steadily growing.



# 437k

 Main website users


# 1.5m

 Page views of all digital projects

Compared to the previous year, our main website, globalinitiative.net, recorded a 14% rise in 'sessions' (period of time in which the user is actively engaged) and a 17% increase in the number of users (437 488 vs 373 208).





# THE ORGANIZATION

The GI-TOC is an independent, international civil society organization headquartered in Geneva, Switzerland, with 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 grown to 100+ full-time staff members, with regional offices in Austria, Malta and South Africa, and six regional civil society observatories. More regional offices and observatories are planned in the near future.

## 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.*

The functions of the GI-TOC can be summarized as follows:

- To create the building blocks for a global strategy on transnational organized crime.
- To promote catalytic, cross-border processes that draw in actors, and that facilitate the reshaping of thinking, coordination and response to transnational organized crime.
- To 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.
- To 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

Within less than a decade, the GI-TOC has developed from being a lean start-up to a global organization. The aim of the GI-TOC's 2021–2023 strategy is to consolidate that rapid growth, and to guide and inform the next phase of development in a way that demonstrates how the organization has become a truly global initiative. Therefore, the theme for this strategy period is to 'go global'. Our aim is to ensure that, by 2023, the GI-TOC

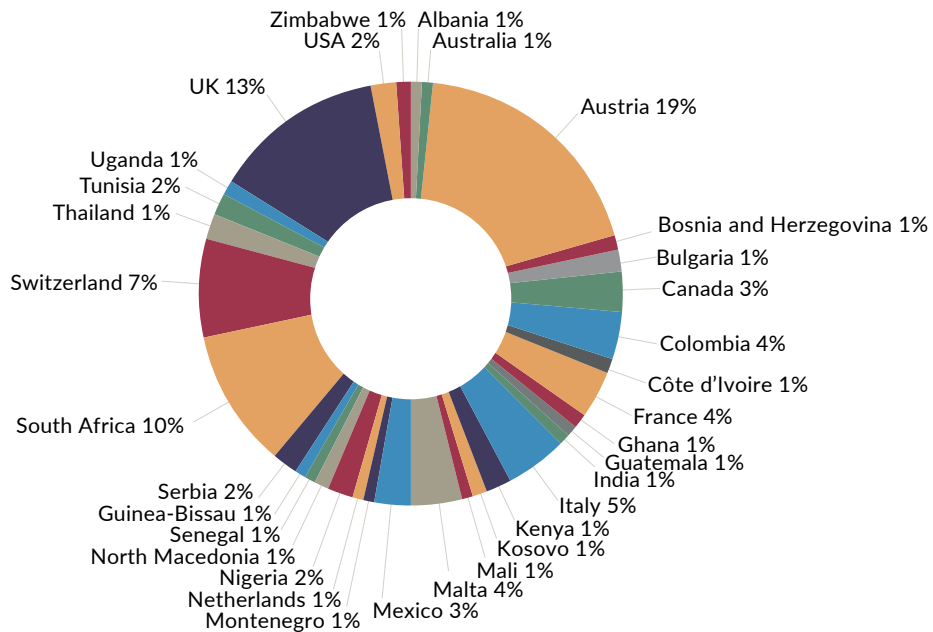
- is a global network in action;
- achieves global coverage through its offices and observatories;
- has a global perspective in its publications and other outputs;
- reaches a global audience;
- has a Network of Experts with truly global and inclusive membership; and
- meaningfully contributes to global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



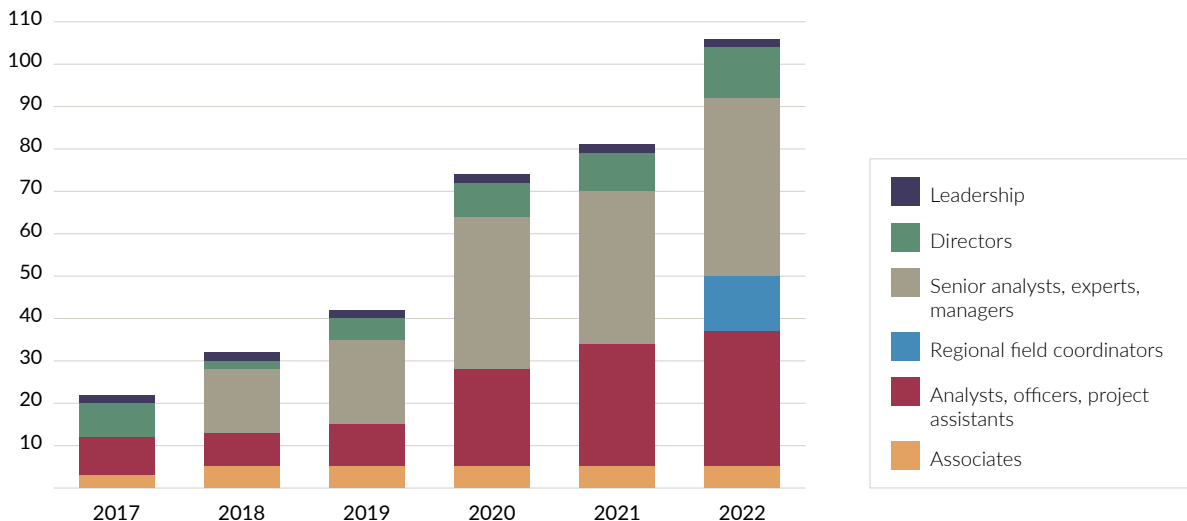
## The team

The GI-TOC consists of a globally dispersed and culturally diverse team. As of November 2022, there were 107 people of 41 nationalities working in 34 countries; 79% of the GI-TOC team are research staff. The team is almost gender balanced, with 53% of staff identifying as female and 47% identifying as male. We are making a conscious effort to recruit people from developing countries; at the moment, 53% of core staff are from developing countries. As well as core staff, we also engaged around 220 independent experts in 2022 working on the ground in almost 60 countries, of whom 81% are from developing countries. Especially during the pandemic, when travel restrictions were imposed around the world, we had to rely heavily on our contacts on the ground for information and research.

GI-TOC team geographic spread



Growth of the GI-TOC team, 2017-2022

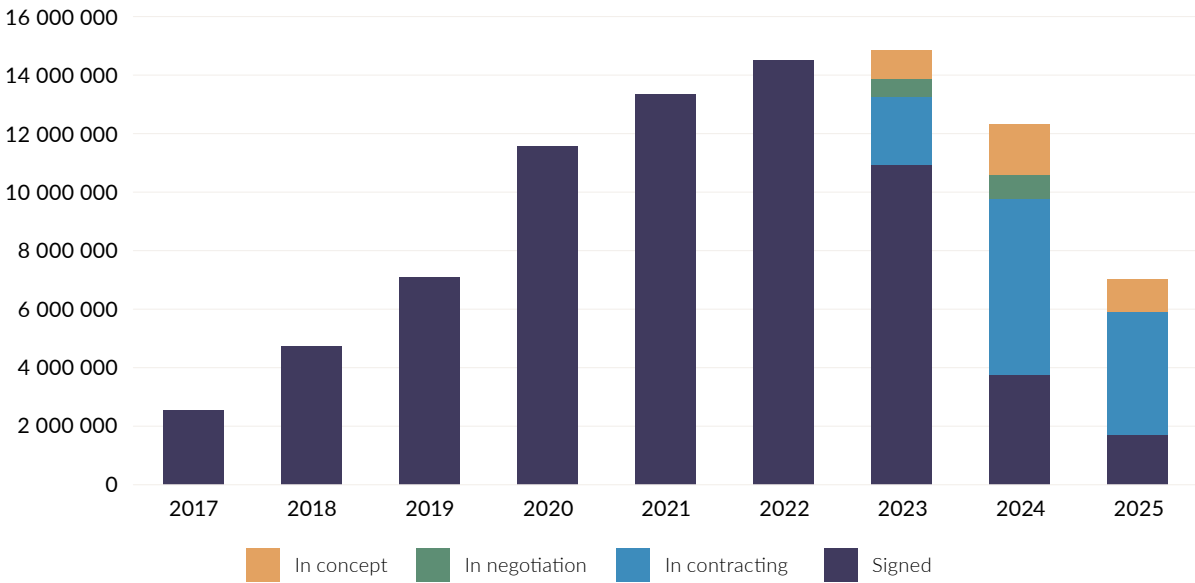




# Financial overview

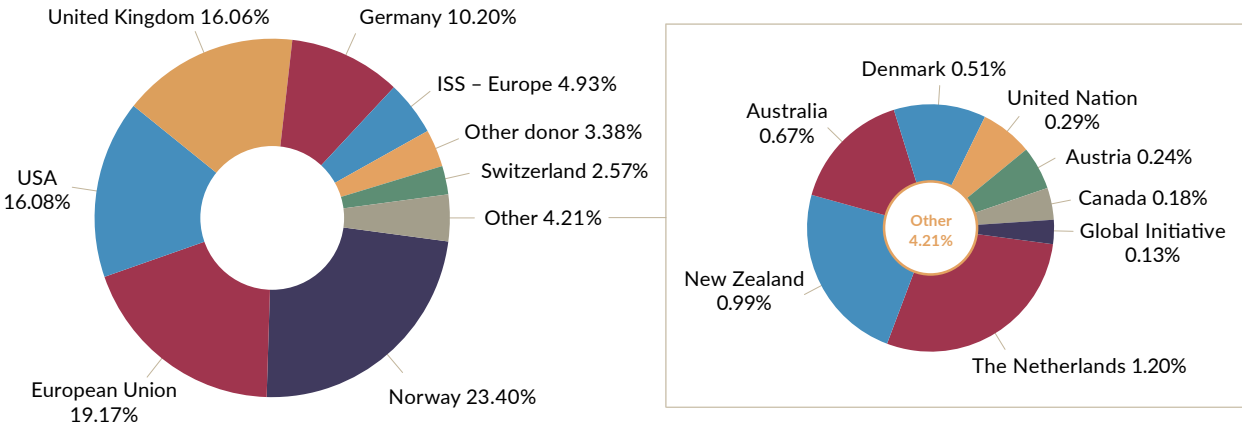
2022 was another positive year for the GI-TOC despite the many new challenges we are facing in a post-COVID era. The organization continues to be financially stable, with a total expected income of more than CHF 15 million by the end of 2022. With the growth of the organization, we are also facing an increase in audits – both statutory and project-related. We received clean audits for the three financial-legal entities (Switzerland, Austria and South Africa) for fiscal year 2021.

Income projection 2017–2025, in CHF



The figure below gives an overview of the different funding streams in 2022. The fundraising environment has changed since the pandemic and the organization continues to diversify its donor base.

Overview of income by financial partners for fiscal year 2022





## Publications and multimedia outreach

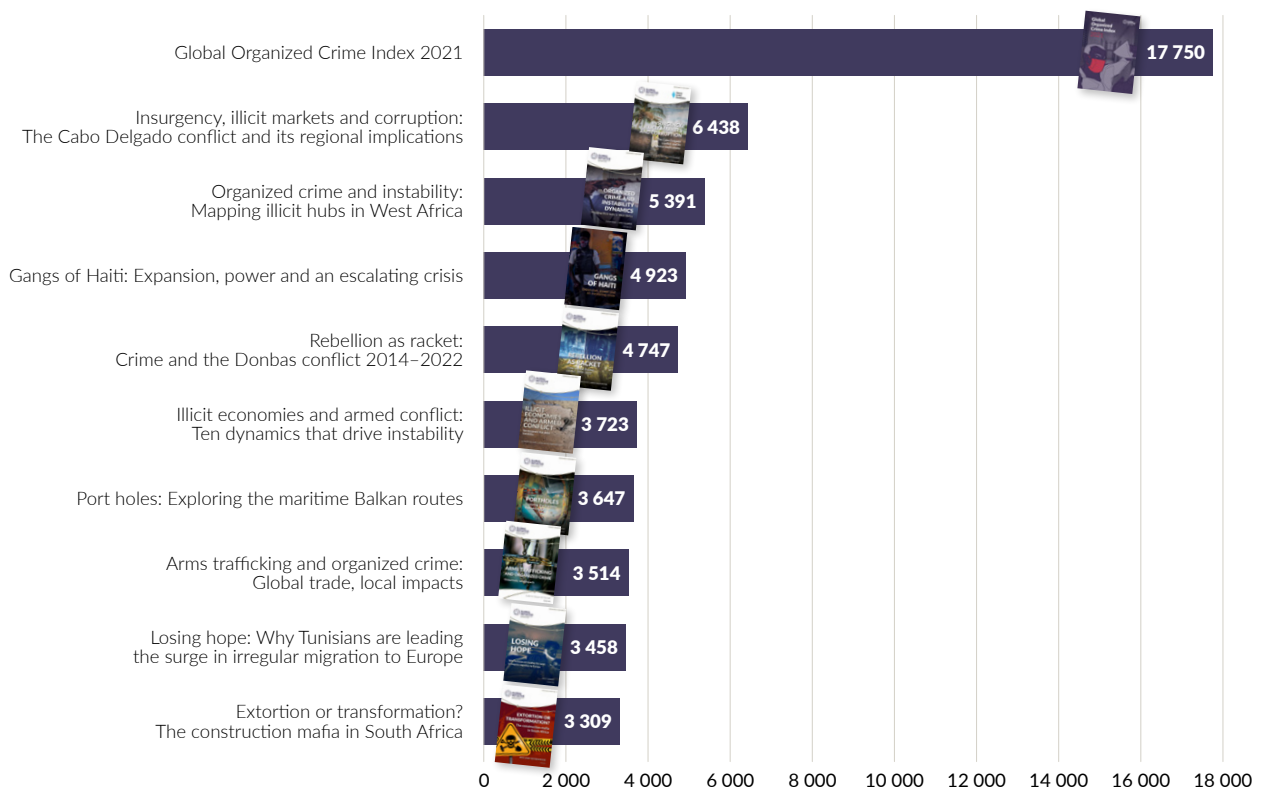
The GI-TOC's published research and analysis is a central part of the organization's global strategy. In 2022, we increased the number of publications – including research reports, policy briefs, analytical and event blog posts, Resilience Fund activities, trend reports and risk bulletins – by 44% against the previous year. This was partly due to a growing momentum in publishing outputs of the West Africa and Asia-Pacific observatories, among others, and regular updates on cybercrime negotiations at the UN.

The publications continue to promulgate a better understanding of transnational organized crime dynamics around the world and, aligned with this, the regional coverage was global in perspective. We translated 37 publications, into a total of 13 target languages, providing significantly greater audience reach and influence than would be the case with English-only outputs in certain regions.

In 2021, the Publications team increased its in-house graphic design capacity, to meet growing production, and in 2022 added five more translation agencies to our database of suppliers. The team implemented a new web-view format for the regional risk bulletins, allowing greater flexibility in how the bulletins are viewed and shared, and introduced a new graphic design approach for our publications, which enables greater production efficiencies.

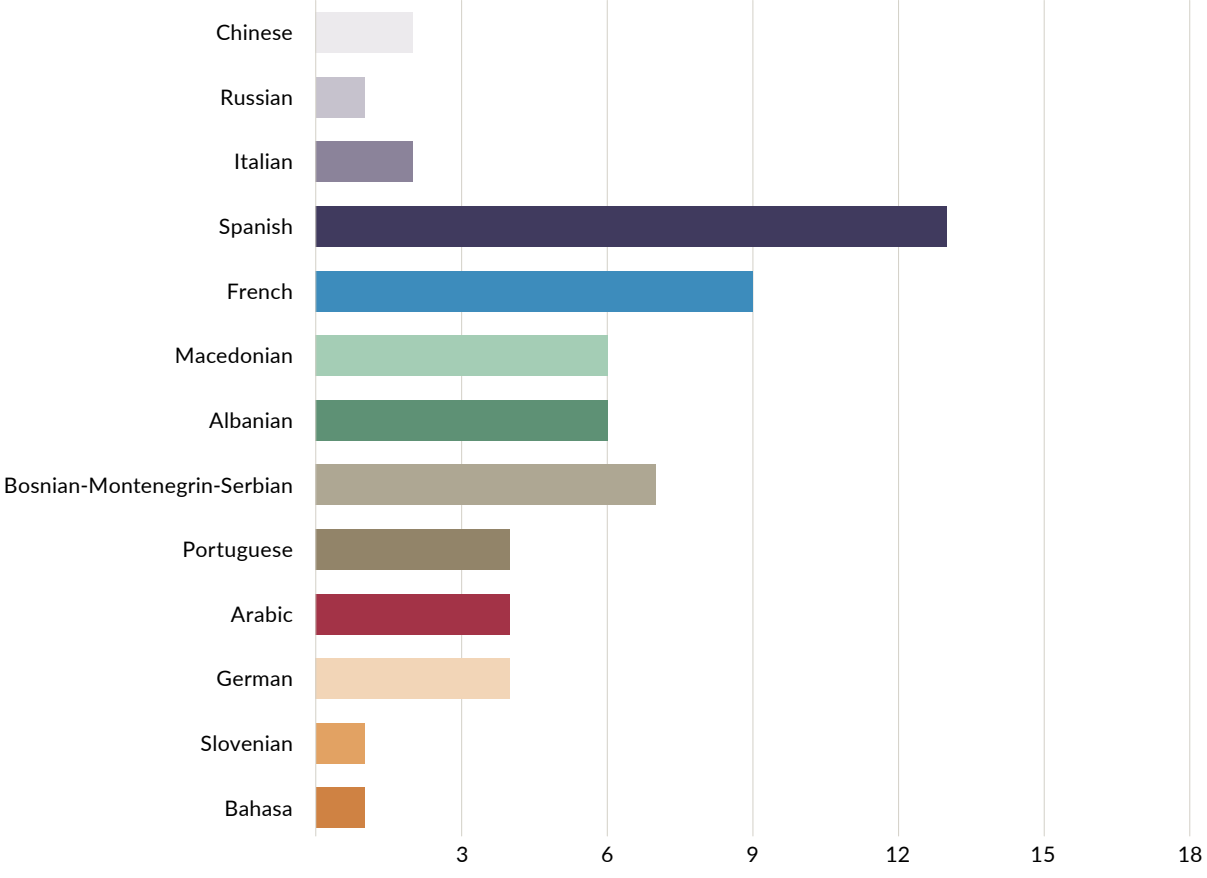
The publications outputs contribute collectively to an improved evidence base on global organized crime, but of note this year was the publication of the GI-TOC's first Strategic Organized Crime Risk Assessment: South Africa, a major report that caught the attention of the highest levels of the South African government and law enforcement authorities, and the media. 'Organized crime and instability: Mapping illicit hubs in West Africa', is a 2022 report that presented the findings of a new groundbreaking initiative that maps and analyzes hotspots of illicit crime across West Africa and assesses their impact on regional instability.

### Top 10 publications

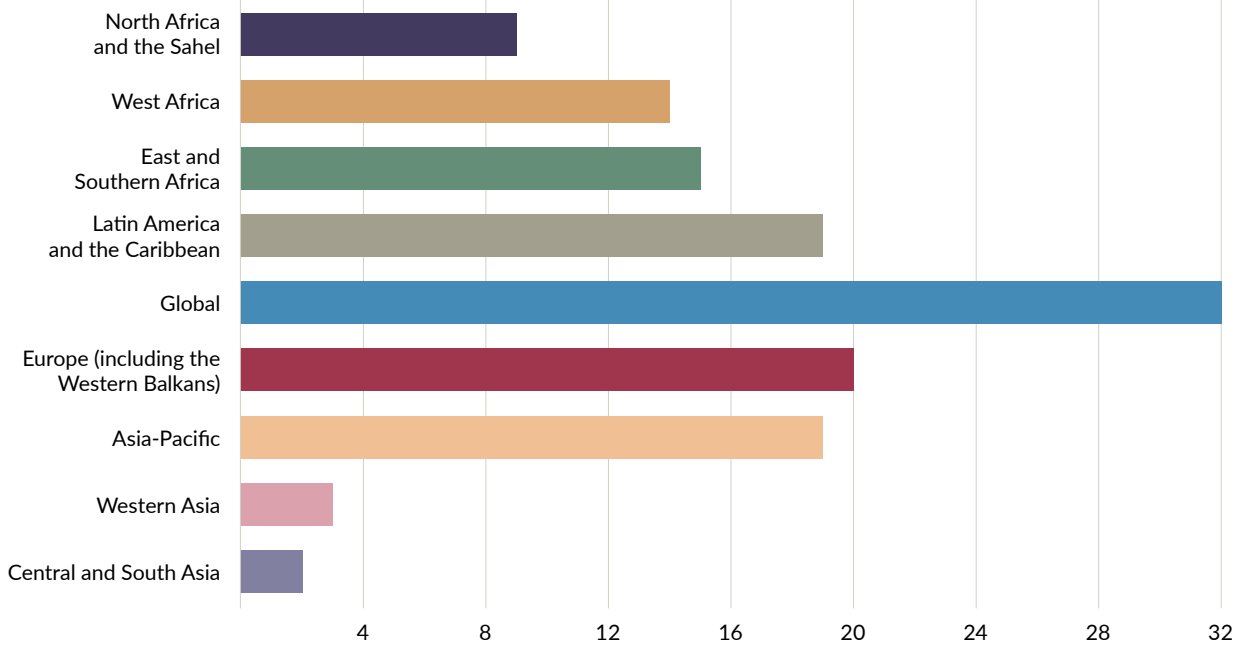




Number of publications translated into multiple languages



Regions covered by GI-TOC publications







**120+** Publications

- 35 Research reports
- 21 Policy briefs
- 9 Risk bulletins
- 6 Financial partner briefing documents
- 3 Trend reports
- 9 Handbooks/guidance documents
- 43 Blogs/analysis articles/commentaries

**437k** Main website users

**1.5m** Page views of all digital projects

**70+** Podcast episodes





## Social media

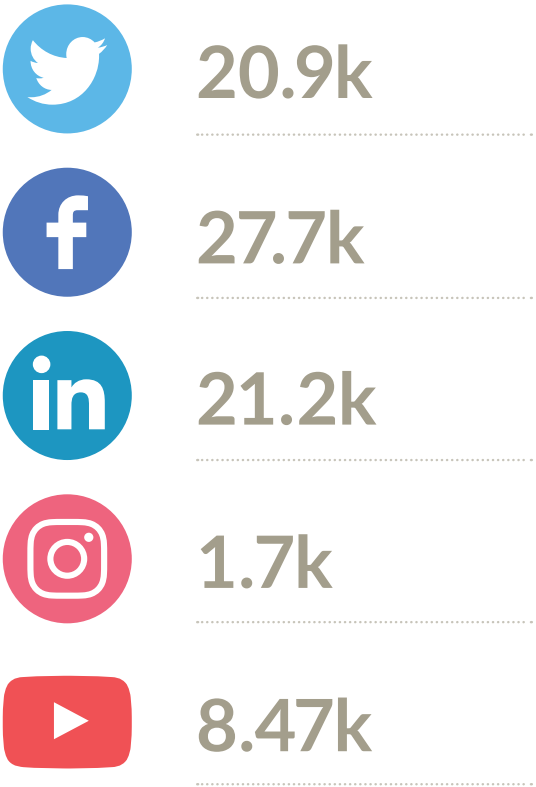
In 2022, 9.27% (40 562) of all users visiting the GI-TOC website came from social media. While this is a slight drop compared to 2021, Twitter remains our biggest source of website visitors, at 38.99%, with Facebook following at 35.11%, and LinkedIn coming in third, at 23.99%.

