NEW YORK UNIVERSITY

CENTER ON INTERNATIONAL COOPERATION

Getting Smart and Scaling Up

Responding to the Impact of Organized Crime on Governance in Developing Countries

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The world faces old and new security challenges that are more complex than our multilateral and national institutions are currently capable of managing. International cooperation is ever more necessary in meeting these challenges. The NYU Center on International Cooperation (CIC) works to enhance international responses to conflict, insecurity, and scarcity through applied research and direct engagement with multilateral institutions and the wider policy community.

CIC's programs and research activities span the spectrum of conflict, insecurity, and scarcity issues. This allows us to see critical inter-connections and highlight the coherence often necessary for effective response. We have a particular concentration on the UN and multilateral responses to conflict.
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Background

Tackling organized crime is listed as a priority for the UK Government under its National Security Council and Strategic Defense and Security Review. It is, first, a clear domestic threat to the UK, causing economic and social costs of between £20 and £40 billion per year. It also impacts the UK’s development assistance as many sources suggest that organized crime has a significantly detrimental impact on governance in many developing countries. In some states, circumstantial evidence suggests deep interdependent links between organized crime, politics, and the public sector, fostering, in some cases, a form of symbiosis between the state and criminal organizations, and in more extreme cases, both deep or transitory links between crime, terror, and militant groups.

Despite these disconcerting signs, investment in academic research on the effects of organized crime on governance remains limited. There is a wide range of criminological literature, and some relevant work on the fringes of the governance and conflict field, but few, policy-oriented studies specifically examining the impact of organized crime on governance exist. The World Bank’s World Development Report 2011 cited organized crime as one factor linked to post-conflict violence in fragile states and hinted at the role weak institutions and corruption play in this regard, but did not provide any detailed analysis of these links.

This report presents an overview of the research team’s findings and is divided into four parts: Section I presents the main Policy Summary. Section II presents the main findings and lays out five areas for targeted action as the basis of an ‘organized crime-sensitive’ programming framework. Section III provides donors with options for assessing when to engage on organized crime-related issues and, depending on the nature of relations between organized crime and political and governance institutions, an analysis framework to help determine what specifically within the five areas of action to focus on. The final

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section provides concluding remarks and a suggested programming framework, combining elements of sections II and III.

We anticipate that the research will also be of interest to Government departments beyond DFID and to a small but growing policy community interested in developing a deeper understanding of the impact of organized crime on governance in a range of development settings.

Methodology and Survey Design Definitions

The project was launched with a comprehensive review of primary and secondary literature on organized crime, political settlements, governance, and development (Annex I), and a baseline review of four countries – Ghana, Nepal, Mozambique, and Pakistan [Karachi]. The final report includes in-depth case studies on the impact of organized crime on governance in Ghana, Nepal, Mozambique (field), and Jamaica and Sierra Leone (desk), as well as a broader overview of the impact of organized crime on governance in Latin America and the Caribbean. The field research was implemented on the basis of semi-structured interviews with a broad range of stakeholders, including:

- National officials, including government officials, opposition political parties, members of parliamentary committees
- Members of the state security apparatus
- Private security actors
- National and international investigative journalists
- National and international analysts and researchers
- Detainees (when relevant, and to the extent possible, case authors interviewed people who have been detained for organized criminal activity in the country in question)
- To the extent possible, members of organized criminal gangs, networks
- National development and civil society actors
- The main development assistance providers in the country
- Officials of key intergovernmental organizations such as the UN and the World Bank

The team developed an interview framework for the country case studies. A questionnaire, drawn from the findings of the literature review and an experts’ meeting held in New York on 24th February 2012, provided more detail on the range of questions raised during the course of the field research. The decision on which countries to target for the in-country case studies was made by DFID on the basis of responses from its country offices. CIC included the additional studies to provide additional depth and bolster the final product.

Challenges Encountered

The main challenge encountered for this research project was the initial time frame provided, which was limited to nine months, although the majority of the work had to be conducted over a six-month period. The decision to focus on ‘organized crime’ writ-large rather than a specific organized criminal activity also presented the team with difficulties. Other challenges included access to information, tight in-country schedules, and a limited budget.

Definitions

Organized Crime

The research team used the loose definition of organized crime adopted by the UN Convention on Organized Crime: “a structured group of three or more persons, existing for a period of time and acting in concert with the aim of committing one or more serious crimes or offences established in accordance with this Convention, in order to obtain, directly or indirectly, a financial or other material benefit.” “Structured group” indicates the group was not formed solely to commit one offense, but rather endures over time; however, within the group, roles do not have to
be defined formally and structure and membership may change.

The research team also noted that criminal enterprises operate as networks rather than hierarchical structures, and that these connected nodes have significant linkages among themselves and others, as well as varying levels of participation in network activities, including a core and periphery. We paid particular attention to the organized criminal groups or networks which acquire political capital, and political, economic or social identities over time.

Organized Criminal Activities

For the purpose of this project the following were considered organized criminal activities: drug trafficking, human trafficking, illicit trade in counterfeit goods and other illegal commodities, small arms manufacture, small and conventional arms trafficking, illegal logging, illegal trade in wildlife, money laundering, advanced fee and Internet fraud, piracy, corruption, forgery, oil bunkering, extortion and kidnapping and racketeering.

Governance

In this paper, the term ‘governance’ refers to institutionalized modes of social coordination through which actors produce and provide collective rules and goods. While the case study authors used this definition as a broad guideline when conducting their research, they were also encouraged to capture the more nuanced forms of governance that play out in reality in the countries in question, particularly traditional, informal, or even transitory forms.

I. EXECUTIVE SUMMARY

On Current Development Assistance Policy Regarding Organized Crime

The development landscape is rapidly changing and new centres of economic dynamism are emerging. At the same time, organized criminal activity, including illicit trafficking and financial flows, is increasing in these same settings, often fuelling tension or violence among elites or other groups vying for control of illicit markets. Criminal groups and networks have been quick to adapt to rapid technological developments and increased global connectivity, using cyberspace as a tool or platform for pursuing financial interests, and, in some contexts, fostering fear and promoting instability. Organized crime, whether transnational or domestic in nature, is established in countries around the world irrespective of their levels of development. As noted by the OECD, “it is a fluid and diversified industry that engages in a host of illicit activities” and while “it may affect strong states, it is above all conflict-affected or otherwise weakened states that are vulnerable to transnational organized crime predations and may serve as bases for international criminal enterprises.” It is also increasingly evident that “one of the most important impacts of [transnational organized crime] on a state is the harm it does to the quality of its governance.” 5 By corrupting and otherwise compromising the integrity of public officials and institutions through corruption and threat, organised crime erodes the state’s long term capacity to provide for the common good. At the same time however, public officials and political and business elites are not always the hapless victims of organized crime as often portrayed, but rather consciously engage in illicit activity with the aim of achieving specific political or financial goals. These features of how organized crime and the state interact can lead to a loss of legitimacy and eventually “heighten fragility.” 6

The relationship (both formal and illicit) among states, markets, and individuals is undergoing continuous change, requiring an evolution in the manner in which development assistance is delivered, with greater emphasis on the ‘qualitative’ dimensions of development and policy change. 7 Yet, the development community has been slow to integrate an ‘organized crime-sensitive’ approach to its programming, despite a growing acknowledgement that organized crime can have important impacts on governance and development, and that organized crime and politics frequently interact to provoke varying degrees of instability. The 2011 World Development Report noted the need “to increase coordination between developed states and fragile states” on organized crime, particularly trafficking; yet to date limited action has been taken in this regard. Oftentimes it is only when organized crime is connected to overt violence that external actors react, and even then, development actors have limited tools at their disposal to engage on these issues. However, as evidenced in our research, if left unchecked, organized crime, even at a small scale, can produce long-term negative impacts, particularly in development settings where institutions remain weak and democratic processes are still consolidating. Over time, it can slowly erode the capacity and will of a state to respond to the needs of citizens. In addition, premature and inappropriate knee-jerk policy responses can significantly worsen the situation and even reinforce organized crime.

Until relatively recently, the majority of policy-oriented literature has tended to oversimplify the nature and role of organized crime, the actors involved, and their interaction with the state. Participants in criminal activities may have multiple (sometimes reinforcing) identities within state institutions and criminal networks. Moreover, certain types of criminal markets (e.g. heroin trafficking) generate more violence and social harm than others (e.g. cannabis). The literature rarely focuses on the interaction of political and economic elites and organized criminal groups, and how this interaction serves to undermine, reinforce or replace political institutions and processes. Underlying structural factors receive scant attention, with both observers and practitioners falling back on the facile ‘lack of political will’ argument to describe government failures to effectively respond to organized crime. Rarely do they assess how

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6. Ibid
political structures (both weak and strong) serve as enablers of organized criminal activity, or the pervasive effects of organized crime on weak political structures, institutions, and processes, particularly in developing countries where democratic consolidation has stagnated.

Moreover, surprisingly little is known about the impact of organized crime on governance and development. Partial exceptions include the ‘economic drivers of conflict’ literature, which shows how the economic incentives in criminal activity can serve as a deterrent for some groups to forge or implement a settlement (e.g. Northern Ireland, Colombia). Recent studies by the World Bank Institute and the OECD have shed light on how organized crime affects fragile states, while a USAID study has tabled suggestions for how development actors can better assess when to provide support in countries where drug trafficking is prevalent. The objective of this research project is to feed into these policy discussions by helping address the “critical research gaps” on the impact of organized crime on governance in development settings, tabling recommendations for targeted programming in governance areas affected by organized crime, and providing options for determining when to engage in a given setting.

On the Findings of the Case Studies

Across all of this report’s case studies – Nepal, Ghana, Sierra Leone, Mozambique, Guyana, and Jamaica – organized crime is prevalent and has important impacts on governance.

NEPAL

Nepal is a country transitioning out of conflict. It is a country and a nation in flux, stuck in a political morass since May 2012. Behind much of the political contestation in this deeply impoverished, resource-rich country is the desire by politicians and political groups to control the state in order to capture resources from foreign aid, tourism, and existing hydropower. This includes being able to issue exceptions from law enforcement and tender procedures to supporters.

Corruption, nepotism, and patronage are deeply ingrained. The culture of impunity is as pervasive as corruption, and growing. Formal justice mechanisms are either inaccessible to most, particularly for marginalized groups, or seen as patronage-based and corrupt. Institutions, such as law enforcement and civil service bureaucracies, are mostly weak and increasingly politicized. Many urban and rural residents still believe that they need to provide payoffs to, and engage in complex negotiations with powerful actors in their locality, whether powerful local politicians or armed and criminal gangs, to assure their safety and secure their elementary and everyday transactions.

Organized crime in Nepal, encompassing both politically-motivated and economically-driven crime, is still in its initial developmental stages. The nexus between crime and political parties has been thickening and few political parties are immune from using criminal groups for political purposes, including demonstrating street power, raising money for the party, and securing contracts for clients. Usurpation of public funds, including funds from international donors, is prevalent. Criminal groups in turn seek to cultivate politicians to escape prosecution and obtain immunity for their nefarious actions. The relationship between political parties and criminal groups is robust and perhaps growing, but it is the political actors who take the lead.

Criminal groups in Nepal have nowhere near the level of sophistication and organizational complexity of the criminal groups operating in India or Pakistan, for example. Nor do they yet systematically deliver “public” goods to local populations to cultivate support independent of the state, as other criminal groups – from India to Japan, Italy, and Colombia – have learned to do. The level of violence Nepali criminal groups perpetrate in support of their profit-seeking activities is also fairly limited when compared with criminal organizations in other parts of the world, such as Colombia or Mexico.

In addition to crime in support of political parties, the most significant illicit economies in Nepal include extortion,
tax evasion, drug smuggling, illegal logging, illegal trade in wildlife, and human trafficking. Some of these illicit economies, such as illegal logging and wildlife trade, emerged during the civil war, with various political actors and the Maoist insurgents participating in them back then. Others, such as human trafficking, precede the civil war and are deeply socially ingrained. Some illicit economies, such as environmental crime, are rapidly intensifying.

Rather than organized crime itself, it is the pervasive culture of impunity, corruption, nepotism, and clientelism that most negatively impacts the lives of ordinary Nepalis. While organized crime intensifies and exploits this corruption and the lack of rule of law, in Nepal political corruption and a deeply entrenched system of patronage are the primary drivers of the usurpation of public funds and violence at the local level. Politicization of formal institutions deeply compromises bureaucratic and administrative competencies and service delivery, enabling the penetration of organized crime into state institutions.

The rather primitive stage of organized crime formation and the limited sophistication of illicit economies present important opportunities for policy initiatives. However, in the absence of careful design many anti-crime policies can be counterproductive. Intensified interdiction without careful planning can merely weed out less sophisticated criminal enterprises while the toughest and leanest criminal groups survive law enforcement actions and acquire a greater market share and political and economic power. Law-enforcement actions can thus inadvertently encourage the vertical integration of organized crime groups and undermine the constraints preventing criminal groups from resorting to violence.

Countering such inadvertent negative outcomes requires a very sophisticated interdiction strategy that privileges targeting the most violent groups or those with the greatest capacity to corrupt first – in another words focused deterrence strategies rather than zero-tolerance approaches. The effectiveness of such a strategy in turn depends on the intelligence capacity of law enforcement institutions and their ability to resist corrupting political pressures. Both are likely to remain elusive in Nepal for a long time.

Out of the range of Nepal's illicit economies, countering environmental crime promises greatest policy payoffs, while prioritizing countering drug production and trafficking the least benefit. Many interventions against human trafficking, a crime topic much favored by outside donors, have been ineffective. Fostering institution building and promoting the rule of law are critical, but cannot be divorced from the highly politicized context. Whatever policy initiatives outside donors do adopt, they should be guided above all by a do-no-harm principle.

**GHANA**

Ghana is experiencing significant economic growth and the country has remained resilient to the types of challenges that some of its neighbours have had to contend with over the past decades. At the same time, however, cracks in its own democratic system, including deeply entrenched corruption, an increasingly expensive electoral process, weak accountability mechanisms, and a series of political economy and governance-related challenges that date back to the post-independence years, have rendered its institutions and citizens highly vulnerable to the influence of organized crime. As in Sierra Leone, trafficking of hard drugs such as cocaine, heroin, and methamphetamines represents a serious governance challenge in Ghana, particularly given the degree to which political and security actors at all levels have been involved in the trade, and also because the increase in trafficking through these countries and the broader West Africa sub-region has led to an increase in drug use and money laundering. As in Nepal, Mozambique, and Sierra Leone, in Ghana both national and foreign criminal groups illicitly exploit natural resources, and increasingly its virtual resources. The illicit international trade in electronic waste has found a home in Ghana and the dumping of e-waste is placing citizens’ health and the environment at risk while also posing important information security challenges to the countries from where the e-waste originated.

Ghanaian political life and governance are characterized by a deeply entrenched culture of patronage and clientelism.
The country’s winner-take-all politics has created an elaborate network of political patronage in which party loyalists and supporters are rewarded for their allegiance. Patron-client relationships are particularly relied upon by parliamentarians and municipal and district political appointees in maintaining power, notwithstanding ongoing efforts to decentralize governance. The strength of these relationships is such that at times formal rules are mostly disregarded; informal ties are more important than formal ones, creating opportunities for corruption and the infiltration of organized crime. Bureaucracies run in parallel to patronage networks that fuel corruption and undermine administrative transparency and accountability. Despite anti-corruption efforts, petty and grand corruption is endemic in Ghana’s civil service and among sections of its political elite.

Like many countries struggling to deal with complex challenges, Ghana lacks the requisite institutional capacity and frameworks for responding to organized crime. Institutions are constrained by inadequate logistical, human and financial resources as well as deeply entrenched patronage systems. Inter-agency coordination is limited, while personnel of the judiciary and specialized agencies lack the expertise for responding to the different forms of organized crime that have emerged in the country. Moreover, there appears to be limited political appetite to build strong checks and balances into the current systems of governance – both formal and traditional - as a means to delink them from organized crime. The latter will be key to Ghana’s longer-term development perspectives. Meanwhile, however, the country continues to serve as a regional hub for planning and executing organized criminal activity.11

Efforts to counter organized crime in Ghana today are generally focused on strengthening law enforcement and are rarely linked to other core areas of support. Multi-pronged strategic interventions that go beyond mere law enforcement measures to ensure a focus on those high-level targets that are in the strongest position to corrupt and disrupt; ensuring vertical and horizontal accountability measures; enhancing delivery of services in strategic areas, and providing incentives for unemployed youth. In addition, these measures will only be effective if they seriously consider the duality in the Ghanaian legal and governance systems, namely the existence of the modern/formal state based on legal concepts that are often viewed as alien to the Ghanaian way of life alongside a powerful traditional/informal state that embodies Ghanaian customs and traditions and wields the allegiance of the populace. Traditional chiefs, elders and family heads, queen-mothers, and opinion leaders should be consulted and mobilized; and interventions must be carefully tailored to reflect existing ethnic and cultural norms. Such an approach is key to breaking the growing relationship between organized crime, politics, governance and society.

**MOZAMBIQUE**

In Mozambique, organized crime became entrenched following the post-conflict transition, and, as in Jamaica and Guyana, is closely tied to the political process and system. Organized criminal activity in the country includes drug trafficking, trafficking in counterfeit medication, human trafficking, stolen vehicle trafficking, illicit exploitation of natural resources and money laundering.

Organized crime first captured public attention in Mozambique in the wake of the highly publicized murders of two investigative journalists who had been investigating the extent to which emerging economic and political elites were implicated in banking sector-related

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11. Francois Soudain, Coke en Stock, Jeune Afrique, 28 avril au 11 mai 2013 (No. 2729-2730)
fraud. The complex web of informal relations between political actors, civil servants, legitimate business, and organized criminals that was exposed in a range of scandals concerning privatization processes in the mid 1990s appears to have endured. To this day, political and public sector corruption and organized crime remain strongly connected. These connections partly have their roots in the political settlement concluded after the civil war and relations are sustained by widespread corruption within the public and private sectors.

Corruption has also served to bolster the resilience of organized crime, mainly by lowering the risks attached to engaging in illicit activity. Illicit organizations and networks are known to have exploited geographical areas in Mozambique that are either weakly governed or where the state has no presence, to provide commodities or broker the provision of basic services. In this manner, criminal organizations have managed to establish themselves while simultaneously mustering political and social capital. These groups have not sought to displace state institutions but have rather benefited from a degree of complicity, as they use the state to facilitate movement of goods and to ensure the protection of the proceeds of their illicit activities. The civil war also yielded a dichotomy in terms of how the two main parties influence organized crime, with FRELIMO exerting dominance in urban centres, and RENAMO more influential in urban areas. As organized crime has sought to consolidate itself in the post-war era, it works through actors within these constituencies differently.

The impact of unchecked organized crime on governance in Mozambique has been important. It has reduced prospects for political pluralism, thereby reducing alternative policy options. It has also served to widen the resource gap between the main political parties at a time when across the region engaging in politics has become increasingly expensive. The illicit, unrecorded exploitation of natural resources erodes tax base has deprived the state of revenue that could be used to invest in services and build or improve capacity of state institutions. Finally, it has drawn huge numbers of unemployed youth into non-productive activities.

The capacity of Mozambique to respond effectively to both organized crime and corruption (and the fusion of both) remains low. It would be naive to attribute these weaknesses entirely to the strength of organized crime. Structural deficiencies that date back to the initial days of independence and that have yet to be overcome are partly responsible. Significant amounts of development assistance funds have been invested in both anti-corruption efforts and countering organized crime to date; yet these efforts do not seem to form part of an integrated strategy linked to longer-term development objectives. At the same time, the nature of the political system and the corruption that is tied to it hardly lends itself to introducing the reforms needed to counter the reach of organized crime in Mozambique. Indeed, efforts aimed at ensuring both vertical and horizontal accountability are consistently hampered by the very fact that one’s political, social, and economic survival is tied in some way or another to the Party. Nonetheless, the system does remain responsive to the needs of citizens, and it would be un-intuitive of both the ruling party and opposition parties (both new and old) to ignore the increasing levels of discontent, especially amongst the more educated urban populations, regarding increasing wealth disparities, social and economic exclusion, and heightened levels of violence. On the basis of this discontent a more strategic approach to responding to organized crime should be developed, encompassing vertical and horizontal accountability measures, more sophisticated and context specific law enforcement mechanisms, and linking these to development and not just security outcomes.

SIERRA LEONE

Emerging from a decade-long civil war, Sierra Leone is witnessing many of the dividends of ongoing stability within the country and the robust international commitment to peacebuilding. Notwithstanding strong economic growth over the past few years, Sierra Leone continues to face many challenges. Different forms of organized crime including drug trafficking, illegal timber logging, the illicit trade in minerals, human trafficking, and the trade in small arms and light weapons, have become income generating activities across the country, at times
involving high-level public officials, and more often requiring the acquiescence of security services and private business. While there are limited examples of crime being used in support of politics in the post-conflict phase, the prevalence of entrenched patronage systems dating back to the 1970s have the potential of nurturing and opening the country’s doors to organized crime if left unchecked. Other more recent vulnerabilities such as the country’s fragile political settlement, its porous borders, unequal distribution of wealth and high youth unemployment rates have created permissive conditions for the growth in illicit criminal activity. Notwithstanding, Sierra Leone has survived some thirteen military coups, twenty years of one-party rule, eleven years of brutal civil war, the virtual collapse of the state and its institutions, an almost complete loss of territorial control, the displacement of 50 percent of its population and a youth that only knew violence and drugs. It stands as an important example of a state that turned from a prime candidate for becoming a major narco-state along the cocaine route in West Africa to a relatively stable and peaceful country in which the international drug trade and organized crime play a somewhat limited role...at least for now.

The national and international response to responding to organized crime in Sierra Leone has been robust, yet traditional law enforcement efforts still need to be fully integrated with anti-corruption efforts so as to fully unravel the links between organized crime and political and business elites. In addition, the robust international response to peacebuilding in Sierra Leone has at times nurtured corrupt practices slowing down efforts to shape responsible behavior within public office and the security services with regards to organized crime. If left unchecked, the potent mix of structural political-economy challenges with endemic corruption, and unemployed youth could seriously undermine efforts to rebuild the state, consolidate peace and development and keep organized crime at bay. Continued support to core governance institutions, as well as continued external support can help provide a buffer against organized crime as Sierra Leone moves forward. Recent examples of organized criminal activity reveal that prevalent norms of behavior and the structural weaknesses within and beyond Sierra Leone’s borders that nurture organized criminal activity need to be addressed by an integration of national, regional, and international efforts. This will mean going beyond the kind of traditional law enforcement efforts that have been implemented to date to ensure an effective blend of security, socio-economic and governance support to Sierra Leone. It will also require investment in supporting Sierra Leone’s participation in inter- and intra-regional initiatives aimed at prevention, as well as responding to the impacts of organized crime.

GUYANA

In Guyana, a shaky political settlement and a governance structure that subsists through strong political-criminal ties, corruption, and impunity, have also nurtured organized crime. Organized criminal activity in or through the country includes drug trafficking, arms trafficking and the illicit acquisition of high-grade surveillance equipment, human trafficking, money laundering and gold smuggling. The country’s ethno-political system has promoted a zero-sum approach to political contestation and has led to the use of criminal gangs to intimidate the opposition during election cycles and at other times throughout its history. Its entrenched political leadership and weak law and order has made Guyana’s political environment vulnerable to corruption and involvement with organized criminal activity.

The latter, coupled with its geographic location and remote territories where the state has limited presence make it a very attractive location for trafficking and other illicit activity. Guyana lies in close proximity to major cocaine production and consumption zones in South America, has largely uninhabited border regions coupled with limited capacity to monitor its borders. It shares a long and porous border with Brazil and with parts of Suriname. Accordingly, criminal actors and groups – particularly drug traffickers – have taken advantage of the country’s location, vast


13. Communication with Michael von Schulenburg, former ERSG to Sierra Leone, June 2013.

unpopulated regions, weak institutions, and corruptible civil servants and political figures as a means to generate an illicit economy that is believed to represent between 40-60 percent of the formal economy.\footnote{Freedom House, 2011, Country Report: Guyana, Freedom House, 2011; and United States Department of State, 2010, International Narcotics Control Strategy Report, Volume I: Drug and Chemical Control, Bureau for International Narcotics and Law Enforcement Affairs, March 1, 2010.}

Failure to effectively respond to these issues since independence and bolster the legitimacy and reach of state institutions has resulted in periods in which the state has used crime to advance its interests, leading to increased violence and growing mistrust of state institutions, regardless of the party in power. The security apparatus is complicated by a multi-layered system that in addition to the formal security institutions also includes informal paramilitary groups and gangs backed by either of the major parties. Political actors operate with limited checks and balances. Lax oversight, weak law enforcement and governance structures, and favorable geographic conditions provide an attractive operating base for organized criminals. Guyana’s shaky political settlement, particularly its zero-sum identity politics, has provided excellent entry points for organized crime to shape and benefit from political decision-making.

The lack of commitment of the government to introduce sweeping reforms and hold key officials accountable for facilitating the operations of high-level targets in the country is an indicator of the complexity of the issues at stake and the degree to which all levels of government might have been penetrated. Efforts that focus solely on bolstering law enforcement capacity have not been effective, not least because the ethnic divides and inequalities that underpin political governance in Guyana extend into the country’s security and justice institutions. The absence of strong accountability mechanisms has only served to cement these institutional realities.

Providing direct assistance to government institutions without additional efforts to improve the government’s accountability to citizens will not help Guyana in its efforts to respond to organized crime and related issues. Indeed, the longstanding connections between political parties and coercive gang activity, and more recently to organized criminal activity, indicates that institution building or targeted law enforcement efforts alone cannot overcome the organized crime related challenges that Guyana is currently facing. Rather targeted law enforcement support efforts should be implemented in tow with efforts to improve political governance as well as transparency and accountability measures.

### JAMAICA

Organized crime manifests itself in a range of manners in Jamaica, ranging from extortion, drug trafficking, money laundering and racketeering to large-scale fraud. Such activities have matured significantly over the past decades. At the same time, Jamaican political life has long been marred by violent clashes between the country’s two dominant parties: the Jamaica Labor Party (JLP) and the People’s National Party (PNP). The long-standing association between politics and violence stems from the structure of the political system itself and the way it has evolved since the decolonization movement in the 1930s. The nature of the current single-member district plurality system helped create a two-party system comparable to that of the United States. Each party enlisted the help of criminal gangs to secure power and pressure opponents. Inter-party violence and crime are thus an important and historic component of local political life.

Hence, a shaky political settlement among the political elite, leading to periods of intense political violence has allowed organized crime to fester in Jamaica, and allowed criminal groups to develop strong connections with the elite at home, and with organized criminal networks abroad. More importantly, it has allowed Jamaica’s political system to develop and nurture strong ties with, if not dependency on, organized criminal groups. Jamaica’s organized crime landscape is also linked to an economic crisis that has persisted since the mid-1970s, the involvement of criminal gangs throughout the region in the international drug trade, and the fact that the Caribbean still serves as an important international hub for money laundering. It is well known that the island serves as a major transit point...
for cocaine entering the United States from Latin America, although the flows ebb and flow depending on where the pressure is being placed at a given time. Jamaica is also a primary source of marijuana.

The key to resolving Jamaica’s political-criminal nexus lies with the country’s political elite. Organized criminal gangs are linked to the government through electoral politics, urban security, government development contracts, and other public works projects. Politicians remain in control of funds that are distributed through local area leaders, many of whom are criminals. As long as public funds flow from government to local criminal leaders, the residents of those areas will remain dependent on the political-criminal patronage network. Yet, so far, political leaders, while paying lip-service to making some very limited changes, do not appear to understand the possible precariousness of the decline in homicide rates over the last year and the need to act rapidly to take advantage of this lull in conflict to implement changes that can help reduce corruption and reestablish political legitimacy. In general discussions about criminal activities in Jamaica have mainly focused on reduction in crime rather than the need to deal with pernicious contacts between organized criminals and politicians. Bolstering the office of the Contractor General which seeks to protect the integrity of the public procurement system will also be key to breaking these links.

On How Development Actors Can Support More Effective Responses to Organized Crime

In each of these countries one core issue remains a constant: political and public sector corruption has allowed organized crime to develop or flourish, undermining the legitimacy of state institutions, and providing limited incentives for citizens not to engage in, or benefit from, organized crime. While in some countries such as Sierra Leone a robust international presence had managed to keep organized crime at bay, if left unchecked, organized crime can further extend the corruption and pervasive rule of law challenges affecting these countries, and have an important impact on their development trajectory. The latter is part of a broader problem regarding the manner in which efforts to counter organized crime have been heavily focused on law enforcement and specialized forms of international assistance such as bilateral extradition treaties. Undoubtedly, these efforts are helping to respond to some aspects of organized crime across the countries studied yet they remain insufficient. We generally underestimate their longer-term impact. As in the case of Ghana and elsewhere, they can have the reverse effect of bolstering the legitimacy of convicted criminals, as those who are whisked away to spend time in US or European prisons have often delivered services, security, or employment to citizens in the absence of the state.

Delinking organized crime from politics and governance will remain the most important challenge for developing countries. A first step in this direction should include reducing the ‘thickness’ or the extent of the links between governance and organized crime by shaping responsible state, institutional and societal behavior regarding illicit activity while ensuring the protection of fundamental rights. While strengthened law enforcement and judicial action will continue to be imperative for responding to organized crime, we suggest a smarter and more strategic approach in which development agencies can play an important role, addressing weaknesses identified in the broader governance framework, identifying and prioritizing organized crime actors and activities that do most harm in a given context, supporting deterrence rather than zero-tolerance strategies, and ensuring that citizen needs and respect for fundamental human rights are central to proposed remedies.

Suggested Areas for Targeted Action (see Figure 3)

To this end, in Section II we propose a programming framework centered on the following five core areas, which provide direct or backdoor entry points for targeted action against organized crime:

- Protecting the political process
- Modernizing and strengthening law enforcement and the judiciary

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16. Each of the countries studied has ratified the UN Convention Against Corruption and all save Sierra Leone have ratified the UN Convention Against Transnational Organized Crime and related Protocols.
**Supporting crime-sensitive economic and social policy development**

**Engaging civil society and the media**

**Deepening the knowledge base**

Under the five programmatic areas we have included a range of specific actions aimed at strengthening vertical and horizontal accountability mechanisms. We detail how different national actors can be either recipients of support in these areas, or actively engaged in strengthening them.