On Twitter, we gained 4 138 new followers in 2022. Going global is one aim of the GI-TOC's 2021-2023 strategy, and in order to reach a wider audience we have a Spanish Twitter account with 3 335 followers, growing 47% in 2022, and a French Twitter account with relevant posts about the GI-TOC's work in French.

LinkedIn is a growing platform for the GI-TOC and a main focus for 2022. Our current follower count is 21 266, and users mainly have an international affairs or non-profit organization background. Most are located in London, Washington DC, The Hague, Bogota, Paris and New York.

On Facebook, we have a large civil society audience who respond well to posts about resilience to organized crime. In the beginning of the year, engagement on Facebook was low but by experimenting with different post types, content and posting times we have been able to grow the engagement. Facebook is the social network with the best interaction rates in Spanish content.

Instagram is a relatively new channel for us and one where we are testing new and creative ways to showcase the human element of the GI-TOC's work.



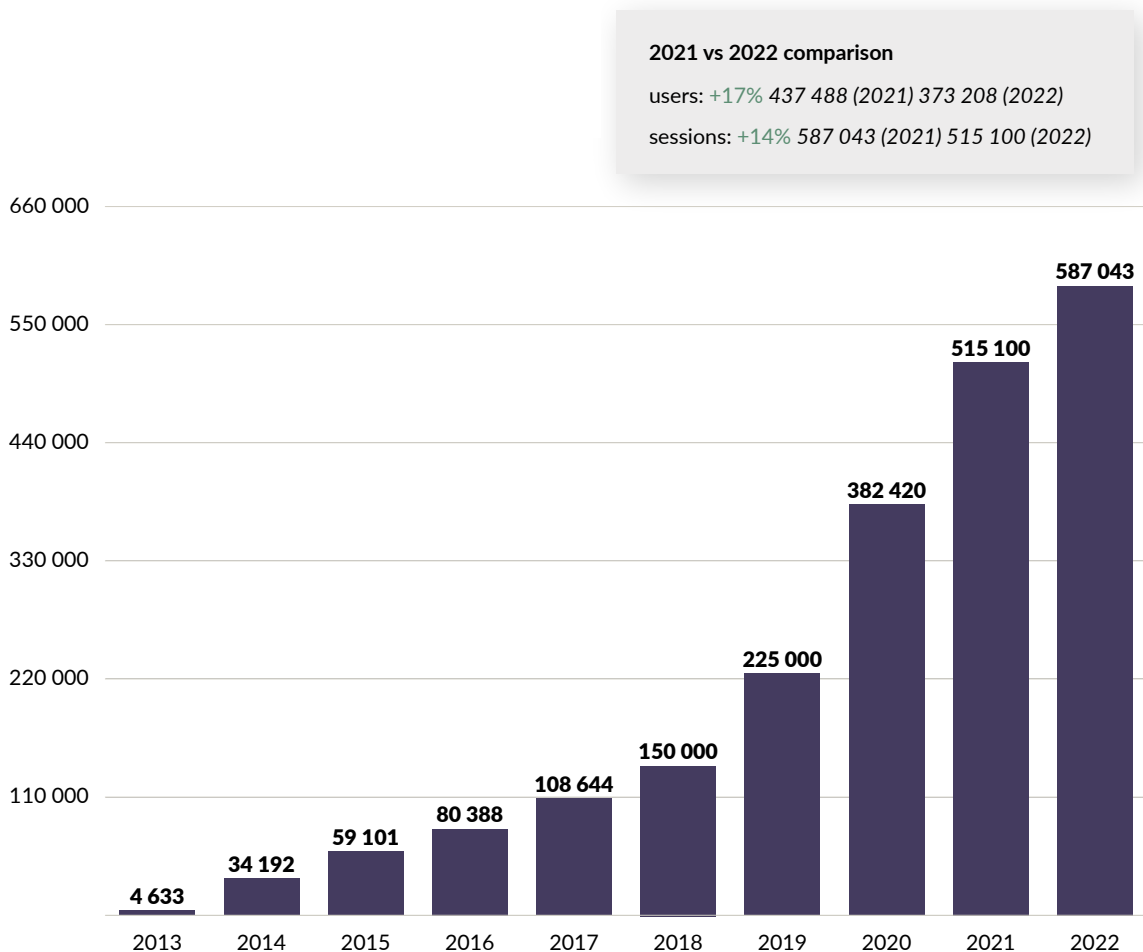


## GI-TOC website

Compared to the previous year, in 2022 our main website – globalinitiative.net – recorded a 14% rise in 'sessions' (period of time in which the user is actively engaged) and a 17% increase in the number of users (437 488 vs 373 208); 68% of users were under the age of 45; the remaining 32% were 45+ years old.

Compared to 2021, we observed a 21% increase for users between the ages of 18 and 24; a 5% decrease for 25- to 34-year-olds and a 23% increase for 35- to 44-year-olds. Other age groups remained stable. Most users are based in the US (21%), followed by the UK (9%), China (5%), South Africa (4%) and Canada (3%).

### Annual web hits rate 2013–2022: globalinitiative.net



\* 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.



## Multimedia

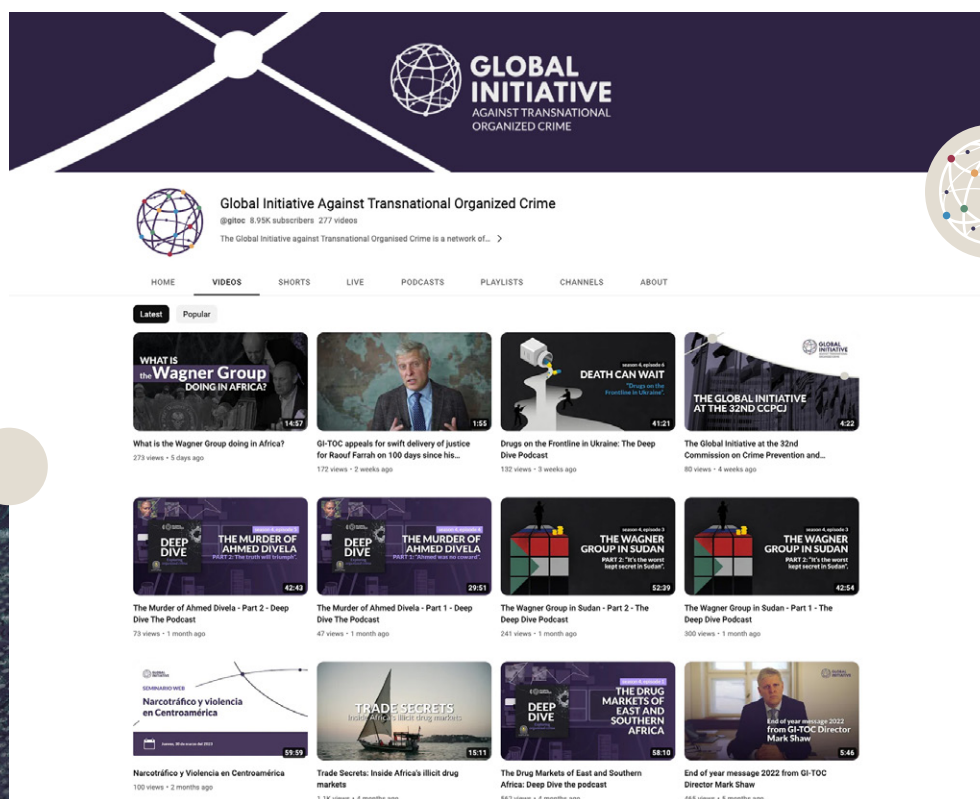
Our multimedia strategy involves creating bespoke digital content for a range of platforms including YouTube, Twitter, LinkedIn, Instagram, Facebook and the GI-TOC website. We continue to optimize our video content for different platforms, with formats such as Instagram Reels and YouTube Shorts. In addition to this, we regularly produce audiograms to accompany and promote podcast episodes.

The multimedia team has worked on improving the appearance of our YouTube channel in line with our ongoing strategy, as well as improving accessibility through use of subtitles. Our focus has been the creation of 'social first' video content, such as our true/false video on plastic waste, which received 1 378 views on Twitter. We also started publishing full episodes of the Deep Dive podcast on YouTube, with over 500 views per video.

The main purpose of the communications and multimedia teams is to promote the work of the GI-TOC both in terms of our initiatives (such as the Resilience Fund or the Drugs and Development Hub) and at events (such as the UN Commission on Crime Prevention and Criminal Justice, CCPCJ). Our video on our involvement at the CCPCJ was the most watched video on LinkedIn, with 921 views.

### Highlights of 2022 include:

- We had 1.1 million views on YouTube and more than doubled the number of subscribers on our channel.
- Our best-performing Instagram Reel had 2 453 views and reached 2 038 accounts (500+ more than currently follow us).
- Two of our documentaries on YouTube performed very well on YouTube. They were Armed Response: South Africa's Gun Violence (which had 731.6k views in 2022) and Contested Ground: Inside Cape Town's gang wars (which had 620.3k views on YouTube in 2022).





**DEEP DIVE**  
Exploring organized crime

CRIME & CONFLICT | CRIME TERROR NEXUS | DRUG POLICY  
 EXTORTION IN CENTRAL AMERICA | GLOBAL STRATEGY | GOLD WATCH  
 MMFU | PRIVATE SECTOR | PROTECTING POLITICS | APA-OBS | CAM-OBS  
 ESA-OBS | NAS-OBS | SEE-OBS | UKR-OBS | WEA-OBS | AFRICA  
**GLOBAL**

## Deep Dive: Exploring Organized Crime

The podcast

[🔊](#) [📄](#) [📧](#) [📱](#) [📺](#) [📺](#) [📺](#) [📺](#) [📺](#) [📺](#) [📺](#)

**Crimen y Resiliencia**  
EL PODCAST DE LATINOAMÉRICA Y EL CARIBE

#GIDISAPPEARANCES | ASSASSINATION WITNESS  
 EXTORTION IN CENTRAL AMERICA | LATINOAMÉRICA Y EL CARIBE  
 RESILIENCE FUND | CAM-OBS | LATIN-AMERICA-CARIBBEAN

## Crimen y Resiliencia

El podcast de Latinoamérica y el Caribe

[🔊](#) [📄](#) [📧](#) [📱](#) [📺](#) [📺](#) [📺](#)

**AFRICA**  
AND THE GLOBAL ILLICIT ECONOMY

ESA-OBS | NAS-OBS | WEA-OBS | AFRICA | GLOBAL

## Africa and the Global Illicit Economy

The Podcast

[🔊](#) [📄](#) [📧](#) [📱](#) [📺](#) [📺](#) [📺](#) [📺](#) [📺](#) [📺](#) [📺](#)

**CRIME BEYOND BORDERS**  
Journal of Illicit Economies and Development  
**JIED**  
#IllicitEcons

JIED | GLOBAL

## Crime Beyond Borders

The Podcast

[🔊](#) [📄](#) [📧](#) [📱](#) [📺](#) [📺](#) [📺](#) [📺](#) [📺](#) [📺](#) [📺](#)

**THE INDEX**

GLOBAL ORGANIZED CRIME INDEX | GLOBAL STRATEGY | GLOBAL

## The Index Podcast

A deep dive into the Global Organized Crime Index with leading experts looking at some of the biggest organized crime threats around the world.

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## Podcast series

The GI-TOC's podcast network, which was launched in 2020, continues to grow. Since its establishment and by the end of 2022, the GI-TOC has produced over 230 episodes and our audience is steadily growing. In 2022, we released 70 new episodes. The download total covering 1 January to 31 December is 41 509. This is an increase of 4 000 on the previous year. We have also started to explore podcasting on YouTube, an emerging and important podcast market in 2023. 'Deep Dive: Exploring Organized Crime' continues to be the GI-TOC's top-performing series, with all episodes getting over 1 000 downloads each, and some episodes having been downloaded nearly 3 000 times each. At the start of the year, Deep Dive was nominated as 'Best Investigative Podcast' at the 2022 Publisher Podcast Awards.

The GI-TOC has also continued to produce episodes in Spanish. We have created a single dedicated podcast series for all our Spanish language episodes – 'Crimen y Resiliencia', consolidating 'Coaliciones por la Resiliencia' and 'Paisajes', and other episodes into one feed. Although the audience is still relatively small, we have already achieved downloads in the majority of Latin American countries with Mexico as our strongest market, followed by Colombia. We expect this trajectory to continue as we produce more content in the next year.

'Too Many Enemies', released in 2021, takes the audience on an investigative journey into the assassination crisis in South Africa through the case of Wandile Bozwana, who was killed in October 2015 while stopped at a red traffic light in Pretoria. This series was nominated for the 'Podcast & Radio Award' at The One World Media Awards.

'Africa and the Global Illicit Economy' has continued to make steady progress with over 16 000 downloads since its launch in June 2020. It has been downloaded at least once in almost every country in Africa and reaches particularly good numbers in Kenya and South Africa.

Our Head of Podcasts and Video received a nomination for 'Podcast Hero of the Year' at the Publisher Podcast Awards for the second year in a row.

Since October 2021, the GI-TOC has also launched a podcast series called 'Crime Beyond Borders', highlighting research and journal articles published in Journal of Illicit Economies and Development (JIED) special issues, as well as featuring one-on-one conversations on organized crime and illicit economy topics, such as drug trafficking and drug policy, with distinguished professors and practitioners in the field. Crime Beyond Borders has had seven episodes covering various JIED special issues, special sections, thematic focuses and key geographies and countries such as drug policy, urban peace, Brazil, Ukraine, as well as featuring topical conversations with experts in the field.

We have launched a new podcast series called 'The Index', which is based around the GI-TOC's Global Organized Crime Index. The series is fronted by Thin Lei Win, a multimedia journalist from Myanmar. In each episode, Thin focuses on a different part of the world, country or illicit market, taking advantage of the GI-TOC's Network of Experts and data from the Organized Crime Index to create insightful and relevant discussions on contemporary issues.



## YouTube

- We gained 5.2k new subscribers in 2022, compared to the 2.1k we gained in 2021.
- During this period, our videos had 1 114 077 views and were watched for a totally of 88.5k hours.
- In terms of location, most of our audience are watching from South Africa (63.8%), followed by the UK at 6.1%, the US at 6%, Australia at 3.3% and Kenya at 3.3%. Our audience is 86.4% male, and the largest age bracket watching our content is people aged 25–34, making up 30.5% of our audience.

The most viewed videos on our YouTube channel between January and November 2022 are:

- 'Contested Ground: Inside Cape Town's gang wars', which has had 620.3k views since it was published.
- 'Armed Response: South Africa's Gun Violence', which has had 731.6k views since it was published.
- 'Mobile Money: Inside Kenya's Matatu Gangs' (full documentary), which has had 52.2k views since it was published.
- 'The Cocaine Pipeline to Europe', which has had 11.9k views since it was published.
- 'Hitmen for Hire: Exposing South Africa's Underworld, by Mark Shaw', which has had 16.2k views since it was published.
- 'Exploring the maritime Balkan routes of illicit economies', which has 3.1k views since it was published.
- 'West Africa: organized crime & instability', which has 2.3k views since it was published.
- 'The Global Organized Crime Index: Launch', which has 4.1k views since it was published.
- 'The Global Illicit Economy: Trajectories of Transnational Organized Crime, which has 3.4k views since it was published.
- 'The Truth About Plastic Waste Disposal and Organized Crime', which has 1.2k views since it was published.

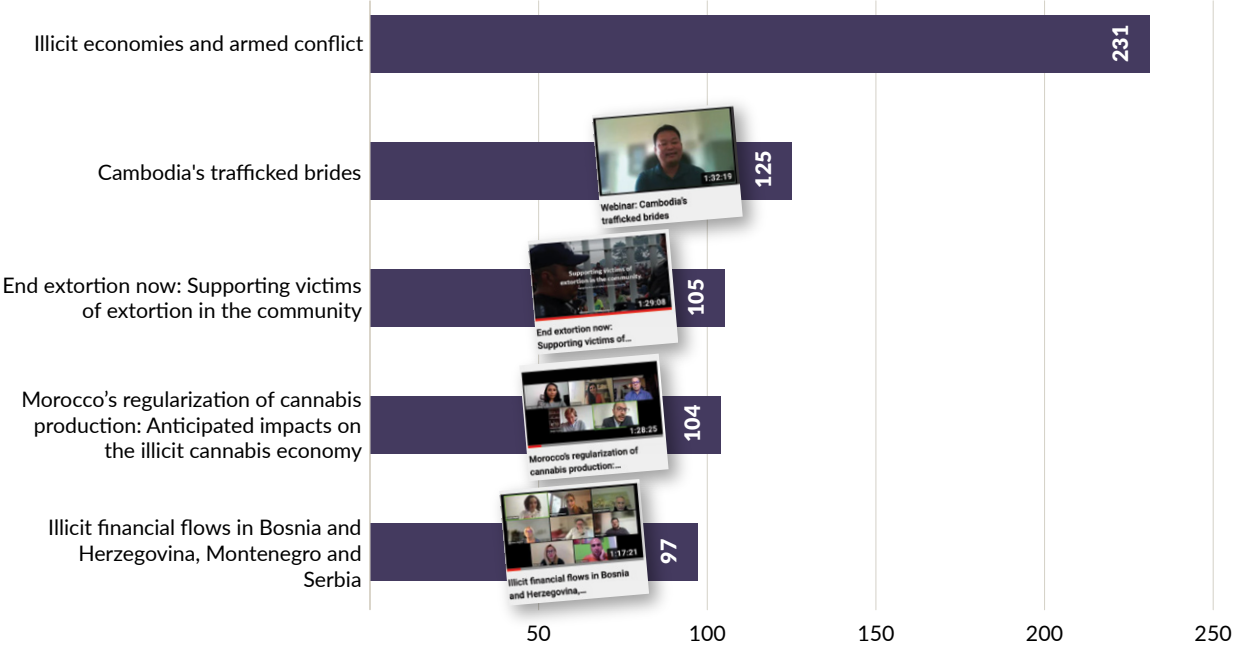




# Virtual events

In the first semester of 2022, we hosted 10 public virtual events. Since we have started using the HeySummit platform, we have engaged with more than 2 000 attendees for 25 webinars in the GI-TOC's virtual conference room, in addition to the more than 3 000 attending the previous year's edition of the OC24 conference.

## Top 5 webinars





## 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.

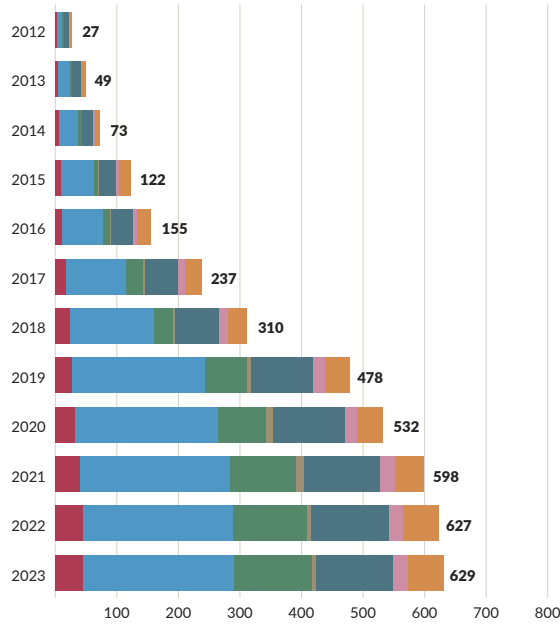
As of December 2022, the Network consisted of 629 members. Targeted recruitment is being used to increase membership from under-represented regions (i.e., Africa, Asia, Western Asia, Oceania), as well as female experts. In addition, the GI-TOC is developing regional initiatives to facilitate networking, encourage dialogue and future collaborations, and increase members' involvement with the GI-TOC's work.



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



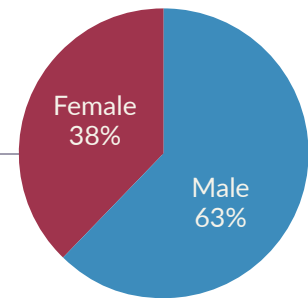
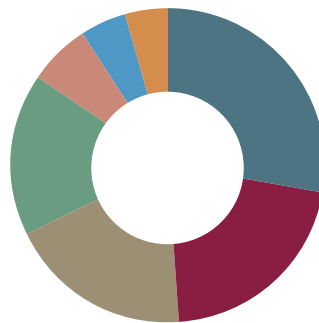
## Growth of members by region of origin



**Europe: 245 (39%)**  
**North America: 126 (20%)**  
**Latin America and the Caribbean: 121 (19%)**  
**Africa: 57 (9%)**  
**Western Asia: 7 (1%)**  
**Asia: 45 (7%)**  
**Oceania: 24 (4%)**

## Professional group

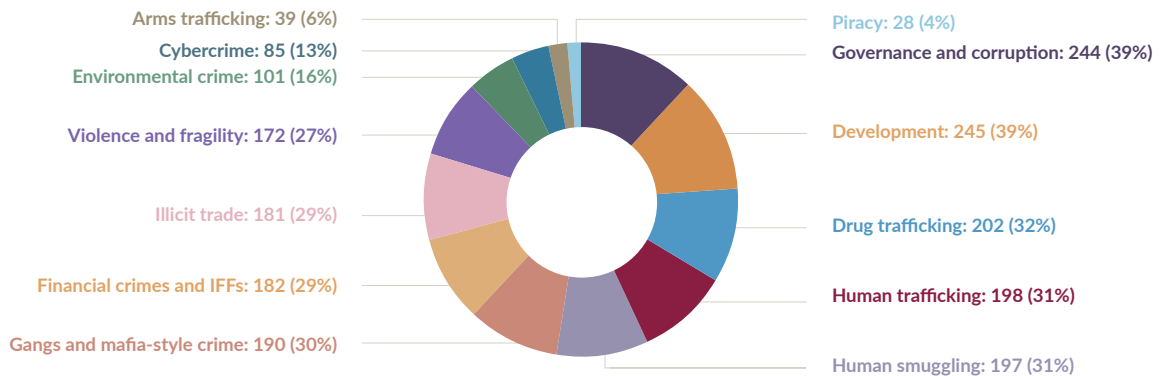
**Research and academia: 251 (40%)**  
**Government and law enforcement: 193 (30%)**  
**Independent experts: 172 (27%)**  
**Civil society organization: 154 (24%)**  
**Private sector: 60 (9%)**  
**UN/Regional organization: 43 (7%)**  
**Media: 41 (6%)**



**629 members**

Latest review: March 2023

## Subject area expertise



# YOUNG PROFESSIONALS NETWORK



The GI-TOC launched the Young Professionals Network (YPN) in 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 response to transnational organized crime.

In 2022, the YPN consisted of 12 members (7 women and 5 men) from various parts of the world, namely Oceania, North and sub-Saharan Africa, Europe, North America and Asia.

Throughout 2022, YPN members have been able to attend the Network's internal meetings (virtual group discussions) and receive the Network's quarterly bulletin, and have access to the Network's private LinkedIn group, where they can exchange with other members.