**Knowing when to respond and where to focus efforts**

We also acknowledge that while development assistance and the processes surrounding it are inherently political, development actors' room for political maneuver is often narrow, particularly in traditional development settings where political leverage is limited. If a recipient country's core interests (or the interests of elite groups within a country) are threatened by external actors, it can easily play the sovereignty card or impose a range of obstacles to prevent donor agencies from overstepping non-articulated boundaries. This is all the more complex in countries where decision-makers might be complicit in different forms of organized criminal activity. With this in mind, we stress that the framework is meant to serve as a guide for development actors and their national counterparts to inform broader programming and should be preceded by deep assessment and analysis to determine the nature of organized crime in the country (at national and local levels), and how it interacts with government institutions and business and political elites within the country and broader region. This can allow for a better picture of knowing when to engage and what specifically within the five recommended areas to focus on.

In this regard, **Section III** recommends that development actors make smarter use of a range of tools to determine when to engage, and where to prioritize efforts in a given setting. For example, certain factors can serve as important indicators for assessing a country’s exposure to the risk of organized crime penetration and gauging the degree of state involvement in organized crime. These include the existence of internal and external checks and balances; a strong culture of freedom of, and access to, information; a culture of asset disclosure among elected officials and political parties; the existence, strength, and independence of anti-corruption bodies; legislative drafting capacity (particularly regarding resource extraction and trafficking in illicit substances); and citizen perceptions of organized crime or specific illicit activities. Applying these indicators in different settings (conflict, post-conflict, transition, traditional development settings) will likely yield very different results, and therefore development responses should evidently be attuned to the political realities of a given setting, not least because they will also have varying degrees of leverage to influence change depending on the setting.\(^\text{17}\)

We also suggest that development actors should make more strategic use of political economy assessments and analytical tools. Hence, building on the findings of a recent USAID study,\(^\text{18}\) we suggest examining who in government may be complicit in, and which actors oppose, organized criminal activity through a detailed assessment of interests and stakeholders. Such assessments would enable development actors to determine political obstacles to engagement. In addition to political economy assessment tools, we provide the option of a typology analysis framework, grouping forms of relations between organized crime and politics into two broad typologies: enclave or mafia. The framework is sharply underpinned by the 'do no harm' principle. We do not argue that any of our case studies fit neatly or entirely within either one of these 'ideal types'. Different aspects may be present in one country at the same time, or the dynamics of a country may force a shift from one ideal type to the other. The ideal types should be seen merely as analytical lenses, whose use in examining specific country cases may help draw out certain aspects of the impact of organized crime on governance, thereby improving the prospects of effective, do no harm-based development interventions. The typology analysis could

\(^{17}\) For a more detailed discussion on the question of context and leverage, see for example, Kavanaugh and Jones (2011), Shaky Foundations: An Assessment of UN Rule of Law Support, NYU Center on International Cooperation.

\(^{18}\) USAID (2013), The Development Response to Drug Trafficking in Africa: A Programming Guide.
also serve as a useful framework for determining priority actions within the five pillars outlined above. Through further research, conceptual development, and testing, similar frameworks may eventually provide a basis for more sophisticated analytical and programming tools.

Finally, an ‘organized crime-sensitive’ approach to development will require important shifts in development policy and the delivery of assistance. The 2011 WDR stresses the importance of cross-regional approaches for responding to organized crime, particularly in relation to the spill over effects of domestic policies. Yet, development agencies and the broader international system continue to be “hampered by structures and processes that are not sufficiently adapted to current challenges,” with efforts targeted more at the national than the regional level.”\(^\text{19}\) In this regard, the WDR recommended a focus on “smarter assistance tools” particularly in light of the “current environment of constraints on aid budgets.”\(^\text{20}\)

The latter will require scaling-up and leveraging development assistance around accepted principles such as shared responsibility and accountability, common goals and agreed actions. Today, however, only three development agencies - DFID, USAID, and GTZ - seem directly interested in addressing organized crime through development practice.\(^\text{21}\) Notwithstanding, it is an opportune moment to further the debate and ensure stronger engagement and smarter responses to organized crime in developing countries.

\(^\text{19}\) 2011 World Development Report: Conflict, Development & Security
\(^\text{20}\) Ibid
\(^\text{21}\) In addition to these three, the government of Norway, through its foreign affairs office, is funding an initiative aimed at deepening understanding of the challenges posed by transnational organized crime to governance and development.
II. SUGGESTIONS FOR TARGETED PROGRAMMING

Until recently, limited focus has been placed on understanding the degree to which structural governance challenges, including the nature of the political economy or political settlements, nurture organized crime. In countries emerging from conflict, the prioritization of stability and economic growth has at times overshadowed concerns about the entrenchment of relations between political elites and organized crime in the post-conflict phase. In both post-conflict and traditional development settings (where a country has not gone through an armed conflict), democratic deficits or perhaps a stagnation of democratic consolidation appear to be principal enabling factors of organized crime. Corruption, weak accountability mechanisms (particularly with regard to political actors and public officials), weak service delivery, flaws in the electoral system, weak or inexistent political party, campaign financing and asset declaration regulatory frameworks, and the absence of state services in rural areas, are common in our cases. This section identifies some of these challenges and suggests a range of targeted actions that can help build resistance against them into governance systems. We do not suggest that each and every one of these actions be implemented across countries. Rather, as we note in Section III, we suggest that development actors need to use smart assessment and analysis tools to guide prioritization of action in a given setting and that a core guiding principle in responding to organized crime should be the protection of fundamental rights.

1. PROTECTING THE POLITICAL PROCESS FROM ORGANIZED CRIME

Organized crime poses enormous governance challenges for developing countries. All of the countries studied for this project (except Nepal) are formal multi-party democracies. However, in most of the cases (including Nepal), formal institutions are underpinned by extensive informal systems sustaining patronage and corruption, and a political economy providing limited services and protection for citizens. In each of the case studies, organized crime takes advantage of systemic weaknesses, for example, through corruption of the electoral, legislative, and public procurement processes, and corruption of local administrations. Coercion of politicians and public service officials by organized criminals also plays into this situation, as does the reverse side with political actors taking advantage of organized crime for political gain. In most cases, a weak or politicized civil society and media, or an academia with limited voice, provide limited checks on government complicity with organized crime.

As evident in the cases of Mozambique, Nepal, and Sierra Leone, countries in and emerging from conflict provide excellent entry points for organized criminal activity, first to oil the wheels of war and, later, to obtain or sustain political advantage. What commences as a domestic enterprise (or as a transnational enterprise taking advantage of a domestic problem) often evolves into a complicated network of local, regional, and international organized crime actors that penetrate the political system. Unfettered access to the spoils of organized crime undermines fledgling democratic institutions, state legitimacy, and the delivery of services to citizens.

In post-conflict settings, for example Sierra Leone, certain policy responses, such as disarmament, demobilization and reintegration (DDR), have often been effective in meeting specific goals such as contributing to stability. Such efforts have not, however, effectively integrated a focus on how to build resilience within the political system against organized crime and the threats it poses to democratic consolidation and development. In Mozambique, for example, the Demobilization and Reintegration Programme (DRP) has been considered a ‘success.’ Notwithstanding, in the absence of employment opportunities, many of the mid-to-higher level former combatants have reintegrated themselves into existing or emerging illicit networks or have served as intermediaries or ‘fixers’ between organized crime and the state. The failure to ensure broad disarmament and destruction of weapons also provided lucrative entry points to illicit markets in Mozambique’s near-abroad where organized crime was also on the rise, creating a destabilizing effect in the region. It also provided easy access to instruments
of violence (used for both political and financial gain) at home.

Research findings from Nepal and other more recent post-conflict settings suggest that many of these lessons have not been fully learned. In Nepal for example, external actors have seldom analyzed the extent to which organized criminal activity sustained armed groups during the conflict. Our research suggests it was significant. Nor have external actors invested resources to understand if these illicit activities continue to sustain political actors today. Evidence from our research is mixed, but the fact that the same forms of illicit activity largely remain the same, coupled with the absence of a culture of asset disclosure from political parties and high-level public officials suggests a significant problem. In contrast, in Sierra Leone, the UN Peacebuilding Commission has ensured that organized crime-related issues remain on the country’s transition agenda. This is an important development, yet it is unclear how these efforts will be accompanied in practice. Sierra Leone, along with Liberia, Côte d’Ivoire and Guinea Bissau, form part of the West Africa Coastal Initiative (WACI), a multi-institutional regional effort aimed at mitigating the impact of organized crime along the West Africa coast, which has led to the establishment of transnational crime units in each of these countries. At the same time though, it is unclear how the structural drivers of organized crime in Sierra Leone will be addressed. The combination of organized crime with a still fragile political settlement, entrenched patronage, corruption, and mass youth unemployment place the country’s reconstruction and peace consolidation efforts at risk.

A focus on stability and positive economic growth often overshadow important democratic deficits in transition countries. In Mozambique, for example, politics has been overwhelmed by rampant corruption and organized crime, not least because the ruling party itself has blocked either the establishment or the effective implementation of different transparency and accountability mechanisms. A historically weak political opposition has not helped. The emergence of a new opposition party and growing discontent with corrupt practices and mafia-like management of the state might, however, result in a shift in policy and practice in the long-term. In the meantime, the gap between the ‘haves’ and the ‘have-nots’ continues to grow on a par with violence related to both organized and ‘disorganized’ crime. The overall governance and development impacts have been substantial. In Nepal, while crime appears to be more ‘disorganized’ than organized at present, the manner in which criminal activity has been used both during and after the conflict to support political aims does not bode well for political stability. Given the culture of public sector corruption in Nepal, such practices risk becoming more entrenched as the country transitions toward a more ‘democratic’ form of politics. Western development actors are attempting to support certain measures aimed at enhancing governance and strengthening political parties, yet it is unclear whether these efforts will have an effect in a country where the West holds limited sway.

In several of the case studies, political contestation is regularly affected by organized crime, or by how political actors use organized crime to defend interests. For example, in Nepal, Jamaica, and Guyana, political leaders have mobilized gangs to support their electoral goals or hamper those of others. In Ghana, political parties are suspected of using the spoils of drug trafficking to support electoral campaigns and to underwrite voter turnout. Again, the absence of access to information laws, regulatory frameworks for asset disclosure, campaign financing ceilings, political party funding, media investment ceilings, and strong electoral and financial management and compliance bodies leaves much of this behavior unchecked.

“Ilicit markets breed violence” is a widespread theme in the literature. Our research confirmed that this is not always the case; the relationship between illicit markets and violence is very complicated. The use of violence can be understood, for example, as an important characteristic of the strategies of political or business groups. In Nepal, Guyana, and Jamaica, political leaders organize criminal gangs to exercise violence in support of political objectives. Political parties also use the threat of
violence by criminal gangs to provide security or secure public contracts and other services. In Ghana, a major cocaine and heroin transshipment point marked by significant involvement of political and security actors, no drugs market-related violence has yet been registered. This suggests a *modus operandi* that currently benefits all those involved. In some settings, however, violence can be provoked by efforts to break those links. Many observers trace the huge upsurge in homicides in Mexico to the country’s shift to a multi-party system, a process that saw the Institutional Revolutionary Party (PRI) lose its hold on power and the unraveling of the PRI’s informal arrangements with organized crime, a political-criminal “settlement” minimizing violence. In Jamaica, violence also became more independent of the political process as criminal groups such as the Shower Posse gained relative independence from political patrons. In Mozambique, many fear that violence might increase if the ruling party were to lose its relative control of organized criminal activity in the country. In Sierra Leone, a country emerging from a brutal civil war in which criminal activity played a crucial role, criminal violence has been minimal and contrary to expectations, ex-combatants have not formed criminal gangs or become involved in the drug trade.²²

In many settings where organized crime is prevalent, it is the absence of violence that should be of concern. Peter Gastrow argues that organized criminal groups and networks can constitute real threats to the state “not through open confrontation but by penetrating state institutions through bribery and corruption and by subverting or undermining them from within.”²³ He notes that, “[g]overnments that lack the capacity to counter such penetration, or that acquiesce in it, run the risk of becoming criminalized or “captured” states” over time. Despite this reality, many development and security actors continue to assess organized crime solely from the scale of violence it produces. The current situation in Mali is an important example. Despite broad knowledge of links between high-level officials in Bamako and criminal groups operating in northern Mali, the country was largely portrayed as a development success. It was only when the situation turned violent did attention turn to some of the more structural issues underpinning these relations.²⁴

In several of the case studies – Ghana, Guyana, Jamaica, and Sierra Leone – public sector officials or political actors have been implicated in organized crime cases. The former Minister of Transport and Aviation of Sierra Leone was allegedly linked to a broad cocaine network in which the Minister’s brother played an important role. An investigation led to the seizure of 700 kilos of cocaine in 2008. The Attorney General and Minister of Justice allegedly blocked the Minister’s arrest in the face of a judicial order.²⁵ The importance of this case for other transition/developing settings cannot be under-stated. Before the drugs were seized, Sierra Leone did not prohibit drug trafficking; a law had to be drafted, adopted, and implemented retroactively in order to prosecute those involved.²⁶ The judge who presided over the trial listed several lessons from the case, noting in his final judgment that “it is imperative to regularly assess old and new threats and pass the appropriate legislation as soon as possible,” and stressing that the details of the case “shed light on how easily penetrable Sierra Leone’s security sector still is as [s]pecial branch officials, intelligence officers, police officers, could all be got at with ease where large amounts of money were concerned.”²⁷ Insights from such trials or commissions of inquiry can inform development assistance efforts to strengthen governance structures and identify gaps in the criminal justice system or the scope and depth of the government complicity in the case. They can also help identify direct or backdoor entry points for development interventions.

²² Communication with Michael von Schulenburg, former ERSG to Sierra Leone, June 2013.
²⁵ In his sentence, the presiding judge implied that the government had been guilty of obstruction of justice in preventing the trial of the former Minister, noting that “the state prosecution was withholding vital evidence and was prepared to jeopardize the case in order to save one person (the minister), constituting an act of perjury.” See Sierra Leone case study.
²⁶ As noted in the Sierra Leone case study, the decision to apply a piece of legislation retroactively placed some strain on existing constitutional provisions, but as noted by a former Sierra Leonean judge, “Sierra Leone’s inertia lethargic attitude to the incorporation of international conventions and treaties into its domestic law forced it to have recourse to political expediency in the cocaine case presided over by Justice Browne-Marke rather than uphold the principal of legality precluding, as a rule, the enactment of retroactive penal laws, an issue that came up for litigation before the judicial committee of the Privy Council in the case of Akar v Attorney-General” Interview with Justice Bankole-Thompson, Accra, Ghana, 29 April 2013. See also African Law Reports: Sierra Leone Series (1984-66), and Bankole Thompson (1997), The Constitutional History and Law of Sierra Leone (1961-1995), Maryland: University Press of America Inc. for a legal analysis of the decision in that case (pp. 21-29)
²⁷ Justice Nicholas Browne-Marke (2012).
Access to case files of convicted public officials can also shed light on the nature of their criminal activities, the degree of cooperation between national law enforcement officers in different jurisdictions, and the narratives of criminals across cultures. For example, the case against former Ghanaian MP Eric Amoateng, tried and convicted in a Brooklyn court for trafficking heroin to the United States, illustrates how under-development in his village in central Ghana played an active role in his defense. While much of the case details remain unavailable, the defendant’s lawyer presented his client as a local Robin Hood, characterizing him as “a one-man Peace Corps for this area of Africa” while noting that “[he] did more things for his people than probably his government did.”

Despite the state prosecutor’s attempt to argue against the philanthropic nature of Mr. Amoateng’s character, not least by highlighting the damage heroin can do to communities in the United States, the circuit judge trying the case demonstrated a more lenient approach toward the defendant when presented with insights into poverty and other development challenges in Ghana.

The judge was evidently not aware of the serious governance challenges posed by organized crime in Ghana, and the deep-rooted illicit network within which the former MP had been operating.

Monitoring national responses to the findings of judicial processes and administrative inquiries and the implementation of related recommendations for reform can also shed light on the willingness or capacity of a government to respond to organized crime. In Guyana, several commissions of inquiry have examined periods of violence in which organized criminals such as Roger Khan played a pivotal role, yet recommendations to overhaul the security sector or enhance governance structures continue to gather dust. In Ghana, administrative inquiries into the M.V. Benjamin case, in which a significant amount of cocaine was seized on a vessel in Ghanaian waters only to subsequently disappear, became highly politicized. Many government officials were implicated, but only lower level cadres were convicted. The former President, who had placed the fight against drug trafficking at the center of his election campaign, committed to re-opening the case in the form of a judicial inquiry, but it was once again shelved due to political opposition. Notwithstanding, the M.V. Benjamin case did lead to some institutional changes and reforms.

Finally, in settings such as Nepal, Guyana, and Jamaica, national procurement/government contracting processes are often manipulated by political actors to sustain the loyalty of criminal actors or used as bargaining tools to mobilize criminal groups to do their will during periods of political contestation. In these and other settings such as Mozambique, criminal actors avail of weaknesses within the system, including public sector corruption, to monopolize government contracts.

Combined, these and other deep-rooted factors nurture or provide entry points for organized crime to affect the political process. Despite the inherent political challenges of engaging on these issues, development actors can get smarter and help build the resilience of the political process through indirect measures. For example:

**Targeted Action**

1. **As a mean to safeguard the legitimacy and integrity of the political process and political contestation from organized crime, donors can:**

   1.1 Support the establishment of baseline data collection and mechanisms to regularly monitor and report on how organized crime is affecting the political environment. As noted in the WDR 2011, baseline data is “crucial to measuring the risks and results of engaging in a range of different settings and developing the foundations of more targeted and prioritized responses to needs on the ground.”

28.  *Ibid*

29.  *Ibid*

30.  WDR 2011, Conflict, Security and Development
criminal activity in order to build constituencies against impunity and for reform.

1.1.3 Support the establishment of multi-party policy platforms on organized crime. Depending on several factors – including the degree of political polarization in a given setting and the level of organized crime penetration of politics – donors might consider supporting the establishment of a multi-party policy platform on organized crime (or on a specific category of organized crime such as resource extraction or drug trafficking). This platform might help open political space by enhancing mechanisms of communication between parties, and between parties and their constituencies, on organized crime-related issues. They can also serve the purpose of defusing or confirming speculation regarding the use of illicit funding to bankroll political processes (through for example, the establishment of joint commissions of inquiry etc.). Such mechanisms are integral to building mutual confidence among political parties, and for the creation of effective work plans. Multi-party issue platforms can also provide a safe space for dialogue in which parties do not have to play the role of ‘enemies’ but rather are transformed into political opponents. To underwrite the legitimacy of such an endeavor and inform the work of the multi-party platform, donors could support the conduct of a public perception survey on organized crime and its perceived impacts, and ensure that their own development assistance is geared towards supporting implementation of policy responses.

1.1.4 Support special legislative commissions in the drafting of legislation on party campaign financing, political party laws, asset disclosure and media legislation, and monitoring and reporting on their implementation.

1.1.5 In settings where criminal groups have been mobilized in support of political contestation, donors can encourage the development of Political Party Codes of Conduct that rule out recourse to violence, and condition support to the electoral process or other strategic areas to the effective implementation of the Code of Conduct. Similar approaches can be encouraged to guide the conduct of election campaigns and internal party functioning, with the aim of safeguarding these institutions and processes from illicit funding.

1.1.6 Support the development or strengthening of independent investigative journalist capacity, and provide security safety nets such as asylum when targeted by criminals or business and political elites or technology solutions such as monitoring circumvention tools to avoid surveillance.

1.1.7 Support the conduct of national, regional, or inter-regional meetings of independent electoral commissions or electoral tribunals to discuss electoral processes and organized crime, and share lessons on building resilience against organized crime into the electoral system. Electoral management body networks already exist at the regional level and should be taken advantage of for these purposes.

1.1.8 Support the creation of incentive structures that reward the conduct of ‘clean’ electoral processes and ‘clean’ public officials.

1.1.9 Support the establishment of inter- and intra-regional platforms and discussions on different forms of organized crime and how they are affecting society. Donors could support the establishment of inter- and intra-regional platforms aimed at coordinating international responses to domestic policies, including spillovers from successful action against organized crime and illegal trafficking (the so-called balloon effect). As noted in the WDR 2011, such platforms “could help governments identify potential impacts in advance, debate costs and benefits at a regional level, and consider options to coordinate domestic policy or to take action to mitigate impacts in countries affected by policies implemented in others.”

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32. In West Africa, for example, such support could be linked to the implementation of the Praia Declaration on Elections and Stability (2011), and specifically Art. 13 on “Prevent[ing] the financing of political parties and their campaigns by criminal networks, in particular drug trafficking networks.” http://unowa.unmissions.org/Portals/UNOWA/PRAIA%20DECL%20ENG.pdf

33. See ACE project on EMB networks and collaboration: http://aceproject.org/ace-en/topics/env/emk

1.2 As a means to safeguard the legitimacy and integrity of the legislative process from organized crime, donors can:

1.2.1 Monitor (or support civil society and journalists’ efforts to monitor) legislative processes around important pieces of organized crime-related legislation, and share information on these processes across donors. Such processes can help identify insider spoilers, and help determine whether there is political appetite to pass important pieces of legislation directly or indirectly related to organized crime.

1.2.2 Provide direct support to the legislative process, including through investment in resources. Such efforts could include ensuring that legislators and legislative staff have access to research/information on organized crime and its perceived impacts; or supporting the organization of closed-door expert seminars and workshops.

1.2.3 Strengthen the access of civil society, policy think-tanks, journalists, academia etc. to the legislative process, including through supporting efforts to enhance reporting on legislative processes, and commissioning research in-country that can inform the debate on organized crime and its related impacts.

1.3 As a means to safeguard the integrity of public procurement and public contracting processes donors can:

1.3.1 Support efforts aimed at guaranteeing transparency of these processes, for example by supporting the development and passage of access to information bills, supporting efforts to regularly publish information related to public procurement and contracting processes, and supporting civil society and media efforts to monitor and report on these processes. The support of technology companies should be leveraged to support the development of easily accessible and nimble monitoring tools. Experiences can be drawn from smart approaches already in place such as Ipaidabribe.com.

1.3.2 Support efforts aimed at bolstering the resilience of national procurement bodies, particularly where there is strong evidence of monopoly of government contracts by illicit actors, or political actors using public contracts as leverage to secure the support of criminal groups for leveraging voter turnout or other political ends.

1.3.3 Strengthen the capacity of public services by enhancing skills and supporting reform of the public procurement process.

2. MODERNIZING AND STRENGTHENING THE CRIMINAL JUSTICE SYSTEM AND LAW ENFORCEMENT

Across the case studies, criminal justice systems are struggling to respond to the challenges posed by organized crime. The organized crime identified in the studies can be divided into two main categories: crime in support of political contestation, and economic ends. In every case, criminal justice systems have been ineffective in responding to the first category, mainly due to interference in the investigative or judicial process. In the second, progress has been mixed. No matter where they stand on the development scale, each country lacks the capacity to investigate and prosecute cases against persons suspected of participation in organized crime; the situation is even more complex when dealing with different legal and political systems and when the suspect, the victim, key evidence, key witnesses, key expertise, or the profits of crime are located outside one’s jurisdiction.

As in many of the cases studied for this project, organized criminals take advantage of such situations, fleeing and sending profits to other countries, particularly those with weaker law enforcement capacity, where political interference in the judicial process can be guaranteed, where cash transactions dominate the economy, and hiding among the population is easy. Strengthening law enforcement capacity is critical, but the absence of checks and balances and effective vetting mechanisms for strengthened security services in many countries has lead to increases in violence. Indeed, many fear (particularly in countries where institutional independence is not guaranteed) that strong criminal justice institutions or empowered economic or financial crimes units can actually lead to enhanced corruptibility and the use of...
organized crime-related intelligence tools for political and financial gain.

Traditionally, most efforts to prevent or respond to organized crime have been centered on developing the capacity of law enforcement agencies, ensuring sharing of intelligence across agencies and across borders, strengthening criminal justice systems, and establishing and developing the capacity of specialized agencies. These efforts are implemented by a range of actors and are generally quite narrow in scope in the sense that they are geared towards direct provision of technical assistance and advice. This type of assistance is warranted as strong law enforcement bodies and criminal justice systems are needed in any setting. At the same time, however, given the degree of penetration of many of these same institutions by organized crime, they need to be made more accountable to citizens.

Efforts such as the Anti-Money Laundering and Financing of Terrorism Regime, the U.S. Drug Kingpin Act and bilateral extradition treaties are helping to respond to some aspects of organized crime across the countries studied, yet remain insufficient. In addition, these efforts are often seen in a negative light by citizens and, as in Ghana, can have the reverse effect of bolstering the legitimacy of convicted criminals, as those who are whisked away to spend time in US or European prisons have often delivered services, security, or employment to citizens in the absence of the state. Responding to crime without responding to the needs of those who have silently acquiesced is hardly a smart approach. Better collaboration between specialized agencies and development bodies, might help identify surge activity in these types of circumstances to cover the socio-economic void left by effective law enforcement efforts. In other situations, unless the proper checks and balances are put in place, strengthened security services can lead to an increase in violence, while a strengthened judiciary or empowered economic or financial crimes unit can actually lead to enhanced corruptibility and the use of organized crime-related intelligence for political gain.

Of equal concern to law enforcement efforts is the manner in which organized crime groups and networks use technology to facilitate efficient operations, conduct surveillance of, and gather intelligence on those who may be intent on exposing their activities, and terrorize those who threaten their survival. For example, as early as 1994, a Colombian counter-narcotics cell accidentally discovered a computer centre manned in shifts around the clock by 4-6 technicians. A front man for Cali cocaine cartel leader Santacruz Londoño owned the building. The facility boasted a $1.5 million IBM AS400 mainframe, the kind once used by banks. It was networked with half a dozen terminals and monitors. The computer allegedly held a database of residential and office phone numbers of US diplomats and agents (both known and suspected US law enforcement, intelligence, and military operatives) based in Colombia. In addition, the phone company was supplying the cartel with complete records of all telephone calls in the form of the originating and destination phone numbers. The cartel’s intelligence arm then used custom-designed software to cross-reference the phone company records against their own list of suspected law enforcement, military, and intelligence officials or agents to produce a list of potential informants. Law enforcement officials never revealed the fate of the informants in the Santacruz computer. It is believed they were either tortured to reveal information or killed outright.35

More recently in Mexico, the Zeta organized crime cartel was discovered to have established an extensive shadow communications network to “conduct encrypted conversations” outside the official cell phone network, which is relatively easy for authorities to monitor, and in many cases does not reach far outside urban centres.36 According to news coverage, the radio network, established with legally available material, stretched from the Texas border through the Gulf region and down into Guatemala. The person behind the network was Jose Luis del Toro Estrada – a.k.a. El Tecnico – who was arrested by the DEA in 2008 in Houston, Texas, and later sentenced for conspiracy to distribute cocaine. According to his plea agreement, del Toro acknowledged that he had been responsible for establishing the system in most of Mexico’s 31 states and parts of northern Guatemala “under the orders of the top leaders in the Gulf cartel and the Zetas.”37 Cartel bosses in

36. AGORIA, La Marina arresta a fundador de Los Zetas ‘Lucky’ y desconecta las comunicaciones del cartel
37. FoxNews (Latino), Dec. 2011, Drug Cartels in Mexico Have a Clandestine National radio Network
each drug-smuggling territory were responsible for buying towers and repeaters as well as equipping underlings with radios and computers. Del Toro was also responsible for employing specialists to run the network and research new technology. This highly elaborate system also allowed the highest-ranking Zeta operatives to engage in highly encrypted communications over the Internet. Joint US-Mexican investigations have since led to several arrests and the seizure of some 167 antennas, 155 repeaters, 166 power sources, 71 pieces of computer equipment, and 1,446 radios. Other cartels operating in Mexico are reported to have also developed similar, albeit narrower in territorial scope, communications systems. Beyond Ghana, where the incidence of ICT-related crime is significant yet non-violent, there is limited, if any knowledge of how ICTs are being used by organized criminals in the other cases that were part of this research project. Again, monitoring judicial processes involving serious organized crime can shed light on the technological tools criminals are availing of at national and regional levels to conduct their business, and indicate their level of sophistication.

While external actors (generally specialized agencies such as the US DEA, UK SOCA, INTERPOL, EUROPOL, or UNODC) have often provided specialized training for responding to specific forms of organized crime (for example, counter-narcotics, anti-money-laundering, environmental or economic, financial and cybercrimes), in each of the countries, the capacity to absorb this training is limited, and unless the issue area has been identified as a priority by the government or an international partner, limited resources also hinder action. A lack of contiguous monitoring and post-training reach-back capacity by external donors/trainers means that often, trained units go rogue and become highly competent criminals. This was the case of efforts in West Africa to establish cross-border crime units in the past. Despite these experiences, no vetting or monitoring mechanism has apparently been established to protect the new Transnational Crime Units operating under the umbrella of the WACI from the same fate. In addition, unless the mechanisms are in place, strengthened security can also lead to increases in violence, while a strengthened judiciary or empowered economic or financial crimes unit can actually lead to enhanced corruptibility and the use of organized crime-related intelligence tools for political and financial gain. Indeed, cross the six case studies, organized crime-related political and public sector corruption enormously affects law enforcement efforts, while deep-rooted corruption within law enforcement agencies, specialized security services and the judiciary often derailed investigations and criminal proceedings.

In relation to drug trafficking in particular, capacity building of national drug law enforcement agencies rarely considers developments and trends in the global drug policy arena, particularly in terms of introducing harm reduction principles into policing efforts. Recent efforts by the London-based consortium involving the International Institute for Strategic Studies (IISS), the International Drug Policy Consortium (IDPC), and Chatham House through their Modernizing Drug Law Enforcement (MDLE) initiative is analyzing new strategies for drug law enforcement that focus on “reducing the consequential harms that arise from drug markets and drug use, rather than just on seizing drugs or arresting users.” Several of the case studies in this project confirmed many of the findings in the MDLE initiative, including the fact that citizen trust in the police is undermined “when procedural fairness, lawfulness and effectiveness of police actions come into question,” or that “zero-tolerance approaches to drugs and crime have failed to reduce criminality while increasing human rights violations and police abusefulness,” and generally target “low-level offenders.” In Ghana for example, first time users of drugs face prison sentences of 1-5 years; those caught in possession of or selling drugs face sentences of 10 years to life imprisonment, regardless of the amount of drugs being carried or sold. Generally it is small-time peddlers and/or dependent drug users who experience the brunt of these laws. Meanwhile, in post-conflict or transition environments, organized criminal networks have become more sophisticated, with the use of highly encrypted communications that are hard to monitor and track.

References:
38. Ibid
39. Ibid
40. Ibid
41. See Camino Kavanagh and Bruce Jones (2011), Shaky Foundations, An Assessment of UN Rule of Law Support. According to one ECOWAS official, an earlier project aimed at developing regional capacity to deal with organized crime through the establishment of joint operation units only served to produce highly-sophisticated criminals in the sense that a large number of those trained later left the police for a more lucrative life of crime. Similar situations have emerged with elite trained units in Latin America and elsewhere. Interviews, July 2011. See also Vanda Felbab-Brown and James JF Forest (2012), Political Violence and the Illicit Economies of West Africa, Brookings Institution, Washington D.C.

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countries, security sector reform efforts tend not to include a strong focus on community or citizen policing, whereby policing efforts are accompanied with social and economic development policies, and even less focus on drug dependency, even if in cases such as Sierra Leone, consumption of both hard and soft drugs was a feature of the conflict, and has persisted in the post-conflict phase. These situations often result in over-crowded prisons, ‘ghettoizing’ of urban areas, and longer-term health and social problems.

Targeted Action

2.1 Support the strengthening of specialized agencies such as those responsible for dealing with economic and financial crimes, and the establishment of specialized crime units. Ensuring strict and continuous vetting procedures in recruitment and performance review processes as well post assignment incentives and disincentives for operatives and family members can help safeguard these units from corruption, manipulation, and interference, and prevent individual operators from going rogue. The effectiveness of US DEA experiences in the establishment of vetted units in Ghana and Nigeria would be important to monitor in this regard.

2.2 In cases where it is evident that criminals are known to have been providing services to citizens, specialized law enforcement agencies should work more closely with development actors and national authorities to fill the socio-economic void left by successful law enforcement efforts. Citizen security experiences from Brazil’s favelas or Jamaica’s garrison towns can be explored for this purpose, but local context should drive the response as violence is not always the logical outcome of the void.

2.3 Use political economy assessment tools (see Section III) to deepen understanding of how political and business elites provide entry points for organized criminals and for what purpose (political/ideological, financial), and to identify initiatives that raise the business costs of engaging in illicit activity, including through more effective anti–money laundering initiatives.

2.4 Involve the private sector in policy discussions and debates regarding how to combat organized crime, and support learning from other experiences such as the Business Against Crime of South Africa (BAC(SA)) initiative. BAC(SA)’s original purpose was to work with the government and civil society on specific crime prevention projects that impacted on the country’s transformation by increasing confidence, investment and job creation.43 It is still active today focusing on eliminating crime within business and supporting government responses to crime.

2.5 Use sector specific political economy analysis to develop a better understanding of the information telecommunications (ICT) sector, how organized criminal groups might be using ICT to advance their goals within a country, and who within the government or the private sector might be complicit in this activity. Monitoring of judicial processes and evidence tabled in the investigation leading to a trial might provide back-door entry points to determining the level of sophistication of criminal groups and which public or private entities (including technology companies) might be directly or inadvertently supporting their work.

2.6 Support policy debates at the national and regional level with law enforcement, the judiciary, and specialized agencies on how to better target organized criminals through effective deterrence strategies, selective targeting, sequential interdiction efforts, and the strengthening of prosecutorial capacity.44

2.7 Where there are important incidences of drug trafficking and consumption, support discussions with policy makers and law enforcement on how to introduce harm reduction policies and practices for people who inject drugs to the policing of retail markets.45

43. BAC(SA) was established in 1996 when the then State President, Nelson Mandela, invited South African businesses to join hands with the government to combat crime. It has two distinct roles. The first is to get business’ ‘own house in order’ by eliminating crime-enabling processes, systems and approaches, and improving crime prevention measures within the control of business. The second is to partner with Government, when invited, by sharing expertise, information, processes and technologies resident in business. See: http://www.bac.org.za/


45. See for example, Geoffrey Monaghan and Dave Bewley-Taylor, (2013) Police support for harm reduction policies and practices towards people who inject drugs; and Alex Stevens (2013), Applying harm reduction principles to the policing of retail drug markets, IDPC Modernising Drug Law Enforcement Reports 1 and 3
2.8 Invest in mapping judicial processes and non-judicial commissions of inquiry regarding the involvement of state officials in organized criminal activity as a means to better understand weaknesses and gaps in legislation and the criminal justice process and to identify appetite for reform.

2.9 Support the establishment of national, regional, and inter-regional platforms via existing organizations as a means to enhance cooperation between policy makers, law enforcement officials, civil society, and academia in responding to organized crime.

2.10 Invest in monitoring and assessing the impact of external efforts to enhance the capacity of the judiciary and security services to respond to organized crime.

3. SUPPORTING SMART, CRIME-SENSITIVE SOCIAL AND ECONOMIC POLICY DEVELOPMENT

Across the case studies, criminal entrepreneurs took advantage of the limited ability of national authorities to deliver basic services and the ineffective governance of socio-economic space to turn their own provision of “social services” and illicit employment into social capital. In Nepal and Jamaica, these entrepreneurs sometimes work with the acquiescence of political actors or public servants who, in turn, reap short-term political benefit from dallying with criminal actors. In Nepal, Ghana, and Mozambique, formal or traditional institutions have taken advantage of organized criminal structures to extend their presence and deliver services, earning political capital, which in turn has allowed them to sustain control over economic, social, and political life. In Mozambique, business elites have played this card. In most of the cases, lack of employment, particularly among young and marginalized populations, has propelled many to support criminal enterprises, in response to both needs and interests.

While knowledge on the overarching impact of organized crime on development is still limited, we have found that, under dire socio-economic conditions, people are more receptive to supporting, engaging in, or turning a blind eye to illicit activity. Indeed, organized crime becomes a coping strategy for those with few alternatives, especially in low income and conflict-affected countries. In Sierra Leone for example, the high farm-gate price for illegal crops such as cannabis can lead to displacement of the production of subsistence crops in many areas, with significant implications for food security and broader national security. When the production and trafficking of illegal drugs also generate secondary consumption markets, a variety of adverse public health and social effects ensue. Again in Sierra Leone, many youths became addicted to drugs during the war; in many other settings, youths often turn to drugs to escape a difficult reality. Drug use, in turn, renders them unfit for work (where it becomes available), leading to further frustration, which – together with other challenges such as marginalization – can have a destabilizing effect on the country. In all of the case studies, consumption is viewed as a crime rather than a health issue, even for first time ‘offenders’. The over-emphasis on law enforcement vis-à-vis public health places enormous pressure on over-burdened and weak criminal justice and prison systems. More importantly, it can lead to longer-term public health issues since drug users, including those using needles, have limited recourse to treatment both when in prison and after release, yet alone access to social services that might ease them back into society. In addition, targeting the most vulnerable, low level individuals results in criminalization of users and petty dealers (a strategy that can increase social instability and violence), while not addressing the core threats to political stability and governance posed from elite involvement in the trade.

As evident in several of the cases, the illicit extraction of resources can have a detrimental impact on the environment and on citizens’ health, polluting limited water resources or arable land. Organized criminal groups have built a lucrative business in illegal logging and the illegal trade in wildlife (Nepal); illicit gold mining and dumping of electronic waste (Ghana); and illegal logging and diamond extraction (Sierra Leone). The specialized law enforcement capacity required to respond to these types of economic crimes is limited; in general, the impact of this form of criminal activity is not considered in national environment, health, or development policies, nor is it in international development assistance strategies.
The growing incidence of cybercrime (both organized and ‘disorganized’), with its low entry barriers and low risks in developing countries, carries serious social implications, many of which remain unexplored by development actors, not least because it is generally assumed that cybercrime does not have direct implications for the poor. This is an erroneous assumption since high incidences of cybercrime and weak cyber security in a specific jurisdiction can place significant strains on judicial systems and, by extension, the public purse. It also impacts businesses and can serve as a deterrent to potential investors. And while cyber crime might provide large swaths of unemployed youth with low-risk income, their technical skills might be put to better and more sustainable use through innovative start-up schemes supported by public-private partnerships or by employing these young entrepreneurs in legitimate e-governance initiatives.

With the latter in mind, as a means to support crime-sensitive social and economic policy development, development actors can:

**Targeted Action**

**3.1** Ensure citizens’ participation in the development of smarter crime-sensitive social and economic development policies. This can be achieved through strengthening the capacity of civil society and community groups to engage the government and political actors on organized crime-related issues. For example, recent efforts to reduce violence in crime-ridden localities in Jamaica’s garrison towns or Brazil’s *favelas* through the introduction of vertical accountability measures into citizen security policies have yielded some interesting results, at least in terms of reduction of violence. It is unclear, though, whether, and under what structure, organized criminal activity still continues. Investing in research on these additional elements would help determine where to allocate additional resources for citizen security measures while simultaneously tackling organized crime.46

**3.2** Map socio-economic impacts of efforts to counter organized crime. Donors can invest more in understanding the impacts of alternatively formalizing or prohibiting informal or illicit markets.

**3.3** Support public participation and debate on the development and implementation of smarter drug treatment policies in response to drug dependency, and prioritizing citizens’ health and social development over criminalization.

**3.4** Increase support to specialized bodies responsible for investigating, monitoring, and prosecuting environmental crimes such as illegal logging, the illegal trade in wildlife, and e-waste dumping.

**3.5** Increase support to governments to develop, with strong citizen participation, more effective livelihood opportunities to prevent and respond to the harmful effects of illicit resource extraction, particularly water bodies that are the only source of potable water for local populations; and as a means to reduce environmental crime. The effectiveness of the latter will be contingent on demand reduction strategies for natural resources across the board and the provision of socio-economic alternatives for those most dependent on them.

**3.6** Invest in understanding the incentives driving young people to engage in cyber criminal activity, and its impact on employment and economic growth.

4. **ENGAGING CIVIL SOCIETY AND THE MEDIA**

Organized crime can lead to a weakening or firewalling of *vertical accountability bodies and mechanisms such as civil society, academia, and the independent media*. In Ghana, for example, the space for discussing organized crime, and the suspected involvement of members of the political and economic elite, is very limited. Many suspect that this is due to the politicization of academia, civil society, and the media, which prevents these actors from playing an oversight role. Across the case studies, lack of access to accurate and transparent data is a problem. Civil society organizations are often reluctant to engage

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in organized crime-related activity, not least because of the security implications it entails. The manner in which organized criminal groups have adopted technology as a means to counter activism is a case in point. For example, recent cases point to organized criminal groups using highly sophisticated measures to monitor negative online coverage of their activities. This can be dangerous especially in areas where citizens take up police functions themselves, using blogging sites or Twitter to fill the void left by weak and corrupt police forces or a silenced or co-opted traditional media. In Mexico for example, the country’s main media outlets have largely ceased covering ‘drug-war stories’ and have been largely replaced by bloggers who face enormous risks. In late 2011, several bloggers working out of Nuevo Laredo, Mexico, were violently killed by members of drug cartels such as the Zetas who berated them post-facto for participating in online discussions about the drug situation in Mexico and for tipping off authorities about their activities. Victims were beheaded or disemboweled, and messages, such as “this happened to me because I didn’t understand I shouldn’t post things on social networks,” were left on what was left of their bodies. Mexican bloggers and journalists fear that the recent attacks will prevent people from using the Internet to circulate information on what is happening in different parts of the country.

Meanwhile, in light of the attacks on bloggers, the hacktivist group Anonymous established ‘OpCartel,’ an operation that threatened to release details of Zeta operatives and collaborators obtained through hacking into the emails of Mexican government officials. Following the alleged kidnapping of an Anonymous member by the Zetas, and the threat that ten people would be killed for each collaborator identified, Anonymous publicly abandoned its OpCartel campaign. In 2010, two Mexican students at Columbia University in New York City who were tracking information on organized crime-related violence in Monterrey were also stopped in their tracks. The US-based site administrator received threatening phone calls, after which the project was cancelled. This inability to capture citizen information and empirical data on the scope of violence and organized crime seriously impacts attempts to build effective responses to organized crime.

In some of our own case studies, media reporting on organized crime tends to be sensationalist, often only providing fodder for political opponents to use against each other when their interests are at stake. Bad reporting or politically motivated disinformation can exacerbate already volatile situations, and fuel speculation and rumor around political participation in criminal activity. Meanwhile, serious journalists and analysts often (and justifiably) fear reprisals if they attempt to name and shame political and business elites allegedly involved in illicit activity. This situation is further exacerbated by weak capacity and investment in academia and the near-absence of policy-oriented think tanks in each of the countries. At times, civil society actors themselves benefit from the spoils of organized crime and have limited incentives to demand a change. Donor support to civil society actors can help bolster vertical/citizen accountability, although as in the other areas of suggested action, a decision to work with civil society should be preceded by an assessment of civil society, how it is organized in a given setting, and the interest groups it represents. Following such an assessment, donors might:

**Targeted Action**

4.1 Support efforts by civil society or joint government-civil society efforts to conduct campaigns against organized crime and political and public sector corruption, including around electoral processes. Donors might draw lessons from civil society-led campaigns aimed at fostering civilian resistance against organized crime and violence, and determine how and why they are perceived as successful. Interesting examples include the Addiopizzo campaign in southern Italy, efforts in Medellin, Colombia, aimed at cleansing core governance structures, and the joint government-civil society cross-sectoral programme Todos Somos Juarez, in northern Mexico, aimed at enhancing citizen security and safety.

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47. The Spider and the Web: The Fog of War Descends on Cyberspace, The Economist, 24 November 2011. In 2010 alone, five newspapers admitted in print that due to the risks to their reporters, they would stop covering sensitive drug-war stories. See: http://www.economist.com/node/21530146


49.-UpDate: Anonymous vs. the Zetas, Borderland Beat, 4 November 2011

50. Anonymous cancela #OpCartel por amenazas, El Universal, 4 de noviembre 2011.


4.2 Apply the principle of shared responsibility to ensure the safety of journalists and civil society actors (and their families) who are involved in monitoring or reporting organized crime. In this regard, donors can support efforts to secure asylum for those who are targets of threats, and leverage the support of technology companies to provide monitoring circumvention tools and tools to support safe and rapid reporting.

4.3 Support evidence-based debates on core policies that have a strong impact on governance and development across countries. Regardless of their position on some of the more sensitive issues, donors should support the emergence of much-needed global, regional, and national discussions and debate on organized crime. Initiatives such as the Latin America Commission on Drugs and Democracy, the Global Commission on Drugs Policy, and the more recent West Africa Commission on Drugs are helping to open space for a more evidence-based debate on the highly controversial ‘war on drugs’ and the somewhat out-dated counter-narcotics regime. The recent decision by the Organization of American States to conduct a comprehensive review of drug policy across the Americas is another interesting step towards more evidence-based policies. Donors could contribute through supporting the ‘evidence-gathering’ aspects of these bodies and initiatives, as they tend to be the least under-funded, or supporting the establishment of groups of networks or non-governmental ‘champions’ on specific issue areas related to organized crime. The government of Norway has taken one step in this direction by establishing The Global Initiative against Transnational Organized Crime.

5. DEEPENING THE KNOWLEDGE BASE

Across the case studies, the glaring lack of basic information on organized crime investigations, prosecutions, and convictions emerged as a core problem. Accurate data can play an important role in addressing the sources and nature of criminal behavior in particular contexts, and informing mitigation strategies aimed at dealing with health, environmental, and other effects. Access to financial data is also essential for targeting high-ranking crime targets, their financial advisors, and more legitimate partners. Journalists and civil society can publish this information to make the public aware of corruption and hold public officials and private sector actors to account.

Organized crime-related research is generally conducted within a predominantly Western understanding of institutions, and little is known about the relationship between organized crime and traditional or informal governance structures. The Ghana, Sierra Leone, and Nepal studies shed some light on these issues, although understanding the interaction of organized crime and complex systems of social and cultural norms requires much deeper and careful research, not least because accepted norms of behavior in one setting are not necessarily acceptable in another. Development programs ignoring these differences might do more harm than good in the mid- to long-term. In this regard, development actors can:

**Targeted Action**

5.1 Support efforts aimed at providing different sources for collecting and monitoring crime and financial data. Donors should explore potential partnerships between government and the private sector, including major information technology companies as a means to leap-frog some of the traditional challenges encountered in the collection and processing of baseline data and support more participatory forms of data collection.

5.2 Invest in strengthening the capacity of national and regional policy think-tanks, academia, and investigative journalists to conduct research on organized crime, particularly in relation to the political, social, cultural, and developmental impacts of different forms of organized crime. The Open Society Foundation’s (OSF) Drugs, Security and Democracy fellowship model aimed at supporting policy relevant research in Latin America and the Caribbean would be worth exploring.

5.3 Invest in mapping development actor efforts against organized crime (particularly support to justice
and security institutions and legislative bodies) and assessing their effectiveness. In particular, and in respect of the principles of shared accountability and responsibility, donors should also become more transparent and accountable for the limited impact of the significant resources spent on supporting better political and economic governance in developing countries.

5.4 Invest in strengthening internal [development agency] analytical capacity and tools and those of national stakeholders to better understand the nature of organized crime and associated impacts.

Finally, as noted in the Executive Summary, the development community must invest more heavily in the development of political economy assessment and analytical frameworks to understand when to engage on organized crime-related issues, and where to focus efforts within these five core areas. The next section provides deeper insights into how this might be achieved. It also provides an outline for longer-term research: a framework developed on the principle of ‘do-no harm’ for analyzing types of relations between organized crime and political institutions and how they impact on political arrangements and governance.
III. KNOWING WHEN TO ENGAGE AND WHERE TO PRIORITIZE EFFORTS

The previous section highlighted core areas around which to target development assistance in settings where organized crime is prevalent, or where it risks becoming so because of its interactions with the political process. As noted earlier, development actors’ room for political maneuver is often limited, particularly in traditional development settings where political leverage is limited. If a recipient country’s core interests (or the interests of elite groups within a country) are threatened by external actors, it can easily play the sovereignty card or impose a range of obstacles to prevent donor agencies from overstepping non-articulated boundaries. This is all the more complex in countries where decision-makers might be complicit in different forms of organized criminal activity. For development actors, knowing when to engage on organized crime-related issues is therefore critical.

The following section provides options for frameworks that can help donors assess and analyze organized crime in a given setting, and inform decisions on where to prioritize engagement within the five suggested areas for targeted action.

1. Political Economy Assessments

As noted earlier, certain factors can serve as important indicators for assessing a country’s exposure to the risk of organized crime penetration and gauging the degree of state involvement. These include the existence of internal and external checks and balances; a strong culture of freedom of, and access to, information; a culture of asset disclosure among elected officials and political parties; the existence, strength, and independence of anti-corruption bodies; legislative drafting capacity (particularly regarding resource extraction and trafficking in illicit substances); and citizen perceptions of organized crime or specific illicit activities. Applying these indicators in different settings (conflict, post-conflict, transition, traditional development settings) will likely yield very different results, and therefore development responses should evidently be attuned to the political realities of a given setting, not least because they will also have varying degrees of leverage to influence change depending on the setting.56

In addition to these indicators, we also suggest that development actors should make more strategic use of political economy assessment tools to determine when to engage and guide prioritization of action. For example, a recent USAID study included a focus on i) sources of support for/ tolerance of drug trafficking; ii) sources of opposition to drug trafficking; iii) government complicity and opposition; and iv) stakeholder interest and influence as core elements of a political economy assessment to guide donor engagements in their responses to drug trafficking. The section on government complicity and opposition aimed at “examin[ing] who in government is complicit in the trade, and who opposes it (…)” is particularly insightful (see Figure 2 below). More specifically, it suggests that:

“Complicit officials, like their opponents, may be concentrated within offices, ministries, levels of government, political factions, or political parties or may have networks working across these divides. The complicity of higher-level officials denotes a greater threat to governance than the involvement of just

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56 For a more detailed discussion on the question of context and leverage, see for example, Kavanaugh and Jones (2011), Shaky Foundations: An Assessment of UN Rule of Law Support, NYU Center on International Cooperation.
lower-level officials, but the stance of other officials in the government influences the contours of the threat (…)” When high-level government actors are complicit in drug trafficking and opposition from other parts of the government is weak, the situation is stable and the prognosis for [counternarcotics] efforts is poor. Direct interventions to reduce drug trafficking are unlikely to have an impact. When high-level government actors complicit in drug-trafficking face strong anti-trafficking factions in other parts of the government, the prognosis for reform is hard to predict; direct interventions may be possible but are potentially destabilizing. By contrast, when government involvement only extends to lower-level officials, the threat to governance is lower. The prospects for reform are strongest when high-level officials champion counternarcotics efforts, but are less clear when no high-level officials do so, though political pressure may advance reform in this scenario.57

Such an assessment would enable development actors to determine initial political obstacles to engagement on drug trafficking (and broader organized crime) issues, even if commitment has been anchored in theory, in national development or security strategies, bilateral agreements or other. It can also help determine the degree to which civil society can be engaged in the response to organized crime.

For example, in the case studies conducted for our own research, high-level officials in two of the countries – Ghana and Sierra Leone – have publicly condemned government involvement in drug trafficking. Despite huge external investments to bolster capacity in these countries, significant challenges remain. Notwithstanding, direct interventions in these countries are still possible and do not appear to be destabilizing. External support to these countries has, however, been front-loaded to supporting traditional law enforcement efforts, with limited focus on targeted deterrence or accompanying law enforcement mechanisms with efforts aimed at bolstering vertical and horizontal accountability mechanisms, although the latter might be destabilizing if core interests are threatened.

In Nepal and Mozambique, high-level officials have not made any obvious statements signaling their opposition to state involvement in drug trafficking (or other forms of organized crime). Given how organized criminal gangs have been used to support political objectives in Nepal, direct intervention might not be advisable, although efforts can be channeled to supporting inter-party dialogue and the development of Codes of Conduct to guide behavior during periods of tense political contestation. In Jamaica, and until 2009, empty statements were often made by high-level officials to signal their opposition to state involvement in organized crime. Direct interventions were possible, but were fruitful only when accompanied by significant political pressure from the United States, which in turn was driven by its own national interest of stemming the flow of drugs and arms to its territory. Meanwhile, in Guyana, government involvement in organized crime or criminal penetration of government at all levels is obvious, but there are no champions for countering

<table>
<thead>
<tr>
<th>Opposition within Government</th>
<th>Low Level Officials</th>
<th>High-Level Officials</th>
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<tbody>
<tr>
<td><strong>Strong:</strong> High-level officials oppose state involvement in trafficking</td>
<td>Best scenario for direct interventions</td>
<td>Direct interventions possible but potentially destabilizing</td>
</tr>
<tr>
<td><strong>Weak:</strong> Relatively few high-level officials oppose state involvement in trafficking</td>
<td>Direct interventions most effective when combined with increased political pressure</td>
<td>Direct interventions not advisable</td>
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Figure 2. Drawn from USAID The Development Response to Drug Trafficking in Africa (p.20)
these challenges within government or limited voices and limited leverage among external actors to increase political pressure to advance reform efforts.

2. Typology analysis

Based on our own research and the core areas we have identified for targeted programming, we have also developed the option of a typology analysis framework, grouping forms of organized crime/politics relations into two broad typologies: enclave or maña. The framework is sharply underpinned by the ‘do no harm’ principle and could, with more research and field testing, be coupled with a political economy assessment such as the one suggested above, to set the broad outlines for an organized crime-sensitive development strategy. For now, we do not argue that any of our cases studies fit neatly or entirely within either one of these ‘ideal types’. Different aspects may be present in one country at the same time, or the dynamics of a country may force a shift from one ideal type to the other. The ideal types should be seen merely as analytical lenses, whose use in examining specific country cases may help draw out certain aspects of the impact of organized crime on governance, thereby improving the prospects of effective, do no harm-based development interventions. The typology analysis could also serve as a useful framework for determining priority actions within the five areas outlined above. Through further research, conceptual development and testing, similar frameworks may provide a basis for more sophisticated analytical and program

Enclave Scenarios

Some organized crime groups – including gangs, drug cartels, and warlords – use violence to develop and retain control over territorial or social enclaves within states, such as Jamaica’s garrison neighborhoods, Brazil’s favelas, and hinterland communities in Somalia, Afghanistan, and Myanmar. Mark Duffield has described rulers of these enclaves as local strongmen able to control an area and exploit its resources while, at the same time, threatening central authority or keeping it weak. In these cases, an organized criminal group can take advantage of the state’s weak territorial, social, or administrative reach to assume a governance role within a defined enclave within the state. As Desmond Arias describes, states can – and frequently do – extend control over these enclaves through incorporating these strongmen into the political order, creating a system of “violent pluralism”.

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58. The following section was developed by James Cockayne, one of the principal contributors to the research project. The examples provided are drawn from the case studies but have not been tested in-country. For further discussion on the approach, see Cockayne, Chasing Shadows: Strategic Responses to Organized Crime in Conflict-Affected Situations, RUSI Journal, April 2013, vol. 158, no. 2.


America, these gang leaders thus exist apart from, but connected to, the national political settlement, serving as a mechanism of indirect rule.

Our research points to signs of related dynamics emerging in Nepal – though perhaps only temporarily, given that country’s constitutional flux. During the civil war, the Maoists taxed illegal logging in areas of their operations – an illegal enterprise they still directly engaged in after the civil war in areas around cantonments that housed their ex-combatants. Economic necessity – namely, an alleged usurpation of the combatants’ salaries by the Maoist party headquarters – may have driven the illegal logging, while the broader local community had few means to oppose the deforestation. Madhesi political parties also cultivate particularly strong relations with criminal groups in the troubled and neglected Terai region, where state presence is often minimal. Approximately half of Nepal’s 26 million people live in the Terai. Between 2005 and 2009, many Madhesi armed groups proliferated in the region, and at their peak in 2008 numbered over one hundred. (Some of the groups, however, only had membership in single digits.)

After the end of Nepal’s civil war, the absence of strong political party, campaign financing and asset declaration regulation allowed political actors to exploit these relationships with local criminal actors for electoral purposes. In order to demonstrate street power via bandhs, political parties hire criminal groups to recruit young men to staff the barricades. The squatter and urban slum communities, in particular, represent prime targets for such bandh recruitment by criminal groups, but political parties also bus rural residents to strike areas for such payoffs. Youth wings of political parties extort businesses for “contributions” to the political parties, secure public tenders (such as construction projects) for their network of clients and party-supported contractors, and create an atmosphere of threat and insecurity to obtain votes and decision-making outcomes favorable to their interests.

Unlike the situation in Latin America, however, in Nepal political parties, rather than local criminal actors, seem to be the dominant actor in the political-criminal collaboration. In both cases, however, political influence is extended to enclave areas through cooperation with local criminal groups.

There is a key difference between governance and development within these enclaves themselves and governance and development within many other modern, developed states. That difference can be understood in terms of the absence, within the enclaves, of the kind of political deals that Charles Tilly and others have identified as the basis for early modern European state development – the deals that were cut between organized violence and productive capital. Criminal groups in enclaves live not off the taxation of a productive economy based on state-provided public goods (such as justice, roads, education, and healthcare), but often off the proceeds of organized crime, especially its transnational version. As a result, they do not always need to tax local populations, and in turn do not need to construct an open-access system of protection, or the state institutions and differentiated bureaucracies that have historically characterized such arrangements.

Instead, the rulers of these enclaves can develop governance arrangements that are less differentiated, more personalized, more violent, and more arbitrarily-run than a developed state’s governmental apparatus. As Vanda Felbab-Brown has shown, they offer just enough justice, and just enough pay-offs, to maintain the political support of the populations involved. Though the actual history of the development of particular modern European states may not always hew entirely to the Tillyan scheme, the analytical framework does seem to offer some insights into understanding the relationship between productive (legitimate) and criminal capital, on the one hand, and coercion on the other.
Where criminal enclaves emerge, states often exert control over them by mediating enclave strongmen's access to transnational illicit flows.\textsuperscript{72} The result is sometimes a kind of ‘violent pluralism,’ involving a significant dose of criminal activity as we have seen especially in Africa,\textsuperscript{73} and also Latin America.\textsuperscript{74} This has important implications for development interventions. Development outcomes within these territorial and social enclaves may be controlled as much by local criminal actors as state political actors. Development actors must therefore anticipate interaction with actors implicated in crime, and consider the dynamics and implications of such engagement. Engagement with such actors can legitimize them, perhaps even at the expense of central state institutions. However a refusal to engage with such actors may, at best, mean that development actors cannot influence development within those outcomes. As the Dudus Coke case in Jamaica demonstrates, external pressure on political actors to turn their backs on local criminal strongmen may even lead to violence (see Box 2, below).

Box 2: The Results of External Pressure on the Political-Criminal Nexus in Jamaica

In May 2010, under pressure from the US government, former Prime Minister Bruce Golding ordered Jamaican security forces to invade the neighborhoods of Denham Town and Tivoli Gardens in Kingston, Jamaica’s capital, to execute an arrest warrant for Christopher “Dudus” Coke, the local “don.” Coke was the head of the infamous Shower Posse, a gang that controlled sizable portions of organized crime activity on the island and was accused by the United States government of drug trafficking and racketeering. Gangsters from around the Kingston area converged on these neighborhoods in an effort to protect Coke who ran a sizable and complex criminal operation in western Kingston. Residents of the community had turned out several days before to demand the government give up its efforts to bring Coke to justice. Faced with considerable and well-organized armed opposition, Golding warned residents to evacuate. On 28th May, troops entered the area and carried out an operation that killed some 70 residents.

These events represented the culmination of eight months of intense political and diplomatic wrangling following a request by the United States government for Coke’s extradition. The Golding government had done everything in its power and more to avoid arresting Coke, including hiring a US-based law firm to lobby the Obama Administration to withdraw its request. When Golding’s attempt to evade Jamaica’s international treaty obligations came to light, the country’s political establishment shuddered. Golding resigned as leader of the Jamaica Labor Party (JLP), potentially opening the door to new elections. His party, however, refused to accept his resignation and the administration staggered onwards. The US government found innovative ways to pressure his government, including cancelling the US visa of prominent JLP supporters, thereby creating significant business difficulties and embarrassment for a portion of the Jamaican elite.

Ultimately, the violent military incursion into Kingston Western was unsuccessful in that Coke managed to escape. But with no place to hide, he soon surrendered and was extradited to the US. He pled guilty to racketeering charges in a New York court and in June 2012 received a maximum prison sentence of 23 years.\textsuperscript{75} Golding, on the other hand, offered exemption from prosecution to other prominent gang leaders across Kingston in exchange for relative peace. Lower violence rates in late 2010 and early 2011 testify to those arrangements. The only powerful figure to suffer from the Coke debacle in the immediate term was Attorney General and Justice Minister Dorothy Lightbourne who was forced to step down. Golding and his party went on to lose the general elections.

The Mafia Scenario

The second analytical ‘ideal type’ is one we describe as a ‘mafia scenario.’ In the mafia scenario an organized criminal group’s political power flows not from its monopoly of violence in a defined territorial space (though it may enjoy considerable influence or even control); rather, a mafia’s power flows from the relative absence of the state from criminal markets. Organized crime groups wield power...

through cooperation with state actors, generating a criminal version of the “mediated state” discussed in recent development literature. In the mafia scenario, if powerful enough, organized crime can become a mediating power, using its control of social networks to help state actors control (and even benefit from) criminal markets, and allowing actors within criminal markets to interface with (and benefit from) state institutions. Unlike the rulers of enclaves, mafias do not need to construct a separate governmental apparatus; instead they can corrupt and co-opt state institutions. As Anton Blok has explained, mafias can (but not always) become “a pragmatic extension of the state” through control of “markets, services, and votes,” in return for political protection. The mafia and state actors can serve as complementary collaborators in the exercise of governmental functions, particularly the use of clandestine coercion in the form of corruption, to achieve political purposes and regulate illegal markets.