The YPN was also invited to contribute to one of the chapters of the GI-TOC strategy, as youth and organized crime is one of the main themes of this project. One of the YPN members was appointed as advisor to the steering committee of the Global Strategy.

In October 2022, the YPN held a panel at the OC24 conference reflecting on the challenges met by younger generations of researchers, civil society actors and practitioners who want to have a meaningful engagement in reducing the impact of organized crime around the world. This conversation also touched on why senior experts and young professionals need to work together more closely. The session was attended by 42 participants.

The YPN review committee was meant to convene in November 2022 to screen new applications and welcome new members but this deadline has been pushed back to Q1 of 2023 as the strategic vision of the YPN is currently being revised to include issues around youth more broadly.

## Thematic expert consultations

In 2022, based on the 2021 annual general meeting suggestions, the Network coordination team launched a series of expert group consultations on key topics that have marked the course of 2022. These allow the GI-TOC to consult its Network members on discussions for which it is called upon, including by the United Nations. On average, 10 Network members participated in these consultations.



In 2022, the following discussions have taken place:

- The UN Office on Drugs and Crime's terrorism strategy
- A UK industry round table on the UN cybercrime treaty
- Ukraine and the crime–conflict nexus
- The links between firearms trafficking and other forms of organized crime
- Additionally, six regional consultation meetings were organized in the framework of the Network's participation in the development of the GI-TOC's strategy on organized crime. Five of these consultations were held in person (Abidjan on 26 April, Bogotá on 6 July, São Paulo on 13 September, Bangkok on 4 October and Cape Town on 28 October). Consultations for members focusing on organized crime issues in Central America, central Asia and the MENA region were held virtually.

## Regional consultations

In addition to convening Network members to discuss specific themes based on their own field of expertise, the Network coordination team has started a series of regional consultations with Network members to consolidate existing relationships between members based in the same region, and to establish new ones as new members are added to the Network, in order to better identify regional needs in investigations into and responses to organized crime. These meetings also allow the coordination team to connect the issues and opinions shared at the local level with the different observatories established by the GI-TOC.

This year marked the development of a strategy for Latin America and a regional consultation was held in May 2022. There are plans to extend these meetings to other regions of the world, the next being Africa. A consultation with GIN members was coordinated in Abidjan, Côte d'Ivoire, in April 2022 to discuss the global strategy.

## 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. Many members welcomed the discussions and their summary notes, sending positive and encouraging feedback to the Secretariat and the Network coordination team.

## 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 to track the activity of the most active members on social networks, as well as to group information shared by Network members and the Network coordination team within a single keyword.





## 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 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.

# 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.





**GI-TOC headquarters**  
Geneva, Switzerland


 **Observatory of Illicit Economies  
in South Eastern Europe**  
Vienna, Austria

**Observatory of Illicit Markets  
and the Conflict in Ukraine**  
Kyiv, Ukraine

 **Observatory of Illicit Economies  
in North Africa and the Sahel**  
Valletta, Malta

 **Observatory of Illicit  
Economies in Guinea-Bissau**  
Bissau, Guinea-Bissau

 **Observatory of Illicit  
Economies in West Africa**  
Abidjan, Côte d'Ivoire

 **Observatory of Illicit Economies  
in East and Southern Africa**  
Nairobi, Kenya

**Observatory of Illicit  
Economies in the Asia-Pacific**  
Bangkok, Thailand

 **Observatory of Illicit Economies  
in East and Southern Africa**  
Cape Town, South Africa



# 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.

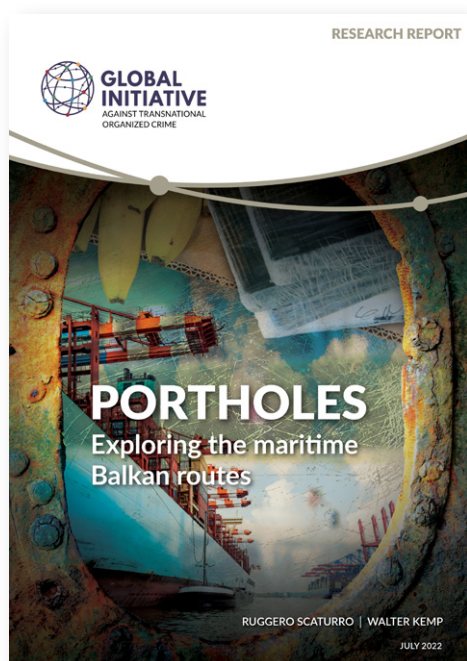
## Research and publications

Every year, the observatory publishes a flagship report on illicit economies in the region. In 2022, this report was 'Portholes: Exploring the maritime Balkan routes'. This report reveals that there is a maritime Balkan route bringing drugs into south-eastern Europe through key commercial seaports. Other commodities being smuggled along this route include weapons, waste, counterfeit goods and cigarettes. In addition, it provides a glimpse of smuggling along the Danube.

The case studies, which feature nine of the region's commercial ports, are a central element of this report. These ports were chosen to provide an overview of different types of ports (based on size, ownership, location and history of seizures) and to assess their vulnerability to organized crime.

Because of its importance, the report was presented to UK, Italian and US law enforcement agencies before its official publication. It was widely covered by local media in the Western Balkans but also international media, with 90 articles mentioning the report and much interest also from the Italian media. As of November, it had been viewed 3 121 times on the GI-TOC's website.

The report was accompanied by a digital tool showcasing the main findings of the research in an interactive way. A video was also produced to reach a larger audience and to report on the issues related to port security. The video reached nearly 2 500 views on the GI-TOC's YouTube channel.





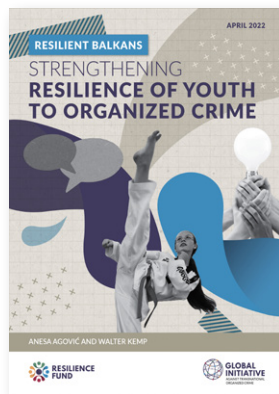
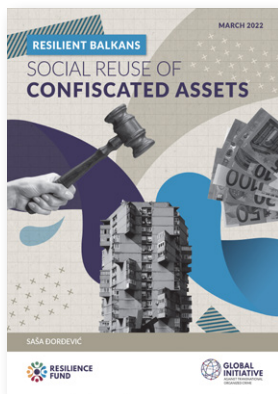
The report 'Illicit financial flows in Bosnia and Herzegovina, Montenegro and Serbia' analyzes the drivers and trends of illicit financial flows in those three countries. This was the second report in a series that analyzes illicit financial flows in the Balkan region, following 'Illicit Financial Flows in Albania, Kosovo and North Macedonia', published in August 2020.



These two reports were groundbreaking and extensively discussed by practitioners, public officials, politicians, journalists, civil society activists and academics in the six Western Balkans countries. This was the first time that a civil society organization delved into an issue that in the past was discussed only by local and international institutions. Both publications were supported by the Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH.

The report was covered by 57 local and international media, most notably in English and French. It was viewed 2 683 times on the GI-TOC's website as of end of August 2022.

In April, the observatory published a series of policy briefs with the aim of building and strengthening resilience in the Western Balkans. This series looked at topics of common interest to civil society organizations in the Western Balkans dealing with issues related to organized



crime. More specifically, it focused on gender and organized crime, the social reuse of confiscated assets and strengthening the resilience of youth to organized crime.

The three briefs had a strong impact on media and civil society in the region. The GI-TOC also organized a webinar with civil society organizations in order to further discuss these issues. The publication of the series was supported by the German Foreign Office.

'Dangerous games: Football hooliganism, politics and organized crime in the Western Balkans' is another flagship report from the observatory. It describes the nexus between fan associations and violence, politics and crime in the Western Balkans. The report was covered by local media in the Western Balkans and international media. In total, 51 news outlets covered the report in languages other than those of the Western Balkans, including English, French, Spanish, Bulgarian and Italian. As of November, the report had been viewed 2 416 times on the GI-TOC's website.



## RISK BULLETINS

The risk bulletins 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. Each publication is translated into the Balkan languages in order to reach a wider audience. In October, the observatory published its 13th issue of the risk bulletin.



## Meetings and events

In March, the observatory organized a regional network meeting in Vienna, the first in two years due to COVID-19 travel and meeting restrictions. The regional network is a key resource of the observatory, providing a valuable forum for knowledge exchange, expertise and advice. The regional network is a shared space where debate can take place, experiences can be shared and connections developed across civil society in south-eastern Europe.

The network includes civil society representatives who have volunteered to participate in a cross-regional network to exchange knowledge and expertise on organized crime and corruption in the Western Balkans. Currently, we have more than 40 people as part of our network. We collaborate with representatives of 20 civil society organizations from the region, 15 academics and six media representatives.

During the meeting, participants had the opportunity to discuss the drug situation in the Western Balkans, the links between hooligans and organized crime, as well as political financing and organized corruption. Some of the discussions focused on topics for future research, such as human trafficking in the Western Balkans, environmental crime in the Western Balkans and cryptocurrencies.



In May 2022, the observatory co-organized an international conference on 'Strengthening a culture of integrity' in south-eastern Europe with the Croatian Ministry of Justice and Public Administration. This high-level conference was held in Šibenik, Croatia, with the participation of four ministers of justice and two state secretaries from the Western Balkans six countries, as well as other senior officials from international and regional organizations, representatives of specialized anti-corruption agencies, civil society members, journalists and academics. It was a successful event that gathered over 60 participants, received

much attention and was applauded by the participants. The conference offered a unique opportunity to exchange experiences and views on enhancing strategic approaches to preventing corruption.

Together with the Center for the Study of Democracy, the observatory organized a meeting in Sofia, Bulgaria, that brought together around 50 representatives of law enforcement, civil society, media and academia. In this meeting, the GI-TOC presented its work and recent publications. After the meeting, GI-TOC representatives met with senior representatives of the Bulgarian interior ministry, where the GI-TOC's role in the region was discussed and bridges were built for further collaboration in the future. In October 2022, several events were organized across south-eastern Europe. In Skopje, North Macedonia, in partnership with the Ministry of Interior and the Faculty of Security – Skopje, University St. Kliment Ohridski, the observatory organized a conference titled Football Hooliganism and Organized Crime Challenges in North Macedonia. With a high level of participation of law enforcement practitioners and the attendance of the interior minister, the event also brought together the Football Federation, the academic community, civil society organizations and the international community (representatives from embassies, OSCE and UNODC).

In Pristina, together with the Italian embassy in Kosovo, the observatory organized a high-level hybrid event, the 'Drug situation in Kosovo and its repercussions on national security' with the participation of the interior minister, the deputy chief state prosecutor, Italian ambassador, heads of various departments of institutions, law enforcement agencies as well as participants from civil society, academia, media, diplomatic missions and international organizations. In addition, around 30 participants participated online.

A two-day scientific colloquium, 'Teaching organized crime and corruption courses in south-east Europe' was organized in Athens, together with the European Public Law Organization. The event focused on research and teaching methodologies, aiming to promote international educational exchange and improve knowledge so as to capture the ever-changing manifestations and impacts of organized crime and corruption locally, regionally and globally.



The observatory supported and participated in a conference in Sarajevo on migrant smuggling and human trafficking on the Western Balkan route, organized by the International Police Agency (IPA) in Bosnia and Herzegovina. The meeting enabled participants to share views on how to tackle common challenges, enhance cross-border cooperation and improve collaboration between relevant stakeholders, particularly law enforcement and civil society.



In November, the observatory participated in the seventh regional security coordination conference hosted by the Italian government. And in December, the observatory held a meeting in Albania with youth to raise awareness on issues regarding organized crime and corruption. This event was supported by the Dutch government and organized under the activities held as part of the Tirana European Youth Capital of 2022. The director of the observatory also presented the GI-TOC's work in the International Anti-Corruption Conference, held in Washington DC, with over 2 000 stakeholders from around the world.

## Publication of online tools

In August, the observatory published an online tool that monitors the progress of governments in the Western Balkans regarding the anti-corruption pledges that they have undertaken as part of the Berlin process, which aims to bring Western Balkans countries closer to the EU. The tool is part of the observatory's ongoing analysis and monitoring of anti-corruption efforts in the region.

In December, the observatory published a visual tool that accompanies the report 'Portholes: Exploring the maritime Balkan routes'. The tool displays an interactive map of ports in south-eastern Europe, timelines and infographics that show different aspects of smuggling routes and port infrastructure. A webinar was organized on 13 December presenting the online tool. The webinar had over 100 registered participants from different stakeholder groups including academia, port authorities, government institutions and civil society organizations. The webinar was livestreamed on YouTube with 100 additional views.

## Looking ahead

The observatory continues its work on regional anti-corruption efforts, coordinating and taking part in initiatives regarding this issue, which is important for the positioning of the GI-TOC in this field. In September, under the direction of the UK government, a meeting was held in Vienna with the observatory, the UN Office on Drugs and Crime and the Regional Anti-corruption Initiative to better coordinate anti-corruption efforts in the region.

The observatory is finalizing a series of research papers on the impact of the war in Ukraine on illicit markets in the Western Balkans and south-eastern Europe more broadly. It is also concluding a research paper on crime in airports, with the focus on two case studies – Belgrade and Skopje. It will publish a gap analysis on organized crime and corruption in the Western Balkans, as well as a study on political financing in the region. It will also publish a research report on the criminal links between Latin America and the Balkans, and two thematic reports on environmental crime and labour exploitation in the Western Balkans.

We will continue participating at a number of events and engaging with stakeholders, sharing and disseminating our work, our research findings and recommendations in the Western Balkans and beyond, aiming at influencing policymakers and turning our research into concrete actions.

# 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.

Now an established authority on organized crime in the region, the observatory is continuing to grow as it plays an influential role in shaping policy discussions, government responses and public debate on the impact of organized crime on society.

## Research and publications

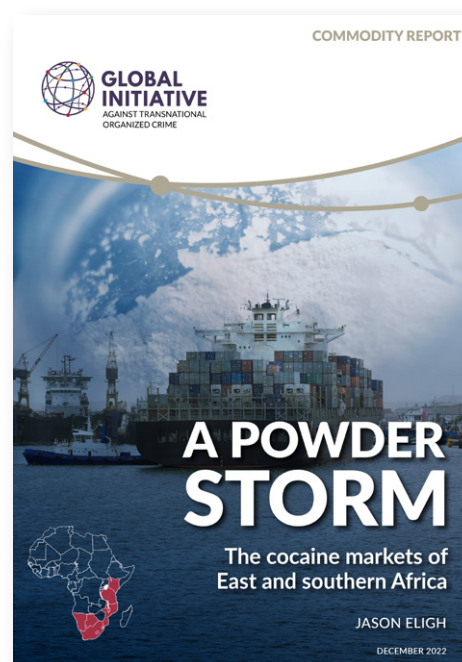
Since the observatory began its work in late 2019 and early 2020, it has published more than 20 reports; 25 risk bulletins containing more than 100 articles on illicit economies and organized crime; 4 documentary films (which collectively have garnered half a million views to date); a sixpart podcast series on assassinations in southern Africa; 20 GI-TOC podcasts on a number of organized crime topics; a database of drug data; and conducted around 60 engagements ranging from public webinars to off-the-record briefings and targeted engagements with law enforcement agencies, government departments and private sector institutions.

## Market research

### DRUGS

During 2022, the observatory concentrated on four outputs for the drugs market:

1. 'A powder storm: The cocaine markets of eastern and southern Africa': A market report on cocaine, which uses the same innovative fieldwork methods as seen in the earlier heroin and methamphetamine research, providing insights into drug flows, drug pricing and drug use in the region, helping to fill a significant knowledge gap.





2. A report giving market valuation estimates for drug markets in East and southern Africa.
3. A report on the structures of inter- and intra-regional supply chains of illicit drugs in eastern Africa, with a particular focus on inventorying the Kenyan drug market and smaller-scale drug flows within Kenya.
4. A report on 'drug user livelihoods' and the lived experiences of what has been termed the 'drug working class'. This report presents research led by drug user groups on their day-to-day livelihoods. The aim is to highlight the experiences of people working in drug markets as low-level retailers and users by providing quantifiable data and context on their experiences.

## GOLD

During 2022, the observatory concentrated on three outputs for the gold market:

1. 'Combating illicit gold markets in eastern and southern Africa': This research comprises two reports, assesses supply chains and political economies linked to illegal gold flows in East Africa and considers policy responses.



2. A study on the political economy of the gold sector in South Sudan.
3. A study on the illicit use of sodium cyanide in the gold sector in Kenya. The study tracks a new trend, as sodium cyanide has only become a chemical of choice in gold extraction in recent years – as new processes using the chemical can extract a higher proportion of gold from ore – and can have a devas-

tating environmental impact if used incorrectly.

This research was published in issue 24 of the observatory's risk bulletin and subsequently republished in the Kenyan newspaper The People Daily.

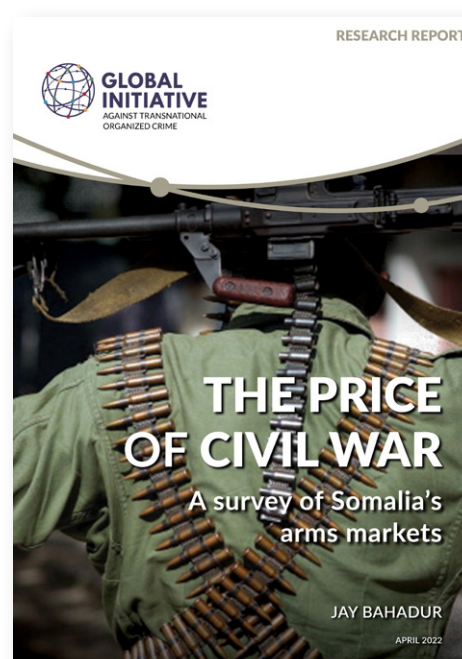
## ILLICIT FIREARMS

A report on illicit firearms in South Africa, Zimbabwe and Mozambique stemming from state losses and stockpile leakages. It has two main lines of enquiry: the legislative ability for the state to deal with illicit firearms; and the ability of criminal justice institutions to deal with prosecutions around firearms, policing of the illicit markets and strengths and weaknesses in the policing approaches. This builds on research done in 2021 that resulted in the report 'How to silence the guns? Southern Africa's illegal firearms market'.

## Political economy reports

The observatory continues to provide political-economy analysis reports that are in-depth, targeted reports examining the evolution of criminal economies and their impact on society.

The paper 'The price of civil war', which is a survey of Somalia's arms markets, is a weapons pricing study and the second of two research reports. The first report, 'An Iranian fingerprint' (November 2021) focused on the proliferation of Chinese-manufactured Type 56-1 assault rifles in Somalia, concluding that the rifles had very likely



been diverted from Iranian arms transfers to Houthi insurgents in Yemen. This report details the findings of a survey covering 13 illicit weapons markets across Somalia. The survey found that most weapons surveyed were originally of Chinese manufacture. It highlights several case studies, including material of Iranian and Saudi origin that, crucially, demonstrates how weapons transfers to the war in Yemen may be having a destabilizing effect across the region as they are transferred to Somalia. The paper has achieved a wide readership among an expert audience since its publication.

‘Northern Mozambique political economy’ – This research provides an updated analysis from fieldwork in northern Mozambique, looking at the intersections of illicit flows with issues of governance and the Cabo Delgado insurgency. The research contrasts two markets that have dominated the illicit economy in northern Mozambique. The first is heroin trafficking, which continues to increase in northern Mozambique. The second is wildlife trafficking, particularly of ivory, which in former years was an enormous issue in Mozambique, yet today has declined significantly. Our research compares the different trajectories of these two illicit markets, asks why the trends are different and what this tells us about governance in northern Mozambique, and analyzes any links to conflict and responses to organized crime.

‘Volatility and weakness in Madagascar: A review of five criminal economies’ – Field research was conducted into five criminal markets in Madagascar: illegal gold mining and trade, drugs (with a particular focus on the heroin market), trafficking of rosewood, the black market for vanilla and the trafficking of endangered tortoises. The report provides a detailed analysis of organized crime threats facing Madagascar.

‘South Sudan criminal economy, corruption and patronage’ – This research assesses supply chains and political economies linked to illegal gold flows from South Sudan. Fieldwork in Kapoeta and Juba in South Sudan, Kenya and Uganda has been completed. The fieldwork in border regions investigated illicit gold supply chains originating in South Sudan and the associated political economies. The initial findings of the research have reported on how state actors are governing illicit trade in South Sudan’s mineral resources and how state actors and foreign actors collude to smuggle gold from the country.



The report ‘Instability and organized crime in South Africa’s KwaZulu-Natal province and its impact on South Africa and the wider region’ examines how KwaZulu-Natal province has become an epicentre of political instability in South Africa – as the unrest in July 2021 showed – as well as a hub for forms of organized crime. These two factors are significantly interlinked, as evidenced by the recent elections of several individuals known to be involved in criminal activity.

‘Extortion or transformation? The construction mafia in South Africa’ – This report focuses on extortion in the construction sector in South Africa and how these extortion networks are now targeting other businesses. Our research has found that there has been a recent transition: where previously those in the construction industry had fought back against the criminal groups trying to extort them, resulting in violence, extortion demands are now more often complied with. This is creating a dangerous new normal where criminal activity is pervasive and increasingly normalized in the sector.

‘Empty forests: How politics, economics and corruption fuel live great ape trafficking’ – This report investigates the networks trafficking great apes internationally and how social media is often used to facilitate it. The report profiles ape trafficking networks in Uganda, the DRC and Guinea. It investigates how the United Arab Emirates has emerged in the past two decades as a significant destination and transit point in wildlife trafficking.



The report 'Insurgency, illicit markets and corruption: The Cabo Delgado conflict and its regional implications', is an in-depth examination of the Islamic State-aligned insurgency in Mozambique and its impact on illicit markets and smuggling routes for drugs, minerals, people, wildlife, timber and arms. A team comprising researchers specializing in organized crime, investigative journalists and counterterrorism experts conducted over 100 interviews over three months in Cabo Delgado and Maputo in Mozambique, and Durban and Cape Town in South Africa. This study builds on extensive research into the illicit economies of northern Mozambique that the GI-TOC has been conducting since 2018.

'Terror and taxes: Inside Al-Shabaab's revenue collection machine' – Al-Shabaab, Somalia's al-Qaeda-linked militant group, levies various 'taxes' throughout much of the country's south, most significantly on the transit of goods and vehicles. GI-TOC researchers collected over a thousand receipts issued to drivers by al-Shabaab tax collectors in the Middle and Lower Juba regions. This comprehensive data set allowed for extensive modelling over time of al-Shabaab's extortion and revenue collection economy in one of the most densely populated areas of Somalia.

'Transform or reform? Policing in South Africa' – This report will examine what police reform in South Africa should entail, especially in the context of crimes intended to subvert democracy, as has been seen, for example, in KwaZulu-Natal province in recent times.

## Monthly risk bulletins

The observatory has now published 25 risk bulletins with 97 articles on illicit economies and criminal networks in more than a dozen East and southern African countries. The risk bulletin is read by an influential readership in government, civil society, law enforcement, NGOs and intergovernmental organizations. Its reach is significantly enhanced through syndication agreements with leading news publications such as *Daily Maverick*, *Mail & Guardian*, *The Continent*, *Financial Mail* and Kenya's *The Star* newspaper.