As a result, the middlemen who bring state patronage to local communities in return for their votes can enjoy considerable political legitimacy. The case of Eric Amoateng in Ghana might be used as an example (see Box 3).

Box 3: Drug Trafficker as Political Broker: The Amoateng Case

In 2005, Eric Amoateng was a tribal chief and Member of Parliament for the south Nkoranza District for Ghana’s then-ruling New Patriotic Party. Amoateng was arrested in the US for conspiracy to transport and distribute 136.4 pounds of heroin into the US, smuggled inside ceramics shipments. Following a plea bargain in March 2007 Amoateng was sentenced to 120 months in prison, with supervised release after five years. He is currently serving his term in New York.

The arrest prompted a joint Ghanaian/US/UK investigation into the activities of foundations to which both Amoateng and a former Ghanaian Minister of Defense, Albert Kan Dapaah were connected. Both foundations had received ceramics shipments from the same supplier in the US. Our interviews indicated a broad perception in Ghana that both foundations were involved in the drug trade. Nonetheless, following questioning by Ghanaian Narcotics Control Board (NACOB) investigators in the Amoateng case, Daapah was appointed Minister of the Interior in a sudden ministerial reshuffle by former President John Kufuor, effectively stalling and discontinuing the investigation. This was significant in that the Ministry of the Interior also supervises NACOB. Also, several of the trained NACOB personnel implicated in the case were either dismissed or transferred to other positions and posts.

Despite his conviction and detention in the US, which led to a prolonged absence from Parliament in Accra, Amoateng’s party – the NPP – fought a fierce rearguard action to prevent him being removed from parliament. Only after sixteen months was a deal reached, which saw a by-election held in his constituency and another NPP candidate elected in his place. Amoateng’s local constituents remained equally supportive, cognisant of the patronage Amoateng had controlled and dispensed. His arrest in the US led to major demonstrations in his district, even after it became known that he was trafficking an illicit substance, and important personalities in his Nkoranza district – including the paramount chief – initially discredited news of his arrest in the US. In 2011 Amoateng was honoured by the chiefs of his district for contributing to the socio-economic development of the area and a road has been named after him.

82. Aning (2009).
84. Interviews with Ghanaian ofﬁcials, May 2012.
86. Ibid
87. See Modern Ghana, Brong Ahato Citizens Stunned, November 23, 2005, at (http://www.modernghana.com/news/96886/1/brong-ahato-citizens-stunned.html). The Chief of Nkoranza Traditional Area said “Akan names are identical. Maybe someone sharing a similar name with Eric Amoateng might have been mistaken for the MP.”
Organized criminal corruption can take a variety of forms, from “paying off the official in the vehicle licensing office to installing your allies in senior cabinet or civil service positions.”

Electoral financing is a favored tactic, because, as Glenny notes “traffickers want to create a relationship of goodwill that will pay off in subsequent access to the new incumbent.” It is a form of criminal regulatory capture, which can blur with bribery by legitimate business, as the Trafigura scandal in 2006, discussed in the Jamaica case study, shows. Another example of this strategy in operation appears to be provided by the Mozambican business tycoon Mohamed Bachir Suleman, discussed in Box 4 below.

**Box 4: Political and Criminal Financing as Mafia Business Strategy in Mozambique**

Mohamed Bachir Suleman is a popular figure in Mozambique, famous for his ‘generosity’ to the poor. He is also believed to have given millions of dollars over the years to the ruling FRELIMO party. Following years of investigations, in 2010 the US Department of the Treasury placed Suleman on its Foreign Drug Kingpin list and blacklisted several of his business interests, accusing him of “capitalizing on Mozambique’s corruption and porous borders to facilitate the transit of illegal drugs to Europe.” Suleman was also accused of using several proxy trading interests to smuggle drugs. In 2011, the government of Mozambique initiated an investigation into Suleman’s alleged involvement in drug trafficking but found “insufficient evidence of drug trafficking to prosecute but found insufficient evidence of drug trafficking to prosecute but found insufficient evidence of drug trafficking to prosecute but found insufficient evidence of drug trafficking to prosecute but found insufficient evidence of drug trafficking to prosecute.” Instead, it found extensive tax, customs, and foreign exchange violations, and commenced administrative action against him for payment of back taxes and fines. He is now paying off the money owed and is unlikely to face a prison term. Other information emerged at the time of writing that Suleman was also a supplier of mobile telephones to the Mozambican police, raising questions about the potential risks of having someone so implicated in the illicit sector providing core hardware to the security services.

The arrangement between political and criminal actors in the mafia scenario may be based on “mutuality, where the political and economic systems become dependent upon and subject to many of the services the criminal organizations have to offer,” while criminal organizations might themselves be dependent on state protection or other resources. Control of state prerogatives and institutions may give these actors a competitive advantage over other criminal actors; and it may allow political actors to reach into “realms beyond day-to-day politics,” often via clandestine commercial networks. This does not necessarily require state actors to participate in illicit business themselves. Instead it may be enough for them to acquiesce in the operation of criminal businesses by “refrain[ing] from enforcing the law or, alternatively, enforc[ing] it selectively against the rivals of a criminal organization.” The M.V. Benjamin case discussed in Box 5, seems to hint at such a dynamic possibly emerging in Ghana.

**Box 5: State Law Non-Enforcement: The M.V. Benjamin Case**

In 2006, Ghanaian security and law enforcement officials received intelligence that a vessel called the MV Benjamin entering Ghanaian waters was carrying a shipment of cocaine. Seventy-six of a total of 77 cocaine parcels seized subsequently disappeared and the vessel was set ablaze. Investigation by a government-instituted commission of inquiry headed by Chief Justice Georgina Wood implicated the Ghana Police Service’s director of operations, Assistant Commissioner of

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89. Ibid p. 88.
91. Interviews in Maputo, April 2012.
93. For example, Rassul Trading Co., run by Ghulam Rassul, and Niza Group, owned by the Ayoub family. According to a U.S. report, Rassul, a Mozambican based ethnic South Asian, has been smuggling hashish and heroin through Nampula province since 1993. 2012 International Narcotics Control Strategy Report (INCSR).
100. Ibid pp. 3. Between 2-3am on 26 April, two armed fishermen “...collected seventy-six sacks of cocaine from the BENJAMIN and conveyed the consignment to a landing site at KPONE. It was subsequently...delivered to ASEM DARKEI SHERIFF and KWAK SEONG...who had them packed into a waiting vehicle and driven away to an unknown destination.”
The research suggests that mafia scenarios seem likely to impair the development of state capacity across the five areas for targeted action suggested in Section II and Table 1 above. More specifically, they might affect:

1) **Political institutions and processes (Targeted Area 1).** Mafias look to control legislators so that they can shape the rules of the game in their own interest. Mafia-like criminal organizations also intervene in electoral processes as part of the “electoral machinery,” selling their support to one candidate (whether with money, the mobilization of votes, or through attacks against the other candidates or their supporters).

2) **Public procurement and contracting decisions (Targeted Area 1).** Mafias may seek to steer public works and service contracts to their own preferred recipients.

3) **Criminal justice and law enforcement (Targeted Area 2).** A mafia’s control of enforcement institutions can allow it to protect its own, threaten rivals, and create a protection racket.

Development strategies dealing with mafia scenarios should therefore be especially attuned to the penetration of criminal networks into legislative, electoral, and public procurement processes, and criminal justice and law enforcement structures. They should also aim to strengthen civil resistance to organized crime (Targeted Area 4) and address the weak public service delivery capacity of the state (Targeted Area 3) that creates opportunities for criminal entrepreneurs in the first place.

**Different Kinds of Development Strategies Needed**

The governance arrangements associated with each organized crime scenario are quite different – and different developmental strategies may be needed in each case.

In the enclaver scenario, development actors may need to deal with quasi-governmental institutions that stand apart from the state, and are controlled by political actors with significant links to organized crime. This is the scenario the international community faces in Jamaica, parts of Latin America, and arguably may face in Nepal, not to mention...
Afghanistan, Somalia, and Myanmar. Development strategies in this scenario will require finding ways to: a) strengthen local institutions without fracturing the underlying political settlement; b) neutralize or integrate politically and economically powerful local actors into the overall political settlement, without incentivizing further criminal activity; and c) achieving effective and efficient development interventions without violating basic development principles such as do no harm or supporting activity that violates human rights or international law. Since enclave scenarios involve a delicate balance of power between the center and local enclaves, development strategies should also anticipate overt confrontation between political actors, and moments of crisis or even organized violence. Further research on each of these issues may be needed; further guidance to development actors on how to handle criminal actors will be needed. Ultimately, development planning for enclave scenarios will be highly context-dependent and case-specific, and must be undertaken both with a realistic and pragmatic assessment of the leverage and capacity of external donors to influence such dynamics, and with a view to the do no harm principle.

In the mafia scenario, development actors confront a more covert and clandestine game. As the Ghana and Mozambique cases suggest, more may need to be spent within development programming on tracking and monitoring progress of the political environment, particularly opaque political and economic dynamics that might emerge in relation to electoral and legislative processes. Criminal networks may be working within state institutions to corrupt these processes – and to corrupt development programs themselves. In the mafia scenario, particular attention should be paid to strengthening political processes and institutions, with efforts particularly geared towards safeguarding the legitimacy and integrity of electoral, legislative, and public procurement and contracting processes and law enforcement and judicial institutions. Efforts can also be aimed at bolstering vertical accountability measures, particularly the role that non-state actors such as media, civil society organizations, research entities, and academia can play in monitoring and reporting on organized crime related activity.

While in the enclave scenario organized violence is central, in some settings mafias rely more heavily on corruption – while in others mafias can and do rely on armed violence if they believe their essential interests are threatened. Only in extreme cases will they resort to open confrontation with the state. Development actors will need to look for entry points where they can reduce the influence of mafia actors within the political process, without necessarily precipitating a spike in violence. Identifying those entry points once again requires highly context-dependent analysis and planning.

Since one of the key services mafia groups are providing the state is access to social networks, mafia groups may see alternative forms of mediating governance – such as traditional authority and religious authority, as well as civil society organizations – as more of a threat than state government itself, with which it closely collaborates. They may manage this threat by corrupting and co-opting those civil institutions. That in turn suggests, however, that strengthening ‘civil resistance’ to organized crime may be a valuable entry-point for development strategies in mafia scenarios. Civil resistance has been a key part of the anti-mafia strategy in Italy. And Roy Godson has pointed to cases such as Sicily and Hong Kong in arguing that “[c]hanges in culture can facilitate a breakup” of the relationship between politics and organized crime.

IV. CONCLUSIONS

As noted in this report, organized crime is a problem affecting many countries across the globe. It is not an emerging or new challenge, but rather a long-standing feature of global society, very unfortunate for some, bringing illicit fortunes to others. Public and private sector corruption, and the involvement of political actors in criminal activity, are also long-standing features of political societies, regardless of country. These challenges have become more complex because of organized crime’s transnational nature in a tightly connected world. Building resilience into governance systems against organized crime, political, and public sector corruption (and their potent mix) is critical for development and security.

Indeed, in each of the case studies conducted for this project, one core element was a constant throughout: political and public sector corruption, including within political parties, the judiciary, and the security services, allow organized crime to flourish, undermining the legitimacy of core governance institutions and their responsibility to develop and deliver effective social and economic policies at national and local levels. In some countries, organized crime is used as an instrument of politics, leaving citizens with few disincentives for engaging in, or benefiting from illicit activities. In others it is a major driver of insecurity, leading to extreme levels of gang-related violence and homicides or provoking important health and environmental risks. Delinking organized crime from politics while enhancing legitimate governance and the delivery of services will remain the most important challenge for developing countries. A focus on reducing the ‘thickness’ or the extent of the links between governance and organized crime through efforts aimed at shaping responsible state, institutional and societal behavior with regards to organized crime while simultaneously ensuring the protection of fundamental rights, should be the starting point.

The pressures of the international financial crisis have led donors to reduce development assistance in political and economic governance and strengthening the rule of law. If serious about organized crime, development actors (and their legislatures) must rethink assistance approaches in these areas, and how they can better support the integration of organized-crime sensitive programming into development and security strategies. In doing so, they will also need to pay more attention to aid’s unintended consequences, inadvertently nurturing or reinforcing the illicit economy and organized crime. These steps will require bold engagement. They will also require equally bold responses from national stakeholders, as long as the right safety nets are in place. Citizens should be at the center of these engagements.

Development actors can play a smarter role in responding to the impacts of organized crime and reducing the extent of its grip on governance in developing countries. They need smarter and more targeted analytical and programming frameworks to strategically determine when to engage and where to focus efforts, particularly with regard to addressing weaknesses identified in governance frameworks, identifying and prioritizing organized crime actors and activities that do most harm in a given context, supporting deterrence rather than zero-tolerance strategies, and ensuring that citizen needs and respect for fundamental human rights are central to proposed remedies. Certain countries – the UK, US, Germany and Norway - are moving in this direction, at least in terms of funding research, but better efforts need to be made to support national and regional stakeholders build resilience against organized crime from within.

Drawing extensively from the case studies and our research, we have suggested five core areas where we believe donors can play a smarter role in responding to the impacts of organized crime and reducing the extent of its grip on political processes (Section II). In support of those efforts, we have laid out options for assessment and analytical frameworks to help donors strategically determine when to engage and where to focus efforts (Section III). We have combined these under one broad organized crime-sensitive programming framework (see figure 3 below) to be used on its own or in conjunction with broader development strategies. Our hope is that the framework and the tools might assist development actors become smarter at programming for development in countries where organized crime and corruption...
are prevalent, or where there are strong indications that organized crime is emerging. With the post-2015 development agenda negotiations coming to an end and new development actors and development assistance arrangements emerging, it is certainly an opportune time for discussions and debate on these issues.
1. Political economy assessment to determine, for example government complicity or opposition to organized crime; sources of support or tolerane of organized crime; sources of opposition to organized crime, and stakeholder interests.  

2. Typology analysis for a deeper assessment of the nature of relations between organized crime and political elites.

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115. USAID (2013)

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Areas for Targeted Action

1. Protecting the Political Process  
2. Modernizing and Strengthening CJ & Law Enforcement  
3. Strengthening Economic and Social Development Policy  
4. Engaging Civil Society & the Media  
5. Deepening the Knowledge Base

Specific Activities

1. Protecting the Political Process

1.1 AS A MEANS TO SAFEGUARD THE LEGITIMACY AND INTEGRITY OF THE POLITICAL PROCESS AND POLITICAL CONTESTATION FROM ORGANIZED CRIME

1.1.1 Support the establishment of baseline data collection, the development of public perception surveys and related mechanisms to regularly monitor and report on how organized crime is affecting the political environment.

1.1.2 Support the monitoring of judicial processes or administrative inquiries in which public officials or political and business political elites have been implicated in organized criminal activity in order to build constituencies against impunity and for reform.
1.1.3 SUPPORT THE ESTABLISHMENT OF MULTI-PARTY POLICY PLATFORMS ON ORGANIZED CRIME.

1.1.4 PROVIDE ON-GOING SUPPORT TO THE CONDUCT OF NATIONAL, REGIONAL OR INTER-REGIONAL MEETINGS OF INDEPENDENT ELECTORAL COMMISSIONS OR ELECTORAL TRIBUNALS.

1.1.5 SUPPORT SPECIAL LEGISLATIVE COMMISSIONS IN THE DRAFTING OF LEGISLATION ON PARTY CAMPAIGN FINANCING, POLITICAL PARTY LAWS, ASSET DISCLOSURE, MEDIA LEGISLATION (REGARDING CAMPAIGN CEILINGS) ETC. AND THE MONITORING AND REPORTING ON THEIR IMPLEMENTATION.

1.1.6 ENCOURAGE THE DEVELOPMENT OF POLITICAL PARTY CODES OF CONDUCT THAT RULE OUT RECOUPE TO VIOLENCE, AND CONDITION SUPPORT TO THE ELECTORAL PROCESS OR OTHER STRATEGIC AREAS TO THE EFFECTIVE IMPLEMENTATION OF THE CODE OF CONDUCT. SIMILAR APPROACHES CAN BE ENCOURAGED TO GUIDE THE CONDUCT OF ELECTION CAMPAIGNS, AND INTERNAL PARTY FUNCTIONING, WITH THE AIM OF SAFEGUARDING THESE INSTITUTIONS AND PROCESSES FROM ILLICIT FUNDING.

1.1.7 SUPPORT THE DEVELOPMENT OR STRENGTHENING OF INDEPENDENT INVESTIGATIVE JOURNALIST CAPACITY, AND PROVIDE SECURITY SAFETY NETS SUCH AS ASYLUM WHEN TARGETED BY CRIMINALS OR BUSINESS AND POLITICAL ELITES OR TECHNOLOGY SOLUTIONS SUCH AS MONITORING CIRCUMVENTION TOOLS TO AVOID SURVEILLANCE.

1.1.8 SUPPORT THE CREATION OF INCENTIVE STRUCTURES THAT REWARD THE CONDUCT OF ‘CLEAN’ ELECTORAL PROCESSES AND ‘CLEAN’ PUBLIC OFFICIALS.

1.1.9 SUPPORT THE ESTABLISHMENT OF INTER- AND INTRA-REGIONAL PLATFORMS ON DIFFERENT FORMS OF ORGANIZED CRIME AND HOW THEY ARE AFFECTING SOCIETY.

1.2 AS A MEANS TO SAFEGUARD THE LEGITIMACY AND INTEGRITY OF THE LEGISLATIVE PROCESS FROM ORGANIZED CRIME

1.2.1 MONITOR (OR SUPPORT CIVIL SOCIETY AND JOURNALIST EFFORTS TO MONITOR) LEGISLATIVE PROCESSES AROUND IMPORTANT PIECES OF ORGANIZED CRIME-RELATED LEGISLATION, AND SHARE INFORMATION ON THESE PROCESSES WITH NATIONAL STAKEHOLDERS AND ACROSS DONORS. SUCH PROCESSES CAN HELP IDENTIFY INSIDER SPOILERS AND HELP DETERMINE WHETHER THERE IS POLITICAL APPETITE TO PASS IMPORTANT PIECES OF LEGISLATION DIRECTLY OR INDIRECTLY RELATED TO ORGANIZED CRIME.

1.2.2 PROVIDE DIRECT SUPPORT TO THE LEGISLATIVE PROCESS, INCLUDING THROUGH INVESTMENT IN RESOURCES. SUCH EFFORTS COULD INCLUDE ENSURING THAT LEGISLATORS AND LEGISLATIVE STAFF HAVE ACCESS TO RESEARCH/INFORMATION ON ORGANIZED CRIME AND ITS PERCEIVED IMPACTS; SUPPORTING THE ORGANIZATION OF CLOSED-DOOR EXPERT SEMINARS AND WORKSHOPS.

1.2.3 STRENGTHEN THE ACCESS OF CIVIL SOCIETY, POLICY THINK-TANKS, JOURNALISTS, ACADEMIA ETC. TO THE LEGISLATIVE PROCESS, INCLUDING THROUGH SUPPORTING EFFORTS TO ENHANCE REPORTING ON LEGISLATIVE PROCESSES, AND COMMISSIONING IN-COUNTRY RESEARCH THAT CAN INFORM THE DEBATE ON ORGANIZED CRIME AND ITS RELATED IMPACTS AT CRUCIAL TIMES IN THE LEGISLATIVE PROCESS.
### 1.3 AS A MEANS TO SAFEGUARD THE INTEGRITY OF PUBLIC TENDERING/PROCUREMENT PROCESSES

1.3.1 **SUPPORT EFFORTS AIMED AT BOLSTERING THE RESILIENCE OF NATIONAL PROCUREMENT BODIES**, particularly where there is strong evidence of monopoly of government contracts by illicit actors, or political actors using public contracts as leverage to secure the support of criminal groups for leveraging voter turnout or other political ends.

1.3.2 **SUPPORT EFFORTS AIMED AT GUARANTEEING TRANSPARENCY OF PUBLIC PROCUREMENT PROCESSES**, for example by supporting the development and passage of access to information bills, supporting efforts to regularly publish information related to public procurement and contracting processes, and supporting civil society and media efforts to monitor and report on these processes. The support of technology companies should be leveraged to support the development of easily accessible and nimble monitoring tools. Experiences can be drawn from smart approaches already in place such as IPaidaBribe.com.

1.3.3 **STRENGTHEN THE CAPACITY OF PUBLIC SERVICES** by enhancing skills and supporting reform of the public procurement process.

### 2. MODERNIZING AND STRENGTHENING THE CRIMINAL JUSTICE SYSTEM AND LAW ENFORCEMENT

2.1 **SUPPORT THE STRENGTHENING OF SPECIALIZED AGENCIES SUCH AS THOSE RESPONSIBLE FOR DEALING WITH ECONOMIC AND FINANCIAL CRIMES**, and the establishment of specialized crime units. Ensuring strict and continuous vetting procedures in recruitment and performance review processes as well post assignment incentives and disincentives for themselves and family members can help safeguard these units from corruption, manipulation, and interference, and prevent individual operators from going rogue.

2.2 **IN CASES WHERE IT IS EVIDENT THAT CRIMINALS ARE KNOWN TO HAVE BEEN PROVIDING SERVICES TO CITIZENS**, specialized law enforcement agencies should work more closely with development actors and national authorities to fill the socio-economic void left by successful law enforcement efforts. Citizen security experiences from Brazil’s favelas or Jamaica’s Garrison towns can be explored for this purpose, but local context should drive the response as violence is not always the logical outcome of the void and therefore impact can be more difficult to determine.

2.3 **USE POLITICAL ECONOMY ASSESSMENT TOOLS** (see section III) more effectively to deepen understanding of how political and business elites provide entry points for organized criminals and for what purpose (political/ideological, financial), and to identify targeted law enforcement initiatives that raise the business and political costs of engaging in illicit activity.

2.4 **INVOLVE THE PRIVATE SECTOR IN POLICY DISCUSSIONS AND DEBATES REGARDING HOW TO COMBAT ORGANIZED CRIME**, and support learning from other experiences such as the Business Against Crime of South Africa (BAC(SA)) initiative. BAC(SA)’s original purpose was to work with the government and civil society on specific crime prevention projects that impacted on the country’s transformation by increasing confidence, investment and job creation. It is still active today focusing on eliminating crime within business and supporting government responses to crime.
### 2.5 Use Sector Specific Political Economy Analysis to Develop a Better Understanding of the Information Telecommunications (ICT) Sector, How Organized Criminal Groups Might Be Using ICTs to Advance Their Goals Within a Country, and Who Within the Government Might Be Complicit in This Activity. Monitoring of Judicial Processes and Evidence Tabled in the Investigation Leading to a Trial Might Provide Back-Door Entry Points to Understanding the Level of Sophistication of Criminal Groups, and Which Public or Private Entities (Including Technology Companies) Might Be Directly or Inadvertently Supporting Their Work.

### 2.6 Support Policy Debates at the National and Regional Level with Law Enforcement, the Judiciary, and Specialized Agencies on How to Better Target Organized Criminals, Including Through Effective Deterrence Strategies, Selective Targeting, Sequential Interdiction Efforts, and the Strengthening of Prosecutorial Capacity.

### 2.7 Where There Are Important Incidences of Drug Trafficking and Consumption, Support Discussions with Law Enforcement on How to Introduce Harm Reduction Policies and Practices Towards People Who Inject Drugs, and How to Apply Harm Reduction Principles to the Policing of Retail Markets.

### 2.8 Invest in Mapping Judicial Processes and Non-Judicial Commissions of Inquiry Regarding the Involvement of State Officials in Organized Criminal Activity As a Means to Better Understand Weaknesses and Gaps in Legislation and in the Criminal Justice Process, and to Identify Appetite for Reform.

### 2.9 Support the Establishment of National, Regional, and Inter-Regional Platforms Via Existing Organizations as a Means to Enhance Cooperation Between Policy Makers, Law Enforcement Officials, Civil Society, and Academia in Responding to Organized Crime.

### 2.10 Invest in Monitoring and Assessing the Impact of External Efforts to Enhance the Capacity or the Judiciary and Security Services to Respond to Organized Crime.

### 3. Supporting Smart and Empirically Informed Crime-Sensitive Social and Economic Policies

| 3.1 | Strengthen the Capacity of Civil Society and Community Groups to Engage the Government and Political Actors on Organized Crime-Related Issues at National and Local Level. |
| 3.2 | Map Socio-Economic Impacts of Efforts to Counter Organized Crime. In This Regard, Donors Can Invest More in Understanding the Impacts of Formalizing or Prohibiting of Informal or Illicit Markets. |
### 3.4 INCREASE SUPPORT TO SPECIALIZED BODIES RESPONSIBLE FOR INVESTIGATING, MONITORING, AND PROSECUTING ENVIRONMENTAL CRIMES SUCH AS ILLEGAL LOGGING, ILLEGAL TRADE IN WILDLIFE, AND E-WASTE DUMPING.

### 3.5 INCREASE SUPPORT TO GOVERNMENTS TO DEVELOP MORE EFFECTIVE LIVELIHOOD OPPORTUNITIES TO PREVENT AND RESPOND TO THE HARMFUL EFFECTS OF ILLICIT RESOURCE EXTRACTION, PARTICULARLY WATER BODIES THAT ARE THE ONLY SOURCE OF POTABLE WATER FOR SIGNIFICANT NUMBERS OF PEOPLE; AND AS A MEANS TO REDUCE ENVIRONMENTAL CRIME.

### 3.6 INVEST IN UNDERSTANDING THE INCENTIVES DRIVING YOUNG PEOPLE TO ENGAGE IN CYBER CRIMINAL ACTIVITY, AND THE IMPACT CYBER CRIME HAS ON EMPLOYMENT AND ECONOMIC GROWTH.

### 4. ENGAGING CIVIL SOCIETY AND THE MEDIA

#### 4.1 SUPPORT EFFORTS TO SECURE ASYLUM FOR THOSE WHO ARE TARGETS OF THREATS, AND LEVERAGE THE SUPPORT OF TECHNOLOGY COMPANIES TO PROVIDE MONITORING CIRCUMVENTION TOOLS AND TOOLS TO SUPPORT SAFE AND RAPID REPORTING.

#### 4.2 SUPPORT EFFORTS BY CIVIL SOCIETY OR JOINT GOVERNMENT-CIVIL SOCIETY EFFORTS TO CONDUCT CAMPAIGNS AGAINST ORGANIZED CRIME AND POLITICAL AND PUBLIC SECTOR CORRUPTION, INCLUDING AROUND ELECTORAL PROCESSES.

#### 4.3 SUPPORT EVIDENCE-BASED DEBATES ON CORE POLICIES THAT HAVE A STRONG IMPACT ON GOVERNANCE AND DEVELOPMENT ACROSS COUNTRIES.

### 5. DEEPENING THE KNOWLEDGE BASE

#### 5.1 SUPPORT EFFORTS AIMED AT PROVIDING DIFFERENT SOURCES FOR COLLECTING AND MONITORING CRIME AND FINANCIAL DATA. DONORS SHOULD EXPLORE POTENTIAL PARTNERSHIPS BETWEEN GOVERNMENT AND THE PRIVATE SECTOR, INCLUDING MAJOR INFORMATION TECHNOLOGY COMPANIES AS A MEANS TO LEAP-FROG SOME OF THE TRADITIONAL CHALLENGES ENCOUNTERED IN THE COLLECTION AND PROCESSING OF BASELINE DATA AND SUPPORT MORE PARTICIPATORY FORMS OF DATA COLLECTION.

#### 5.2 INVEST IN STRENGTHENING THE CAPACITY OF NATIONAL AND REGIONAL POLICY THINK-TANKS AND ACADEMIA TO CONDUCT RESEARCH ON ORGANIZED CRIME.

#### 5.3 INVEST IN MAPPING DEVELOPMENT ACTOR EFFORTS AGAINST ORGANIZED CRIME (PARTICULARLY SUPPORT TO JUSTICE AND SECURITY INSTITUTIONS AND LEGISLATIVE BODIES) AND ASSESSING THEIR EFFECTIVENESS. IN PARTICULAR, AND IN RESPECT OF THE PRINCIPLES OF SHARED ACCOUNTABILITY AND RESPONSIBILITY, DONORS SHOULD ALSO BECOME MORE TRANSPARENT AND ACCOUNTABLE FOR THE LIMITED IMPACT OF THE SIGNIFICANT RESOURCES SPENT ON SUPPORTING BETTER POLITICAL AND ECONOMIC GOVERNANCE IN DEVELOPING COUNTRIES.

#### 5.4 INVEST IN STRENGTHENING INTERNAL [DEVELOPMENT AGENCY] ANALYTICAL CAPACITY AND TOOLS AND THOSE OF NATIONAL STAKEHOLDERS TO BETTER UNDERSTAND THE NATURE OF ORGANIZED CRIME AND ASSOCIATED IMPACTS.
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Getting Smart and Scaling Up:
*The Impact of Organized Crime on Governance in Developing Countries*

A Case Study of Nepal

June 2013

Dr. Vanda Felbab-Brown
ANNEX I - THE IMPACT OF ORGANIZED CRIME ON GOVERNANCE: A CASE STUDY OF NEPAL

About the Author

Dr. Vanda Felbab-Brown is a senior fellow at the Brookings Institution in Washington, DC where she specializes in international and internal conflict issues and nontraditional security threats, such as illicit economies, organized crime, and urban violence. Among her many publications are Aspiration and Ambivalence: Strategies and Realities of Counterinsurgency and State-building in Afghanistan (Washington, DC: Brookings Institution Press, 2012) and Shooting Up: Counterinsurgency and the War on Drugs (Washington, DC: Brookings Institution Press, 2009).

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1. Ed. Camino Kavanagh (2013), Getting Smart and Shaping Up: Responding to the Impact of Drug Trafficking in Developing Countries, NYU Center on International Cooperation
Introduction

Since May 2012, Nepal has been enmeshed in a political morass. Constitutional and governance questions have remained unresolved, and inter-party and intra-party political squabbling has persisted, with the ruling Maoist government lacking legitimacy outside of party ranks. At least two deadlines for holding new elections have been missed. Having failed to find other ways out of the impasse, the dominant political parties finally agreed in March 2013 to appoint the chief justice of the Supreme Court, Khil Raj Regmi, as prime minister to lead a technocratic government and hold elections by June 21, 2013. The legitimacy and legality of the appointment have been criticized within Nepal, especially on the grounds that it violates the separation of powers principle, including because the chief justice is to return to his justice role after the vote. Whether elections will in fact take place in May or June 2013 as was stipulated under the March deal remains to be seen. If not, yet another political crisis, possibly violent, will likely beset Nepal, with deeper questions of governance, a legal constitutional framework, and a lasting and legitimate political settlement continually pushed into the background in order to deal with the immediate imperative of determining who should hold power and how.