## Podcasts

A six-part podcast series, produced by the observatory, investigated the assassination of a South African businessman against the backdrop of targeted hits and political killings in southern Africa. The series was published by News24 and the GI-TOC on all major podcast platforms and quickly became one of News24's most listened podcasts to date.

In April 2022, the series was shortlisted for the Taco Kuiper Award for Investigative Journalism, South Africa's most prestigious journalism prize. It was also longlisted for the One World Media Awards, which recognize the best media coverage of the Global South. The awards are sponsored by the BBC, ITV News and Google among others. This has helped raise the profile of our work and the subject matter that we research, and demonstrates the importance of journalistic investigations into organized trends and threats.

## Strategic organized crime risk assessment: South Africa

The Strategic Organized Crime Risk Assessment, conducted between October 2021 and September 2022, when it was published, is the first assessment of organized crime by a civil society organization in South Africa. It analyzes the current organized crime threat landscape by assessing 15 illicit markets that are currently impacting South Africa, the harms that the threat of organized crime poses, the evolution and composition of key criminal actors and networks (including foreign linkages) and how the criminal threat might develop in future. The report also identifies key capacity gaps and institutional weaknesses within the South African state's response to organized crime and provides recommendations for future evidence-based approaches.

The Risk Assessment filled a significant knowledge gap, as it had been more than a decade since the South African Police Service last conducted an assessment of organized crime in the country. It had a far-reaching impact on government, the justice and security cluster, and the Presidency, who were all privately engaged on the findings of the report before it was launched to the public. These high-level engagements allowed the observatory to share its research with influential decision-makers to

ensure policy responses to the scourge of different organized crime illicit markets and ecosystems are based on sound, evidence-based research and data. The report was also well received in broader society and there was significant media engagement and coverage of the Risk Assessment. The report has been covered in more than 31 news articles and segments, including television and radio interviews, across 26 different publications including Bloomberg, Times Live, News24 and *Daily Maverick*, a highly respected South African publication with more than 10 million unique readers per month.

## Launch of the Eastern and Southern Africa Commission on Drugs

The GI-TOC is expanding through the East and southern Africa region by serving as secretariat to the newly established Eastern and Southern Africa Commission on Drugs (ESACD), chaired by former president of South Africa Kgalema Motlanthe. The ESACD is an independent, high-level analysis and advocacy

group working on drug issues in the region. It aims to develop local and regional awareness, engender public discussions and engage with policymakers to discuss new approaches and reforms.

The official launch of the ESACD will take place in Cape Town on 10–11 February 2023. The launch event is expected to be attended by former heads of states, academics, civil society members and other stakeholders.

## Looking ahead

The observatory is evolving and continues to work on a range of critical thematic priorities, including drugs, arms flows, assassinations, environmental crime, maritime crime, extractives, urban violence, extortion, illicit financial flows and cybercrime. The country focus includes Kenya, Somalia, South Sudan, Uganda, Tanzania, Madagascar, Angola, South Africa and DRC.



# NORTH AFRICA AND THE SAHEL

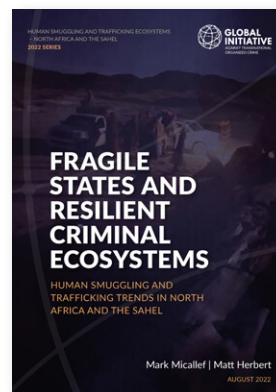


The Observatory of Illicit Economies in North Africa and the Sahel focuses on the political economy of transnational organized crime, mapping and identifying the hubs, routes and flows of illicit markets; the key actors, stakeholders and transnational organized crime groups involved; and the impact that 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.

## Research and publications

The observatory continues to lead a research project on human smuggling and trafficking in North Africa and the Sahel, 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. This programme has two primary 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, government response efforts in North Africa and the Sahel and profiling of various actors relevant to these criminal markets. The bulk of this research work relies on a network of field monitors in the Maghreb–Sahel, which now counts more



than 160 monitors, who are typically local activists, journalists and researchers, and who are the core of the observatory's network-based research system.

In January 2022, research for this project resulted in the publication of a report titled 'Losing hope: Why Tunisians are leading the surge in irregular migration to Europe', which provides a timely analysis of the impact of the country's political and economic crises on human smuggling dynamics in the country. Later in the year, a further seven reports were published between June and August 2022. The series, 'Human smuggling and trafficking ecosystems,' provided granular reporting and analysis of developments and changes in human smuggling and trafficking dynamics in Libya, Tunisia, Morocco, Niger, Chad and Mali, as well as a regional assessment focusing on the effects of these criminal activities on state fragility, the resilience of states and smugglers, as well as issues such as corruption, conflict and instability.

The observatory has also conducted independent research throughout 2022. In February, together with the West Africa observatory, the observatory published the policy brief 'Whose crime is it anyway? Organized crime and international stabilization efforts in Mali.' This brief is a critical appraisal of international stabilization efforts in Mali with their overemphasis on technical, militarized approaches that do not adequately consider the relationship between instability, violent extremism and organized crime.

In another cross-observatory project with the Latin America and the East and southern Africa observatories, the observatory also contributed to the report 'Illicit economies and armed conflict: Ten dynamics that drive instability' published in January 2022. The study examines the relationship between conflict and organized crime in Mozambique, Mali, Libya and Colombia. The report develops a comparative assessment of the changes in the relationship between conflict and illicit markets over time. Through granular case studies, the report identifies 10 dynamics that influence illicit economies and conflict situations. These findings contribute to vital policy discussions for stabilization and conflict mediation in these and other regions.

In the first quarter of 2022, the observatory finalized research for the Friedrich Ebert Stiftung on oil and fragility in Libya. This resulted in a co-branded publication in June, titled 'Blessing and curse: Petroleum profits, control and fragility in Libya.'

In the first quarter of 2023, the observatory will be looking to publish a study in collaboration with the West Africa observatory on the use of sanctions and restrictive measures by the international community as a tool to tackle organized crime and illicit markets globally. It is anticipated that this effort will help consolidate and catalyze the GI-TOC's work on restrictive measures. The observatory is also contributing to a study conducted by the East and southern Africa observatory on the role of Russian mercenary group Wagner on organized crime in various parts of Africa. The observatory is contributing with research on Wagner's footprint in Libya and Mali.

The observatory is also looking forward to the publication in 2023 of extensive research on drug trafficking conducted in 2021 with the south-eastern Europe observatory for the European Monitoring Centre for Drugs and

Drug Addiction (EMCDDA). The report produced by the North Africa and Sahel observatory describes the current drug market landscapes in North Africa and the Middle East (Libya, Tunisia, Algeria, Morocco, Lebanon, Jordan, Syria, Israel and Palestine) and how they changed since 2018. A first draft was delivered to EMCDDA in February, observatory staff submitted a second draft in April and is now supporting the European agency in the final pre-publication stages.

## Events and external engagement

During the course of 2022, GI-TOC analysts have been cited in news and analysis pieces by CNN International, the BBC, Associated Press, Reuters, Deutsche Welle, the *Financial Times*, Al-Jazeera, *El Periódico de España* and Open Democracy.

With other observatories, the North Africa and Sahel observatory also delivered a number of events and round tables, including:

- On 9 March, observatory staff delivered a briefing at a virtual round-table event organized by NATO for its staff, based on the November 2021 paper titled 'The road to stability: Rethinking security sector reform in post-conflict Libya.'
- On 22 March, the observatory supported a virtual conference titled 'Illicit economies, armed conflict and instability', organized with the UN University and the German Federal Foreign Office. On 4 March, it supported a discussion as part of the World Bank Group fragility forum. During both, the GI-TOC presented the findings of the paper 'Illicit economies and armed conflict: Ten dynamics that drive instability' and other recent research on the topic.
- On 19 May, the observatory convened a virtual event discussing Morocco's regularization of cannabis production and its anticipated impacts on the illicit cannabis economy. The event was well attended with over 90 participants from Moroccan and international civil society, as well as representatives from regulatory and other government and law enforcement agencies.



- Between 27 and 29 June, an observatory staff member served as an outside expert for the UN Resident Coordinator MENA Forum in Geneva, providing briefings on illicit narcotics trends in the Middle East and North Africa and irregular migration dynamics in North Africa.
- Observatory staff also delivered 15 briefings to the EU; representations and agencies from the Netherlands, the UK and the US; UN bodies such as the International Organization for Migration, the UN Refugee Agency (UNHCR) and the UN panels of experts on Libya and Mali; as well as national and international civil society organizations.

## Looking ahead

At the time of writing, the observatory was working on a number of reports for publication in the last quarter of 2022 and the first quarter of 2023. The reports will cover human smuggling dynamics to the Canary Islands, the expulsion of migrants from southern Libya to Niger, and the intersection of Mali's peace process on organized crime dynamics in the north.

Separately, negotiations continue with UNHCR and the UN Office on Drugs and Crime (UNODC) on a potential research stream focused on state responses to human trafficking. This is a very exciting project that would exploit the work done by the observatory on human smuggling and trafficking since its inception. The project would seek to produce executive research documents that flag gaps in the international investigation and prosecution of human traffickers and abusive human smugglers.

The project discussed with UNHCR and UNODC would seek to address this by identifying gaps in the system; examples of good and bad practice when it comes to investigation and prosecution, on both sides of the Mediterranean, as well as areas where international cooperation is failing. We are hoping to have a programme put together and funded by the first quarter of 2023, enabling us to pursue the distribution of staggered research products later in the year.

The observatory is also conducting negotiations on a smaller project with the United Nations Department of Peace Operations. The focus of the project is on armed-group dynamics in southern Libya. The project, to be conducted in the autumn and winter of 2022–2023, is anticipated to result in a non-public report and workshop.

# LATIN AMERICA



In the Latin America region, illicit markets, widespread corruption and high levels of impunity have contributed to a pervasive environment of criminality, thwarted economic development and escalated levels of displacement, human trafficking and smuggling. In 2018, the GI-TOC began its work in the region with a small team working from Mexico and Guatemala. Over the years, the work in the region has expanded, which led to the formation of the Observatory of Illicit Economies in Central America in 2020. A dedicated page on the GI-TOC website has been created in Spanish to increase awareness and enhance the reach of Spanish-speaking audiences. The *Latinoamérica y el Caribe* landing page serves as a repository of all the work developed or related to the region.

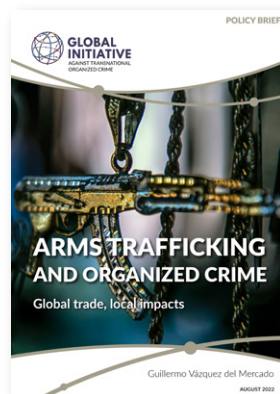
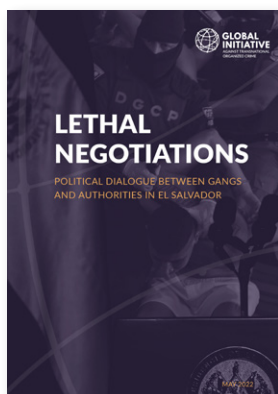
## Research and publications

As an immediate response to the state of emergency established by the Salvadoran National Assembly with the purpose to strengthen the response to gangs, the observatory

published a policy brief that analyzes the context and risks of a political dialogue between gangs and authorities in El Salvador. The analysis and recommendations contribute to the ongoing dialogue on alternative ways to control violence and promote peace in El Salvador.

To monitor the regional changes derived from public policy in El Salvador, the observatory will continue to monitor how Central American authorities strive to contain criminal governance in the region with punitive responses. Through virtual dialogues and comparative analysis, the observatory will enhance the dissemination of policy recommendations during the first quarter of 2023.

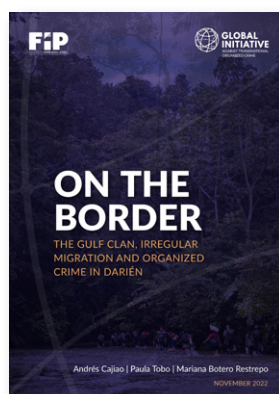
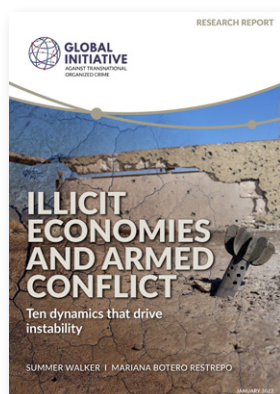
Firearms play a central role in enabling violent crimes and enhancing the power of criminal organizations. Responding to this issue, a policy brief titled 'Arms trafficking and organized crime: Global trade, local impacts' was developed and presented in a side event in the 8th Conference of the Parties to the Arms Trade Treaty on 23 August.





The research report 'Illicit economies and armed conflict: Ten dynamics that drive instability', published in January, covers the relationship between illicit economies, conflict and instability, including a special section on Colombia focusing on the period following the signing of the 2016 Peace Accord with the Revolutionary Armed Forces of Colombia (FARC), to provide insights into the post-conflict setting where illicit economies have become embedded within the conflict dynamic.

Following the humanitarian crisis in the Darién region, spanning the border between Colombia and Panama, a research report 'On the border: The Gulf Clan, irregular migration and organized crime in Darién', was published in December exploring the relationship between irregular migration and organized crime in this region. The report will examine how migrant smuggling operates in this context and the role of the most prominent criminal group in Colombia, the Clan del Golfo, in this criminal economy.



## Webinars and events

Since January 2022, the observatory has organized seven webinars. The target audience is members of the regional network, but the sessions are available to a general audience through official media channels. These activities help us reach out and engage with stakeholders and civil society organizations from the region, and exchange experiences, lessons learnt and best practices.

For the implementation of the webinars, the observatory involves partners to promote collaborative approaches to knowledge sharing. Such is the case of the webinar coordinated with the Resilience Fund, in which Italian civil society organization Addio Pizzo presented how they have been promoting resilience to extortion in Sicily. A partnership with the Organization of American States, where the GI-TOC is

a civil society organization accredited observer, made possible an exchange covering special investigation techniques as a tool to control extortion. Global Financial Integrity also shared their latest research on money laundering linked with extortion; and México Evalúa (see below) described their methodologies to research extortion within the private sector. Overall, 226 people attended these sessions during this reporting period.

Other resources of the observatory include a blog analyzing how extortion has become an obstacle for development in the Central American region, and a paper exploring new methods of extortion in northern Central American countries, Mexico and Colombia. This paper builds on collaboration with the OAS by highlighting special investigation techniques as a tool to better understand criminal structures and strengthen criminal investigation processes that contribute to criminal convictions.

In July, an expert consultation within the framework of the project 'Drug policy reform and its implications for organized crime', financed by the Open Society Foundations, was held in Bogotá, Colombia. The discussions centred on the impact of cannabis, coca and coca leaf regulation/legalization. This consultation brought together network experts from Peru, Bolivia and Colombia, as well as other key experts in harm reduction, citizen security and the cannabis business, and political representatives.

## PODCASTS

'Crimen y Resiliencia', the observatory's podcast series, was launched in June. The series explores the impacts of organized crime in the region and the responses of the most affected communities. As of November 2022, the series had 13 episodes.

## Somos Comunidad: Resilient communities in Colombia

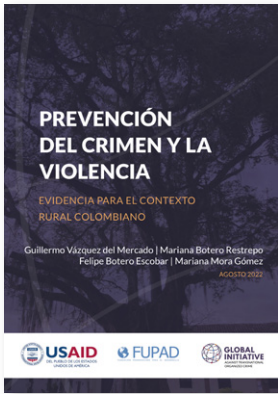
Somos Comunidad is a USAID-funded project implemented in Colombia in partnership with the Pan American Development Foundation (PADF). The project aims to increase security and resilience to crime and violence at the community level, and respond to Colombia's most pressing citizen security needs.

A key approach to comply with the project's objective of strengthening social cohesion and local security system is the implementation of capacity building sessions and resilience dialogues. As of August 2022, the project team had implemented 22 capacity building sessions and 10 local resilience dialogues in 10 municipalities in Colombia affected by conflict and crime. In total, the project benefited 1 083 individuals, including civil society organization representatives, government officials, police officers and public attorneys from targeted municipalities.

ACTIVITY	BENEFICIARIES
Virtual capacity building course	550 (30% male and 70% female)
In-person capacity building session	274 (40% male and 60% female)
Resilience dialogues	259

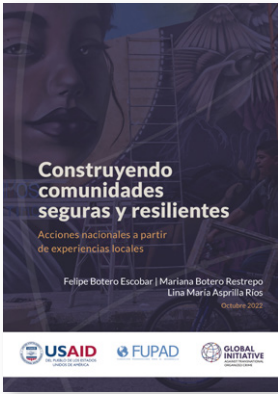
The resilience dialogues helped identify how resilience is being built in Colombian communities, recognize the risks faced and adopt commitments to keep strengthening resilience initiatives in specific contexts. As a result of this process, the team listed a set of recommendations to support community resilience and crime prevention in the targeted municipalities and used it as a guide to design 10 projects. The PADF will support the implementation of the projects in coordination with the communities.

On 18 August, in response to the need to develop and implement policies and programmes to prevent violence and crime in Colombia's rural areas, the project published a research report titled 'Prevención del crimen y la violencia: Evidencia para el contexto rural colombiano' (Crime and violence prevention: Evidence for the Colombian rural context).



In September, six regional resilience dialogues were implemented, with multisectoral representatives participating. These helped identify concerns and opportunities for collaboration at a regional level regarding citizen security, crime and violence prevention. In October, a national resilience dialogue convened participants from across the country to share the conclusions of previous dialogues and discuss recommendations for a national public policy.

Building on the knowledge gathered through local, regional and national resilience dialogues, the project produced a policy brief 'Building safe and resilient communities' for Colombia's new national government recommending key actions on how to include community resilience approaches to citizen security, and crime and violence prevention policies.



## HEROES Horizon 2020 project

In 2022, the GI-TOC joined a multi-country consortium to explore how to use the latest technological advances and strategies to prevent and combat human trafficking for online child sexual exploitation, and support investigation into these crimes and their victims' protection in Peru.

## Partnerships

### MÉXICO EVALÚA, MEXICO

In May, the GI-TOC signed a memorandum of understanding with civil society organization México Evalúa. The purpose of the alliance is to renew civil society commitment to solving long-standing security issues in the border state of Baja California, focusing on Tijuana, and specifically on extortion of the business community. Between February and June 2022, México Evalúa,



with financial support from the GI-TOC, researched how business owners deal with extortion, organize against it and work with public authorities to counter it; analyzed the different modalities of extortion and measures taken by public authorities; and recommended a road map for innovative public policy. The research was presented on 12 September in Tijuana, Mexico; on 13 September in San Diego, US; and on 19 September in Mexico City, accompanied by an outreach campaign.

#### **FUNDACIÓN IDEAS PARA LA PAZ, COLOMBIA**

In March 2022, the GI-TOC signed an agreement with Fundación Ideas para la Paz, a Colombian think tank, with the aim of implementing a joint research programme titled 'Migrant smuggling in the Darién region'.

#### **MUNICIPALITY OF PALMIRA, COLOMBIA**

In November 2022, the GI-TOC signed an agreement with the municipality of Palmira to support the appropriation

of their violence prevention strategy named PAZOS ('peace and opportunities' in Spanish) among civil society organizations that work in the area. The GI-TOC will use the Resilience Dialogues approach to achieve this.

#### **INSTITUTO PRENSA Y SOCIEDAD, PERU**

A new initiative in collaboration between the GI-TOC and Instituto Prensa y Sociedad (IPYS), a Peruvian civil society organization, aims to identify, map and report on links between criminal groups in Latin America and the Western Balkans. A network of journalists from both regions was created and strengthened through workshops and mentorship from IPYS. The training will cover the dynamics that have given rise to the involvement of criminal groups from the Western Balkans in cocaine trafficking. This initiative is the result of collaboration between the GI-TOC's Latin American and south-eastern European observatories.

# ASIA-PACIFIC



The Observatory of Illicit Economies in Asia-Pacific was established in 2020 as part of the GI-TOC's efforts to work towards a more global presence. Progress has been made to establish the work, reach and physical presence of the observatory, despite the limitations that the COVID-19 pandemic has placed on such activities. In May 2022, the observatory opened its first formal and physical presence, co-located with the esteemed Thailand Institute of Justice (TIJ), in Bangkok. Our office in Bangkok is staffed by a programme manager and an associate whose remit is to further develop relationships and build understanding across Thailand and South East Asia more broadly.

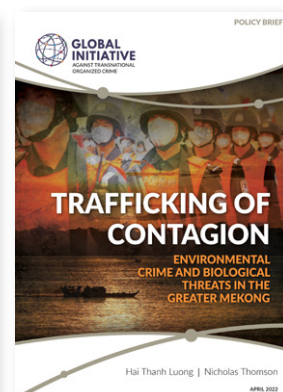
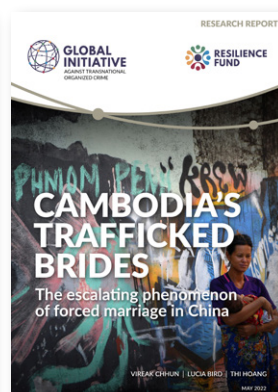
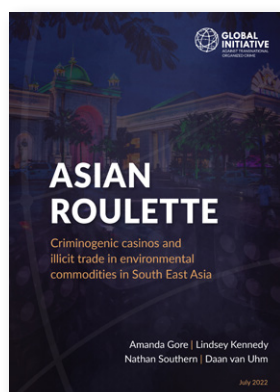
The TIJ and the GI-TOC have committed to work jointly to promote the exchange of information, experience and expertise in transnational crimes, crime prevention and criminal justice and the rule of law. We will develop and share analysis of regional transnational organized crime threats, undertake stakeholder mapping and engage widely throughout Thailand, using the TIJ facilities as an occasional base for regional events and training purposes.

The observatory continues to build effective and strong donor relationships. We are currently supported by a number of donors, including the Government of Norway, Australia's Mekong-Australia Program on Transnational Crime, New Zealand, the US and Canada. We have also attracted possible interest from other donors.

## Research and publications

The observatory's work has continued to focus predominantly on understanding the dynamics, trends and networks engaged in environmental crime across the region and how they connect across the globe. We have also been expanding our understanding of human trafficking and human smuggling markets, for example through the launch of a report on Cambodian bride trafficking; a blog on the nexus between human trafficking and financial crime in the Mekong's casinos; and an analysis of selected countries' policies, priorities and cooperation in addressing human smuggling.

The observatory published extensively in 2022, with recent work on understanding the role casinos play in facilitating environmental crime, as well as further work expanding the understanding of the nexus between biohazards and border control. The latter was also the subject of an online panel discussion in April featuring – in addition to the report's authors – a representative from the UNODC's regional office for South East Asia and the Pacific. We also published a 'hub' study on Sihanoukville





(Cambodia) and a further investigation into illegal logging in Cambodia. A report analyzing the money flows of three environmental commodities – and which acts as a companion piece to previous research conducted on abalone, gems and timber – is expected to be published in 2023. The observatory has also commenced work looking at drug trafficking and drug policy across the Mekong region, as well as the impact of the decriminalization of cannabis in Thailand on organized crime, and is currently preparing two publications on the topic.