On May 27, 2012, Nepal’s politicians missed the fourth deadline since 2008 to adopt a new constitution and determine what the new political rules of the game and basic state institutions of the country would look like. At stake is: whether Nepal will be principally a parliamentary, presidential, or mixed political system; whether it will continue to be a unitary state or a federal one and, if the latter, on what basis – such as ethnicity, caste, or geographic boundaries – states would be formed and what powers and revenue responsibilities they could have vis-à-vis the central government; also how previously marginalized social groups would be incorporated into the country’s formal political processes, such as which groups would have reserved seats in the parliament and other institutions. Activated by a spirit of empowerment, many previously marginalized groups are now calling for the new constitution to guarantee them preferential access to bureaucratic and political leadership positions and resources – demands that are alienating other groups, including the traditional elites who are afraid of losing out, and other minority ethnic groups and castes.

Hours before the deadline for promulgating the new constitution, the Maoist Prime Minister Baburam Bhattarai aborted the tense, months-long deliberations of the Constituent Assembly and scheduled nationwide elections for 22 November, 2012. (The elections were ultimately not held in November, nor by a new deadline of March 2013.) From one perspective, Bhattarai averted an immediate political disaster and further chaos after several weeks of violent strikes and increasing communal attacks during the run-up to the deadline to pass a new constitution. From another perspective, he sacrificed what looked like a political consensus that had finally been hammered out among party leaders after years of deadlock in order to maximize the gains for his Unified Communist Party of Nepal-Maoist [UCPN(M)].

Adopting a new constitution, undertaking a legitimate transitional justice process, and integrating former Maoist combatants into the state security services were the three major tasks of the post-civil war 2006 peace process. Only the process of integrating the Maoist combatants has been completed, though some serious deficiencies and questionable developments have surrounded that process as well.

Rather than focusing on adopting lasting governance procedures to advance the national interest and well-being of all Nepalis, political competition in Nepal has centered on narrow, parochial competition between a variety of powerbrokers seeking to leverage their control of specific communities, voting blocs, resources and patronage networks. Criminal activity appears to offer an important source of financing and localized political support for such competition; and with the state undergoing transition and lacking independently functioning institutions not captured by political interests, there is little to stop it.
New Political Contestation amidst Widespread Corruption and Poverty

The elections now expected in May or June 2013 promise little chance of greater political consensus among the self-interested and fractious political leaders. Just like in the weeks before the May 2012 deadline for passing the constitution, the election contestation can once again feature debilitating and violent strikes (bandhs). The election itself can easily produce an even more divided constitution-drafting body than the Constituent Assembly that was disbanded after May 2012. The May 2012 fiasco weakened the legitimacy of political leaderships of several parties, including the Maoists, with ethnic and party fragmentation intensifying. At the same time, fear of further defections and uncertainty about political allies’ loyalties have encouraged the leaders of political parties to harden positions and reject compromises, lest they face further internal splits and defections.4

Since 2006, Nepali politics has overall been characterized by close-to-the-vest, non-transparent bargaining among deeply divided and resentful old and new political elites, with little expectation that, even when a political agreement is actually reached, it will in fact be carried out.5

On the one hand, the elections offer a way out of the inherited political paralysis: A constitution and legal framework are lacking. Appointments to key governance bodies either could not be made or required consensus among the parties that was frequently not forthcoming. The national executive, even the current interim technocratic government, lacks legitimacy. Local elections have not been held since 1997. No legislative body exists. The justice system and bureaucracy are widely believed to be beholden to old political elites and upper castes, rather than being truly independent.6

The absence of a functioning legislature also resulted in the president having to fund government and implement policies by decree. Consequently the position of the president, until then largely ceremonial, has become more salient, activist, and controversial – all the more so that it has been held by Ram Baran Yadav, a member of the Nepali Congress, a traditional power-elite party in opposition to the Maoist prime minister.7 Controversy surrounding the president, further intensifying political polarization in Nepal, peaked in November 2012. With the prime minister’s failure to hold the promised November elections, the president apparently sounded out the army chief as well as the Indian ambassador about toppling the government of Nepal on November 22, but the responses he received changed his plans.8

On the other hand, however, the elections will be a de facto referendum on federalism and the role of identity in the new state. So far, castes and ethnic groups have mostly seen issues of state creation, quotas, and reserved seats in a zero-sum (you gain, we lose) way. Major issues regarding enfranchisement threaten the legitimacy of the elections, with at least four million voters lacking citizenship cards and hence not being able to register.9

Moreover, ethnic minorities and women’s groups fear that the resulting parliament-cum-new Constituent Assembly will disadvantage them. The dissolved Constituent Assembly reserved more seats for women and ethnic minorities than they would have acquired in open, first-past-the-post elections. Yet it appears that the new parliament-Constituent Assembly will have at least 20 percent fewer seats than the previous one, and cuts will come primarily from reserved seats. These groups worry that their ability to have a strong voice in a new state will be compromised, and even if the new state system is indeed a federal one as they desire, their historic underrepresentation in, and alienation from, the Nepali state will not be redressed.10

Since Nepal’s parties attract membership and votes to a great extent on the basis of the party’s ability to disperse handouts, the parties do not hesitate to acquire and deliver such handouts through illegal means, such as the usurpation of public funds or the direct hire of criminal

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5. For the lack of widespread consultation between political leaders and their constituencies and the fear-mongering that has surrounded political bargaining, see, for example, Leena Rikkila Tamang “Nepal: Constitution Building Hijacked by the Need for Consensus.” Institute for Democratic Electoral Assistance (IDEA). December 1, 2012. Available at: http://www.idea.int/asia_pacific/nepal/nepal-constitution-building-hijacked-by-the-need-for-consensus.cfm.
6. Ibid.
10. Ibid.
gangs to extort businesses and communities. Maintaining large memberships and muscling political opponents out of one’s turf is important not only for obtaining votes, but also for demonstrating street power. Thus, the role of criminal groups, often fronting as party youth organizations, will intensify in the run up to the elections. Given that the upcoming elections (if they are in fact held) are seen not only as an ordinary process of government formation, but also, and far more importantly, as a vote on key unresolved issues about the constitution and the character of the state, such as federalism and identity politics, in which the political stakes and the temptation to rely on criminal actors to manipulate the elections are high. Thus the political IOUs and power that the criminal groups may obtain from their political employers can dangerously affect the functioning of the subsequent government.

Yet this deeply impoverished but resource-rich country can ill afford further political paralysis. Although the Nepali standard of living has been steadily improving over the past several decades, the progress is to a large extent due to a very low baseline. Nepal remains in the bottom twenty percent of the Human Development Index rankings. 78.1 percent of the population lives on less than $1.25 per day, income inequality is among the highest in Asia, and per capita gross domestic product stands at a meager US$ 490.11 Unemployment runs at 45 percent, with the outflow of Nepali workers to uncertain employment with often abusive condition in India, the Middle East, and East Asia as the only release valve.12 With job creation as a persistent struggle, unemployed young men become easily susceptible to recruitment by armed “youth wings” of political parties and outright criminal groups. Adult literacy rate runs just under 60 percent, and the labor force continues to be largely unskilled and increasingly militant and prone to paralyzing strikes.13 In one of the latest examples, politically-affiliated student unions were threatening to mount disruptive strikes in reaction to the decision of the Nepal Oil Corporation (NOC) to increase the price of liquefied petroleum gas, widely used as cooking fuel. Without consulting NOC officials, the prime minister reversed the price hike and announced the decision on Twitter, leaving the state-owned monopoly importer and supplier of petroleum products scrambling to figure out how to cope with its mounting financial losses.14

Compounded by fast-paced urbanization, infrastructure is woefully inadequate; energy shortages in this hydroelectric-rich country are acute (with blackouts often running sixteen to eighteen hours a day even in the capital), making Nepal dependent on energy imports, particularly from India.15

Remittances in particular have helped decrease some of the most severe poverty over the past decade, in 2010 amounting to 23 percent of the GDP, having grown from just 1.9 percent in 2000.16 Positively, remittances have increased domestic consumption (and hence demand for imports since Nepal manufactures very little and is frequently insufficient even in food production) as well as access to schooling and health care for poor Nepalis. But in the absence of an effective macroeconomic policy, remittances have also increased inflationary and real estate speculation pressures, likely contributing to a possible real estate bubble. With inflation running over ten percent, vast lower-class segments of Nepali society have thus continued to face difficult economic hardship.17 The political paralysis, as well as relatively poor monsoons in 2012, was expected to suppress economic growth to 3.8 percent in 2012-13, from 4.5 percent the previous year, according to the International Monetary Fund.18

Behind much of the political contestation in Nepal is the desire by politicians and political groups to control the state in order to capture resources from foreign aid, tourism, and existing hydropower. This includes being able to issue exceptions from law enforcement and tender procedures to supporters. The Maoists too, even while promising redistribution, have become active participants in this system.

12. Ibid.
13. Ibid.
Many in Nepal see the eventual adoption of a new constitution as a deliverance from most of Nepal’s challenges and an end to instability. Although a constitutional framework is critical for the development of effective institutions and policies to address Nepal’s many deep-seated political, economic, and social problems, it is hardly a magic formula. Much will depend on implementation of both the constitutional rules and problem-specific policies that yet need to be developed. Consumed by debates over the new constitution, political leaders from across the political spectrum have paid little attention to the details of policy development and implementation. Instead, they issue vague promises of redistribution to marginalized groups, or promise society-wide progress without the need for any redistribution, catering not just to the mobilized streets but also to the ears of Western donors. Nepal’s politics over the past few years could thus be characterized as ‘protest without prescription.’

Such a political *modus operandi* is symptomatic of both the infancy of Nepal’s democratization processes and its deeply-rooted culture of impunity, patronage, and clientelism. Corruption is endemic and increasing. All official institutions and bureaucratic structures are also becoming politicized and increasingly dysfunctional. Whichever political party comes to power tries to control civil service appointments and promotions – a process that leads to a severe degradation in administrative capacity, a pervasive lack of a merit-based personnel system, and poor service delivery. Formal public safety and justice mechanisms are inaccessible to most citizens, particularly the marginalized groups, and are widely regarded as increasingly politicized and corrupt.

In some areas, armed violence during the civil war has created enclaves controlled not by the state but by political parties, local armed groups, or criminal gangs. Leaders of these groups now seem to be taking on a brokering role. They serve as patrons and gatekeepers, controlling state actors’ access to marginalized communities and peripheral and cross-border resources (including trafficking revenues), while also controlling those communities’ access to state services and institutions. While much criminal organization in Nepal remains fairly rudimentary, as these armed actors interface with and begin to consolidate under political leaders in Kathmandu, Nepal’s political transition could give rise to structured political-criminal mafias, much as has occurred in other countries emerging from conflict, such as the former Yugoslavia, Afghanistan, Sierra Leone, and Myanmar.

**Political and Economic Crime in Nepal**

In many ways, organized crime in Nepal, encompassing both politically-motivated and economically-driven crime, is still in its initial developmental stages. In this case, politically-motivated crime refers to crime in which the primary function is to support political objectives of an actor, while economically-motivated crime is used in reference to crime in which the primary purpose is to generate economic profits. Nonetheless, the boundaries between the two are often slippery and difficult to distinguish in practice. As discussed below, the distinctions are often exaggerated since even criminal groups can acquire political capital and have political effects and since one of the most potent political tools is financial resources and territorial influence via non-state actors. In Nepal, the nexus between crime and political parties has been thickening and few political parties are immune from using criminal groups for political purposes, including demonstrating street power, raising money for the party, and securing contracts for clients. Usurpation of public funds, including funds from international donors, is prevalent. The All-Party Mechanism has become a favorite vehicle of public funds theft, but other local governance structures are also easily turned into tools for personal profit and political patronage. Criminal groups in turn seek to cultivate politicians to escape prosecution and obtain immunity for their nefarious actions. They have been highly successful in doing so, and impunity prevails.

Nepal’s criminal landscape is still at a rather primitive stage in organized crime formation. The criminal groups tend to be mostly small, territorially limited organizations, and their operations are not highly complex. They have nowhere near the level of sophistication and organizational complexity of the criminal groups operating in India’s or Pakistan’s slums, for example. The level of violence the
Nepali criminal groups perpetrate in support of their profit-seeking activities is also fairly limited when compared with criminal organizations in other parts of the world, such as Colombia or Mexico. Nor do they yet systematically deliver “public” goods to local populations to cultivate support independent of the state, as other criminal groups – from India to Japan, Italy, and Colombia – have learned to do.

Nonetheless, across a range of illicit economies – including extortion, tax evasion, drug smuggling, illegal logging, illegal trade in wildlife, and human trafficking – law enforcement efforts are sporadic, inadequate, and often selective. This selectivity, however, is not the result of careful and systematic evaluations of which illicit economies pose the most severe threats, but is rather the product of corrupt law enforcement. Many of these illicit economies present threats to the state and society by intensifying an already prevalent culture of impunity and absence of rule of law, as well as by contributing to the usurpation of public and local community funds. Meanwhile, these illicit economies have been providing employment for some of the most marginalized segments of Nepal’s population, who have not been helped much by existing livelihood programs.

**Case Study Methodology**

To operationalize the overall objective of the study, analyzing the extent of organized crime in Nepal and its impact on governance, an extensive review of relevant literature on Nepal was first undertaken. This included literature on new political processes in Nepal, root causes of conflict, and existing political arrangements, including formal institutions and informal power processes. Extant studies of specific illicit economies present in Nepal were also mined. This preliminary research served to guide the fieldwork.

Fieldwork took place over the course of three weeks between May 10 and 30, 2012. During those three weeks, Dr. Vanda Felbab-Brown conducted interviews with some 57 interlocutors on the basis of strict confidentiality. Interviewees included representatives of Nepal’s main political parties, government officials at both the national ministry level and local district and village level, officers of the Nepali police and army, retired justice ministry officials, NGO representatives, business community representatives, and ordinary Nepalis. Research was conducted in Kathmandu and in both rural and urban areas of the following districts: Solukhumbu, Kavrepalanchok, Chitwan, Kaske, Bardia, and Banke. Research in Kavrepanchok district was among the least productive because intense bandhs at the time of the research significantly disrupted both the interviewer’s and interviewees’ ability to travel.

The locations for the research were selected on the basis of the following considerations. Kathmandu is the seat of political and economic power in Nepal, and Pokhara is the second most important business center in Nepal, thus comparing the levels and type of extortion and tax evasion between the two mid-hill Pahari cities would be instructive. Interviews in the Kavrepalanchok district focused on local governance mechanisms and crime dynamics in a rural Pahari area. Sitting on the border with India, Terai’s city of Nepalgunj and the Banke district more broadly are one of the two top smuggling hubs in Nepal (Birgunj and its surrounding Parsa district are the other). The presence of sizable Muslim and Tharu populations also allowed for the exploration of the extent to which crime in Nepal has become “ethnicized” and supports political mobilization and international terrorism. The inclusion of the Chitwan and Bardia districts permitted not only further exploration of the crime-politics dynamics in the Terai, but also a comparative analysis of illegal logging and trade in wildlife. Finally, the Solukhumbu district dominated by the Sherpa was included both as a control case and an area for studying smuggling into China across the high mountains. Unlike in the other selected areas, the presence of organized crime in Solukhumbu was expected to be low. Nonetheless, financial revenue flows from tourism to the area are comparatively high, and so Solukhumbu also represented an interesting opportunity to study local governance and resource diversion for private gain.

Based on a subsequent extensive perusal of news coverage from Nepal, a supplemental review of scholarly literature on Nepal since August 2012, and additional interviews in Washington, DC, with prominent Nepali NGO
representatives and journalists visiting the United States between August 2012 and February 2013, sections in this chapter on political processes and crime developments in Nepal since the period of fieldwork have been kept up-to-date.

The structure of the case study is as follows. Section I discusses the political, institutional, social, and regional context. It elaborates the current political contestation in Nepal, new processes of inclusion and caste and ethnic mobilization, as well as deeply-entrenched norms of patronage, clientelism, and corruption. It also provides an overview and assessment of key justice and law enforcement institutions, which have a particularly important bearing on crime. Finally, it situates domestic political processes within the context of the geostrategic contestation in which Nepal finds itself. In the first part of Section II, the chapter analyzes crime in support of political objectives. The areas covered include the role of crime in support of political objectives. The areas covered include the role of crime and illicit economic activities in bandhs, party fundraising (with a focus on the Maoist and Madhesi groups), tender acquisition, and the usurpation of public funds. The second part of this section reviews the role of crime in Nepal in support of international terrorism and geostrategic competition. In the third part, Section II discusses economically-motivated crime in Nepal, including tax evasion and extortion, drug production and trafficking, illegal logging, illegal trade in wildlife, and human trafficking. Section III discusses the donor context and the effectiveness of various donor initiatives to reduce corruption and promote good governance. After the conclusions presented in Section IV, Section V offers recommendations.

I. The Political, Institutional, Social and Regional Context

Political Contestation, Social Exclusion, and Corruption

For several years, Nepal has teetered between upheaval and stagnation. Over the past two decades, its people have witnessed the transition from an authoritarian Hindu kingdom to a constitutional monarchy in 1991; the incomplete democratization of the 1990s; the massacre of members of the royal family in 2001 by the heir to the throne; a decade-long civil war between Maoist insurgents and the government that ended in a faltering peace agreement in 2006; and the removal of the monarchy altogether in 2008. Particularly since 2008, when for the first time in centuries many marginalized groups acquired a voice in the political sphere, the country has oscillated between increasingly violent, politically-orchestrated chaos and paralysis. At the core of the political upheaval is the fundamental transformation of a deeply-rooted feudal system to a more inclusive one, albeit one whose level of openness and accessibility still continues to be contested.

The fitful struggle since 2006 to develop a new constitution is both a symptom and driver of the country’s multiple ethnic, religious, geographic, caste, and class divisions. More than 90 languages are spoken in Nepal, and Buddhists and Muslims are sizable minorities among the largely Hindu population. Many of these cleavages have been suppressed for centuries, particularly during the 20th century when the ruling royal family squashed all but the caste divisions. However, recent political liberalization and democratization have strongly intensified communal self-identification and self-determination processes. Political competition has played a central role in playing up and exploiting such cleavages and “democratic” politics by catering to the interests of ethnic, class, or caste-based groups. Despite the political empowerment of many previously voiceless groups, the post-2006 constitution drafting process has become a frenzied contest to secure special privileges for one’s own parochial group, rather than a process to redress long-standing grievances while unifying the country.
No doubt, the marginalization of many groups, including women, and of rural areas is severe. Caste inequality is particularly deeply embedded within the country’s social mores as well as in its political and economic structures and processes. Twenty years ago, lower castes did not dare address or sit next to the upper castes, and even as late as 2000 certain groups were still de facto slaves, deprived of rights and property and existing in bonded labor. Rectifying such marginalization and putting an end to the highly authoritarian and exclusionary monarchy plagued by royal coups and violence were key activating appeals of the democratization movement of the 1990s and the subsequent Maoist insurgency that led to a civil war lasting from 1996-2006, and the death of between 13,000 and 17,000 people (the number is disputed) and a further 1,300 disappeared.

The Brahmin, Thapa, and Chhetri castes close to the royal family and residing mainly in the Kathmandu valley and surrounding hills, have traditionally dominated key bureaucracies and institutions such as the army, police, economic institutions, media, and judiciary. They also continue to dominate the leadership of Nepal’s political parties, including the Maoist and janajati groups. While not all Brahmins or Chhetris are rich or powerful, other groups have had far less access to economic and political power and, as in the case of the dalits (untouchables), often no meaningful access at all. Regional groups, such as the Madhesis in the Terai plains bordering India, have not only been traditionally excluded but are also perceived as India’s fifth column, given their cultural affinity to their southern neighbor. The Madhesi groups, who the Maoists actively mobilized with anti-exclusionist rhetoric during the civil war, have become particularly powerful. A (fragmented) coalition of Madhesi political parties (Madhesi Morcha) participated in the Maoist-led coalition government between 2008 and 2013. The Madhesis have strongly embraced political mobilization based on self-identification and self-determination (while themselves often adopting discriminatory policies toward other minorities in their areas, such as the Tharu). Since the end of the civil war, many indigenous (janajati) groups have also adopted such ethnicity-based mobilization. Political entrepreneurs have been highly successful in exploiting identity-based politics for the acquisition of political power, if not for actually redressing grievances. The tendency of political leaders has been to shun equitable decision-making and to overpromise without the ability to deliver, progressively embracing more radical demands to satisfy their energized constituencies. New political groups and the political entrepreneurs who represent them have thus acquired the power to frustrate and obfuscate political processes and bargaining, but not the power to accomplish meaningful reforms.

These various political actors operate today primarily through political parties or ethnically-based interest groups. The Maoists, via their political party – the UCPN(M) – were democratically elected to power for the first time in 2008, winning a plurality of seats in the national parliament and heading a coalition government primarily with regional Madhesi parties. The Maoists have been struggling to balance the requirements of transforming themselves into a political party while acting as a revolutionary movement, while simultaneously expanding their financial and patronages enterprises. Despite their revolutionary credentials and agenda, the Maoists too, are deeply enmeshed in traditional structures of patronage and competition for resources. Although the Maoists profess support of federalism, having mobilized on the promises of regional autonomy and ethnic recognition issues during the civil war even as they proclaimed doctrinaire allegiance to Maoism, they want a federal system with a strong centralized state.

In the wake of the May 2012 constitution debacle, the Maoist party experienced a key defection. A segment of war-era hardliners, militants, and ideologues, numbering perhaps as much as thirty percent of the original Maoist party, broke away. Calling itself the Communist Party of Nepal-Maoist and under the leadership of Mohan Baidya...
(also known as Comrade Kiran), the splinter faction accused the mother Maoist party of being too soft and compromising and that it was engineering a "revisionist dissolution of the revolution" and "embracing capitalist democracy." So far, the new Marxist radicals appear to be rejecting the upcoming elections and their Declaration opposes parliamentarianism. They have become locked in an intense turf war with the UNCP(M), which is likely to intensify as the UNCP(M) mobilizes voters and resources for the elections and Comrade Kiran's faction seeks to subvert these efforts. The Baidya faction is also accused of orchestrating the theft of weapons and ammunition from cantonments populated by Baidya loyalists. (The Maoists had handed over some of their weapons, but not all, claiming that the rest was washed off in flooded rivers.)

Along with the Maoists, the Madhesi political parties, despite their fragmentation, are the primary drivers of a new distribution of power within the Nepali political system and a restructuring of the Nepali polity itself. They are among the strongest champions of a loose kind of federalism with considerable regional autonomy, decrying what they characterize as centuries-long subjugation of and discrimination against the Terai region. Having strong street power in the Terai, they portray themselves as leaders of state restructuring and greater social inclusion (for their own constituencies, anyway). Although having shared power with the UCPN(M), unlike the Maoists, they want a federal system with a weak central state and extensive devolution of the power to tax and control local resources and police forces. Like the Maoist party, the Madhesi Morcha has struggled with increasing fragmentation and disobedience vis-à-vis the front's leadership, with a new Madhesi front – the Brihat Madhesi Morcha (BMM or Broader Madhesi Morcha) – presenting itself as truer to the cause and mobilizing independently and also against the traditional Madhesi coalition. The Madhesi political parties are also far more closely aligned with India than are the Maoists, who have made an effort to cultivate China over the past several years and to induce China and India to bid against each other to curry their favor.

The loose janajati coalition is yet another newcomer to and challenger of the political system in Nepal. Its political agenda demands the social inclusion of various marginalized groups in Nepal, based on quotas at the national and subnational levels and, as in the case of the Madhesi parties, federalism with an extensive devolution of power. Although its various caste, ethnic, and region-based member groups are frequently at odds with each other – the dalits (the untouchables caste), for example, are not always favorably disposed to hill ethnic minorities or southern Muslims – and their narrow communal demands often clash, they all want reserved seats in government and state institutions and a degree of regional autonomy. The janajatis are among the key proponents of ethnically-based states, with various of the groups calling for autonomy of ever smaller and more narrowly-defined ethnicities and territories. Yet several times since 2008, including during the last hours before the May 2012 constitutional deadline, the janajati groups have backed off of their maximalist demands and showed a much greater willingness to compromise than have the Maoists or the Nepali Congress.

Both the Nepali Congress (NC) and the Communist Party of Nepal (Unified Marxist-Leninist or UML) feel deeply threatened by federalism and by many other constitutional redesign proposals put forth by the Maoists, the Madhesi parties, and other ethnically-based interest groups. The NC is the second largest party and for decades has been a major political player. It now faces a likely prospect of significantly diminished political and economic power, with the traditional dominant classes represented by NC finding themselves for the first time a political minority. It has deep roots in the pre-civil war monarchical order, tends to draw heavily for support on the Brahmin, Chhetri, and Thapa castes and conservatives and outright royalists, often acting in defense of many ancien régime institutional arrangements. Using a fear tactic to mobilize support, it has exageratingly defined federalism as a division of the country into mono-ethnic states where minorities would not be welcome. Yet it presents itself as the true defender of democracy in Nepal and the last bastion of resistance against the entrenchment of the Maoists and leftwing and

ethnically-based polarization.27 Although the NC nowhere matches the street power of the Maoists, it organized its own bandhs in May 2012 and is likely to continue resorting to this strategy. Rather than generating new ideas, the NC has primarily functioned to oppose and boycott activities and proposals of the Maoists and the Madhesi parties.28 Thus it has challenged the credibility of the federalist promises of Maoist, Madhesi, and janajati politicians that in almost none of the proposed states would a single communal group be able to lord it over the others. The UML has traditionally played a central role, having been the main opposition party during the monarchy, but an opposition against whose “failures” the Maoists rebelled. Even more than the NC, the UML has struggled to articulate a new agenda and a “progressive” vision of a new political settlement in Nepal, the result, however, also being mainly opposition to the initiatives and proposals of the Maoists and Madhesi parties. Although professedly communist, it struggles to differentiate itself from the Maoists.29 Both the NC and UML have done little to rebuild their political organizations after 2008. A combination of weak structures, endless internal disputes, and poorly articulated policies has diminished their clout and mobilization capacity beyond their narrow cadres and loyal interest group supporters. UML’s mobilization efforts have centered primarily on opposing federalism and the role of identity in institutional arrangements. Like the Nepali Congress, the UML is deeply afraid of the creation of federal ethnicity-based states. Particularly if the hill states where both parties dominate ended up not having direct access to India, they could become economically dependent on lengthy inconvenient travel through the Terai and, hence potentially, in the context of frequent political road shutdowns, on the benevolence of Madhesi politicians whom they deeply distrust.

Overall, the formal political system in Nepal is deeply fractured and intensely polarized. Top political leaders hold on closely to decision-making and bargaining responsibilities, allowing little transparency and democratic discussion even within their own political parties. This “consensus” approach to politics – defined as narrow bargaining among political party elites – has not only resulted in political deadlock the country, but may also be creating incentives for political actors to find informal, entrepreneurial solutions to their organizational challenges, thus creating multiple opportunities for criminal organizations to enter or influence politics. The political transitions that have simultaneously taken place in Nepal over the past two decades include the change from an absolute monarchy to a democracy; from a Hindu state to a secular one, but where communal self-identification is increasing; from a state-sponsored “one-language, one-culture” policy to increasing demands for the acceptance of different ethnic and linguistic groups; and from an urban, Kathmandu-centered political and economic system to one where the rural periphery is explicitly recognized by political actors.30 None of these profound social, political, and institutional transformations has been settled. Rather, the social, political, and institutional context is characterized by extreme instability and uncertainty. This latter may act as something of a brake on criminal organization since it is difficult to organize enduring criminal networks under conditions of such uncertainty.

Nonetheless, the one constant amidst these volatile political and social transformations is endemic corruption. Transparency International ranks Nepal the 28th most corrupt country in the world.31 People often have to pay bribes to receive many basic services. According to a 2011 Transparency International survey, almost a quarter of those who had to deal with the police or permit and registry institutions had to pay a bribe, as did just under twenty percent of those who came in contact with the judiciary.32 Public goods are selectively distributed to friends of those who pay a bribe. If another person outbids the original bribe, the service may not be delivered to the first person even after his payment has been made.33 And while many

27. Author’s interviews with Nepali Congress party leaders, Kathmandu, May 10 and 12, 2012.
28. For further details on the evolution of the Nepali Congress role in the contestation over the new political system, see: International Crisis Group (2011c).
33. Author’s interviews with businessmen and members of lower castes and classes in Pokhara, Bharatpur, Nepalgunj, and the rural areas of the Banke district.
Nepalis continue to be marginalized in their access to public goods, foreigners, such as Indians, Bangladeshis, and Tibetans, can easily buy citizenship through bribery. Such uncertain and unequal access to the distribution of public goods gives rise to conflict among different social groups. Moreover, political parties are generally seen as the most corrupt institution, followed closely by public officials.

Indeed, the usurpation of public funds by corrupt government officials has become prevalent and institutionalized. As a former police superintendent contended, “[n]ow every bureaucrat and government official wants a piece of the action, and wants it quickly before he gets fired and another political appointee replaces him.” Aid and development money, such as for infrastructure projects, is regularly diverted for personal gain without any delivery of the promised project.

The so-called all-party mechanism that (in the absence of local elections since 1997) is supposed to provide local administration has become a vehicle of choice for the theft of public funds. Each year districts receive development-designated funds that equal ten percent of the government’s total budget. A group of fourteen foreign donors chaired by the Asian Development Bank and DFID is contributing US$ 200 million under a scheme called the Local Government and Community Development Program. Many interviewees shared the conviction that much of the local funding was being diverted for party or personal enrichment.

An article by The Economist estimated that as much as 60 to 90 percent of all funds in the Terai were misused, while 25 to 50 percent of all development funds were misused in the mid-hill areas. There is little effective monitoring of the budget of local governments. Auditing procedures are easily circumvented, especially as many district governments tend to pass their annual budgets in the last two weeks of the fiscal year to avoid scrutiny. The tender process is pervaded by corruption and violence, and project delivery is hindered by scams. These include merely repainting, instead of repairing, disintegrating buildings and failing to construct budgeted roads. Local NGOs applying for grants hardly remain immune to the corruption pressures and are said to pay commissions of up to 50 percent.

Other local governance structures can equally represent important tools of both personal profit and political patronage power. Although nominally representing an entire village community, village committee and development council members often direct development money to their friends and clients. They also use their position on such local governance structures as a mechanism for acquiring political power. Since cumulatively some of these local governance structures can number hundreds of thousands of members on the national level, the political power of their representatives can be substantial.

As particularly underprivileged segments of Nepali society are systematically unable to hold their leaders accountable – both at the national and at the local level – political leaders tend to over-promise and under-deliver, and they exhibit little restraint in appropriating and diverting public funds. Instead of demanding more realistic political agendas and punishing leaders who fail to carry out their pledges, many underprivileged Nepalis try to maximize their patronage access by having different family members support different political parties.

Occasionally, some communities exhibit greater capacity for better local governance and for more effectively demanding better service delivery from government representatives. Among the areas where fieldwork was conducted, one community where such improved governance was identified was the village of Namche Bazaar, Solukhumbu district. The Sherpa community of these areas has been able to profit robustly from mountaineering and trekking related tourism, and its economic well-being has substantially improved over the past several decades. Even though some Sherpa politicians have increasingly

34. Dix (2011). (pp.9)
35. Hardoon (2011). (pp. 8) It is important to note that such corruption perception findings are the same for India, which considers itself South Asia’s longest and most established democracy.
37. See, for example: “Low Road through the Himalayas,” The Economist, May 31, 2011.
38. Author’s interviews with politicians, NGO representatives, and businessmen, Kavrepalanchok, Chitwan, Kaske, Banke, and Bardia districts, May 17-28, 2012.
40. Ibid.
41. Author’s interviews with village committee members and non-elite village community members in Banke, Bardia, Kavrepalanchok, and Chitwan, May 17-20, and 22-28, 2012.
42. Author’s interviews with politicians, NGO representatives, and ordinary Nepalis, Kavrepalanchok, Chitwan, Kaske, Banke, and Bardia districts, May 17-28, 2012.
played a prominent role in janajati mobilization in Kathmandu, the Sherpa community continues to perceive the central government as failing to deliver services and as being profoundly corrupt. As a result of its access to substantial financial flows going directly to the Sherpa businessmen and bypassing Kathmandu, the community has chosen to keep Kathmandu at arm’s length as much as possible, increasingly relying on local funding (or seeking contributions from abroad) for schools, clinics, and infrastructure development projects in its area. Key Sherpa business and community leaders admitted in interviews that one consequence of “giving up on Kathmandu” is that they pay only minimal taxes, substantially lower than they could afford to pay.

Nonetheless, even while governance and accountability mechanisms within the Sherpa community in these localities appear substantially better and more robust than in the researched Pahari and Terai rural areas, similar accountability mechanisms in Solukhumbu do not extend to members of non-Sherpa communities who have moved to the district. The vast majority of porters in the area, for example, are no longer the Sherpas, but instead poor Paharis whom the Sherpa businessmen pay only poverty-level wages and who barely eke out a living for themselves, let alone for their families. Resentment among those poor migrant Paharis toward the locally-dominant Sherpa community is growing.

Yet it is important to recognize that even as it is bemoaned, corruption is also widely tolerated. Many view patronage and clientelism as normal behavior, believing that when persons are temporarily in positions of power they need to use such access to provide for their extended family and secure income and employment. Nepalis are alienated from today’s politicians not merely through the existence of corruption, but primarily because of the ongoing paralysis of everyday life caused by the politically-motivated bandhs, the lack of a constitution, and standardized established governance processes. In other words, Nepalis would be willing to continue paying bribes if the politicians and bureaucrats were actually capable of delivering effective services in return for such informal “taxation.”

**Formal and Informal Institutions and Prevalent Norms of Behavior**

The culture of impunity is as pervasive as corruption, and growing. Formal justice mechanisms are either inaccessible to most, particularly for marginalized groups, or seen as increasingly politicized and corrupt. According to an estimate by a former Supreme Court justice and prosecutor, the effective prosecution rate is around 20 percent, hardly enough to deter law-breaking. Worse yet, the judiciary has become increasingly susceptible to political pressures to dismiss cases for a purported lack of evidence or to release convicted criminals. The March 2012 decision by the Maoist-Madhesi coalition government to withdraw criminal charges against 349 individuals, mostly Maoist and Madhesi party cadres, for example, drew strong criticism from human rights groups and political opposition, but was not reversed.

A robust judicial framework is also yet to emerge. Even when somehow immune from political pressures and corruption, prosecutors frequently lack the necessary skills to meaningfully coordinate with the police, seek robust evidence, understand legal precedents, and employ established prosecutorial standard operating procedures. Along with political pressures, intimidation of justice officials by criminal groups (often in cahoots with political actors) is also growing. On May 31, just a few days after the dissolution of the Constituent Assembly and the parliament, Supreme Court Justice Rana Bahadur Bam was shot dead in his car in Kathmandu by masked men in broad daylight. In October 2012, the investigation was terminated inconclusively, hinting only at the involvement of an “organized group.”

43. Author’s interviews with Sherpa businessmen, Solukhumbu district, May 13-16, 2012.
44. Author’s interviews with Padhesi porters and Sherpa businessmen, Solukhumbu district, May 13-16, 2012.
46. Author’s interviews with businessmen and members of lower castes and classes in Pokhara, Bharatpur, Nepalgunj, and the rural areas of the Banke district.
47. Because the study focuses on crime and governance, the discussion of formal institutions centers on rule of law and law enforcement institutions – the judiciary, police, and the army.
49. Author’s interview, Kathmandu, May 12th, 2012.
Although informal justice mechanisms, such as paralegal committees and NGOs, provide access to justice for some at the community level, their reach remains limited and does not sufficiently offset the deficiencies of the formal justice system.

The peace process aspiration of Nepal undertaking widely-accepted transitional justice processes with the country’s bloody civil war also remains elusive. In March 2013, the interim government enacted the Investigation of Disappeared Persons, Truth, and Reconciliation Ordinance. The measure created a commission to investigate human rights violations committed during the civil war. Controversially, the body will have wide discretion to recommend amnesty for those charged with human rights violations. Serious crimes, which with the exception of rape remain unspecified, will be referred to the attorney-general to initiate prosecution. The vagueness of the language seems to be in contradiction with previous statements by the government of Nepal that war crimes, crimes against humanity, and intentional killing will not be pardonable. Human Rights Watch (and several other human rights NGOs) also expressed concerns about the emphasis in the new ordinance on reconciliation between victims and perpetrators, fearing that victims might be put under pressure to withdraw charges.

A myriad of anti-corruption bodies have been established over the past several years, including the Commission for the Investigation of the Abuse of Authority (CIAA). In 2009, Nepal also adopted a national anti-corruption strategy. However, while on paper the mandate of the anti-corruption bodies is rather comprehensive, in practice, many of the bodies, including the CIAA, have not been able to investigate and prosecute effectively. The CIAA has been without a Chief Commissioner for years, with political parties unable to agree to any appointment due to concerns about privileging their rivals and exposing their own malfeasance. Yet when they occasionally do convict public officials, they do appear to have a positive, even if temporary, deterrent effect on crime and corruption.

Indeed, one the few positive developments in Nepal during 2012 was the conviction of three prominent politicians on corruption charges. These were not only two former Nepali Congress ministers Govinda Raj Joshi and Khum Bahadur Khadka, vulnerable in their new opposition role, but also Madhesi leader Jay Prakash Gupta, who was the standing minister for information and communications in the cabinet of the Maoist Prime Minister Baburam Bhattarai.

Other institutions and bureaucratic structures are also becoming politicized and increasingly less effective. Whichever political party comes to power tries to influence appointments and promotions, a process leading to a severe degradation in administrative capacity and a pervasive lack of merit-based personnel selection. Nepotism leads to mediocre appointments and poor-service quality. Many jobs in the public sector, such as police chiefs, are sold to the highest bidder, who expects to recoup most of his investment by demanding bribes from or defrauding the public.

The civil war left the police deeply demoralized and struggling to deliver basic law enforcement, especially in contested rural areas. Always exclusionary and dominated by privileged groups, and never accountable to the wider public, the police became particularly prone to political manipulation after the end of the civil war. The police are controlled by the top police commissioner in a personalized hierarchical scheme that is more centralized and tightly controlled than the Nepal military or many police forces elsewhere in the world. Top-level police officials are thus very powerful and can set up a clientelist pyramid, setting bribery targets for lower level officials. At the same time, under the current setup, the district police chief works under the chief district administrator, a political appointee essentially unaccountable to local communities. This system consequently requires district police chiefs to negotiate their anti-crime efforts with local politicians. If local populations were able to effectively hold the chief district administrator accountable, the police too would be at least indirectly accountable to local publics. But the current scheme only intensifies corruption and politicization of the police, strengthening links between crime and political parties and powerbrokers. On occasion,
politician also has been disguised as an increased recruitment of marginalized groups into the police ranks.\textsuperscript{53}

The reputation of the police for brutality, torture, and extrajudicial killings decreased after the end of the civil war. In 2012, however, the Terai Human Rights Alliance alleged that extrajudicial killings by the police in the region had again been increasing, citing at least four incidents.\textsuperscript{54}

Modeled on the British colonial police system in India, Nepal’s police officers are frequently deployed in areas where they lack knowledge of local communities and then are rotated out quickly, never getting to know the local community. Officers are also frequently reshuffled for nepotistic or otherwise corrupt reasons. The concept of community policing, featuring positive interaction with the ordinary citizens, and good relations with the public more broadly tend to be elusive.\textsuperscript{55} The majority of Nepalis, even when victims of crime, try to avoid or minimize interactions with the police.

Through its involvement in international peacekeeping, Nepal does have some highly qualified upper-level and mid-rank police officers; however, the quality of training for lower officers is severely inadequate. Worse yet, as in other sectors, appointments and promotions are becoming deeply politicized. Nepotism rules the appointment of police chiefs and often even low-level officers. Just like the judiciary, the police face severe pressures to release criminals linked to influential politicians and political parties. At the same time, however, there are substantial limits to the capacity of politicians to reform law enforcement institutions. For example, political leaders have not dared shut down the Armed Police Force (APF) created during the insurgency to combat the Maoists and notorious for human rights abuses. Instead, the APF has quadrupled in size since 2006, now numbering slightly under 40,000 members (with regular police numbering around 47,000).\textsuperscript{56} Serving more as a public-sector employment opportunity to secure votes for governing parties than as an effective law enforcement body, it has been an institution looking for a mission. Its tasks today focus primarily on border control, placing it in direct contact with smugglers and providing ample opportunities for corruption.

The investigative capacity of the police is limited. Although each district has a crime-scene team, the team usually numbers only three or four officers. Only one forensic lab operates in the entire country, requiring that all forensic evidence be sent to Kathmandu for analysis. DNA testing capacity is particularly lacking, as are resources and skills for combating specialized crimes, such as money laundering and cybercrime.\textsuperscript{57} Along with impunity for abuses, the lack of investigative capacities also encourages the use of torture to extract confessions from suspects – a police practice typical of South Asia, including India.

Police penetration by criminal groups is increasing. So far, it does not appear that criminal groups control entire police departments, as in Mexico, for example.\textsuperscript{58} Rather, they cultivate relations with and bribe particular police officials. While not under the thumb of criminal groups, such corruption networks within the police can run deep and wide and allow smugglers to avoid police interference in their trafficking activities anywhere in Nepal, from the borders to Kathmandu and beyond. The many police checkpoints that dot the main roads in Nepal are common loci not just of bribery by criminals, but also of extortion by the police.

Nonetheless, since the end of the civil war, the police are becoming more assertive and are growing in capacity. In some areas, such as in central and western Terai, the resurrected capacity of the police has had a positive effect in diminishing crime as well as improving relations with the community. In interviews with a wide set of civil society actors in both rural and urban areas of the Banka district, the district police chief, for example, was widely praised for cracking down on corruption and crime and increasing the

\textsuperscript{53} Author’s interviews with police officials in Kathmandu, Pokhara, Solukhumbu, Bardia, Banke, and Chitwan districts.


\textsuperscript{56} Author’s interviews with a former high-level Armed Police Force official, Kathmandu, May 12, 2012.

\textsuperscript{57} Most police departments have only one computer, for the district police chief, and most district offices are computer illiterate, with databases and evidence kept in piles of dusty and often-misplaced papers.

\textsuperscript{58} For an overview of Mexico’s crime and its impact on governance, see, for example: Felbab-Brown, Vanda (2009 b). “The Violent Drug Market in Mexico and Lessons from Colombia,” Foreign Policy at Brookings, Policy Paper No. 12, March 2009.
accessibility of law enforcement to the public, including with respect to crimes traditionally neglected by Nepal’s law enforcement, such as domestic violence.

The United Kingdom has supported several police and law enforcement reform projects in Nepal since the mid-1990s, but the 2005 royal coup led to the cancellation of these projects, including a prison management program. Overall, the focus has been predominantly on increasing police capacities by providing better training. Between 2007 and 2008, the United Kingdom also contemplated a pilot project in four or five districts to strengthen community policing and criminal investigations, but Nepal’s police rejected the program on the basis that the approach was too “piecemeal” and because it also included the training of chief district administrators, an idea that was resented by Nepal police. In the second half of 2012, the United Kingdom was planning to initiate a new police reform program.

Numbering around 95,000 and accounting for 12 percent of GDP, the Nepal Army has nominally not been involved in domestic public order and law enforcement – at least since the end of the civil war. Although officially outside of domestic politics and law enforcement, the Nepal Army remains a powerful player dominated by the privileged castes and with close links to members of the former monarchy. After the collapse of the Constituent Assembly in May 2012, the Nepal Army issued a declaration that it would follow orders from any “legitimate government,” without specifying what legitimacy in its eyes means. The army too is increasingly subject to political pressures and patronage, and identity-based factionalization is also beginning to affect this institution. It has avoided accountability for the many serious human rights abuses it perpetrated during the civil war, including extrajudicial killings, forced disappearances, massacres, and torture.

The October 2012 decision to promote Colonel Raju Basnet to brigadier general, despite the fact that he had supervised the notorious Bhairavnet Battalion during its involvement in torture and disappearances of detained Maoists, generated widespread criticism from the United Nations and human rights groups.

Efforts to make the Army more representative of the wider population through efforts such as incorporating former Maoist combatants have faltered. Having long opposed integration, the Nepal Army finally conceding to accepting Maoists into its ranks in 2011. But far fewer than the expected 6,500 Maoist fighters have joined the Nepal Army, and most ex-combatants have opted for payout packages. Well over 14,000 out of the estimated 19,000 Maoist combatants who had entered the post-civil war cantonments have preferred to retire after accepting a one-time compensation of $10,000. A large amount of that money is alleged to have been diverted by the Maoist party leadership away from the combatants to party pockets. Another 3,000 have disappeared from the camps.

Unlike in Indonesia, Burma, or Pakistan, the army does not have economic power per se or control over large sectors of the national economy. Nonetheless, its welfare fund, generated by member contributions and dividends from its participation in U.N. peacekeeping operations, now amounts to over US$ 220 million, and is meant to support about 700,000 current and retired army personnel and dependents. Although the use of the fund is somewhat unclear, it appears to be primarily invested in Nepal’s banking sector. The fund also operates schools, hospitals, and even gasoline stations. Overall, just like many

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59. Author’s interviews with former top-level police and Home Ministry officials, Kathmandu, May 10, 12, 16, and 29, 2012.
62. International Crisis Group (2011b). Nepal’s Fitful Peace Process, Asia Briefing No. 120. (pp. 17)
63. The Maoists were, of course, also very guilty of such abuses and other intimidation and coercion against civilians. For details, see International Crisis Group (2010a). Nepal: Peace and Justice, Asia Report No. 184, January 14, 2010.
64. For details on the process of incorporating the Maoists into the Nepal Army and the choices offered to the ex-combatants, see: International Crisis Group (2011c). Nepal: From Two Armies to One, Asia Report No. 211, August 18, 2011.
65. The number is disputed, and some put it as low as 13,000. United Nations verification teams originally identified 19,602 at seven cantonments in 2007. See: Shneiderman, Sara and Turin, Mark (2012). “Nepal and Bhutan in 2011: Cautious Optimism,” Asian Survey, 52(11). (pp. 139) But that number was later challenged, and no formal count was conducted after that as a result of a headcount boycott by the Maoists and before the combatants started being processed out of the cantonments. Many Nepali officials, especially those with links to the Nepal Army and former elites, believe that the Maoists both inflated the numbers of the ex-combatants and hired civilians to impersonate combatants in order to qualify for a greater total payoff (calculated on the basis of the total number of ex-combatants).
66. Author’s interview with a high-level Nepali official in charge of the cantonments.
68. Author’s interviews with security-sector NGOs, Kathmandu, May 17 and 30, 2012. See also: Dix (2011). (pp. 28)
other loci of power in Nepal, the Army has yet to face accountability for its past crimes and current conduct.

Hand in hand with the fundamental rewriting of the official rules of the political system and the entrance of many new political actors into the formal political sphere, Nepal’s social mores have also been undergoing a change. However, that change has been slow and far less dramatic than the visible political rearrangements. Caste membership still often dictates social interactions, and despite formal empowerment, lower-caste members still frequently cower in front of “important men.” In the context of deep-seated patronage and clientelism, cultivating such powerful men, through gifts or merely by spending time around the patron – a practice known as *chakari* – is seen as essential. Currying favor of the notables, in turn, is regarded as critical for the success of even everyday transactions. By and large, people are not used to demanding accountability from their leaders.

### The Regional Context

Comprehending Nepal’s geostrategic context also is important for understanding governance and criminality in the country. Increasingly, Nepal is the subject of geostrategic competition between India and China. For decades, India’s role has been dominant, and India still adopts the attitude of a rather heavy-handed big brother toward Nepal with a strong say in Nepal’s internal and external policies. For the past two decades and especially after the end of the civil war, however, China’s presence in Nepal has been growing steadily, and so has its leverage. With the exception of the Tibet issue, China still mostly chooses to exercise its influence in Nepal, in 2012 underpinned by a three-year US$ 1.18 billion aid package, in more subtle ways than India.

Previously, all of Nepal’s externally-executed construction projects went to Indian firms, but China recently has been able to win an increasing number of tenders. China has also provided money to the Nepali Army, the police, and various political parties – like India, seeking to cultivate friends among a spectrum of Nepal’s internal actors. It has even declared that it would consider any violation of Nepal’s sovereignty as a violation of its own. That statement was directed as much at India as at the West, and particularly the United States, which, Beijing fears, regards Nepal as another bulwark against the growth and projection of China’s power.

China is also strongly focused on the situation of Tibetan refugees in Nepal, resents Nepali support for them, and worries that Western countries could try to mobilize the Tibetan exiles in Nepal as a fifth column against China. Under Nepal’s laws, Tibetan refugees cannot obtain citizenship in Nepal, and their access to jobs and education, as well as government services, is restricted; but widespread corruption within Nepal’s police allows at least some Tibetans to evade the restrictions and illegally procure citizenship documents. This corruption, as well as pressure on local law enforcement officials exerted by the Sherpa and other Buddhist communities in the areas bordering China, allows Tibetan expatriates to circumvent their lack of refugee-status papers and avoid deportation.

Over the past year, however, China has become more effective at exerting political pressure on the Nepali state and local institutions to restrict activities of the Tibetan community in Nepal—influencing the Nepalese police to more frequently detain Tibetans during anti-China protests in Kathmandu, imposing limits on pro-Tibetan celebration, tightening the border to reduce the flow of Tibetan refugees to China (indirectly pushing smugglers’ fees to US$ 5,000 per person, and preventing some 5,000 Tibetan refugees to China (indirectly pushing smugglers’ fees to US$ 5,000 per person, and preventing some 5,000 Tibetan refugees in Nepal to leave for the United States where they would have been granted asylum). China has also been uncomfortable with the creation of strong, autonomous states within Nepal, particularly along ethnic autonomous states within Nepal, particularly along ethnic autonomous states within Nepal, particularly along ethnic autonomous states within Nepal, particularly along ethnic autonomous states within Nepal, particularly along ethnic autonomous states within Nepal.
lines, believing such an institutional structure would undermine its control of “anti-China” activity in Nepal.\textsuperscript{76}

Nonetheless, despite the growing role of China in Nepal and despite vociferous and widespread resentment against India’s intrusion into its affairs, Nepal’s cultural affinity to India is thick and the historic connections between the two countries are deep. Religiously, culturally, and linguistically, its bonds with India are far stronger than those with China. In the border areas of the Terai, complex familial links span the border and Nepali patronage networks extend into the Bihar and Uttar Pradesh state governments. Geography – namely, an easily-crossed open border with India, but a difficult mountainous barrier separating Nepal from China – also privileges Nepal’s interactions with India. Although it originally supported the emergence of an identity-based form of federalism in Nepal, India has apparently become less enthusiastic about it, viewing the polarized political competition, government paralysis and paucity of good governance in Nepal as potentially generating negative spillovers, including violence, into India.\textsuperscript{77}

Being the principal exporter of goods to Nepal, India also maintains strong economic relations with the country. Some Nepali politicians have come to see the highly asymmetrical economic relationship as problematic dominance by India. The Bilateral Investment Protection and Promotion Agreement (BIPPA) which the Nepali Maoist government signed with India in 2011 was widely criticized within Nepal as ceding too much of Nepal’s national interest to India, giving India unrestricted access to Nepal’s airspace, for example, and by failing to restrict the practice of Indian investors in Nepal to bring over their own skilled workers instead of hiring Nepalis.\textsuperscript{78}

All that said, various Nepali political actors, including the Maoists, have grown rather skillful in playing China against India and extracting aid and rents from both countries. In fact, Nepal’s political leaders tend to be highly focused on, and often exaggerate, the importance of Nepal to the outcome of the geostrategic competition among India, China, and the West. At the same time, they often consider Nepal a victim of a difficult regional neighborhood and use that analysis as an excuse for their inability to deliver better governance.\textsuperscript{79} This combination of a sense of both impotence and importance also leads them to believe that they do not need to yield to external – principally Western – pressures to improve governance. Thus despite the political stalemate in the country, relations between the United States and the Maoist government improved in 2012: in September, the United States revoked its designation of the Maoist UCNP(M) as a terrorist organization and removed it from the Terrorism Exclusion List.\textsuperscript{80} The Peace Corps also resumed its presence and activities in Nepal.

\textsuperscript{76} International Crisis Group (August 2012a). (p.27).
\textsuperscript{77} Ibid.
\textsuperscript{79} Author’s interviews with leaders of all four main political parties in Nepal as well as members of the bureaucratic establishment, Kathmandu, May 14, 17, 26, and 30, 2012.
II. The Nature and Scope of Organized Crime in Nepal

Crime in Support of Domestic Political Contestation

The nexus between crime and political parties in Nepal has been thickening and few political parties in Nepal are immune to using criminal groups for political purposes. In order to demonstrate street power via bandhs, political parties hire criminal groups to recruit young men to staff the barricades. Many of those recruited demonstrate at the bandhs as much for immediate material payoffs, such as a few hundred rupees or meat meal, as for their political beliefs and aspirations. The squatter and urban slum communities, in particular, represent prime targets for such bandh recruitment by criminal groups, but in exchange for such handouts political parties also bus rural residents to strike areas. Some political actors, such as janajati groups and youth wings of political parties, have openly called for violence and attacked journalists.

Youth wings of political parties, such as the Young Communist League (YCL) of the UCPN(Maoist), often engage in a variety of criminal activities. They extort businesses for “contributions” to the political parties, secure public tenders (such as construction projects) for their network of clients and party-supported contractors, and create an atmosphere of threat and insecurity to obtain votes and decision-making outcomes favorable to their interests. For many poor, these armed youth wings are a form of employment as well as a mechanism of patronage access.

Increasingly, however, the parties’ control over violence and the threat of violence, such as at the bandhs, has been weakening. The higher emotions and expectations among mobilized populations run, the more politicians risk losing control of the streets – even while utilizing criminal groups to mobilize the street. As a Nepal academic put it, “[a]ll political parties now have muscle power for threat, but the Maoists have coordination and discipline.” But even discipline with the rump Maoist party may be slipping, with protests by the YCL and Nepali Congress and UML supporters repeatedly escalating into violence over recent months, such as in January 2013 in the Kavrepalanchok district.

Finances of political parties are not transparent. The Maoists were pioneers in Nepal in using criminal activities in support of political objectives, including by augmenting financing. During the civil war, they taxed illegal logging in areas of their operations. After the end of the civil war, they came to directly participate in illegal logging in regions around cantonments that housed their ex-combatants. Large-scale areas near the cantonments were deforested, and the Maoist ex-combatants operated several sawmills within the camps, selling the processed timber to local merchants. Economic necessity – namely, an alleged usurpation of the combatants’ salaries by the Maoist party headquarters – may have intensified the scale of the illegal logging, while the broader local community had few means to oppose the deforestation.

During the war, the Maoists also taxed cannabis fields in Nepal. But because of the small scale of cultivation, their profits from the drug trade were nowhere close to the drug profits of the Taliban in Afghanistan or the Revolutionary Armed Forces (FARC) or the United Self-Defense Forces (AUC) of Colombia. Since cannabis eradication has also been limited, the Maoists were also not able to obtain anywhere near the level of political capital from their sponsorship of the illicit crop cultivation that many other insurgent groups have been able to.

Collection and international trade in yarchagumba – a form of caterpillar fungus scientifically known as ophiocordyceps sinensis – was also a significant part of fundraising for the Maoist insurgency. Used in Traditional

82. Author’s interview, Kathmandu, May 29, 2012.
84. Author’s interviews with a high-level Nepal officials in charge of the cantonment oversight and Maoists integration into the Nepal Army, Kathmandu, May 12, 2012.
86. Author’s interview, Kathmandu, May 12, 2012.
Chinese Medicine (TCM) and traditional Tibetan medicine and viewed as a potent aphrodisiac and cure for a variety of ailments, including cancer, *yarchagumba* was (and continues to be) highly profitable. It constituted such a substantial portion of the Maoist insurgents’ funding that the Nepali Army devoted significant resources to push the Maoists out of the subalpine grasslands around Dolpo in Karnali district and Darchula in Mahakali district where the caterpillar fungus is found.88 Despite the fact that collection of *yarchagumba* was legalized in Nepal in 2001 (and hence its proceeds were turned from illicit in the first part of the civil war to licit in the second part), the Maoists were not cut out from the now legal trade and continued to derive significant profits from it. (Obviously, they never had a harvesting permit or paid taxes during the civil war.)89 Even after legalization and the end of the civil war, the price of *yarchagumba* has continued to rise dramatically, increasing from 30,000-60,000 Nepali Rupees (NR) per kilogram in 2004 to 350,000-450,000 NR in 2010.90 The increase in the commodity’s value has generated new inter-village conflict over access to the grasslands in recent years, with feuding local villagers killed on several occasions.

During the civil war, the Maoists also seized a great deal of land – with the ostensible purpose of redistributing it among the poor. They have since returned some of this land, but still hold or have sold the rest. Land administration is widely perceived as one of the most corrupt institutions in Nepal,91 and land speculation abounds, with prices of land rapidly increasing in many urban areas as a result of urbanization, decreased violence, and nefarious land sale practices.92 At the same time, unlike in many post-conflict and post-authoritarian countries, Nepal’s existing land cadaster seems to have a great degree of acceptance among the population and disputes over titles do not appear to be very prevalent at the village level – at least in the districts visited by Dr. Felbab-Brown – in comparison with places such as Afghanistan, Guatemala, or Colombia.93 At least on the basis of the several dozen interviews the researcher was able to conduct on the issue during her fieldwork, the acceptance of the cadaster and land titles also appears to be greater even than in India. If this finding of the study is indeed robust (and further, more extensive research on the issue needs to be undertaken, as the finding was unexpected), development and governance efforts in Nepal may face lesser difficulties in overcoming what frequently is a key source of criminality and underdevelopment in much of the developing, post-conflict world, i.e., the absence of clear and accepted land titles.

Whatever the extant legitimacy of the land registry, even accepted titles do not solve the problem of landless people, of which there are many in Nepal – in both urban and rural places. Many were displaced by the civil war; some lacked titles even before the war. Others moved to urban slums such as in Kathmandu in search of better economic opportunities. Under Nepal’s caste system, which continues to treat certain groups as subservient, many people have been tilling private land for a distant owner and now are now demanding compensation in the form of titles. In other cases, landless people might have been farming and improving public or privates lands for years with *de facto* agreement from land owners. In several districts of the Terai, for example, a land use system called *ukhada* (“displaced”) was practiced: The tillers would have no formal contact with the owner and could be expelled at any time, but paid rents to the absentee landlord, in addition to providing labor to the landlord when required. Many of such landless people have come to demand a transfer of the land, often through aggressive protests exploited by political parties.94

Deep and wide grievances about land distribution in Nepal thus persist. In 2011, the Nepal government established a Squatters Problem Resolution Commission to identify squatters and distribute ID cards and land ownership documents in some 25 districts across Nepal. Given the

89. The fact that a commodity is illegal and that law enforcement actions are being taken to stop trade in that commodity artificially inflates the price of the commodity – the so-called crime tax. Legalization eliminates this crime tax.
92. Author’s interviews with real estate agents and other businessmen in Kathmandu, Pokhara, Nepalgunj, and Bhairupur, May 2012.
93. Author’s interviews with small and large landowners, businessmen, and real estate agents in urban and village areas of the Chitwan, Banke, Bardia, Kavrepalanchok, Kaski, and Solukhumbu districts.
land distribution issue is inevitably conflict- and delay-prone even when the national and local governments actually function (which has only sporadically been the case in Nepal since 2011), much of the work of the Commission remains yet to be undertaken.

Madhesi political parties also cultivate particularly strong relations with criminal groups in the troubled and neglected Terai region, where state presence is often minimal and where approximately half of Nepal’s population of 26 million live. Between 2005 and 2009, many Madhesi armed groups proliferated in the region, and at their peak in 2008 numbered over one hundred.55 (Some of the groups, however, only had membership in single digits).56 Drawing clear distinctions between politically-motivated Madhesi armed groups and criminal groups who wrap themselves in the mantle of Madhesi political mobilization is very difficult, as both resort to extortion, cross-border smuggling, and robberies,57 and neither is particularly engaged in the delivery of “public” goods or socioeconomic services to the local population.58

Over the past two years, many of the Madhesi armed groups disintegrated and much of the violence perpetrated by them fizzled out. Some security experts estimate that only a few groups now remain active in the Terai.59 Several factors contributed to this outcome: first, many businessmen have moved out of rural (and in some cases even urban) Terai to Kathmandu to escape extortion, reducing extortion payoffs in the Terai.100 (Extortion of the business community by political parties in Kathmandu is also highly prevalent.) Second, many of the armed groups were never organizationally strong. Third, according to some experts, the strengthening of the law enforcement presence in the Terai since 2010 helped hamper the operations of the Madhesi armed groups.101 Within the framework of a Special Security Plan, Nepal’s Armed Police Force has been deployed to eighteen districts along the border, allegedly making it more difficult for Madhesi armed groups to use India’s Bihar and Uttar Pradesh states as safe-havens. Yet it would be incorrect, if not contradictory, to draw the conclusion that the approximately 1,800 km-long open border between India and Nepal has come under government control.