## Webinars and events



In 2022, the observatory organized four online expert briefings on organized crime challenges in the Mekong for Australia, Mekong government partners and other interested stakeholders. This has given the GI-TOC a unique opportunity to present its research and approach a wide audience, including national authorities, the international donor community and civil society who are working on related topics across the region.

The observatory team participated in a number of regional events, including a guest lecture delivered by the GI-TOC's director, Mark Shaw, to the Indian National Defence College on 30 June; a lecture on waste crime at IESE Business School in February; a presentation at the 25th Annual Meeting of the INTERPOL Pollution Crime Working Group in April; representation at the inaugural Pacific Regional Law Enforcement Conference held in Fiji at the beginning of August; engagement in the Third ASEAN Conference on Crime Prevention and Criminal Justice in Bangkok in August; the 6th International Conference on Governance, Crime and Justice Statistics held in Seoul, Republic of Korea, in mid-November; the annual expert group meeting on Alternative Development in Chiang Mai and Chiang Rai, Thailand, in early December; and INTERPOL's Wildlife Crime Working Group in Singapore in early December.

The team successfully organized the first Development Dialogue in Asia in October 2022, focusing specifically on organized crime, democracy and conflict in the Mekong. Co-organized with the Australian Embassy in Bangkok, the event was attended by more than 80 experts from the donor community, civil society and international law enforcement. In addition, planning is also underway to bring together security and health officials from Thailand, Vietnam, Cambodia and Laos to discuss the nexus between biohazard and border control at an event in early 2023 in Bangkok. The observatory organized an introductory briefing on the Organized Crime Index and the role of civil society in strengthening resilience to organized crime at the Foreign Correspondent Club of Thailand as well as various webinars and sessions at the OC24 conference in October.

## Partnerships

The observatory signed a formal memorandum of understanding with the University of Surabaya (Universitas Surabaya), the University of Mataram as well as the University of Tanjungpura (Universitas Tanjungpura) in Indonesia, which is designed to improve cooperation and coordination between Indonesian and international civil society organizations and academic institutions, and to support the development of innovative, proactive and strategic research in the field of organized crime.

We continue to build strong relationships with individuals and civil society organizations across the region, including through the Resilience Fund fellowship and grants mechanism, to develop effective working relationships with organizations such as Child Helpline Cambodia, universities, and individual journalists and experts. We continue to enhance the Asian complement of Global Initiative Network members as well as the Young Professionals Network, and have proposed several new members in both categories. We are grateful for the extensive contributions from both networks in further contributing to our understanding and advocacy across the region.

## Market Monitoring and Friction Unit (MMFU)

The Market Monitoring and Friction Unit (MMFU), which tracks and analyzes Illicit wildlife trade online, has focused on Africa, East and South East Asia and European markets.

The MMFU work related to the Asian continent is where the unit has made the most progress. The team released a report that relied on innovative, machine-learning-based methodology to look at the trade in pangolin-derived items in the Chinese (Mandarin) and English-speaking internet. Follow-up work is foreseen in China and Hong Kong, including with the launch of our first-ever Chinese language version of the report.

Our work on Vietnam is also continuing at an even faster pace following the visit of the observatory representative and the MMFU lead to Hanoi in June: another Vietnam-focused report has been published, and our behaviour change/demand reduction campaign, in collaboration with a Vietnamese academic and public relations firm, continues to impact Vietnamese netizens.

A final market monitoring report – of the social-media based trade in endangered parrots in Indonesia – has been published and results have been shared with private platforms, police and courier companies. Our work will be translated into Bahasa, further expanding our coverage through regional languages.

The MMFU has also been supporting the work of the World Wide Fund for Nature and TRAFFIC, as part of a large-scale study on illicit wildlife trade conducted for EUROPOL. The GI-TOC's signature technology, Cascade, was used to scrape the Dutch-, Italian- and Spanish-speaking internet to provide leads to EUROPOL. The second and final round of data collection was completed in September 2022, and the GI-TOC is also now attending a technology working group meeting organized by Europol and Traffic, under the UNITE project.

In our work to apply the learnings of the MMFU across multiple markets and jurisdictions, we have produced a number of additional community tools such as special victims impact statements as well as a paper on the ethics of disrupting online wildlife trade, formally launched during an online event. Lastly, the MMFU has published guidance on the production of typology reports – a tool

with a proven track record in the financial crime sphere – for use in the response to online illicit wildlife trade. The reports help with the timely sharing of sensitive data detected on the surface web and social media platforms to assist with the enforcement of platforms' terms of service and national legislation by law enforcement agencies.



## Looking ahead

In December 2022, the project that supported the co-existence and development of the Asia-Pacific office and the MMFU (a Norwegian-funded project on anticipating and disrupting environmental crime in the globalized economy) comes to a close. In 2023, therefore, these two teams will become formally separate.

The observatory team will continue to consolidate its presence and reach in South East Asia and also turn to enhancing relationships, partnerships and thematic focus in new geographical areas, such as:

- The Pacific, where through extended trips across the region the team will strive to build partnerships



and a strong network, and will concentrate its research on analyzing foreign actors influencing the local criminal landscape.

- East Asia, where we continue to build the capacity to engage with China and the growing impact the country has in both the region and sectors that we monitor. In 2023, we will focus more attention on the linkages between China and its South East Asian neighbours, working through independent projects and collaboration with our partners.
- South Asia. In 2023, the GI-TOC will expand its coverage of South Asia, focusing on building networks in India and expanding its existing engagement with Afghanistan.

A particular focus will be understanding better the challenges facing civil society across the region, and partnerships being sought to further enhance the resilience and capabilities of civil society actors, especially in the Mekong in the first instance. The observatory will also take on priority country challenges, recognizing the importance of China, Indonesia, Afghanistan and Myanmar in the work that we do, and their impact on global and regional dynamics.

The MMFU team will be absorbed into a thematic focus on environmental crime, while also supporting the GI-TOC's broader adoption of machine-learning and OSINT methodologies. With anticipated EU funding, the team will coordinate a global system of market monitoring nodes based in GI-TOC observatories in priority regions (including South East Asia). We will be rolling out the technical processes and policy tools for impact produced under the Norwegian grant across the GI-TOC through these local nodes.



# WEST AFRICA



The Observatory of Illicit Economies in West Africa was launched in June 2021 and has principally been focused on implementing two significant projects – commissioned by the German Government and the European Commission – together with a range of smaller programming streams. The observatory includes a particular focus on exploring the links between key illicit economies and conflict and instability in the region. Since its launch, the observatory has expanded and strengthened its networks in, and coverage of, the region, which include 18 countries in West Africa, central Africa and the Sahel.

## Research and publications

### WEST AFRICAN RESPONSE TO TRAFFICKING (OCWAR-T) PROJECT

Under the OCWAR-T project, commissioned by the EU Commission and the German government, in which the Economic Community of West African States (ECOWAS) is a key strategic partner, the observatory, in collaboration with the Institute of Security Studies, launched the West African Research Network on Organized Crime (WARNOC) at an in-person event in Abuja in March 2022.

Following two waves of recruitment into the WARNOC, the network now includes 32 West African civil society organizations, applied policy research institutes and related existing networks. Five out of six committed capacity building modules exploring different aspects of illicit economies, and focusing on research skills, have been delivered to WARNOC members to date, the latest one on

10 November 2022, which focused on analyzing dynamics in prominent markets in the West African region.

Research into priority illicit economies in the ECOWAS region is a key element of the project. In the reporting period, the observatory spearheaded research in four studies approved by ECOWAS, focusing on counterfeit-medicine markets; dynamics of regional Tramadol markets; trafficking in persons around artisanal gold mining sites; and online child sexual abuse. WARNOC members were engaged for collaboration in each of the research studies, and in-person validation workshops were held in Lagos with key experts in November 2022 for three of the four research topics.

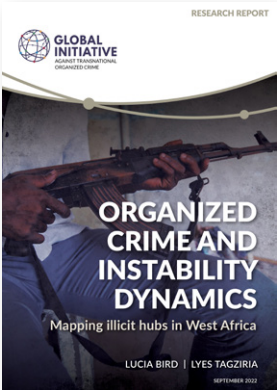
Following extensive engagement with ECOWAS, the observatory finalized the design and commenced data collection for the organized crime resilience framework (OCRF) for West Africa, which would provide an:

- assessment of the primary organized crime risks, their implications and priorities for action, and
- evaluation of regional vulnerabilities in resilience, the implications and priorities for action.

The observatory finalized the OCRF white paper, which draws on data from the 2019 and 2021 ENACT project's Organized Crime Index, and Country Risk and Vulnerability Assessments published by the Early Warning Directorate of ECOWAS, which aim to identify structural vulnerabilities, event-driven risks and existing resilience factors in



each ECOWAS member state. The first set of in-person consultations on the OCRF white paper were held in Lagos in November 2022, with participants composed of WARNOC members, ECOWAS representatives, and regional experts on organized crime.



**PROMOTING STABILIZATION THROUGH CRIME-SENSITIVE INTERVENTIONS IN WEST AFRICA**

The observatory’s second major project, commissioned by the German Federal Foreign Office, focuses on the link between organized crime and conflict/instability in the region.

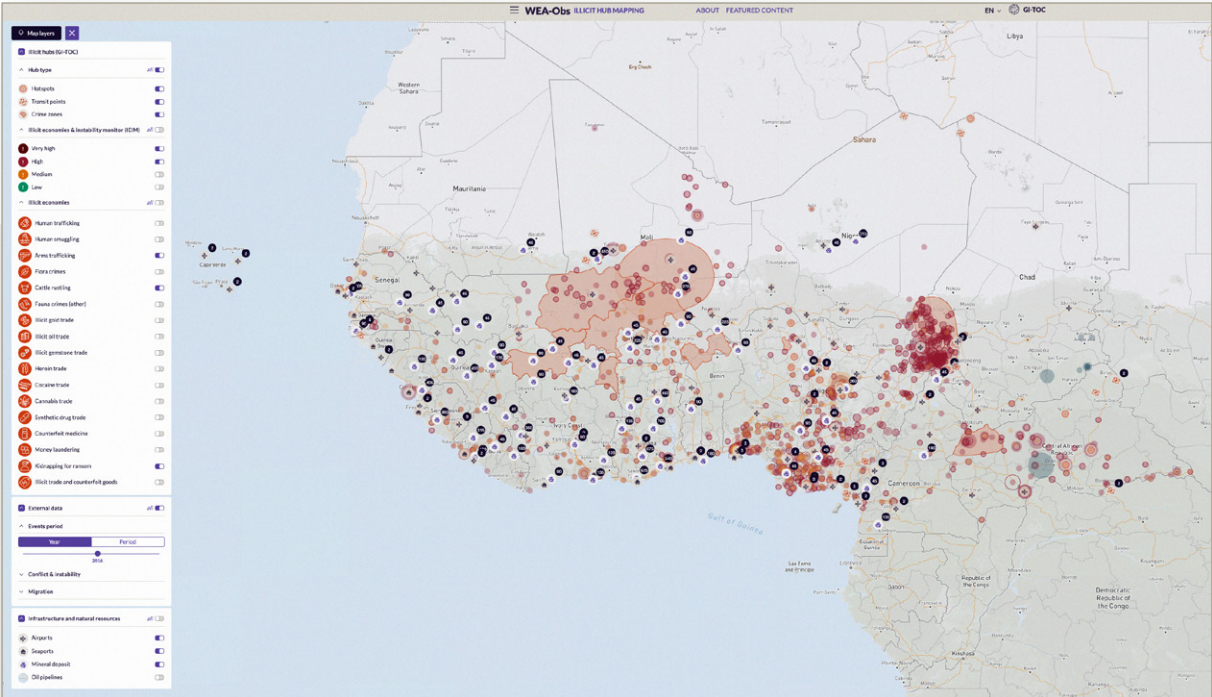
**HOTSPOT MAPPING INITIATIVE**

A flagship initiative of the observatory under this project was the hotspot mapping project, which mapped the galvanizing centres of regional criminal markets across the 18 countries under study, and explore how they

are interlinked, providing a bottom-up picture of how criminal groups infiltrate the political, social and economic life in the project focus countries. The initiative specifically sought to analyze the relationship between different illicit economies at a subnational level, with regional conflict and stability dynamics. There were two phases in the hotspot mapping project.

The first phase mapped illicit flows through a particular country and identified key hotspots, transit points and zones of criminality, particularly in conflict areas/areas where illicit flows feed into conflict dynamic, in the West Africa region. Data collection for the hotspot mapping, which included literature review, qualitative interviews remotely and in-country, and extensive fieldwork, was completed in December 2021, with validation finalized by February 2022. Over 610 stakeholders were engaged in these processes, a key step in strengthening engagement with coalitions of stakeholders working on responses to illicit economies.

The second phase of the project entailed further analysis of each illicit hub, and its relationship with regional stability. In order to identify the illicit hubs that are most important in terms of their knock-on effect on conflict and stability across West Africa, the observatory developed a quantitative metric: the Illicit Economies & Instability Monitor (IEIM), which provides a score out of 30 for each illicit hub. The monitor comprises three components: violence and instability, crime–conflict links and accelerators. The IEIM



enables the identification of areas where illicit markets play the most important role as vectors of instability and conflict in the region, empowering policymakers to prioritize specific areas for targeted action.

Preliminary findings of the metric and hotspot mapping were shared in a dialogue in Abidjan with regional stakeholders for feedback in April 2022. The virtual tool – which makes public the data collected on each identified illicit hub and shows the IEIM score of each hub – and accompanying analytical report titled ‘Organized crime and instability dynamics: Mapping illicit hubs in West Africa’ were launched virtually on 7 September to an audience of 298 stakeholders, including members of the media and civil society organisations, regional and international government representatives, and international organizations. In partnership with the German Federal Foreign Office, the GI-TOC coordinated in-person round tables of key international stakeholders and civil society organizations to disseminate and discuss hotspot findings in Abidjan (September) and Cotonou (October).

In consultation with the German Federal Foreign Office, the observatory delineated the approach for phase II of the hotspots mapping initiative, which includes research deep dives into select hotspots, and mapping of resilience activities, laying the groundwork for resilience-building engagement in the future.

### RISK BULLETIN

The observatory publishes quarterly risk bulletins, which provide a snapshot of the most important developments in the regional criminal economy. Each risk bulletin story explores the link between illicit markets and conflict or

instability in the region. The goal of these bulletins is to report a trend or development in the criminal economy, and link this to contemporary conflict or instability dynamics.

The risk bulletin was launched in the third quarter of 2021. Since then, it has been published quarterly (meaning four issues of the risk bulletin have been published to date). Each featured four articles focusing on a wide range of project focus countries.

In 2022, the observatory published three risk bulletins. The third issue of the Risk Bulletin of Illicit Economies in West Africa examined Russia’s presence in the gold-mining sector in West Africa; the recent resurgence of violence in Jos, Nigeria; the historical and contemporary context of the intertwining of the political and military elite, and the cocaine trade in Guinea-Bissau. Finally, the issue explored the findings of the 2021 Organized Crime Index, which provide a statistical framework for understanding the strong but complex relationship between instability and illicit markets in West Africa.

The fourth (June) issue of the Risk Bulletin of Illicit Economies in West Africa focused primarily on the Sahel region, an area suffering from high levels of violence, conflict and instability. This issue included articles on cattle rustling in Mali, armed banditry in northern Niger, kidnapping for ransom in Mali and Burkina Faso, and vigilante groups’ involvement in the response to cybercrime in Nigeria.

The fifth (October) issue of the Risk Bulletin explored several new trends emerging in the region, all of which are related to the exploitation of natural resources – or of those involved in harvesting natural resources – by armed actors.



Risk bulletin articles seek to utilize new data and present these visually. Consequently, maps and infographics feature heavily across risk bulletin issues.





In particular, this issue focused on the role of national parks, and the illicit economies bisecting them, in the strategies of regional non-state armed groups.

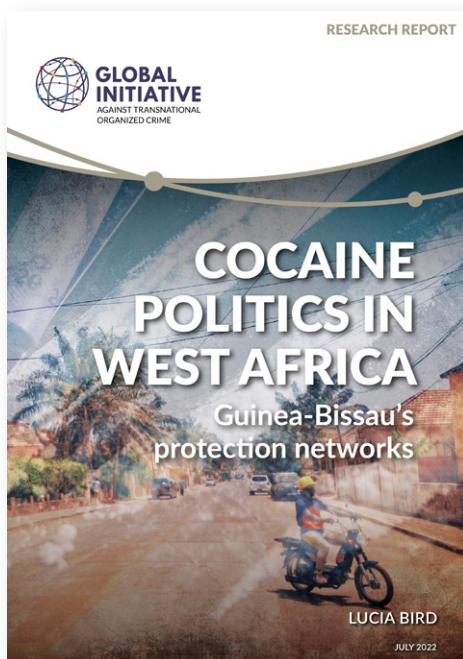
### ANALYTICAL REPORTS AND POLICY BRIEFS

To complement the risk bulletins and the hotspot mapping process, the observatory has published a range of analytical outputs, including reports exploring how cocaine distorts regional politics, with a focus on Guinea-Bissau; the role of non-state armed group Jama'at Nasr al-Islam wal Muslimin as a strategic criminal actor in Burkina Faso; how urban ecosystems operate as central elements within

a broader war economy for armed groups operating in the Lake Chad Basin; the impact of illicit markets on violence and instability in Nigeria; and a regional report exploring the intersection between artisanal gold mining and conflict.

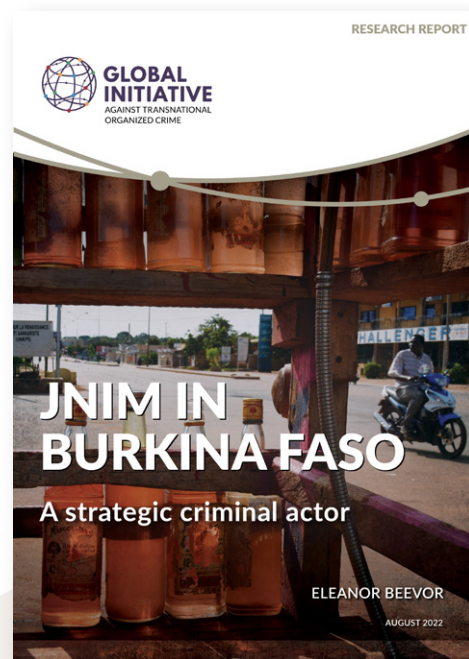
### REGIONAL DIALOGUE EVENTS

The first dialogue in the 'Illicit Economies and Instability Dialogues' series was held in Abidjan, Côte d'Ivoire, on 25–26 April, and attended by 50 stakeholders, including regional civil society and representatives of security infrastructure, government officials from Côte d'Ivoire and international government representatives. The Dialogue



'Cocaine politics in West Africa: Guinea-Bissau's protection networks', July 2022

This report explores the role, past and present, of the cocaine trade both as a driver of political instability in the country and as a source of resilience for elite power-sharing arrangements. The report first considers the drivers of conflict in Guinea-Bissau, before focusing on the role of illicit markets, and more specifically the cocaine trade, in shaping Bissau's political settlement. It tracks the evolution of the country's cocaine trade, exploring how drug market dynamics have been closely intertwined with the political protagonists. Against this backdrop, the report outlines the key characteristics of the current phase of Guinea-Bissau's cocaine politics, applying historic precedent to offer a tentative look at what the future may hold for the country's political economy and efforts for stabilization.



'JNIM in Burkina Faso: A strategic criminal actor', August 2022

This report considers Jama'at Nasr al-Islam wal Muslimin's (JNIM) relationship with illicit economies in Burkina Faso, where it has rapidly become the dominant non-state armed group, and indeed the principal (if contested) armed presence in most rural areas since late 2020. This report aims to contribute to the growing study of violent extremist and criminal actors who share operational spaces, and whose activities overlap, by showing that these groups engage in criminality for reasons beyond mere self-financing. Certainly, in the case of JNIM, its engagement with illicit economies lies at the centre of its governance strategy.

provided a rare opportunity for government actors, security practitioners, civil society and experts from across West Africa and international partners to focus on organized crime and its effects on critical security challenges.

Following the success of the first dialogue, the West Africa Observatory co-hosted with the German Federal Foreign Office the second dialogue in Cotonou, Benin, from 26–27 October 2022. The dialogue attracted some 50 participants, including regional civil society and government stakeholders, together with international partners. The dialogue focused on national parks, and large forested areas not lawfully designated as such, as geographic spaces of increasing concern for policymakers, security forces and humanitarian actors responding to armed conflicts in the region, where illicit economies intertwine with conflict dynamics.

In addition, the observatory coordinated a round table with key Nigerian government stakeholders in Abuja in September 2022, bringing together policymakers and senior law enforcement representatives to discuss the challenges of illicit economies in the country. The GI-TOC is supporting in the coordination of quarterly engagement on these key themes.

### **ILLICIT FINANCIAL FLOWS LINKED TO EXTRACTIVES WITHIN AND OUTSIDE OF THE MANO RIVER UNION (MRU)**

As part of the observatory's focus on the extractives industries in West Africa, a study was commissioned by the Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) in May 2022 to investigate smuggling and illicit financial flows (IFFs) linked to extractives within and out of the MRU. The study methodology consists of desk research and interviews with key informants from the government, as well as the private sector and civil society in each of the four member states of the MRU. Research also took place in Mali due to its integral role in gold flows from the MRU. Key findings from the study were presented at four national workshops and a regional workshop with participants from all four MRU countries in July. At the regional validation workshop, the research was used to inform the development of national action plans and a regional roadmap for responding to IFFs linked to extractives in the MRU region. The GI-TOC played a central role in developing recommendations that were agreed upon by

participants, including establishing a regional protocol to combat IFFs linked to extractives; increasing knowledge of MRU states on regulatory practices, fiscal and trade regimes; increasing regional cooperation on law enforcement and tax authorities; increasing funding and support for monitoring of mine ministry units; promoting financial inclusion; formalization of the artisanal and small-scale mining sector through relevant legislative and regulatory frameworks; and strengthening anti-corruption frameworks and enforcement.

## **The illicit economy in Guinea-Bissau**

The Observatory of Illicit Economies in Guinea-Bissau was launched in June 2020, as a joint programme with the UN Development Programme, and currently operates under the umbrella of the broader West Africa observatory. The observatory has continued to grant financial support to local civil society institutions and strengthen networks of civil society in Guinea-Bissau, including through the use of resilience dialogues to foster relationships between communities, civil society and government stakeholders, and enhance engagement around illicit economies.

The observatory completed data collection for the country's first drug-use survey, providing policymakers with previously unavailable evidence around drug use. The observatory supports early warning cells within communities to empower them to better work with civil society to enhance the evidence base around illicit markets and engage with elements of law enforcement deemed to operate with integrity. In addition, through alternative livelihoods programming, the observatory works with communities based along key cocaine trafficking areas to build sources of income outside illicit economies. The observatory seeks to expand subregionally, with a continued focus on community resilience to organized crime, building networks of resilience actors working to mitigate the harmful impacts of illicit economies across the cocaine supply chain. The Observatory was successful in securing funding from the UK government for further civil society engagement, expanding the focus of the observatory across key countries on the cocaine route from Latin America to Europe.