In addition to the increase in the number of law enforcement officials deployed to the border areas of the Terai, the government’s Special Security Plan also augmented the number of police checkpoints on roads connecting the Terai and India, and intensified the frequency of police searches of cars with Indian license plates, thus at least temporarily complicating smuggling operations and perhaps reducing arms flows from India. At times and in particular areas of the Terai, increased law enforcement has hampered smuggling – often negatively impacting the livelihoods of poor populations in the Terai dependent on smuggling of various licit and illicit goods for subsistence.102 In other cases, augmented law enforcement has only increased the corruption premium demanded by law enforcement officers from smugglers.

A reduction in violence in the Terai is also believed to stem from the fact that the substantially increased political power and visibility of Madhesi political parties at the national level has reduced their need to resort to the type of violence previously perpetrated by the Madhesi armed groups. (Nonetheless, the Madhesi parties still need muscle power for the organization of bandhs and the collection of “contributions.”) The government of Nepal has engaged in direct negotiations with some Madhesi armed groups, a development enabled by the presence of the United Democratic Madhesi Front (Madhesi Morcha) in the coalition government.

The overall sense among those interviewed for the study in the Terai and among experts interviewed in Kathmandu is that extortion and abduction rates in the region

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98. Author’s interviews with NGO representatives and poor Nepalis in urban and rural areas of Bardia, Banke, and Chitwan districts, May 17-20 and 24-28, 2012.
99. Author’s interviews with NGO, think tanks, and police security experts on the Terai, Kathmandu, May 29 and 30, 2012.
100. Author’s interviews with businessmen in Bardia, Banke, and Chitwan districts, May 17-20 and 24-28, 2012.
101. Author’s interviews with NGO, think tanks, and police security experts on the Terai, Kathmandu, May 29 and 30, 2012.
102. Author’s interviews with NGO representatives and poor Nepalis in urban and rural areas of Bardia, Banke, and Chitwan districts, May 17-20 and 24-28, 2012.
declined between 2010 and 2012. (The police do not have – or are not willing to release – any actual concrete data, and thus those assessments by both army and police officers and citizens in the Terai are mostly atmospheric.) These reductions in certain types of political violence and criminal rates in the Terai do not, however, imply that a climate of fear in the Terai, particularly among vulnerable segments of the population, has been eliminated. Many urban and rural residents still believe that in order to assure their safety and secure their everyday transactions, they need to provide payoffs to and engage in complex negotiations with powerful local actors, whether local strongmen or armed criminal gangs. Such a climate of fear, in part the result of the escalating bandhs, is increasing in other parts of Nepal, including in the Pahari (Nepal's mid-hill) areas.

Crime linked to political actors also includes various financial scams, shell companies, and fake loans that politicians and government officials never intend to repay. Nepal lacks even elementary oversight of its banking sector, with due-diligence, know-your-customer, and disclosure rules nonexistent either on paper or in practice. A law criminalizing money laundering has yet to be adopted. The risk of Ponzi and similar schemes to defraud the population or launder illicit proceeds via the former banking sector remains high. In fact, even the well-known microcredit Grameen Bank judged that it was not able to create a successful program in Nepal due to corruption and pressure from high-level officials to receive kickbacks.

External Organized Crime Groups and Terrorist Organizations Impacting Governance in Nepal

The porous border between India and Nepal, the fact that Indian and Nepali nationals do not need a passport to cross the border, and the difficulties in physically distinguishing who is Indian or Nepali not only facilitate smuggling, but also enable the existence of safe-havens for terrorist and other armed groups on both sides of the demarcation line. The Indian government has long complained that terrorist groups such as Lashkar-e-Taiba, Harakat-ul-Mujahideen and Harakat-ul-Jihad-ul-Islami use the cities of Nepalgunj and Birgunj for planning, financing, and recruitment to conduct terrorist operations in India. Interviews among the Muslim community in Nepalgunj suggested that radicalization of the Muslim population was taking place to some extent and that at least some mullahs were preaching violent jihad and possibly facilitating recruitment for terrorist groups. Although anti-Indian terrorist activities originating in Nepal do not necessarily directly affect Nepalis, the broader atmosphere of fear and communal tensions that criminal-terrorist networks stir up in border areas have a dramatically negative effect on the human security of the Terai population.

Radicalization in turn increases stigmatization of the Muslim community and intensifies ethnic tensions with the Hindu community. Nepal expert Jason Miklian, for example, argues that a major Terai businessman and smuggler, Hamid Ansari, would regularly play up Hindu-Muslim communal tensions, with major negative impact on local governance and ethnic equality, to cultivate political cover for his criminal enterprises, secure impunity for himself, and mask his turf war against Hindu criminal organizations as Hindu-Muslim communal violence.

Having long defined counterfeit currency rackets with Indian rupees as a national security threat, India regularly accuses Pakistan of being behind or exploiting the extensive counterfeiting networks that span the India-Nepal border. New Delhi alleges that Pakistan’s intelligence services use the Indian currency counterfeit networks to fund terrorist groups like Lashkar-e-Taiba and conduct

103. Author’s interviews with Nepal Army and police officers, businessmen, NGO representatives, political party representatives, and rural residents in Bardia, Banke, Kavrepalanchok, and Chitwan districts, May 17-20 and 24-28, 2012.

104. For details, see: Jason Miklian (2009a), “Illicit Trading in Nepal: Fueling South Asian Terrorism,” PRIO South Asia Briefing Paper #3. (pp. 8 and 13)


106. Miklian (2009a) (pp. 16)


108. Author’s interviews with Muslim NGO representatives and Muslim community members, Nepalgunj, May 25, 2012.

109. Hamid Ansari avoided arrest as a result of his political connections and network of corrupt police officials.

110. Miklian (2009a) (pp. 5)
asymmetric warfare against India.\textsuperscript{111} Two prominent Nepali media magnates, Yunus Ansari and Jamim Shah, were alleged to be part of a currency trafficking network run by Dawood Ibrahim.\textsuperscript{112} (Shah was murdered in 2010, allegedly by Babloo Shivastava.) Ansari, the son of a former Nepali minister, was arrested in 2010 after being caught receiving 2.5 million in fake Indian currency from two Pakistani couriers.\textsuperscript{113} Former Nepali crown prince Paras Shah was also alleged to be part of the Dawood network, using his connections to assure that currency moved freely within Nepal.\textsuperscript{114} The counterfeiting of passports appears to be another growing illegal activity in Nepal, though it faces rather steep competition from Indian criminal groups and significant technological challenges, and is still less pervasive than counterfeit currency smuggling.\textsuperscript{115}

India has also complained that Nepal's government has been meek in cracking down against other anti-Indian armed groups, such as the Naxalites who occasionally use the Terai as a safe-haven. In turn, the government of Nepal has periodically accused India of tolerating Madhesi armed and criminal groups using Indian territory as a safe-haven in order to cultivate support among Madhesi political actors for Indian interests. Some former and current Nepali police officials and army intelligence officers also believe that India has used Indian and Nepali criminals operating in Nepal, including big-time gangsters like Chheta Rajan and Babloo Shivastava, to conduct clandestine operations. Among the most serious accusations is that Indian intelligence services used criminal groups operating in Nepal to carry out the 1989 assassination of Mirza Dilshad Beg, a Nepali Muslim member of parliament and chairman of the Muslim association whom India suspected of anti-Indian terrorist activities.\textsuperscript{116}

Because no extradition treaty exists between India and Nepal, police forces from both countries regularly and informally cross the border to capture criminals. At times there is tacit cooperation in such raids; at other times the raids can escalate into significant bilateral incidents. Yet it is also important to note that India has provided training for Nepal's police forces, and there are complex networks and complicated relations between the police forces of the two countries. Recently, China too has started providing training for Nepal's police forces, as part of its lobbying to encourage the Nepali police and Home Ministry to crack down on Tibetan expatriates in Nepal.

While Indian criminal groups in Nepal at times behave brazenly, the activities of Chinese criminal groups in the country are more hidden. The presence of Chinese organized crime in Nepal has also been considerably smaller than that of Indian organized crime. Yet Nepali police officers and Army intelligence officers believe that the presence of Chinese criminal activities in Nepal is growing – not just in its traditional activities of wildlife and timber smuggling, but also in human trafficking and mineral smuggling. Border areas such as Dolpo, where Chinese-funded tourism businesses and construction are expanding, are also believed to serve as money-laundering opportunities for Chinese criminal and business networks.\textsuperscript{117}

**“Economic” Crimes**

Nepal's criminal landscape is fortunately still at a rather primitive stage in organized crime formation. Criminal groups, even notorious ones such as the Milan Gurung and Dinesh Adhikari gangs, tend to be mostly small organizations, rather than highly complex – whether hierarchical or networked – operations. They appear to reach nowhere near the level of sophistication and organizational complexity that criminal groups operating in India or Pakistan, for example, have.

The level of violence the Nepali criminal groups perpetrate in support of their profit-seeking activities is also fairly limited, when compared with criminal organizations in other parts of the world, such as Colombia or Mexico. One reason for the limited level of this type of criminal violence

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111. Author’s interviews with Indian government officials, Washington, DC, June 20, 2012.
117. Author’s interviews with current and former top-level police officials and Nepal Army intelligence officers, Kathmandu, May 10, 12, and 29, 2012.
may well be that it is easy to exercise corruption in Nepal, and even limited coercive threats achieve their desired effects, including impunity. Nepali criminal groups have been able to cultivate networks of political support at the highest levels of law enforcement institutions and at the top level of political parties. The former Home Minister Bijay Kumar Gachchadar, for example, was accused of protecting the criminal don Ganesh Lama. Overall, Nepal’s pervasive culture of corruption, nepotism, impunity, and politicization provides an easy operating environment for criminal groups. Paradoxically, more effective law enforcement and prosecution of criminal groups may, at least initially, provide an impetus for criminal groups to resort to intensified violence.

Although Nepal’s crime for profit can be characterized as “economic” in order to distinguish it from the previously-discussed crime in support of political objectives, even economic crime can have political effects. Such political effects of “economic” crime can be acutely felt with respect to the allegiance of local populations toward the state and local governance overall. Yet one of the most striking characteristics of criminal groups in Nepal is their failure to provide “public” goods and socio-economic services to local populations in their areas of operation. From the urban centers of Sicily and small villages in Ghana to Karachi’s slums and Rio de Janeiro’s favelas, criminal groups frequently provide a variety of “public” goods and socio-economic service: They regulate the level of criminal violence, provide dispute resolution and informal adjudication mechanisms, and deliver clinics, schools, the pavement of roads, or at minimum distribute small handouts to secure the support of local populations. Yet during the research conducted in Kathmandu and Kavrepalanchok, Kaski, Bardia, Banke, Chitwan, and Solukhumbu districts, only one criminal group was identified to engage in any kind of public or socio-economic goods distribution or any other efforts to cultivate support among local populations. The one exception was the Lali Guras group in Pokhara, which has distributed some of its profits from local drug sales and extortion of real estate businesses among the poor.

One possible reason why criminal groups in Nepal have not yet systematically learned that building political capital among local populations is highly advantageous is that they face little competition in anchoring themselves among the people from other non-state actors. During the civil war, the Maoist insurgents did provide alternative courts, for example, but they have ceased to do so after the civil war ended. Apart from being the source of employment and patronage for its members, the youth wings of political parties do not systematically engage in the provision of public goods or even limited socio-economic benefits to local populations, even though they publicly emphasize their community service activities along with party development functions. On occasion, the UCPN(Maoist)’s Young Communist League has undertaken some activities purported to curb local crime and social “evils” such as gambling and corruption. Nonetheless, the level of such “public good” activities by the youth wings remains quite limited. Moreover, as in the case of restraining their own use of violence, criminal groups in Nepal perhaps assess that there is little need for costly investment in cultivating political capital among local populations if they already have easy and secure access to key politicians and law enforcement and justice officials.

Nor have criminal groups in Nepal yet congealed into systematically controlling property or providing contract enforcement. Even as they at times mediate the interface of the city of Pokhara and the Kaski district. To strengthen its Robin Hood image, Lali Guras also organized a rather popular blood donation. In 2012, the group announced that it would cease its criminal activities and concentrate purely on social work. The growing political capital of Lali Guras has come to be seen as threatening by at least the local Maoist cadres in Pokhara, perhaps because both groups seek to curry favor with the local urban poor.

120. For details, see: ibid.
121. Author’s interviews with a prominent Pokhara journalist, May 22, 2012.
122. Author’s interviews with a Maoist party leader for the Kaski district, Pokhara, May 23, 2012.
123. For details on Maoist mobilization during the civil war, see Bharadwaj et al (2012).
124. Carter Center (2011). (pp. 8-14)
125. Ibid. (pp. 9)
between local illicit markets and transnational illicit flows, they continue to compete for and intermesh with the armed youth wings of political parties for local control of coercion.

**Extortion, Contract Wars, and Tax Evasion**

Distinguishing extortion of businesses on behalf of political parties from extortion in which the proceeds are kept by criminal groups is very difficult in Nepal. One reason is that apart from using their youth wings to collect the “contributions,” political parties also use criminal groups for the same purpose. Nonetheless, businessmen interviewed in Kathmandu, Pokhara, Bharatpur, and Nepalgunj overwhelmingly claimed that the vast majority of extortion they face was extortion on behalf of political parties.127 Most believed that the police were doing little to tackle such extortion, though exceptions were reported in Nepalgunj where the district police chief was seen as having reduced the pervasiveness of extortion by cracking down on criminal groups in the city.128 The success of the crackdown in Nepalgunj was attributed to the fact that the police chief resisted corruption and decided to act on existing intelligence, in contrast to previous Banke police chiefs who allegedly had known who the extortionists were but chose not to close their eyes to the problem.129 Similarly in Kathmandu, there was a perception that extortion at least temporarily declined in response to periodic police actions against the extortion rings.130 Nonetheless, police actions against extortion in Nepal remain sporadic at best. Nepal still lacks both anti-extortion and anti-kidnapping laws as well as specialized units for responding to such types of crime. Police and prosecutors do not have effective tools to bring extortion cases to successful prosecution in courts. Some businessmen reported having knowledge of other businessmen who had sought to acquire arms or hire private security companies to protect themselves from extortion, but such countermeasures appeared far less common than simply paying up.

Apart from political cronyism that makes operating businesses difficult for those who do not pay their “political” dues, one reason for yielding to extortion may well be that the level of payoffs was not reported to be crippling. Businessmen complained with equal chagrin about the need to pay bribes to government officials to secure permits, licenses, and contracts. Several interviewees also alleged that business rivals were using criminal groups to establish local monopolies and push economic competition out of business. Yet the level and violence of such criminal contract wars did not appear to reach the scale of such nefarious activities in India, Pakistan, or Afghanistan, for example. A more frequent mechanism in Nepal seemed to be reliance on political patronage or on youth wings of political friends to secure monopolistic tenders for business operations.

**Tax evasion** and under-invoicing were acknowledged to be very common. While the post-2008 Maoist government was perceived to be more effective in collecting taxes than its predecessors,131 its tax intake also benefited from increased remittances from Nepalis abroad. The remittances in turn boosted taxable purchases in Nepal, including imports. Many interviewed businessmen noted that Kathmandu has little monitoring capacity to effectively assess the revenues of a business and that business owners largely declare what they want and pay an income tax of their choosing. The inability of the state to effectively collect taxes, of course, not only diminishes the state’s resources, but also decreases incentives for the business community to demand greater transparency and accountability, better support for businesses, and lesser red tape from the state.

Compared to other illegal economies in Nepal, automobile smuggling generates less significant threats to public safety, economic development, human security, and Nepal’s ecosystems than other illicit economies analyzed in this report. Nonetheless, along with the smuggling of many other legal goods, it does reduce state revenues. Thousands of cars and motorcycles are stolen yearly in India and smuggled into Nepal. In one high-profile case, a Nepali film producer Ganga Bahadur Bhandari sold

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127. Author’s interviews in the above named cities, May 2012.
128. Author’s interviews with businessmen and NGO representatives, Nepalgunj, May 24 and 25, 2012.
129. Author’s interview with a well-placed source, Nepalgunj, May 28, 2012.
in Nepal up to 4,000 cars stolen from India, mostly New Delhi.\textsuperscript{132} Bhandari functioned as a contact point for several gangs of carjackers.\textsuperscript{133} Similarly, around 5,000 motorcycles a year are pilfered in India, many of them in Uttar Pradesh, and smuggled into Nepal principally via the Rupalhiya crossing. Nepali Maoists appear to be a major customer for the stolen vehicles, reportedly paying NR 25,000 for a 150cc motorcycle.\textsuperscript{134} After a deal is struck, the Indian thief changes the license plates and hires others to drive the pilfered conveyance across to Nepal.\textsuperscript{135} The smuggling thus also supports an illegal economy in fake or stolen license plates.

Drug Smuggling

Since the 1960s, when Nepal's supply of hashish attracted droves of Westerners, Nepal has been a transshipment country for narcotic drugs, especially opiates and methamphetamines produced in South and Southeast Asia. Seizures of opiates heading from Afghanistan and India to Europe and of methamphetamines heading from India to China or Europe regularly take place at Kathmandu airport.\textsuperscript{136} Seizures of the illicit substances usually amount to single or double-digit kilograms.\textsuperscript{137} In March 2012, the largest drug bust since 1991 led to the seizure of 105 kg of opium trafficked to Nepal and the arrests of some 630 traffickers.\textsuperscript{138}

That success notwithstanding, there are good reasons to doubt the capacity of Nepal's police to run Western-style interdiction operations that collect intelligence on drug networks over many months and that are able to arrest hundreds of operatives of a drug trafficking organization in one sweep. More often than not, counter-narcotics operations undertaken by Nepal's police are wide-cast dragnets that round up vulnerable members of the population in the hope of obtaining incriminating evidence through interrogation, rather than arrests executed on the basis of preexisting evidence.

Drug trafficking groups in Nepal appear to lack substantial vertical integration. Rather than being dominated by several Mexico-like large-scale franchises, such as the Sinaloa and Juarez cartels, drug smuggling in Nepal appears to be conducted by many small groups whose individual power over Nepal's drug market is limited. One likely implication of such criminal market structure is that if more systematic and enhanced interdiction operations were undertaken in Nepal, they could inadvertently contribute to a substantial vertical integration of drug trafficking there. Such an inadvertent process of law enforcement encouraging vertical integration of smuggling groups is a frequent phenomenon, recently experienced in Afghanistan, for example, since law enforcement actions tend to eliminate first the weakest drug trafficking groups with the least capacity to corrupt and intimidate law enforcement and political actors. Preventing such undesirable outcomes requires that law enforcement agencies adopt a sophisticated interdiction strategy that privileges targeting the most violent groups or those with the greatest capacity to corrupt institutions or greatest proclivity to cooperate with terrorist groups first. In turn, such a targeting strategy requires both an extensive intelligence capacity and the ability to resist political pressures on the part of law enforcement and justice institutions.\textsuperscript{139} Both requirements are likely to remain elusive in Nepal for a long time.

In addition to being a drug transshipment country, Nepal is also a producer of hashish, marijuana, and opium – with the Makwanpur, Bara, and Parsa districts in south-central Terai being important centers of cannabis and opium poppy cultivation. There is a paucity of serious data on the scale of illicit crop cultivation in Nepal: neither the United Nations Office on Drugs and Crime (UNODC) nor the U.S. Department of Justice (DoJ) publishes data on opium poppy cultivation. There is a paucity of serious data on the scale of illicit crop cultivation in Nepal: neither the United Nations Office on Drugs and Crime (UNODC) nor the U.S. Department of Justice (DoJ) publishes data on opium poppy cultivation.

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State Department in its Annual Narcotics Control Strategy Report provide estimates of the level of cultivation. While the Nepali, and at times the international, press tend to treat drug production in Nepal with alarmist sensationalism, the level of cultivation appears low both in terms of the overall global drug production and in comparison with levels of cultivation elsewhere in South and Southeast Asia. A former top-level Nepali counter-narcotics official estimated that annual cultivation of cannabis hovered around 1,800 hectares (ha) while annual cultivation of opium poppy, found in 25 villages, came to approximately 1,600 ha. Although a 2011 International Narcotics Control Board report stated that Nepal is the biggest producer of cannabis resin in South Asia, such ranking seems hardly justified in light of the fact that India’s cannabis cultivation is estimated at 4,265 ha and Afghanistan’s between 9,000 and 29,000 ha.

As in the case of drug trafficking, drug production in Nepal still remains at a primitive stage with little processing into high-value products, such as heroin, taking place within Nepal. Indian traders seem to be the primary purchasers of Nepal’s opium, paying Nepali farmers between US$800 and US$1,000 per kilogram of raw opium.

Nepal’s cannabis and poppy farmers tend to be poor and struggle to compete in legal agricultural production. A collapse of the sugar cane industry around Birgunj, for example, encouraged farmers to switch to illicit crops. Such a move is facilitated by the presence of Indian opium traders in Nepal who often advance credit and seed to Nepali farmers to cultivate illicit crops. A legal microcredit system is either altogether nonexistent or difficult to access for many rural Nepalis, increasing the likelihood that economic hardship could lead them to cultivate illicit crops.

Since the 1980s, when the United States sponsored eradication efforts in Nepal, limited eradication drives periodically take place. The threat of eradication has at times forced farmers to switch to licit crops, such as rice, but as structural drivers of illicit crop cultivation persist, the sustainability of such periodic and localized disruptions of illicit crop cultivation remains minimal. Strikingly, Nepali armed actors—whether the Maoists during the civil war or the Madhesi armed groups after 2006—have not systematically tried to offer their protection services to the illicit poppy farmers, like the Taliban in Afghanistan, the Shining Path in Peru, or the FARC in Colombia have successfully done. The limited scale of illicit crop cultivation likely is one reason. Another is the ease of corruption that allows farmers to avoid having their fields destroyed for a bribe: Only 35 hectares of opium poppy were eradicated in 2009 and perhaps as many as 270 ha, still a very low number, in 2010, for example. The most vulnerable farmers—often the poorest in a village and hence least able to pay a bribe and those lacking political connections—have born the brunt of eradication.

Alternative livelihoods efforts have been minimal and inadequate in both scope and design. They have consisted mainly of information campaigns, failing to meaningfully address structural drivers of illicit crop cultivation, such as the absence of infrastructure and value-added chains for legal crops. Prices for rice and other subsistence crops also mostly remain significantly lower than for illicit crops. Development of effective alternative livelihoods strategies is hampered by the fact that Nepal’s laws prohibit the export of food and agricultural products.

Illegal Logging and Timber Smuggling

Although illegal logging in Nepal reaches nowhere the level of industrialization and intensity of illegal logging in Indonesia, for example, its scale is nonetheless substantial. By some accounts, 30,000 ha of forest...
were destroyed in 2010 alone.\textsuperscript{153} A research survey by the conservation group Resources Himalaya, estimated that four trees were cut in the Terai region every twenty minutes.\textsuperscript{154} Saal is the timber species primarily logged in the Terai, while various pine species are illegally cut in the Himalayas. The cut saal and pines are both consumed domestically and exported – in the north to China and in the Terai to India. The endangered and highly-prized sandalwood is also smuggled via Nepal from India to China.\textsuperscript{155}

Illegal logging in Nepal likely employs greater numbers of people than drug cultivation. The fairly high labor intensiveness of logging in Nepal can be partially explained by the fact that tree-cutting methods in Nepal can be somewhat archaic, with logs cut down by handsaw instead of chainsaw and removed from the forest by bullock carts. Nonetheless, sawmills are emerging in southern Terai near areas of particularly intense illegal logging, and a switch to chainsaw methods and hence rapid expansion of the scale of illegal logging can be expected. Forest communities in particular are often dependent on illegal timber and other non-timber forest-product extraction for basic livelihoods. Barely eking out a subsistence existence and among the poorest in Nepal, they continue to encroach on national park land, often with highly detrimental effects on the ecosystem.\textsuperscript{156}

The creation of so-called buffer zones around national parks – where local communities can collect thatch grasses and other products – and the policies of involving communities in forest conservation and of transferring some of the park revenues to local communities have had definite positive effects on conservation. Comparative research shows, for example, that the level of illegal resource extraction from protected areas and the intensity of human encroachment on protected areas is lower in areas with buffer zones than in protected areas without buffer zones.\textsuperscript{157} Indeed, forest wardens, community members, and conservationists all prefer the current policy to a previous “fence and fine only” approach of excluding forest communities from protected areas, removing their customary rights, and completely restricting their use of forest resources. Such a policy used to be prevalent when the government was the sole owner of forests.\textsuperscript{158}

Yet many problems beset current regulatory arrangements. In theory, the local community should receive up to 80 percent of national park revenues. Nonetheless, both in the Terai and the Himalayas, local community representatives reported receiving far less and in some years nothing, with park revenues reportedly diverted for other priorities (and possibly for personal profits).\textsuperscript{159} Frequently, neither the resources available from a buffer zone nor alternative livelihoods projects for communities living in or around national parks have been sufficient to assure even subsistence living and prevent continued illegal resource extraction in the national parks.\textsuperscript{160} Such problems were particularly intense in protected areas in the Terai. In contrast, mountaineering and tourism in the Himalayas significantly improved the economic status of the Sherpa community. Nonetheless, illegal logging and wildlife poaching were reported even there.\textsuperscript{161}

Local community members frequently complained about a lack of responsiveness from forestry officials and park wardens to their needs and, particularly in the Terai, also about limited horizontal accountability of village development committee (VDC) members. VDC members who interact with park officials are often local elites, with women and disadvantaged groups rarely represented. Since committee members can obtain significant political

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154. Author’s interviews with representatives of Resources Himalaya, Kathmandu, May 29, 2012.
155. It is difficult to estimate how much of the sandalwood intended for the Chinese market is diverted for sale in Nepal. Out of eight tourist shops visited in Bhaktapur, only two carried sandalwood statues, ranging between two and ten inches in size. Selling them for hundreds of dollars per statue, both stores claimed to have only five or less such sandalwood figures. Both sellers in both stores also indicated that Chinese customers were the most frequent buyers.
156. Author’s interviews with forestry officials, wardens, officers of army units in charge of national park protection, and members of forest communities living in park buffer zones, Solukhumbu, Chitwan, Bardia, and Solukhumbu districts, May 13-16, 18-20, and 25-27, 2012.
159. Author’s interviews with forestry officials, village committee members, and local community members, Solukhumbu, Chitwan, and Bardia districts, May 13-16, 18-21, and 26-28, 2012.
160. Author’s interviews with forestry officials, wardens, officers of army units in charge of national park protection, village development committee members, and other members of forest communities living in park buffer zones, Chitwan and Bardia districts, May 18-20 and 25-27, 2012.
161. Author’s interviews with businessmen and law enforcement officials, Solukhumbu district, May 13-16, 2012.
access by virtue of their position on the committee and hence cultivate their own patronage networks by selectively disbursing park revenues and compensation to clients, conflict between VDCs and the broader community they purport to represent is not infrequent. The fact that no local elections have taken place in Nepal since 1997 compounds the lack of accountability at the local level.162

Other research has also highlighted that forest and buffer zone communities lack the power to modify existing rules and function under constraint, with delegated responsibilities and strict controls, from the park management.163 At the same time, however, enforcement against park encroachment is often unsystematic, with park officials frequently closing their eyes to illegal resource extraction by forest communities. The researcher herself observed members of local communities collecting various forest resources at times rather deep in both Chitwan and Bardia National Parks, with forest officials reacting only with an oral warning, even while the punishment for illegal tree cutting can be up to seven years of imprisonment.

Official complicity in illegal logging and other forest encroachment by local forest communities far exceeds the complicity of local level forestry officials. Forestry officials have been accused of colluding with traders and logging companies and issuing excessive logging permits while engaging in minimal monitoring.164 The forestry sector lacks transparency, and political parties regularly protect illegal loggers and traders.165 Political instability, the lack of a land use policy, and poor capacity on the part of stakeholders all limit the effectiveness of efforts to combat illegal logging and timber trafficking.166 Conservation NGO representatives and high-level law enforcement officials indicated that combating illegal logging is near the bottom of priorities of the Nepal government.

Nonetheless, differences in the level of law enforcement against illegal logging could be registered, with somewhat greater crackdown palpable in the Himalayan areas than in the Terai.168

Political parties further compound the problem of deforestation and illegal squatting in national parks by luring landless communities into protected areas with promises of future titles in order to expand party support base. Months or years later, the parties will of course fail to deliver the titles, and the communities, having meanwhile disturbed and damaged the protected ecosystems, will be forcefully evicted without being granted land elsewhere. Some local administrations also engage in similar violations of environmental regulations by frequently settling those affected by floods and other natural disasters in the protected areas, again subjecting them to future evictions without compensation. Such evictions by forest protection authorities often trigger bandhs and violent protests and conflict.169

Deforestation further compounds the global warming effect of reducing water availability in Nepal.170 The intensifying water scarcity already encourages local communities to adopt previously unprecedented measures, such as padlocking water holes. Theft of water has emerged in villages. Water scarcity has the potential to trigger both localized conflict and the emergence of an illegal water market in Nepal.

Illegal Trade in Wildlife

Poaching and illegal trade in wildlife are also serious problems in Nepal, irretrievably threatening some of the world’s most endangered species. Although spotted deer and wild boar are frequently poached for local community consumption, the most serious poaching targets highly endangered or desirable species such as rhinoceros, tiger, red panda, pangolins, and snow leopard. Nepal also serves


166. Author’s interviews with police and forestry officials and conservation NGO representatives, Kathmandu, May 12 and 30, 2012.

167. Author’s interviews with police and forestry officials, army officials, local conversation representatives, and community members, Solukhumbu, Chitwan, and Bardia districts, May 13-16, 18-21, and 26-28, 2012.

168. For specific instances of such problematic party practices, forced evictions, and protests in the Sunkhet and Rupandehi districts in 2012, see United Nations Resident and Humanitarian Coordinator’s Office Nepal (December 2012).

170. Research in Nepal indicates that while overall no less water is available as a result of global warming, oscillations between droughts and floods are intensifying. Author’s interviews with a leading Nepali conservation biologist, Kathmandu, May 29, 2012.
as a transshipment country between India and China. Interestingly, elephant poaching is very limited, despite the fact that wild elephants often cause substantial damage to local communities and frequently kill villagers, and despite the fact that ivory markets in China have been growing rapidly and elephant poaching in Africa has once again exploded. Nepal’s illegal wildlife commodities predominantly feed the burgeoning market in wildlife products in China and offer high profits with little risk since enforcement tends to be meager and punishment minimal. After the end of the civil war, poaching levels decreased to less than five tigers and five rhinos killed per year, considerable reduction from the height of the civil war when, as a result of a substantially weakened presence of law enforcement in the national parks, fifteen rhinoceroses were killed in the Bardia National Park in one year alone. Nonetheless, for extremely endangered species such as tigers and rhinos, the current poaching levels are deeply threatening.