## Looking ahead

Workstream on accelerant markets: Through the hotspot mapping and additional research, cattle rustling, arms trafficking and kidnap for ransom were identified as markets that play a significant role in fuelling violence and instability in West Africa. To build the evidence basis around these destabilizing illicit economies, the observatory coordinated a series of workstreams. One focuses on cattle rustling, kickstarting with research reports focusing on Mali and Nigeria, two epicentres of cattle rustling in the region. Validation workshops and bilateral engagements have been coordinated for both reports, which will be published in the first quarter of 2023. Cattle rustling has also been explored in a number of risk bulletin articles, and in a podcast episode aired as part of the podcast series 'Africa and the global illicit economy'. This has been complemented by research into kidnap for ransom in the region, culminating in two risk bulletin articles and a pending report focusing on this market in Burkina Faso and Mali to be published in early 2023. Finally, research is on arms trafficking in central Africa is ongoing.

Workstream on the role played by national parks in illicit economies and armed group governance: The hotspot mapping project and ongoing research identified national parks in West Africa as geographic spaces of increasing concern for policymakers, security forces and humanitarian actors responding to armed conflicts in the region,

where illicit economies intertwine with conflict dynamics. Research studies exploring these dynamics in the W, Arly and Pendjari national parks along the border areas of Burkina Faso, Benin and Niger (commonly known as the WAP Complex), and the Comoé National Park in Côte d'Ivoire, have been completed to be published in early 2023. Further, this was the theme for the second dialogue in the Illicit Economies and Instability Dialogues series held in Cotonou in October. Further mapping of resilience actors on the outskirts of key regional biospheres shall be coordinated through 2023, positioning the resilience fund to engage with organizations in these strategic areas.

Focusing on responses: A series of analytical publications exploring the use of international sanctions as a tool in responding to organized crime are due in 2023, engaging with debates surrounding how the response toolkit can be extended, using West African case studies to explore lessons learned. This forms part of the observatory's growing focus on responses to organized crime in West Africa, particularly in conflict and post-conflict regions, including through analysis of existing community resilience interventions in the areas surrounding national parks.

The intersection of illicit economies and politics: The observatory will continue to focus on the impact of illicit economies on political infrastructures in the region, building on existing publications focusing on the role of cocaine in politics in Guinea-Bissau.

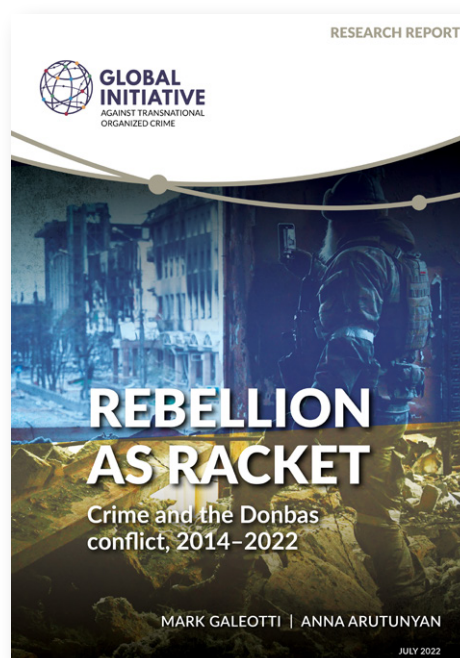
# UKRAINE



Based on past experience of conflict, it is inevitable that the war in Ukraine will have an amplifying impact on illicit markets and organized crime. In light of this, the GI-TOC is in the process of establishing an Observatory of Illicit Markets and Conflict in Ukraine. The envisaged role of the observatory will be fourfold:

- To monitor and analyze developments in organized crime and illicit markets, as well as their impact.
- To provide early warning on changing trends and patterns in illicit markets, economies and organized crime.
- To identify and analyze broader global networks related to sanctions avoidance and the funding of the war.
- To provide support for more resilient community-centred and state responses to the threat of organized crime in the region, in the medium to long term.

The war in Ukraine will have numerous and complex impacts on regional peace and stability, as well as on the broader global geopolitical power axes. Inextricable from these overarching outcomes is the vital topic of organized crime, which threatens Western interests in the region and at home. We can say with a very high level of confidence that conflict drives organized crime and vice versa – something the GI-TOC has analyzed and reported on extensively in other conflict theatres, both in the Global North and South.



The war promises to both disrupt and empower, arm and disarm, and provide legion opportunities for organized crime to profit from the unfolding disaster. It will open up opportunities for criminal groups to exploit, as has already been evident in the illicit economies that emerged in non-government-controlled areas of the Donetsk and Luhansk regions since 2014.

The Ukraine observatory will connect research, policy and local networks to plan for, analyze and respond to these issues; it will provide an early-warning system to monitor and analyze trends and emerging risks within Ukraine and regionally to ensure that any peacebuilding and reconstruction work does not bake criminality into its foundations.



The observatory's work will be designed around a series of thematic workflows, bound together by the GI-TOC's proven methodology for analyzing illicit economies and organized crime in complex environments. In particular, this observatory will focus on building civil society networks as key building blocks for data gathering, analysis and ultimately fostering community resilience to organized crime.

We know that deeper engagement with and collaboration between civil society, development practitioners and other stakeholders dealing with the crime–conflict nexus is key if we are to achieve sustainable solutions to the multifaceted problems that organized crime poses in conflict settings. The Ukraine observatory will forge these vital links and build much-needed multi-stakeholder community networks to monitor, identify and respond to organized crime challenges that result from the Ukraine conflict in a

sustainable way. The work of the observatory will be connected to the existing network of GI-TOC global observatories, enabling them to share experience, analytic tools and frameworks, build capacity and provide peer-support, while benefiting from world-leading research and monitoring capacity in complex environments.

Whenever the eventual peace comes and whatever it looks like, international institutions, governments and civil society will have to respond quickly to the new challenges posed by organized crime. Bringing together expertise on the dynamics of the conflict and its effect on the local, regional and global political economy of crime will help key stakeholders design timely, effective and actionable responses to the crisis, and at the same time contain the disruptive impact of criminal-network agendas on an enduring framework for peace.

# GI-TOC INITIATIVES



## RESILIENCE FUND

Supporting community  
responses to organized crime

### Resilience Fund: Supporting community responses to organized crime

#### Overview

The Resilience Fund continues to act as grant-making mechanism, managed by the GI-TOC, which is focused on community responses to organized crime in a wide range of settings. To date, the Fund has been able to support over 149 grantees, between individuals and NGOs, in 50 countries and five continents, and to provide networking among grantees and capacity-building opportunities. In 2022, we achieved the following results.

- New and continued funding with the support of the governments of Norway, Netherlands, New Zealand and Germany.
- 2022 Fellowship launched; 10 individuals selected with a focus on environmental crime.
- Virtual networking and capacity building calendars systematized for grantees depending on their needs. Sessions are conducted by GI-TOC staff and consultants as well as our partners the Global Investigative Journalism Network, Accountability Lab and Open Briefing, who recently started supporting us on safety and security support.
- Policy engagement. Resilience Fund publications; a side event at the 31st UN Commission on Crime Prevention and Criminal Justice (CCPCJ); OC24 conference panels; cohort of 18 grantees participating in the 11th UNTOC Conference of States Parties.





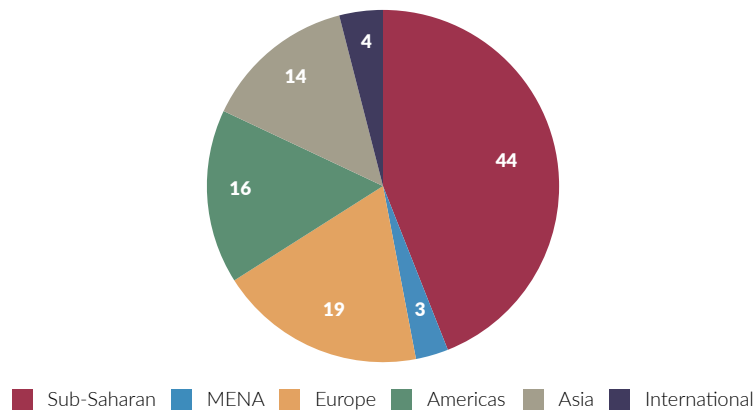
- Resilience Fund Community Platform launched to connect organizations and people; share knowledge and experiences; and raise civil society profiles to a wider public. The platform will include former grantees to keep them connected and expand their knowledge of resilience.
- Repository of good practices created to centralize the lessons learned from grantees and the Resilience Fund processes, as a tool to be accessed by a wider audience regarding examples of resilience and models implemented across the globe.

## Community grant giving

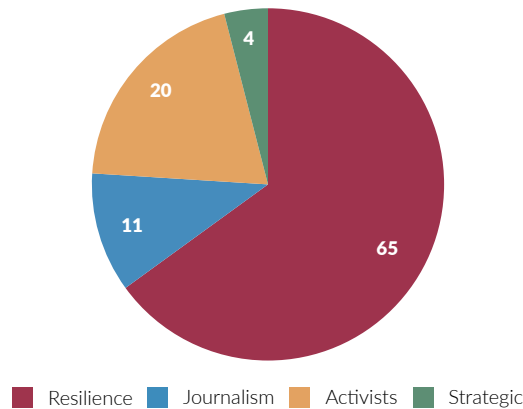
The Resilience Fund continues to support a wide range of grantees across themes and geographies, with a focus on communities most affected by organized crime, insecurity and conflict. In 2022 we supported

- 53 grassroots actors;
- 33 local NGOs;
- 17 individuals, including Fellows;
- three media houses; and
- three international NGOs to support the resilience building capacity of all grantees.

## Grantee growth



## Resource growth



### 2022 Fellowship

Focusing on environmental crime, each of the 10 Fellows used their diverse perspectives to collaborate on a range of outputs based around this theme. They raised awareness on the importance of countering environmental crime as Resilience Fund Ambassadors. The areas of work Fellows selected for 2022 span illegal logging and forest crimes; illegal, unreported and unregulated fishing; the impact of illicit mining on the environment; and land grabbing and exploitation in indigenous territories, among others.

In 2023, the Resilience Fellowship theme will focus on human rights and organized crime. Fellows will use their diverse perspectives to collaborate on a range of outputs based around this theme.





### **Supporting grantees on organized crime and human rights**

With funding from the German government, and as a precursor to the 2023 Fellowship, the Resilience Fund is supporting human rights defenders whose work has been impacted, connected, hindered or targeted at some level by organized crime and criminal governance. The project explores how human rights defenders and organizations have increasingly encountered situations where organized crime groups or criminal governance structures become active actors in human rights violations. We have selected seven organizations and individuals to support financially and connected them to the Resilience Fund networks and capacity-building opportunities.

### **Supporting grantees against human smuggling**

Under the Resilience Fund, the GI-TOC is implementing a project to contribute to the prevention of maritime people smuggling and associated crimes in South East Asia, through the identification and support of 10 grassroot initiatives combating human smuggling in India, Sri Lanka, Malaysia and Indonesia. The project seeks to support civil society in the countries to counter, wholly or in part, maritime people smuggling and associated crimes, including human trafficking.

### **Capacity building and virtual networking**

During 2022, our capacity building agenda has focused mainly on the Resilience Fellowship and building the capacities of the Fellows in the implementation of their activities. The sessions centered on the links between organized crime and environmental crimes, defining community resilience, investigative methods on environmental crimes, security for individuals, coalition building and advocacy. Through the Resilience Community Platform, we also conducted workshops on thematic areas covered by grantees, where their work, models and/or impact were presented. We also organized sessions for grantees led by members of the Global Initiative Network in target areas.

Across the world, we have carried out a series of national and regional Resilience Dialogues to foster exchange of experiences and develop resilience action plans around topical themes, including a regional dialogue in Kenya, which explored the links between organized crime and elections in the context of the Kenyan elections, and the last regional dialogue took place in Cape Town, setting in action the methodology built by the Fund to catalyze platforms for civil society interaction to combat violence and crime.

The Sinaloa Resilience Dialogues 2022 sought to empower key actors and develop their operational capacity to build resilient networks in communities affected by organized crime and violence, and the Mar de Cortés Dialogues sought to understand the criminal dynamics that threaten the region's states and undermine their potential, and to promote multisectoral dialogues on citizen security and resilience.

### **Policy engagement**

Two major publications were launched in 2022 building on the expertise and insights of Resilience Fund grantees and stakeholders, and the Resilience Fund was promoted at the 31st CCPCJ through a side event sponsored by Norway, Canada, the Netherlands, the UK and Germany, and featuring several Resilience Fund grantees.

From 17 to 21 October 2022, 18 Resilience Fund grantees and Fellows participated at the Conference of the Parties to the UN Convention against Transnational Organized Crime (UNTOC), in Vienna. This session is the first time that allowed our beneficiaries to participate, in person,

in events, discussions and workshops to demonstrate the impact of their work on an international level. This will generate a body of evidence and lessons learned for the Fund and set the basis for more fruitful participation and coordination at a global scale.

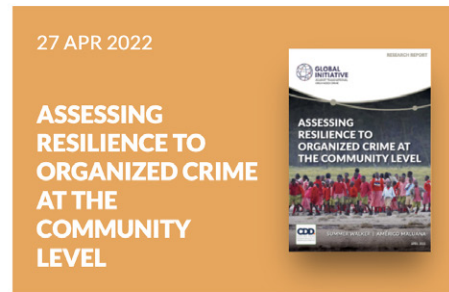


Resilience Fund beneficiaries and GI-TOC staff at the UNTOC Conference of Parties, October 2022

Following years of efforts, our engagement with civil society and state authorities in Mexico has contributed to the development of a new law to protect journalists in Sinaloa. In a country considered the most dangerous for journalists, such legislation is a step forward to ensure their protection and promote accountability, countering the culture of impunity that has prevailed in Mexico for far too long.



COVIDCRIMEWATCH, RESILIENCE FUND, APA-OBS  
**Cambodia's trafficked brides: The escalating phenomenon of forced marriage in China**



RESILIENCE FUND, ESA-OBS  
**Assessing Resilience to Organized Crime at the Community Level**





### **Participation in the OC24 conference**

For the 2022 OC24 conference, the Resilience Fund put together three panels to broadcast advancements and knowledge acquired, focusing on the following topics: at-risk youth and crime prevention, environmental crimes and their impact on indigenous communities, and the strategic pillars to support community resilience to organized crime. The first two panels build from the experiences of grantees across the globe and will present their responses and strategies in the selected areas of work, with the purpose of sharing experiences and exemplifying how civil society has put together projects, initiatives and actions to prevent at-risk youth from joining criminal activity, and protecting indigenous communities from the advance of environmental crimes in their territories.

### **Security issues and responses**

To further build on our experience on security issues, and in response to the growing number of grantees who we support on their security needs, we have started working with Open Briefing to enhance our capacity to deal with these complex situations. This partnership proposes multiple areas of support to grantees and Fellows at risk, as follows:

- Building security and well-being capacity across the grantee and Fellow portfolio through six two-hour online security risk-management basics training courses
- Directly supporting high-risk grantees and Fellows through security mentoring, baseline support and retained support mechanisms
- Building the security and well-being capacity of GI-TOC staff

# Assassination Witness

## The project

Assassination Witness is an initiative launched in 2020 to monitor, respond and report on the regrettably global phenomenon of assassinations by organized crime (<https://assassination.globalinitiative.net/>). The project launched with the publication of Faces of Assassination (2020) – a book and campaign that highlight individual cases of people targeted and killed because of their work, advocacy and stance against organized crime – and the Global Assassination Monitor (2021), an ongoing data collection project that monitors and tracks contract killings and their link to organized crime globally. In 2022, existing streams of the Assassination Witness initiative were continued and expanded, and the foundation was laid for the expansion of the initiative to include further streams in the coming years.

## Follow-up actions

In 2022, the GI-TOC continued to bear witnesses to the victims of organized crime by remembering their stories and calling on states to provide protection to those in civil society who are seeking to address the threat posed by organized crime and criminal governance, and who are paying for their advocacy with their lives. In 2022, three new stories were published on the website. The GI-TOC also increased its social media presence, developing a series of social media campaigns on international days, with greater engagement on World Whistle-blowers Day and Indigenous Peoples' Day. The GI-TOC also published versions of the Assassination Monitor on YouTube and shared content on other platforms.

Specific clusters of assassinations were highlighted through podcasts and presentations. In August 2022, a new podcast series, 'The Ripple Effect', was launched. The podcast series examines the assassinations of civil society actors such as journalists, campaigners, politicians and environmentalists. In the series, experts from leading organizations around the world are asked why these individuals are consistently targeted. Who is responsible? What measures are there to prevent these murders? And who stands to gain from the high impunity rates across the world? The initiative was also presented at several events, including at the multilateral level. Presentations were given in side events at the 8th Conference of States Parties of the Arms Trade Treaty and the Eleventh Session of the Conference of the Parties to the United Nations Convention against Transnational Organized Crime. The initiative was also discussed at the OC 24 Conference; a class was ministered at the University for Peace in Costa Rica presenting the programme and a tutorial on the Global Assassination Monitor. The Global Monitor and the initiative more generally were presented and discussed in a meeting with Global Initiative Network members and the programme was also discussed at a high-level training for investigative journalists, judges and prosecutors organized by UNESCO in Rome.

The image shows a social media post with a white background and a green border. At the top, there are four tags: #GIDISAPPEARANCES, ASSASSINATION WITNESS, LATINOAMÉRICA Y EL CARIBE, and CAM-OBS LATIN-AMERICA-CARIBBEAN. The main headline reads "Murder of journalists in Mexico a threat to democracy" in bold black text. Below it, a Spanish headline says "El asesinato de periodistas en México pone en peligro la democracia". To the right is a photograph of a mural of a man with a beard and a hat, with Spanish text on the wall: "Que las paredes hablen, pero ya que la ciudadanía calla" and "Valdez".



In 2022, the team also produced dedicated analysis on issues pertaining assassinations, such as assassinations of journalists in Mexico and the threats posed to democracy, and the need to increase protection for whistle-blowers. The initiative also published a joint publication with the Serious Organised Crime & Anti-Corruption Evidence research programme on the market of violence, including assassinations, as a key proxy to project current and future trends of other illicit and criminal market developments in Afghanistan.

**Looking ahead**

As for the future, the programme will remain committed to continue building the evidence base around organized criminal involvement in assassinations, highlighting areas for further research, promulgating better responses to this crime and promoting new and tailored analysis. In 2023, the team will work on producing in-depth research on three selected cases of the current portfolio in the hope of contributing to criminal justice efforts. The focus of such investigations is to unveil dynamics on the killings, especially with regard to the motives that led to the murders and the actors involved. The GI-TOC will develop a programme to provide protection to individuals facing death threats and risk of physical violence. It will also create a community manual to respond to violence and criminal markets. The manual will combine GI-TOC and Resilience Fund experiences in responding to extortion and disappearances in addition to best practices to address death threats and assassinations from a bottom-up approach.



**Global Assassination Monitor**

The Global Assassination Monitor was launched in November 2021 with the publication of a global database on contract killings for 2019 and 2020 – accessible through the Global Assassination Monitor website – and the report 'Killing in silence: Monitoring the role of organized crime in contract killings'. The work was presented at the GI-TOC's research cluster meeting in May 2022, at the OC24 conference in October and at a meeting with Global Initiative Network members in November.

In 2022, data collection for the Global Assassination Monitor continued, to include data for 2021. The scope of the data collection was expanded to allow for an increasing number of country case studies in the next publication. The data is expected to be launched on the Global Assassination Monitor website, with an accompanying report and launch event. The publication of the global report will be followed by a series of regional, country-specific and thematic articles, published on the Global Monitor website.

### Environmental crime-related research

Throughout the year, a new stream was developed under the umbrella of the GI-TOC's 'Anticipating and disrupting environmental crime in the globalized economy' programme. The work stream focuses on intimidation and violence linked to environmental issues in South East Asia and the Congo Basin (for example threats, harassment and targeted killings) to better understand the role of organized crime. Victims may be environmental and land defenders or members of indigenous communities, but also law enforcement officers, journalists, lawyers and other actors that were deliberately targeted for their work on these issues.

The project hopes to draw public attention to the assassination phenomenon in the region with the intention of contributing targeted responses to assassinations and threats of assassinations. It includes comprehensive data collection on violence – including assassinations – related to environmental crime in South East Asia and the Congo Basin, drawing on local sources and interviews. The research culminates in a report published in 2023. In addition, four individual stories covering targeted killings of individuals in the region were produced and will be published in 2023.



## Global Organized Crime Index

### Overview

The 2023 Global Organized Crime Index will be the second iteration of the first-ever global assessment of organized crime – the 2021 Global Organized Crime Index, published by the GI-TOC in September 2021. With an expanded scope to cover five additional criminal markets and one additional criminal actor type, the second issue of the Index is set to be published in the third quarter of 2023. Assessing the prevalence and impact of criminality and the effectiveness of resilience measures, the Index will cover the year 2022. The tool presents not only an innovative approach to the analysis of organized crime flows but offers a more nuanced look at the types of criminal actors involved, juxtaposed against both institutional and non-state sources of resilience.



**Dissemination of the 2021 Global Organized Crime Index**

Immediately following the release of the first iteration of the Global Organized Crime Index, the dissemination of the tool and the report findings came top of the agenda. Thus, the team presented the Index across a number of forums to various continental, regional and national bodies, including USAID, the Australian Department of Foreign Affairs and Trade, the EU, the UN Office on Drugs and Crime, UNPOL, ECOWAS and others. With the support of GI-TOC staff, the core Index team has engaged academia and civil society organizations as well, with the tool being presented at a number of in-person and virtual events hosted by the latter two stakeholders.

In addition, as part of the dissemination strategy, a number of short analytical pieces were commissioned to experts on organized crime. The latter are published on a bi-weekly basis, exploring the Index findings and their effects on policymaking and anti-organized crime measures from a thematic or regional perspective. By the end of 2022, 17 such articles have been published. During the reporting period, the development of an Index podcast series got underway. Each podcast episode centres on a particular current topic, thematic area or country or region, linking discussions to the Index results. GI-TOC and external experts are interviewed to explore the real-world implications of the tool's findings. Until the end of December, 10 episodes had been published with an additional two underway.



The success of the dissemination of the Index has been evident in the number of media articles dedicated to the tool or citing regional or country results (more than 1 000 at the time of writing). In addition, the dedicated Index website had more than 165 000 hits throughout 2022 and over 195 000 since it was launched in September 2021. Additionally, scores from the Global Organized Crime Index were used to inform components of other indices, such as the Ibrahim Index of African Governance and the Basel Institute on Governance's Basel AML Index.

### **Development of the 2023 Global Organized Crime Index**

The first quarter of 2022 also marked the beginning of the development of the second iteration of the Global Organized Crime Index. To begin with, exploratory expert papers, evaluating the feasibility of including new criminality indicators to the second iteration of the Index, were commissioned to experts. In addition, technical reference groups were held with thematic experts, who scrutinized and finalized the guidelines on effectively assessing the additional criminality-component indicators under the current Index model. In the end, six new indicators were added to the criminality component of the Index – five new criminal markets (cyber-dependent crimes, financial crimes, trade in counterfeit goods, illicit trade in excise goods, and extortion and protection racketeering) and one criminal actor type (private-sector actors).

In February, research assistants (RAs) were commissioned to update the narratives for the 26 indicators that were included in the first iteration of the Global Organized Crime Index. The first sweep for updates was done by the end of April 2022. Following the finalization of the definitions for the new markets, instructions were sent to RAs in order for them to research and collect information on the six new indicators across all 194 countries included in the Index. This research round ran from May to June 2022. Once information was updated for the initial indicators of the Index and preliminary narratives were written for the new indicators, RAs were tasked with finalizing the profiles and consolidating the information into a single, coherent document for each country, which is to be sent to experts for round one scoring.

The Index team has had all country profiles consolidated and has gone through the first round of expert scoring, with more than half of the countries included in the Index gone through the second round of thematic and geographic scoring. All experts were asked to assess the information and provide scores on a 1–10 scale based on standardized guidance that considers the effectiveness of response measures, and the monetary and non-monetary impact of criminal elements, including how the current global pandemic has affected criminal flows.

### **Funding**

The current federal assistance award for the Global Organized Crime Index, granted by the US State Department's Bureau of International Narcotics and Law Enforcement Affairs (INL) ended on 29 September 2022. In order to extend the funding so that the second iteration of the Global Organized Crime Index can be completed, the core Index team started the application process for a project extension in February 2022. In mid-August, the new award was approved by INL leadership and signed. The extending funding will cover further dissemination activities, the follow-up verification rounds for the 2023 Global Organized Crime Index, as well as the launch of the second iteration of the tool in September 2023.



# Responsible & Ethical Private Sector Coalition Against Trafficking (RESPECT)

The GI-TOC hosts the RESPECT initiative and its activities as the research lead in the Tech Against Trafficking Initiative and the expansion of the Modern Slavery Map.

### Respect resource centre

The resource centre is a global resource for businesses and stakeholders of materials related to human trafficking. This database hosts over 2 000 publications, blogs, interviews and event information. The resources are grouped into risk and governance areas (such as recruitment, due diligence, etc) and industries (e.g. garment manufacturing, construction, tourism, etc.) in seven regions.



### Tech Against Trafficking

Tech Against Trafficking (TAT), launched in June 2018, is a coalition of technology companies collaborating with global experts to help eradicate human trafficking by using technology. The member companies are Amazon, Google, Meta, Microsoft and Salesforce.org. RESPECT was appointed as the research lead to guide the initiative, alongside Business for Social Responsibility, acting as the TAT secretariat.

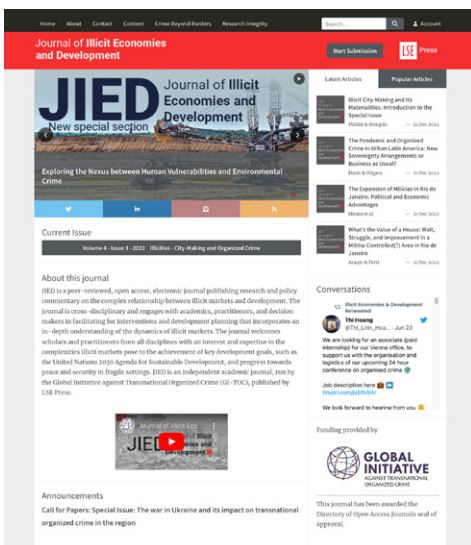


In the first quarter of 2022, TAT concluded its second accelerator programme, a collaborative initiative to advance and scale the work of selected organizations with technology solutions by providing potential resources and support from our Tech Against Trafficking member companies, while building an ecosystem of actors that will provide ongoing support for the participant organizations over the course of the accelerator. Following on the success of the previous accelerator programmes, TAT will launch its third accelerator programme with Issara Institute and Polaris Project's Nonechka programme in February 2023. Both organizations have shown exceptional innovation and potential in their deployment of technology solutions. Tech Against Trafficking aims to exponentially accelerate their respective impact over the coming years.

# ACADEMIC ENGAGEMENT

## Introduction

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.



Over the course of the past two years, the organization has solidified and 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 continued to cement its role as the home of the International Association for the Study of Organized Crime.

In 2022, the GI-TOC co-delivered two pioneering global short courses:

- A West Africa-tailored course on transnational organized crime for West African civil society and researchers as part of the GIZ-funded OCWART programme.
- A course on crime and security policy with the Geneva Centre for Security Policy.

We are currently in the process of developing a joint training course on drugs and harm reduction with the University of Hong Kong, with funding covered by the Hong Kong Research Grants Council. This course took place in November 2022, co-organized by the GI-TOC and the University of Hong Kong. In July 2022, the GI-TOC co-hosted a major academic event with the Universidad de los Andes attended by experts from across the region.





The GI-TOC academic engagement team has also increased their participation in annual academic conferences organized by the major criminology societies in 2022, most notably the 4th General Conference on Organized Crime in Pisa, Italy, organized by the European Consortium of Political Research's Standing Group on Organized Crime (ECPR-SGOC), the European Society of Criminology conference in Spain in September 2022, and the American Society of Criminology's annual conference in Atlanta, US, in November 2022.

The academic engagement team also contributed to the regional dialogues on drug policy reform and organized crime in Bangkok and Cape Town in October–November 2022 as part of our Open Society Foundations project. Alongside this, the team supported the GI-TOC's scientific colloquium that was hosted in Athens in October 2022 by the Observatory of Illicit Economies in South-Eastern Europe. The observatory also specifically works to strengthen the ties between NGOs, media and academia across the region.

The academic engagement team have expanded direct funding relationships with universities, drawing sizable grants from the University of Birmingham Serious Organised Crime & Anti-Corruption Evidence project. As part of this, the GI-TOC has produced a series of papers on illicit economies in Afghanistan as well looked at the issue of illicit financial flows globally. We have just embarked on phase II of this project, with a series of outputs to be published by March 2023. The team has also secured additional funding from GIZ for phase III of the Drugs and Development Hub. Meanwhile, the GI-TOC's director of academic engagement has joined a major European Cooperation in Science & Technology Action grant looking at the evolution of illicit markets in Europe. This project will run from October 2022 to October 2026 and provides significant opportunities for network development and capacity building, as well as representing a significant and sustained funding support for our work.

The GI-TOC also publishes three to four issues a year of the open access Journal of Illicit Economies and Development (JIED), published in partnership with LSE Press. To guide the journal in its strategic development and priorities for 2021–2023, the JIED appointed seven strategy committee members and 26 editorial board members representing a diversity of thematic and geographical expertise as well as of stakeholder and gender balance across the world. In 2022, the JIED was accepted to Scopus, the largest abstract and citation database of peer-reviewed journals worldwide, and was awarded the Directory of Open Access Journals seal of approval.

Since 2020, the GI-TOC has assumed leadership of the International Association for the Study of Organized Crime (IASOC). To guide the association in its strategic development and priorities for 2021–2023, the IASOC appointed nine steering committee members representing a diversity of thematic and geographical expertise as well as of stakeholder and gender balance across the world.

In line with the GI-TOC's strategic goals, the academic engagement team has achieved financial self-sufficiency, enabling it to continue its activities in the coming years and serve as an increasing net financial contributor to GI-TOC activities across the organization. We expect our footprint on university and research council grants to continue to expand in the coming years and provide significant funding, research and network capacity support to the GI-TOC in pursuit of our overall organizational strategy and mission. The GI-TOC's core donors for the academic engagement portfolio are the EU, GIZ, Open Society Foundations and the UK's Foreign, Commonwealth and Development Office.

## Overview of 2022 outputs

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 (DDH), in partnership with the GIZ Global Partnership on Drug Policies and Development (GPDPD). Under DDH, a special issue on the topic of African drug markets is planned for publication with JIED in 2023. Furthermore, the GI-TOC has published two podcasts hosted under the GI-TOC's podcast series 'Africa and the Global Illicit Economy': 'African drug markets and alternative development' and 'Drugs and Development Hub regional conversation'; and one podcast highlighting the JIED's special issue on African drug markets and two videos on similar topics, titled 'Multidimensional responses to drug issues in Africa'. The DDH's 2022–2023 regional focus will continue reviewing drugs and development on the African context, as well as expand to include Latin America, Asia and the Western Balkans drawing on the GI-TOC's extensive networks in these regions. Drawing from Global Initiative Network members and GPDPD partners, the GI-TOC will establish a task force on drugs and development starting from February 2023. In addition, the GI-TOC will issue quarterly newsletters targeting civil society, governments, experts and other interested parties that include a variety of materials, including updates on the DDH task force and its members starting from 2023.

In addition, we are producing four special issues in peer-reviewed journals in 2022–2023, with an average of eight to 10 original research, method, policy and review contributions per issue and have a number of books under development with academic and independent publishing houses. In 2022, JIED published three Issues: Vol 4 Issue 1 with a special section on 'Exploring the nexus between human vulnerabilities and environmental crime'; Vol 4 Issue 2 (special issue) on 'Why the drug war endures: Local and transnational linkages in the North and Central America drug trades'; Vol 4 Issue 3 (special issue) on 'Illicitities – The (il)licit making of cities'. Our issues are published in a number of languages, including Portuguese, Spanish and English.



Following up on the previous years' 24-hour conference's success, the GI-TOC – in collaboration with ECPR--SGOC, the Centre for Information & Research on Organized Crime and the IASOC – organized the third edition of the 24-hour virtual conference on global organized crime on 13–14 October 2022, helping to bring together organized crime scholars, practitioners, students and relevant stakeholder groups from all corners of the world during the coronavirus pandemic. Wishing to stimulate constructive and engaging discussions among panellists and between speakers and the audience, the organizers continued with the five innovative session formats, including regular panel sessions, round-table discussion sessions, commentary on organized crime policy sessions, library/book interview sessions and video screening sessions. Each session was 75 minutes long, followed by a 15-minute break. This innovative format attracted over 150 submissions. Given the quality of the panel proposals and individual submissions this year, the organizers decided to keep five parallel tracks with 85 panels in total, in order to accommodate all relevant submissions. The conference hosted more than 3 000 participants worldwide, and had on average 30–40 participants per panel.

# 24h CONFERENCE ON GLOBAL ORGANIZED CRIME

Over the course of 25.5 hours, more than 330 leading organized crime scholars and practitioners from over 55 countries discussed and presented a diverse range of topics, including journalism and organized crime, drug policies, sanctions, human trafficking and corruption. This year's conference was well gender balanced, with many panels that had more female speakers than male. This year's conference also welcomed more speakers and panels from under-represented regions, including Asia-Pacific and Africa than in previous years.

The conference was very well received with overwhelmingly positive feedback from all the speakers, secretariat members and participants. A supportive secretariat team contributed to the conference's success.

The GI-TOC's LinkedIn group 'Illicit economies and organized crime: Researchers and policy professionals', launched in 2020, has continued to grow and facilitate discourse and engagement among its group members representing stakeholder groups (law enforcement, researchers, academia, NGOs, private sector, etc.), from across the world. This group is currently providing a collaborative platform for about 900 members who share knowledge, experience and insights into the world of transnational organized crime research activities and projects. 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 and initiatives.

**JIED** Journal of Illicit Economies and Development

**LSE Press**

**GLOBAL INITIATIVE** ON ORGANIZED CRIME

**ARE YOU:**

- an academic / scholar / researcher / policy professional / practitioner

**WHOSE WORK IS FOCUSED ON ORGANIZED CRIME AND ILLICIT ECONOMIES?**

**Join our LinkedIn group**  
**'Illicit Economies and Organized Crime'**

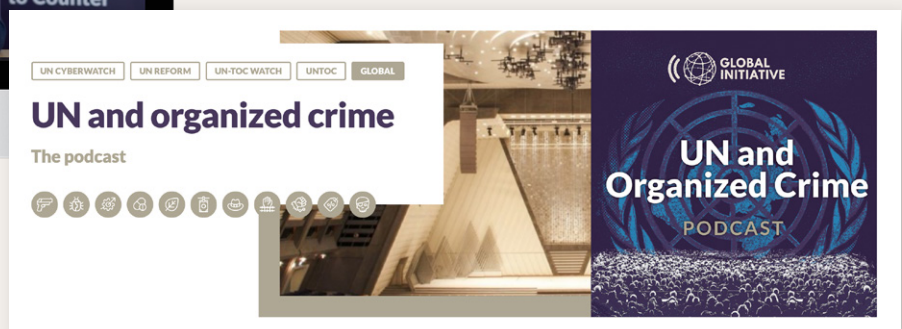
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# MULTILATERAL ENGAGEMENT

## Overview

The GI-TOC is committed to engaging at the multilateral level on transnational organized crime and is now scaling up its engagement across the board. We use the presence of the GI-TOC in key hubs of international dialogue (such as New York, Vienna, Geneva, Brussels and Nairobi) to facilitate meetings and side events, and create opportunities to input ideas to key transnational organized crime-related intergovernmental meetings and debates.

All of our engagement at the UN is based on the expertise and data drawn from the regional observatories and the Resilience Fund, and other projects. In turn, those civil society actors engaged in our networks gain access to policymaking spaces and actors at the multilateral level. Ultimately, our UN engagement has become a vehicle for disseminating our granular analysis and political economy reports to galvanize action through varied and international settings. Our engagement takes the form of events, analysis and publications, podcasts and the facilitation of broad civil society engagement.



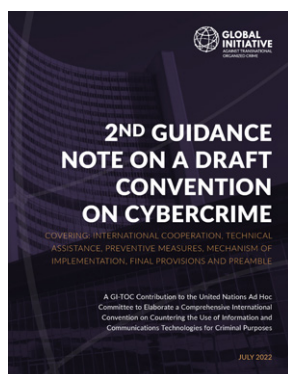
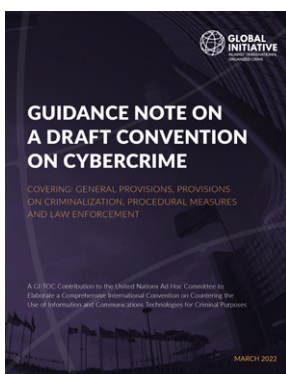




### Engagement with the UN and member states on a new international convention on 'countering the criminal use of ICTs for criminal purposes'

A UN Ad Hoc Committee to elaborate a comprehensive international convention on countering the use of information and communications technologies for criminal purposes (AHC) began its work in February 2022.

The GI-TOC has been following and providing analysis of the process since 2019, when the first UN resolution was passed approving the negotiations, as we tracked the establishment of the AHC and the political context of the negotiations. Now that the process is underway, the GI-TOC is providing consistent analysis of the negotiations and acting as a convener of civil society organizations and external stakeholders.



The GI-TOC has:

- Produced periodic analytical pieces tracking the meetings, decisions and political context.
- Written substantive reports, including a precursor report, as well as meeting outcome reports, and guidance notes on treaty language and content.
- Produced podcasts with relevant stakeholders.

- Created a Global Initiative Network task team on cybercrime to engage in the treaty process and keep informed about what is going on through email communication and virtual consultations.
- Held consultations with stakeholders, including Global Initiative Network members and a tech round table with private sector and civil society organizations.
- Attended and spoke at formal AHC meetings and the intersessional, and hosted side events.
- Brought in external speakers and encouraged participation in the intersessional.

#### **Activities at the UN in New York**

- UN High-Level Advisory Board on Effective Multilateralism and Our Common Agenda: The United Nations University's Centre for Policy Research and the GI-TOC organized a round table in support of the UN's 'Our Common Agenda' in September 2022. The main purpose of this was to discuss ideas, proposals and recommendations on transnational organized crime for the High-Level Advisory Board to consider as it develops its report this year.
- UN General Assembly: On the margins of the General Assembly, the GI-TOC hosted a consultation between member states, UN agencies and civil society, including Network members, on the future of organized crime and ideas for a global strategy. The GI-TOC attended and engaged in side events during high-level week.
- High-level Political Forum on Sustainable Development: This year's UN HLPF, held in New York in July, focused on Sustainable Development Goal 15: Life on land. The GI-TOC co-organized a side event with the Wildlife Justice Commission about innovative responses that target different stages in international trafficking flows.
- International Migration Review Forum Multi-stakeholder Hearing: The International Migration Review Forum, which reviews the Global Compact for Safe, Orderly and Regular Migration, took place in May 2022. The GI-TOC participated in the multi-stakeholder hearing leading up to the meeting and focused on the impacts of extortion on migration dynamics.
- The GI-TOC launched a report 'Illicit economies and armed conflict' in March 2022 at a virtual conference co-hosted by New York-based Center for Policy Research at the UN University and the Federal Foreign Office of Germany. With speakers from government, the UN and civil society, it was attended by New York peace and security stakeholders.
- UN Security Council: We continue to track the UN Security Council's work on transnational organized crime, including updating our resolution tracking tool. In October 2022, the GI-TOC released a report on gangs in Haiti and have had consultations with member states and UN agencies on the report and related issues.
- The GI-TOC continues to sit on the executive committee of the New York NGO Committee on Drug Policy and assists with linking the committee to UN activities.



### Activities at the UN in Vienna

- UN Convention Against Transnational Organized Crime (UNTOC) Conference of the Parties: The GI-TOC co-organized eight side events with civil society and government partners on a wide range of issues, including the links between organized crime and corruption, showcasing the Organized Crime Index, analyzing UNTOC implementation across Africa, firearms trafficking, the inclusion of civil society in countering organized crime, and the mapping of illicit market hotspots across West Africa. We partnered with Italy, Switzerland, Mexico, Germany, the Institute for Security Studies, Transparency International, the European Public Law Organization and the International Anti-Corruption Academy to deliver these events. In addition, we supported the participation of a wide range of civil society individuals and organizations from the Resilience Fund to participation in the Conference of the Parties, and carried out briefings and events with them to help them engage with the process. We provided regular analysis and briefing of the political proceedings of the conference throughout.
- UN Commission on Crime Prevention and Criminal Justice (CCPCJ): The GI-TOC co-organized a wide range of events at the CCPCJ, on issues including cybercrime, UN policy coordination, the Resilience Fund and environmental crime. We worked with Canada, Mexico, UK, Switzerland, the Netherlands, Norway, Peru, Germany, New Zealand, the Igarapé Institute, Chatham House, the NGO Alliance on Crime Prevention and Criminal Justice, and the International Centre for Criminal Law Reform to deliver these events. In addition, we delivered a range of high-level and policy-level statements on different issues.
- UN Commission on Narcotic Drugs: To understand how history affects the evolution of the UN drug control system, the GI-TOC co-hosted a side event to present the latest book by the GI-TOC's director of academic engagement, John Collins, *Legalizing the Drug Wars: A Regulatory History of UN Drug Control*, in collaboration with the World Society of Victimology and the Government of Mexico.



### Activities at the UN in Geneva

At the 8th session of the Conference of States Parties to the Arms Trade Treaty, the GI-TOC launched a policy brief at a side event organized in collaboration with the Government of Mexico. The policy brief 'Arms trafficking and organized crime: Global trade, local impacts' explores the links between firearms trafficking and other forms of organized crime and analyzes how guns enter illicit markets, how they enable other criminal markets to flourish, what actions are taken by governments to control their flow within and across borders, and the role firearms play in exacerbating crime and violence in communities across the world. The event featured speakers from Mexico, the UN Office on Drugs and Crime (UNODC), and the Quakers.



### Engaging civil society in the review mechanism of the UNTOC

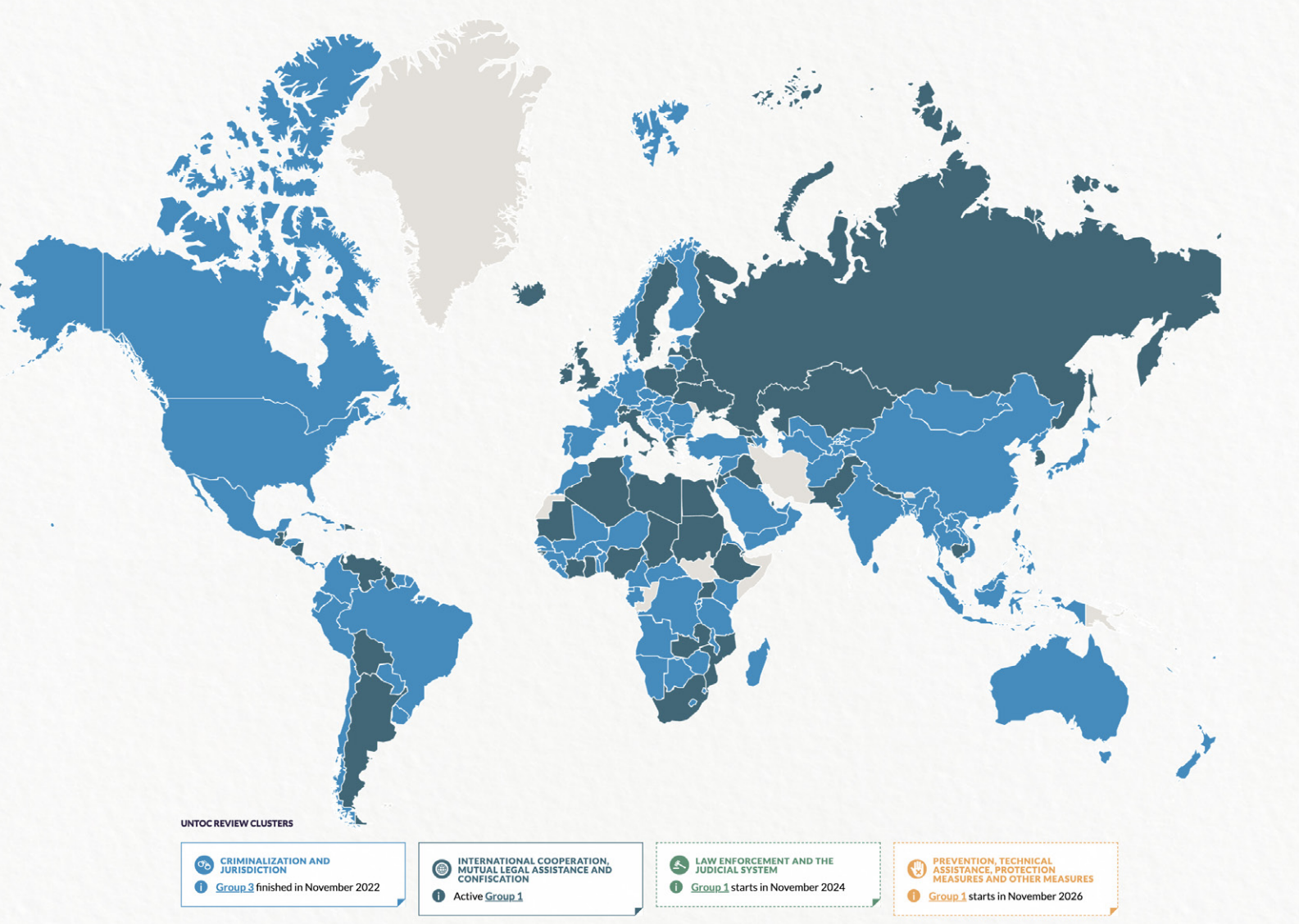
The GI-TOC is running a multifaceted programme of engagement to ensure that civil society can engage effectively in the review mechanism of the UNTOC. Since its launch in 2020, the GI-TOC has been working in partnership with the UNODC to raise awareness and build the capacity of civil society around the world to enable their engagement. Building on previous work, in 2022 we undertook the following activities in partnership with UNODC:

- Three online capacity building workshops for civil society.
- A 'pilot initiative' of civil society consultation between government and civil society stakeholders in Mexico and Pakistan.
- A regional civil society consultation for Latin American civil society in Panama, for West African civil society in Abidjan, and for East African civil society in Nairobi.



**Working independently, the GI-TOC has also carried out the following activities:**

- Created an online hub of data and advice on how to engage in the mechanism, with country-level data and resources.
- Created a tailored set of civil society questionnaires for their use and engagement in the UNTOC review process.
- Carried out a civil society consultation in Switzerland, which contributed to the self-assessment process of the Swiss government, using the tailored questionnaires.
- Supported a civil society consultation in Canada, carried out by the International Centre for Criminal Law Reform & Criminal Justice Policy and the Canadian government, which made use of the tailored questionnaires.
- Produced regular reporting and analysis of the UNTOC review mechanism process.



UNTOC review mechanism interactive map

# GLOBAL STRATEGY AGAINST ORGANIZED CRIME

## The urgent need for a global strategy against transnational organized crime

The world has reached an inflection point where assumptions about international law and international relations have been challenged by geopolitical rivalries, rapid technological advancements, socio-economic disasters and the escalating degradation of the environment. Many of these shocks to the global system have been spawned or exacerbated by organized crime and corruption, and organized crime has been quick to adapt and profit from them. Despite the wide-reaching impact of organized crime – which was clearly illustrated in the Global Organized Crime Index 2021 – there is no global strategy to address it. To close this gap, the GI-TOC is identifying the building blocks of such a strategy.

### Regional and thematic consultations

The aim of the strategy formulation process, which began in 2022, is to enhance analysis of organized crime, mobilize action against it and support resilience to organized crime to reduce its negative impact on people, the environment, businesses and states.

In 2022, GI-TOC staff member Walter Kemp was tasked with directing the strategy formulation process. He works closely with all relevant GI-TOC staff including the Index team, the Communications team, thematic and regional experts, as well as the Resilience Fund team. The process is guided by a steering committee of Global Initiative Network members, the membership of which reflects regional, thematic and professional diversity as well as gender balance.

In 2022, regional consultations were held throughout the world – in person and online – to discuss main criminal markets and emerging threats in the respective regions and the impact of organized crime, to identify good practices and to exchange views on the future of organized crime.

Thematic consultations are also planned on financial crime, violence and human rights, governance and corruption, climate change and environmental crime, youth, the impact of technology on organized crime and the future of organized crime. A thematic cluster on the future of crime was also established within the GI-TOC. This foresight group, involving experts within the GI-TOC and externally, is hosting a series of discussions on different aspects of the future of organized crime. The findings are anticipated to form a key component of the strategy and can contribute more broadly to the GI-TOC's future work.

Opportunities have been created and seized in order to underline the urgency of a global strategy against organized crime. For example, on 14 September the need for a global strategy was central to a presentation made by the GI-TOC to the High-Level Advisory Board on Effective Multilateralism. The global strategy was the main focus of a meeting organized by the GI-TOC in New York on 27 September on the future of organized crime. The global strategy was also the topic of a panel discussion at the OC24 conference in October 2022. The director has also raised awareness of the strategy in a number of bilateral meetings with UN member states in order to garner support.





### **Planned outputs**

The process of identifying building blocks of a global strategy against transnational organized crime will result in two outputs: a future-oriented report containing policy recommendations and an interactive visualization tool.

The report will outline ways of preventing and strengthening resilience to transnational organized crime and contain recommendations for each of the four key sectors – governmental/intergovernmental, law enforcement, the private sector and civil society. The visualization tool will enable the user to access targeted recommendations and good practices depending on their region or sector of interest, and find inspiration for preventive and remedial action.

The roll-out of the report and tool will be accompanied by a communication strategy.

### **Rallying support**

The process of identifying the building blocks of a global strategy against organized crime is ambitious and wide-reaching. It is therefore drawing on the knowledge basis and networks of the GI-TOC family.

The strategy formulation process is designed to be inclusive and engage a broad range of stakeholders from civil society, law enforcement, governments, intergovernmental organizations and the private sector. A special focus is being placed on engaging youth, particularly through the GI-TOC's Young Professionals Network.

The success of a strategy depends on its implementation. Therefore, the strategy development process is addressing the challenge of how to put good ideas into practice. This is being done by looking at promoting effective communication, how to reach and impact different target audiences, and how to galvanize support among a wide range of stakeholders.

The GI-TOC is reaching out to states and relevant regional and international organizations such as the UNODC to familiarize them with the strategy formulation process and to build support for it. It is also seeking to build support among a group of 'friends of the global strategy against organized crime' to gain traction for its recommendations within intergovernmental processes and organizations.

The strategy development process is expected to come to fruition in 2023.

# APPENDIX 1: PERFORMANCE AGAINST THE STRATEGY

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:

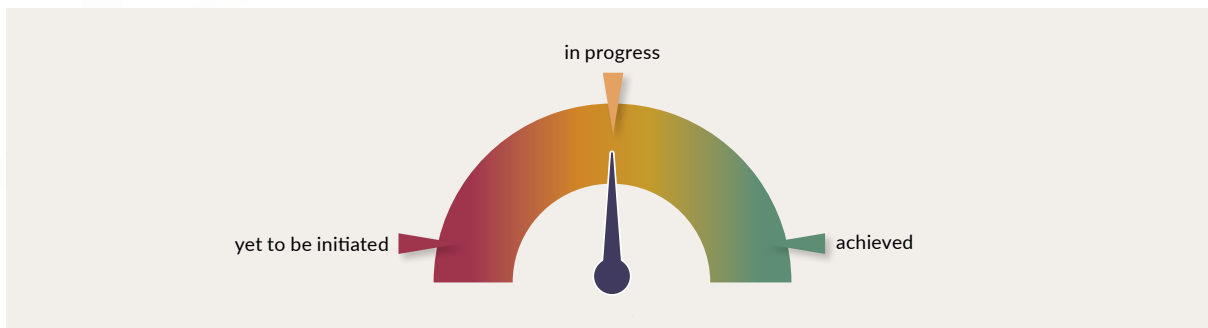
1. Awareness and analysis: Increasing the evidence base and understanding of organized crime;
2. Action: Facilitating and catalyzing innovative, policy-relevant responses;
3. Resilience: Strengthening local resilience and responses to organized crime;
4. Partnerships: Enhancing and leveraging partnerships 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 (Second 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	

STRATEGIC OBJECTIVE	ACTIVITIES	PROGRESS TRACKER (Second of three years)
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.	
3. Resilience: Strengthen local resilience and responses to organized crime	3.1. Grow the Resilience Fund by 10% 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	
	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 (Second 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.	







# ANNUAL REPORT

2022

**APPENDIX 2:  
AUDITED FINANCIAL  
STATEMENTS**



CAPE TOWN

# ANNUAL FINANCIAL STATEMENTS

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 2022  
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 V.P Pikoli Z.D Ghanem
<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 Lategan Associate General Accountant (SA)
<b>Issued</b>	26 July 2023

**Global Initiative Against Transnational Organised Crime Cape Town NPC  
Annual Financial Statements for the year ended 31 December 2022  
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
Statement of Financial Position	7
Statement of Comprehensive Income	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Accounting Policies	11 - 14
Notes to the Annual Financial Statements	15 - 19

The following supplementary information does not form part of the annual financial statements and has not been reviewed:

Detailed Income Statement	20
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**Global Initiative Against Transnational Organised Crime Cape Town NPC  
Annual Financial Statements for the year ended 31 December 2022  
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.

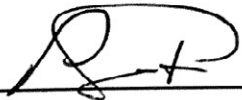
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors sets standards for 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 19, which have been prepared on the going concern basis, were approved by the directors on **26 July 2023** and were signed on their behalf by:

  
\_\_\_\_\_  
Director **P.H.P. GASTROW**

## Independent Reviewer's Report

31 December 2022

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

# Report on the Review of the Financial Statements

We have reviewed the financial statements of Global Initiative Against Transnational Organised Crime Cape Town NPC set out on pages 7 to 19, which comprise the statement of financial position as at 31 December 2022 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 notes to the financial statements, including a summary of significant accounting policies.

### Directors' Responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these 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 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 financial statements. We conducted our review in accordance with the International Standard 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 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 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.

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 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.

Registered Auditor – A firm of Chartered Accountants (SA) • IRBA Registration Number 900222

Partners: MV Ninan (Managing Partner), C Abrahamse, SJ Adlam, JM Barnard, AK Batt, T Beukes, WI Blake, HL Burger, MJ Cassan, JC Combrink, JR Comley, GJ De Beer, TVDL De Vries, G Deva, Y Dockrat, DS Dollman, S Doolabh, A Driscoll, CP Du Plessis, J Du Plessis, M Edelberg, JJ Eloff, T Erasmus, B Ferreira, Y Ferreira, MH Fisher, T Gangen, M Groenewald, J Heathcote-Hacker, K Hoosain, MY Ismail, B Jansen, J Kasan, D Keeve, CN Kelton, J Marais, N Mayat, B Mbunge, G Molyneux, A Moruck, R Murugan, S Naidoo, GJ Oberholster, MG Odendaal, W Olivier, MV Patel, M Pieterse, E Pretorius, W Rabe, N Ravele, D Resnick, L Roeloffze, M Saayman, MA Salee, E Sibanda, MR Snow, SM Solomon, W Sterley, EM Steyn, HH Swanepoel, AL Swartz, DM Tekie, MJA Teuchert, N Thelander, S Truter, PC van der Merwe, L van Jaarsveldt, R van Molendoff, JC Van Tubbergh, N Volschenk, S Vorster, J Watkins-Baker

Our offices: Bloemfontein, Cape Town, Durban, George, Gqeberha, Johannesburg, Paarl, Plettenberg Bay, Pretoria



### 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 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 2022, and its financial performance and cash flows for the 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 20 does not form part of the financial statements and is presented as additional information. We have reviewed this information and accordingly do not express an opinion thereon.

### Other reports required by the Companies Act of South Africa

The financial statements include the Directors' Report as required by the Companies Act of South Africa. The directors are responsible for the Directors' Report. Our conclusion on the 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 financial statements, we have read the Directors' Report and, in doing so, considered whether the Directors' Report is materially inconsistent with the 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**  
**Partner: Melanie Odendaal**  
**Registered Auditor**  
**26 July 2023**  
**Cape Town**

## Global Initiative Against Transnational Organised Crime Cape Town NPC Annual Financial Statements for the year ended 31 December 2022 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 2022.

### 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:

Directors	Nationality	Changes
G.S.W Otieno	Kenyan	
E.E Alemika	Nigerian	
P.H.P Gastrow	South African	
V.P Pikoli	South African	
Z.D Ghanem	French	Appointed 15 March 2022

### 4. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

### 5. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future 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.

### 6. Review

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

### 7. 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 2022**  
**Statement of Financial Position as at 31 December 2022**

<b>Figures in Rand</b>	<b>Notes</b>	<b>2022</b>	<b>2021</b>
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	188,367	181,146
<b>Current Assets</b>			
Trade and other receivables	3	2,822,373	2,122,666
Cash and cash equivalents	4	538,451	1,152,038
		<b>3,360,824</b>	<b>3,274,704</b>
<b>Total Assets</b>		<b>3,549,191</b>	<b>3,455,850</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Retained income		2,839,013	2,459,036
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	5	710,178	996,814
<b>Total Equity and Liabilities</b>		<b>3,549,191</b>	<b>3,455,850</b>

**Global Initiative Against Transnational Organised Crime Cape Town NPC  
Annual Financial Statements for the year ended 31 December 2022  
Statement of Comprehensive Income**

<b>Figures in Rand</b>	<b>Notes</b>	<b>2022</b>	<b>2021</b>
Revenue	6	14,791,237	16,080,479
Other income	7	200,000	-
Operating expenses		(14,611,260)	(16,035,459)
<b>Operating profit</b>	8	<b>379,977</b>	<b>45,020</b>
Investment revenue	9	-	1,228
<b>Surplus for the year</b>		<b>379,977</b>	<b>46,248</b>



**Global Initiative Against Transnational Organised Crime Cape Town NPC  
Annual Financial Statements for the year ended 31 December 2022  
Statement of Changes in Equity**

<b>Figures in Rand</b>	<b>Retained income</b>	<b>Total equity</b>
<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 01 January 2022</b>	<b>2,459,036</b>	<b>2,459,036</b>
Surplus for the year	379,977	379,977
<b>Balance at 31 December 2022</b>	<b>2,839,013</b>	<b>2,839,013</b>

**Global Initiative Against Transnational Organised Crime Cape Town NPC  
Annual Financial Statements for the year ended 31 December 2022  
Statement of Cash Flows**

<b>Figures in Rand</b>	<b>Notes</b>	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities</b>			
Cash used in operations	11	(543,547)	(2,052,860)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(70,040)	(81,312)
<b>Total cash movement for the year</b>		<b>(613,587)</b>	<b>(2,134,172)</b>
Cash at the beginning of the year		1,152,038	3,286,210
<b>Total cash at end of the year</b>	4	<b>538,451</b>	<b>1,152,038</b>



**Global Initiative Against Transnational Organised Crime Cape Town NPC  
Annual Financial Statements for the year ended 31 December 2022  
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:

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

**Global Initiative Against Transnational Organised Crime Cape Town NPC  
Annual Financial Statements for the year ended 31 December 2022  
Accounting Policies**

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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.



**Global Initiative Against Transnational Organised Crime Cape Town NPC  
Annual Financial Statements for the year ended 31 December 2022  
Accounting Policies**

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**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.

**Global Initiative Against Transnational Organised Crime Cape Town NPC  
Annual Financial Statements for the year ended 31 December 2022  
Accounting Policies**

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**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 13.

**Global Initiative Against Transnational Organised Crime Cape Town NPC  
Annual Financial Statements for the year ended 31 December 2022  
Notes to the Annual Financial Statements**

**Figures in Rand** **2022** **2021**

**2. Property, plant and equipment**

	2022			2021		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Computer equipment	284,576	(106,098)	178,478	214,536	(51,297)	163,239
Furniture and fixtures	39,998	(30,109)	9,889	39,998	(22,109)	17,889
Computer software	899	(899)	-	899	(881)	18
<b>Total</b>	<b>325,473</b>	<b>(137,106)</b>	<b>188,367</b>	<b>255,433</b>	<b>(74,287)</b>	<b>181,146</b>

**Reconciliation of property, plant and equipment - 2022**

	Opening balance	Additions	Depreciation	Closing balance
Computer equipment	163,239	70,040	(54,801)	178,478
Furniture and fixtures	17,889	-	(8,000)	9,889
Computer software	18	-	(18)	-
	<b>181,146</b>	<b>70,040</b>	<b>(62,819)</b>	<b>188,367</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>

**3. Trade and other receivables**

Trade receivables	2,594,794	1,995,872
Prepayments	165,922	-
Deposits	61,657	126,794
	<b>2,822,373</b>	<b>2,122,666</b>

**4. Cash and cash equivalents**

Cash and cash equivalents consist of:

Bank balances	538,451	1,152,038
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**5. Trade and other payables**

Trade payables	44,451	273,859
Income received in advance	3,449	5,049
Accrued leave pay	595,463	442,521
Other payables	66,815	275,385
	<b>710,178</b>	<b>996,814</b>



**Global Initiative Against Transnational Organised Crime Cape Town NPC  
Annual Financial Statements for the year ended 31 December 2022  
Notes to the Annual Financial Statements**

Figures in Rand	2022	2021
<b>6. Revenue</b>		
Grant income	14,791,237	16,080,479
<b>7. Other income</b>		
Recoveries	200,000	-
<b>8. Operating profit</b>		
Operating profit for the year is stated after accounting for the following:		
<b>Operating lease charges</b>		
Premises		
• Contractual amounts	451,636	452,790
Depreciation on property, plant and equipment	62,819	44,932
Employee costs	9,324,416	8,565,020
Consulting fees	3,211,242	5,327,116
Service fees	262,271	154,626
Travel expenses	463,378	259,138
Website publications	499,354	225,761
<b>9. Investment revenue</b>		
<b>Interest revenue</b>		
Bank	-	1,228
<b>10. 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>11. Cash used in operations</b>		
Surplus before taxation	379,977	46,248
<b>Adjustments for:</b>		
Depreciation	62,819	44,932
Loss on foreign exchange	20,560	5,759
Interest received	-	(1,228)
<b>Changes in working capital:</b>		
Trade and other receivables	(699,707)	(1,975,450)
Trade and other payables	(307,196)	(173,121)
	<b>(543,547)</b>	<b>(2,052,860)</b>

**Global Initiative Against Transnational Organised Crime Cape Town NPC  
Annual Financial Statements for the year ended 31 December 2022  
Notes to the Annual Financial Statements**

Figures in Rand	2022	2021
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**12. Commitments**

**Operating leases – as lessee (expense)**

**Minimum lease payments due**

- within one year	150,384	807,917
- in second to fifth year inclusive	-	150,384
	<b>150,384</b>	<b>958,301</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.

**13. Related parties**

Relationships

Companies under common control

The Global Initiative Against Transnational Organised Crime

The Global Initiative - Verein gegen transnationale organisierte Kriminalität

Directors

E E Alemika

G S W Otieno

P H P Gastrow

V P Pikoli

Z D Ghanem

**Related party balances**

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

The Global Initiative - Verein gegen transnationale organisierte Kriminalität	1,321,632	538,894
The Global Initiative Against Transnational Organised Crime	1,273,162	1,424,077

**Related party transactions**

**Revenue from related parties**

The Global Initiative - Verein gegen transnationale organisierte Kriminalität	(1,681,634)	(1,264,905)
The Global Initiative Against Transnational Organised Crime	(12,167,556)	(13,954,003)

**Operating expenses paid to related parties**

The Global Initiative - Verein gegen transnationale organisierte Kriminalität	46,199	-
The Global Initiative Against Transnational Organised Crime	55,936	713,621

**Other income received from related parties**

The Global Initiative Against Transnational Organised Crime	(200,000)	-
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**Global Initiative Against Transnational Organised Crime Cape Town NPC  
Annual Financial Statements for the year ended 31 December 2022  
Notes to the Annual Financial Statements**

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

**Non-executive**

**2022**

Directors' emoluments	Consulting fees	Total
<b>Services as director or prescribed officer</b>		
V.P Pikoli	120,000	120,000

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

**15. Financial assets by category**

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

**2022**

	Financial assets at amortised cost	Total
Trade and other receivables	2,822,373	2,822,373
Cash and cash equivalents	538,451	538,451
	<b>3,360,824</b>	<b>3,360,824</b>

**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>

**16. Financial liabilities by category**

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

**2022**

	Financial liabilities at amortised cost	Total
Trade and other payables	(111,263)	(111,263)



**Global Initiative Against Transnational Organised Crime Cape Town NPC  
Annual Financial Statements for the year ended 31 December 2022  
Notes to the Annual Financial Statements**

Figures in Rand	2022	2021
<b>16. Financial liabilities by category (continued)</b>		
<b>2021</b>		
	Financial liabilities at amortised cost	Total
Trade and other payables	(549,243)	(549,243)

**17. Going concern**

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future 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.

**18. Events after the reporting period**

The directors are not aware of any 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 2022  
Detailed Income Statement**

<b>Figures in Rand</b>	<b>Notes</b>	<b>2022</b>	<b>2021</b>
<b>Revenue</b>			
Revenue		14,791,237	16,080,479
<b>Other income</b>			
Recoveries		200,000	-
<b>Operating expenses</b>			
Bank charges		12,758	8,782
Computer expenses		56,329	502,411
Consulting fees		3,211,242	5,327,116
Depreciation		62,819	44,932
Employee costs		9,324,416	8,565,020
Independent reviewer's fee		-	35,700
Insurance		3,848	8,744
Inter-company recharge costs		46,200	-
Legal expenses		59,906	231,167
Loss on exchange differences		20,560	5,759
Operating charges		-	10,990
Other expenses		2,352	1,251
Postage		6,189	6,007
Printing and stationery		7,674	5,973
Rent paid		451,636	452,790
Repairs and maintenance		-	9,132
Service fees		262,271	154,626
Staff welfare		12,324	24,306
Subscriptions		40,483	85,959
Telephone and fax		11,795	5,489
Training		55,726	64,406
Travel - local		463,378	259,138
Website publications		499,354	225,761
		<b>14,611,260</b>	<b>16,035,459</b>
<b>Operating profit</b>	8	<b>379,977</b>	<b>45,020</b>
Investment income	9	-	1,228
<b>Profit for the year</b>		<b>379,977</b>	<b>46,248</b>





**GENEVA**

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

**FOR THE YEAR ENDED 31 DECEMBER 2021**



**The Global Initiative against Transnational  
Organized Crime  
Geneva**

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**Report of the statutory auditor**  
To the General Meeting of Members  
On the limited statutory examination  
For the year ended 31 December 2021

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## **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 Cime 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 FOR THE YEAR ENDED 31 DECEMBER 2021





# REPORT ON THE REVIEW OF THE FINANCIAL STATEMENTS

As of 31.12.2021

The Global Initiative – Verein gegen Transnationale organisierte Kriminalität

1010 Wien

Mazars Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft  
Commercial Court Vienna · Company Register FN 71563s · VAT Registration ATU 37400905 · KSW-Member Code 800130 ·  
APAB Code 0700381 · We are a member of the Austrian Chamber of Tax Advisors and Certified Public Accountants (KSW) and  
independent member of the international partnership of Mazars. A list of managing partners of our company is available on our  
website.

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- B. General Conditions of Contract for the Public Accounting Professions (AAB 2018)

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. Tangible assets</b>		
1. Tools and equipment	9,172.80	10,475.71
<b>B. Current assets</b>		
<b>I. Accounts receivable and other assets</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>II. Bank balances</b>	<u>683,792.14</u>	<u>822,710.17</u>
	<b>1,315,962.33</b>	<b>1,384,275.53</b>
<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	-409,627.56
	-527,320.95	-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>	<u><b>110,595.56</b></u>	<u><b>59,119.55</b></u>
<b>8. Net profit for the year</b>	<b>110,595.56</b>	<b>59,119.55</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>	<u><u><b>135,728.83</b></u></u>	<u><u><b>25,133.27</b></u></u>

**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	2020
	EUR	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).

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

Vienna, March 04, 2022



.....  
Dr. Mark Shaw

Statement of fixed assets as at December 31, 2021

	Status	Purchase/production costs			Status	Status	accumulated depreciations			Status	Carrying values	
	2021-01-01	Additions	Disposals	Repostings	2021-12-31	2021-01-01	Depreciations	Write-ups	Disposals	2021-12-31	Status	Status
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
<b>A. FIXED ASSETS</b>												
<i>i. Tangible assets</i>												
1. Tools and equipment	16,582.85	5,772.65	0.00	0.00	22,355.50	6,107.14	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:

- a) 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.
- b) examining the tax assessment notices for the tax returns mentioned under a).
- c) negotiating with the fiscal authorities in connection with the tax returns and notices mentioned under a) and b).
- d) participating in external tax audits and assessing the results of external tax audits with regard to the taxes mentioned under a).
- e) 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 installments and fee installments 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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