Wildlife trafficking groups are as complex and organized as drug smuggling networks. Chinese and Indian high-level brokers often sit at the apex and work via Kathmandu and district-level middlemen. Nonetheless, outside brokers cannot operate without the cooperation of locals whom they hire to work as spotters and hunters. Middlemen also often hire women and children to carry body parts of slaughtered animals, on the premise that they will receive less scrutiny from law enforcement officials. Wildlife law enforcement officials frequently identify members of the Chepang and Tharu community as local level-poachers, but wildlife poaching and trafficking in Nepal rarely entails the participation or cooptation of an entire community. Nor are local-level poachers politically organized or aligned with a particular political party. Instead, poaching appears to operate at an individual level with middlemen cultivating political protection simply on the basis of convenience or preexisting patronage networks. Prominent political leaders have thus exerted pressure on park management and courts to release apprehended poachers and traffickers.

An important smuggling network operates within the Tibetan refugee community. Lhasa is a major wildlife smuggling hub, and big cat furs and ivory are highly prized among the Tibetan, including lama, community. Nepali conservation researchers who have studied smuggling of wildlife into China reported that Nepal’s border officials tend not to diligently search “men in red clothes” (i.e., Buddhist monks), who as a result can easily hide illegal wildlife body parts in their robes.

Although making only a fraction of the ultimate profits illegal wildlife trade generates, local poachers nonetheless earn far more from one killing – easily in the low hundreds of dollars – than from participating in available legal economies, which are mostly subsistence agriculture. Alternative livelihood initiatives have by and large failed to offset the losses individual poachers and connected communities from foregoing participation in wildlife trafficking. Profits from ecotourism, such as those earned by lodges near national parks in the Terai, tend to be predominantly captured by rich businessmen who often reside in Kathmandu. While lodges do employ local community members as guides, cooks, and cleaning staff, the number of jobs thus generated is not sufficient and earnings still leave most families barely coping.

The porous border, extensive corruption, and the fact that combating wildlife trafficking mostly lacks urgency for Nepal’s law enforcement agencies, all facilitate wildlife smuggling. Army battalions are deployed to national

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171. Author’s interviews with two leading Nepali conservationists, Chitwan National Park, May 26, 2012 and Kathmandu, May 29, 2012. One anecdotal piece of data confirming the limited illegal ivory market in Nepal is that the author’s research in major tourist markets of Patan and Bhaktapur did not find any story with ivory statues, for example. The author’s previous research in India in June-August 2007, on the other hand, easily located such illegal items in the country’s major tourist and wildlife trading hubs.

172. Based on the author’s interviews with conservationists, villagers, officers of army units in charge of forest protection, and forest wardens, Solukhumbu, Chitwan, and Bardia districts and Kathmandu, May 13-16, 19-21, and 26-28, and 29, 2012. Estimating the level of tiger poaching can be particularly difficult since unlike in the case of rhinoceroses poaching, sought for its horn solely, poachers do not leave the carcass of a tiger behind since its skin, bones, and other body parts are all prized.


177. Author’s interviews with border patrol and national park law enforcement officials and local community members, Solukhumbu district, May 13-16 and with a leading conservationist, Kathmandu, May 30, 2012.

178. Author’s interviews with lodge management, staff, national park law enforcement officials, and local community members in the Chitwan and Bardia districts in the Terai, May 18-21 and 26-28, 2012.
parks to prevent poaching, leading to more efficient and stringent law enforcement in protected areas than along the border and in non-protected areas. After the end of the civil war, a significant rebuilding of law enforcement capacity in protected areas has taken place, and wildlife populations of rhinoceros in particular have rebounded, likely as a result of reduced poaching.\textsuperscript{179} One Nepali colonel, Babukrishna Karki, has been recognized internationally for his anti-poaching efforts. Still, the military units deployed to national parks are handicapped in their anti-poaching operations by lacking sufficient intelligence, mobility, and rapid-reaction assets. Most patrolling takes place on foot, with often only one car – for the commanding officer – available for the entire battalion deployed to a national park.

Illegal wildlife traders arrested in or near national parks tend to be low-level poachers. The police mostly lack intelligence collection, analysis, and special anti-wildlife trafficking units. Only occasionally do raids on middle-level traders in district hubs and Kathmandu take place. In the spring of 2013, a major month-long operation in the Dhading and Gorkha districts adjoining Tibet seized 580 kg of Tibetan antelope wool worth US$ 59 million, suggesting that at least 10,000 antelopes have been poached. Like in Kashmir in India and Pakistan, the highly threatened species is poached for the production of shahtoosh shawls. The police also seized 200 kg of tiger skins and 125 kg of tiger teeth from Nuwakot and Gorkha districts.\textsuperscript{180} Yet despite the apparent success, the operation resulted in the arrests of only seven poachers and smugglers, likely only a fraction of the smuggling ring.

Reinforcing both law-enforcement efforts against wildlife poaching and providing better-designed alternative livelihood efforts for forest communities promises to provide high payoffs. Neither illegal logging nor wildlife poaching in Nepal has yet reached its potential crisis-level intensity, but international market pressures and the local conditions of widespread poverty, porous borders, corruption linked to the highest political levels, and meager enforcement capacities all push toward a significant expansion in both of these illegal markets in Nepal. Nepal will continue to suffer from being wedged between India and China, two of the world’s largest markets for illegal timber and wildlife products and two loci of highly developed organized crime structures specializing in these illegal commodities. As poaching in India continues to decimate its tiger and other wildlife populations, Nepal will increasingly provide tempting and prime targets of opportunity for international poaching syndicates. A focused and determined effort to act now before illegal logging and poaching in Nepal escalate further can make a critical difference. Otherwise, it will only be a matter of time before Nepal becomes the next frontier of massive forest destruction and wildlife slaughter. This would be especially tragic as Nepal is still a significant repository of biodiversity and of species already decimated elsewhere in the world.

**Human Trafficking**

The prevalence of human trafficking in Nepal, dating back to the 1970s, attracts extensive international attention. The United Nations Office on Drugs and Crime estimates that between 10,000 and 15,000 women are trafficked from Nepal for forced labor or prostitution every year.\textsuperscript{181} Anti-trafficking organizations in Nepal claim that as many as 5,000 to 7,000 Nepali girls and women enter prostitution in Nepal and India each year. Nepal’s police provide far lower numbers, claiming that only 1,116 cases of women trafficking were registered in Nepal over the past decade (along with an increasing number of rapes, totaling 3,123 over the past ten years, and even more rapidly growing incidence of domestic violence, totaling 10,697 cases over the past ten years. Those numbers, however, are likely significant underestimates, with frequent underreporting a major problem.).\textsuperscript{182}

Some NGOs view all of entry of women into prostitution, particularly in India, as forced trafficking, while others argue that sex work happens by choice.\textsuperscript{183} Indeed, the paucity of labor opportunities encourages many Nepali women (as well as men) to seek labor opportunities


\textsuperscript{180.} "Police Suspects Killing of 10,000 Tibetan Antelopes," Xinhua- English, February 21, 2013.


\textsuperscript{183.} Renu Rajbhandari and Binayak Rajbhandari (1997). *Girl Trafficking: The Hidden Grief in Kathmandu, Women’s Rehabilitation Center, Kathmandu*. (pp. 15)
abroad. At times, they may be tricked into prostitution or forced labor, at other times, their choices, including of being a sex worker, may well be voluntary.\textsuperscript{184}

The Kathmandu valley is one main hub for internal trafficking from rural Nepal for labor and sexual exploitation, with young women and children trafficked to private households, hotels, bars, restaurants, the carpet and garment industries, and brick kilns.\textsuperscript{185} Hetauda in central Terai is another important trafficking hub for smuggling into India. Sindhupalchok near the border with China has long been identified as a center of prostitution and trafficking, with its Tamang community suffering stigmatization as a result.\textsuperscript{186} However, women repatriated from Indian brothels appear to come from all regions and ethnic groups, vulnerable perhaps because they are poor, uneducated, and have suffered domestic abuse more than anything else.\textsuperscript{187}

Although human trafficking from Nepal, particularly into India, has been conducted for several decades, many of the trafficking and prostitution rings do not appear to have become highly vertically integrated cartels. Even though some networks have a deep reach into India and are headed by high-level Indian crime capos, many human trafficking operations in Nepal appear to be less sophisticated enterprises. Indeed, the selling of girls into prostitution or forced labor is not infrequently perpetrated by relatives, with girls, especially among lower castes, often perceived as having lesser value than cows.\textsuperscript{188} Gender inequality, while increasingly criticized in post-2006 Nepal, is still deeply entrenched, socially and institutionally.\textsuperscript{189} Forced labor conditions also increasingly affect many migrants who leave to work in the Gulf countries.

Since rural Nepali girls in particular are often viewed by Nepali men as easily duped and tricked into forced prostitution or labor by promises of good jobs, the government of Nepal has at times tried to restrict labor migration by women and even banned female migration to Gulf counties.\textsuperscript{190} Similarly, Nepali women were forcibly prevented at border checkpoints from crossing into India with the justification that they were being preventively rescued from “slipping” into prostitution there.

Other anti-trafficking efforts have focused on the “three Rs”: rescue, repatriation, and rehabilitation.\textsuperscript{191} Rescue and repatriation involve brothel raids and the return of women to their areas of origin, where they often face severe ostracism and lack job opportunities. Efforts at “rehabilitation,” a term seen by some trafficked women and NGOs as loaded and implying both complicity and stigmatization, have focused on job training in marketable skills, such as carpet weaving, sewing, and cooking. Such jobs nonetheless seldom generate enough income for sustainable livelihoods for many former sex workers, and many choose to return to prostitution for good, or at least until they accumulate enough savings to sustain themselves in other employment.\textsuperscript{192} Rather than merely throwing money at such rehabilitation programs, it is necessary to undertake systematic studies of the efficacy of such alternative livelihoods efforts and ways to address other structural conditions that drive forced prostitution and labor in Nepal.

\textsuperscript{184} For an excellent discussion of the two different analytical frameworks, see: Miranda Worthen (2011). “Sex Trafficking or Sex Work? Conceptions of Trafficking among Anti-Trafficking Organizations in Nepal,” Refugee Survey Quarterly, 30(3). (pp. 1-20)
\textsuperscript{186} S. Joshi, (2001). “Cheti-Beti’ Discourses of Trafficking and Constructions of Gender, Citizenship, and Nation in Modern Nepal,” Journal of South Asian Studies, 24(1). (pp. 157-175)
\textsuperscript{187} Rajbhandari and Rajbhandari (1997). (pp. 32)
\textsuperscript{189} See, for example: DFID and World Bank (2006), Unequal Citizens: Gender, Caste, and Ethnic Exclusion in Nepal, Kathmandu, Nepal.
III. The Donor Context

Since 2005, foreign donors have flocked to Nepal. The main donors operating in Nepal include the World Bank, the Asian Development Bank, the United Nations Development Program, the Department for International Development (DFID), the Norwegian Agency for Development Cooperation (Norad), the Danish International Development Agency (Danida), the United States Development Agency (USAID), the Swiss Agency for Development and Cooperation, and the German Society for International Cooperation (GIZ). As discussed before, the governments of India and China have also provided large sums in development assistance. Foreign aid currently accounts for 22 percent of the Nepali government’s budget and half of its capital expenditures. When aid that is not routed through government accounts is included (though this is difficult to calculate reliably), total foreign support is estimated at US$1 billion and increasing.193

Many of these donors emphasize zero tolerance for corruption, and their projects have often sponsored various good governance and anti-corruption initiatives. Yet there was a pervasive sense among the author’s interlocutors that a large portion of foreign aid is diverted through corruption, without real obstacles or effective safeguards. Some analysts even wonder whether the vast augmentation of insufficiently monitored foreign aid has been significantly intensified corruption,194 a phenomenon registered in other countries, most prominently Afghanistan.195 Certainly, corruption in Nepal is mushrooming.

No doubt, actually implementing zero tolerance for corruption and aid diversion would significantly hurt many of Nepal’s poor and would likely be counterproductive. Nonetheless, it is important to recognize that significant portions of foreign aid already fail to reach them and, yes, likely do augment corruption, clientelism, patronage, and a culture of impunity, all of which seriously worsen the conditions of poor and marginalized communities. Several interlocutors also warned that Nepali government officials have learned to enthusiastically agree to foreigners’ recommendations on how to improve governance, while having no intention of actually implementing any of the recommendations.196 Apart from having sufficient experience with successfully manipulating and blindsiding Western donors, Nepali government officials and political leaders also assume that India and China are highly insistent on “good governance” practices from Kathmandu and are willing to disburse aid merely to pursue their geostrategic and security interests. Accordingly, the Indian and Chinese courtship of Nepal is perceived to provide Kathmandu with leverage and an ability to deflect uncomfortable demands from Western donors, such as on reducing corruption.197

Despite the pervasive corruption, some donor programs have had a positive impact on empowering citizens. These include projects aimed at developing the capacity of citizens to demand services from district authorities or lobby the national government for their long-neglected rights. Indeed, the focus on demand-based and rights-based aid and development for several years drove much of the development-assistance approach in Nepal since 2005.

Not surprisingly, many such rights-based and demand-based efforts have been controversial with Nepal’s traditional establishment. Members of upper castes and the Nepali Congress often sharply criticize donor projects aimed at inclusion, federalism, and constitution processes as stoking ethnic hatreds and seeking to carve up or subdue Nepal.198 The traditionalists disparage and try to discredit janajati and other ethnic groups as manipulated and are willing to disburse aid merely to pursue their geostrategic and security interests. Accordingly, the Indian and Chinese courtship of Nepal is perceived to provide Kathmandu with leverage and an ability to deflect uncomfortable demands from Western donors, such as on reducing corruption.197

194. Other studies have also reached a similar conclusion, such as that donor-sponsored interventions appear to have minimal impact on reducing corruption. See: Dix (2011).
196. Author’s interviews with NGO representatives, Kathmandu, Bharatpur, Pokhara, and Nepalgunj, May 10–12, 18–25, 28–30.
197. Author’s interviews with political party representatives, Kathmandu, May 10–12, 16, and 28–30.
for self-determination and rights efforts as a stimulant of ethnic and caste militancy, evident in the bandhs, which are presumably tearing the country apart. Interlocutors from these segments of Nepal’s society frequently voiced their belief that “there used to be ethnic harmony if not equity before the meddling of foreign donors. Now the foreigners are whipping up ethnic and caste conflict to cultivate their clients, depriving us of power, in order to prosecute their anti-China objectives in Nepal.” The Scandinavian countries were most frequently selected for such blame, but such complaints against the United Kingdom were not infrequent. (The growing resentment of the traditional establishment in Nepal against Western donors operating in Nepal exploded on June 20, 2012 when the car of the then-German Ambassador Verena Gräfin von Roedern was stoned by supporters of the NC and the UML.)

The implication of this widespread Nepali perception of foreign meddling is not necessarily that foreign donors need to change their funding plans and emphasis. It is quite possible, however, that foreign donors will not be perceived as neutral actors interested in the benefit of all, but instead as being as politicized as most of the domestic actors in Nepal. Indeed, over the past year or so, foreign donors, including the United Nations, have been backing away from funding participatory and inclusion programs, the federalism agenda, and some justice issues.

Quite apart from the self-serving claims of the traditional establishment, many of the rights-based and demand-based efforts have indeed worked very imperfectly. Although local constituencies have developed the capacity to demand goods and projects from local level officials and national parties, they have not equally learned how to hold their leaders accountable if they fail to deliver. Thus, instead of voting for the opposition, for example (at least at the national level, in the absence of local elections), people have adapted by cultivating multiple patronage channels and dividing political allegiance within a family among multiple political parties to maximize the handouts they can receive. Political parties and local officials have in turn adapted by simply promising more next time, even as they consistently fail to deliver. Citizens may be finding their voice in the political process, but they have not yet acquired the tools to hold their leaders to account. As demands and promises significantly outstrip the government’s capacity to deliver, the legitimacy and stability of the government and the new political system will likely be significantly undermined.

Service delivery monitoring by civil society organizations has increased access to information and knowledge on the part of local communities. However, although more than 45,000 NGOs operate in the country, their cumulative effect on reducing corruption, improving good governance, increasing service delivery, and promoting peaceful cooperation has not been strong. Moreover, many NGOs themselves have become highly politicized – along ethnic, regional, and caste lines. As a result, they often operate in a manner as exclusionary as that practiced by other political actors in Nepal. And donor activities have at time been opaque and focusing on behind-the-door deals among top leadership of political parties. While such donor engagement may well have been motivated by a desire to provide neutral ground and reduce the politicization of discussions, the lack of transparency has only increased perceptions of nefarious donor interference among segments of Nepal’s society.


202. For a further analysis of Nepali civil society, see: International Crisis Group (2010a). (pp. 12)
IV. The Impact of Organized Crime on Governance

Rather than organized crime itself, which is still at a primitive, not yet highly developed stage in Nepal, it is the pervasive culture of impunity, corruption, nepotism, and clientelism that most negatively impacts the lives of ordinary Nepalis. While organized crime intensifies and exploits this corruption and the lack of rule of law, in Nepal political corruption and a deeply entrenched system of patronage are the primary drivers of the usurpation of public funds and violence at the local level. Politicization of formal institutions deeply compromises bureaucratic and administrative competencies and service delivery, enabling the penetration of organized crime into state institutions. In addition to having profound harmful impact on governance on its own, such culture of corruption and impunity thus provides fertile ground for the formation of organized crime and fosters its impunity from effective prosecution. Corruption, patronage, clientelism, and the overall patrimonial system in Nepal are thus both an element of politics and the enabling environment for organized crime and illicit economies. The danger is that while formal politics remains paralyzed, informal criminal governance mechanisms may grow in power.

Many urban and rural residents still believe that they need to provide payoffs to, and engage in complex negotiations with powerful actors in their locality, whether powerful local politicians or armed and criminal gangs, to assure their safety and secure their elementary and everyday transactions. Although outright militancy has subsided, even in the Terai, a pervasive atmosphere of fear prevails and negatively affects human security in much of Nepal. Both political actors and profit-driven criminal groups benefit from this atmosphere of fear and communal tension.

Although local constituencies have developed the capacity to demand goods and projects from local level officials and national parties, they have not learned or been able to hold their leaders accountable if they fail to deliver. Citizens may be finding voice in the political process, but as promises and demands significantly outstrip the government capacity to deliver, the legitimacy and stability of the government and the emergent political system will likely be significantly undermined.

The relationship between political parties and criminal groups is robust and perhaps growing, but it is the political actors who take the lead. During the civil war, the Maoist insurgents pioneered the use of profits from illicit economies for effectively challenging the existing political order. After the end of the civil war, all major political parties and actors have been using access to criminal revenues and relationships with criminal groups to influence the shape of the new political settlement. The absence of effective campaign financing and asset declaration regulations does not help. In exchange for providing immunity from criminal prosecution, political parties also use criminal groups for demonstrating street and muscle power, fundraising, obtaining votes, and acquiring contracts for their clients.

Many different illicit economies are present in Nepal – from drug production and smuggling to human trafficking, illegal logging, illegal trade in wildlife, and the smuggling of legal commodities. Extortion, tax evasion, and financial scams are also common. Nonetheless, despite the fact that many of these illicit economies have existed for decades and are linked to the highest political levels, the extent (when compared with the illicit economy’s growth potential in Nepal) is rather limited. This underdevelopment of organized crime in Nepal is driven in part by external dynamics. Thus the limited extent of Nepal’s illicit crop cultivation (the reality, contrary to many media reports) has less to do with the effectiveness of domestic law enforcement or the lack of interest on the part of the population in participating in such an enterprise, and considerably more to do with the fact that the global international market is (over)supplied by other countries.

As noted, the sophistication of organized crime in Nepal is also still at a rather primitive stage. Criminal groups tend to be mostly small gangs, rather than highly complex organizations. They have nowhere near the level of sophistication and organizational complexity of criminal groups operating in India or Pakistan, for example. Nor
do they yet systematically deliver “public” goods to local populations to acquire political capital.

The level of violence that Nepali criminal groups perpetrate in support of their profit-seeking activities is also fairly limited, when compared with criminal organizations in other parts of the world, such as Colombia or Mexico. One reason for the limited level of this type of criminal violence may well be that corruption in Nepal is easy, and even limited coercive threats achieve their desired corruption and impunity effects, especially as Nepali criminal groups have been able to cultivate networks of political support at the highest levels of both law enforcement institutions and political parties. Paradoxically, an increase in law enforcement and prosecution effectiveness against criminal groups may initially provide an impetus for criminal groups to increase their resort to violence.

This rather primitive stage of organized crime formation and the limited sophistication of illicit economies present important opportunities for policy initiatives. However, in the absence of careful design many anti-crime policies can be counterproductive. Intensified interdiction without careful planning can merely weed out less sophisticated criminal enterprises while the toughest and leanest criminal groups survive law enforcement actions and acquire a greater market share and political and economic power. Law enforcement actions can thus inadvertently encourage the vertical integration of organized crime groups and undermine the constraints preventing criminal groups from resorting to violence.

Countering such inadvertent negative outcomes requires a very sophisticated interdiction strategy that privileges targeting the most violent groups or those with the greatest capacity to corrupt first. The effectiveness of such a strategy in turn depends on the intelligence capacity of law enforcement institutions and their ability to resist corrupting political pressures. Both are likely to remain elusive in Nepal for a long time.

Across the range of illicit economies, including extortion, tax evasion, drug smuggling, illegal logging, illegal trade in wildlife, and human trafficking, law enforcement efforts are sporadic, inadequate, and often selective.

The selectivity, however, is not the result of careful and systematic evaluations of which illicit economies pose most severe threats, but rather of corruption within law enforcement institutions and their lack of resources.

The police and justice sectors are badly in need of reform. Both remain inaccessible and exclusionary. Police and prosecutors lack investigative capacities. The police also lack intelligence and an understanding of local criminal patterns, in part because they remain profoundly unconnected to the local communities in which they are deployed. However, existing and continuing politicization of formal institutions and the endemic corruption make the design and implementation of effective and meaningful policy reform interventions extremely difficult.

Nepal’s many illicit economies present multiple threats to the state and society. However, many also provide employment for some of the most marginalized segments of Nepal’s population. Often inadequate in both scope and design, alternative livelihoods efforts across the range of illicit economies in Nepal have by and large not been very effective.

Compared with actions against the illicit drug trade, smuggling in legal goods, extortion, and human trafficking, policy interventions against environmental crime promise perhaps the greatest payoffs. They need to include both the reinforcement of existing law-enforcement efforts against wildlife poaching as well as better-designed alternative livelihood programs for forest-dwelling and forest-surrounding communities. Neither illegal logging nor wildlife poaching in Nepal has yet reached crisis levels of intensity, but international market pressures and the local conditions of widespread poverty, porous borders, corruption linked to highest political levels, and meager existing enforcement capacities all push toward a potentially significant increase in environmental crime in Nepal.

In contrast, actions against the drug trade in Nepal offer comparatively lower payoffs. Alternative livelihoods policies will for a long time be held hostage to broader rural under-development and a lack of access to value-added chains. Unless these structural conditions are addressed,
alternative livelihoods efforts have little chance of being effective while eradication of the illicit crops will only further impoverish and alienate rural populations. Unless very carefully designed and implemented, intensified interdiction efforts against drug trafficking will under current conditions likely trigger intensified violence and tighten the crime-politics nexus in Nepal.

Focusing on reducing politicization of formal institutions and the overall culture of impunity, corruption, and clientelism – far more than actions against particular criminal groups or illicit economies – will likely improve the rule of law and good governance in Nepal. That in turn requires efforts to promote ‘civil resistance’ to the rising power of political-criminal mafias: building the capacity of citizens not only how to demand goods from the state and their political and governmental representatives, but also how to hold them accountable if they fail to adhere to their promises. In the absence of depoliticizing and strengthening formal rule of law institutions, policies against organized crime and illicit economies in Nepal will at best be of minimal effectiveness; at worst they will be manipulated by certain criminal groups to gain additional privileges and payoffs and employed as tools of self-serving partisan warfare by the rival political parties.

V. Recommendations

- Donor interventions should be guided by a do no harm principle. This includes carefully considering whether foreign aid flows actually increase corruption. The appropriation of any funds should be based on careful assessments of the absorption capacity of the targeted sector in Nepal and should be accompanied by strict monitoring to prevent diversion of funds. At the same time, vague conditionality that can be subverted and will not be followed through should be avoided.

- As long as Nepal’s politicians are focused on adopting a new constitution and augmenting their immediate power, they will be unlikely to focus on serious policy development and implementation. Withholding significant portion of funds until a constitution is adopted would serve both to encourage Nepal’s politicians to break out of the current political stalemate and paralysis and to increase the chance that program would be meaningfully implemented. An all-party agreement to end bandhs, which foreign donors could encourage, would weaken the usefulness of criminal groups for political parties and the political parties’ tendency to resort to intimidation; ending the bandhs would also avoid the economic hardship they impose on Nepal’s population.

- Especially in the run-up to the June 2013 parliamentary and new constituent assembly elections (if they in fact take place), donors should encourage political parties to eschew bandhs and other violent forms of mobilization and boycotts. Instead, donors should support broad-based consultations within political parties and within Nepal’s society overall. Unfortunately, many foreign donors have become discredited in the eyes of certain segments of Nepal society and are unlikely to be seen as neutral actors providing objective information about possible designs of federalism and identity-based politics. Nonetheless, donors should continue to be advocates of more transparent public debates and objective analyses of the key issues at stake.

- Donors can also sponsor investigative journalists in Nepal, such as those exposing the use of criminal groups by political parties or the muscle tactics of the
youth wing of political parties, particularly in the run-up to the elections. But in that case, donors also must accept responsibility for providing assistance and perhaps asylum to journalists who come under physical and political attacks, as has frequently happened in Nepal over the past several years.

- Until a new constitution is adopted – some time in the indefinite future after the parliamentary and new constituent assembly elections will have actually been held – donors could encourage efforts to reduce politicization of bureaucratic institutions and increase transparency. These include the right to information, asset declaration, and transparency in public procurement and e-bidding. One such initiative could be to set up secure publicly-available databases of Nepali citizens’ reports of having to pay bribes – modeled on similar successful initiatives in India and Africa. Advocacy for integrity and accountability should be adopted in informal settings and interactions as well.

- Resurrecting moribund accountability and oversight institutions would help a great deal, as would breaking the current tendency to politicize institutions. Strengthening procedures for merit- and performance-based appointments and promotions should also be encouraged. Corruption is partially driven by the comparatively low-level salaries of government officials; but increasing salaries without reducing politicization and nepotism will accomplish little.

- Critically, efforts to empower Nepali citizens should focus less at this point on encouraging them to make demands to their government officials and political leaders and more on building their capacity to make reasonable demands that can be implemented and teaching them how to punish and hold accountable their representatives if they fail to deliver the promised goods. That means encouraging voters to ask for meaningful political agendas rather than vague promises of major economic redistribution and an idealistic future. Strengthening the capacity of local civil society bodies to plan and monitor projects and development-issue agendas for local communities is an important element of such an effort.

- Increasing accountability at the local level is especially important; all the more so as the All-Party Mechanism has become a major vehicle for theft of public funds. Although elections are hardly the solution for all of Nepal’s multiple and difficult political and governance problems, local elections can help build accountability into the system. Under the current, highly politicized context, however, local elections have a high chance to explode into violence.

- Donors should seek to identify and privilege working with effective public officials who stand out as having support and respect of local populations. At the same time, donors need to be mindful of the fact that foreign funds can be a source of political power for local implementers and, unless carefully monitored, will likely be used not only for the advancement of the public good but also for the development of personal patronage networks. Donor programs should seek to adopt designs that minimize such opportunities for local implementers.

- Even in the absence of a constitution, the police and justice sectors offer opportunities for meaningful donor interventions. Some interventions can be very simple. They include, for example, increasing the mobility of local law enforcement, such as by providing money for fuel. Training of police officers – both local beat cops and top-level officials who set policy – and prosecutors would critically help. So would strengthening the investigative capacity of the police, a measure which in addition to its importance for crime reduction should help dissuade police from resorting to torture and other forms of abuse. Improving positive relations between local communities and police – ideally, by institutionalizing community policing – should be a top priority. Reform strategies should thus privilege police assistance in improving local neighborhood conditions, such as by focusing on reducing robberies and extortion. (The latter effort in particular will be challenged as long as political parties remain deeply complicit in extortion).

- Policies toward particular illicit economies need to be carefully tailored toward each specific illicit economy on the basis of comparative analyses of policy effectiveness.
Providing a detailed set of recommendations for each illicit economy analyzed in this study is beyond its scope. Nonetheless, several recommendations can be drawn. Alternative livelihood efforts – whether to provide economic alternatives to trafficked women or to wean off local poachers from wildlife hunting – have been largely ineffective. Funding often needs to be augmented; but critically, the design of such alternative livelihoods efforts needs to be more specifically tailored to local drivers and be based on a good understanding of comparative policy effectiveness. Many programs have been cast too narrowly as simply chasing a replacement crop or simply encouraging ecotourism without a detailed analysis of the actual effects.

• Improving the effectiveness of and beefing up alternative livelihoods efforts to reduce environmental crime in particular promise to have high payoffs. Illegal logging and illegal trade in wildlife in Nepal should receive prioritized attention from foreign donors. Law enforcement actions against organized crime groups need to be designed in a way that avoids inadvertently provoking a far greater degree of violence from critical groups than Nepal currently experiences. Law enforcement efforts also need to avoid giving rise to vertical integration of illicit economies in Nepal, which still remain rather decentralized. Effective law enforcement actions with such considerations in mind require building up the intelligence and analytical capacity of Nepal’s police as well as focusing law enforcement efforts against the most dangerous criminal groups – those who are most violent, most likely to provoke ethnic or communal violence, most closely linked to terrorist groups, or those who have the greatest capacity to corrupt entire institutions.

• Policies against organized crime in Nepal will be hampered by the thick and systemic nexus between political parties and criminal groups. Nonetheless, foreign donors can look for targets of opportunity, such as by working with political parties that are no longer use criminal groups for funding, votes, and street power.
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Getting Smart and Scaling Up:  
*The Impact of Organized Crime on Governance in Developing Countries*

A Case Study of Ghana

June 2013

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ANNEX II - THE IMPACT OF ORGANIZED CRIME ON GOVERNANCE: A CASE STUDY OF GHANA

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1. Ed. Camino Kavanagh (2013), Getting Smart and Shaping Up: Responding to the Impact of Drug Trafficking in Developing Countries, NYU Center on International Cooperation
Introduction

Ghana is experiencing significant economic growth and continues to be viewed as a beacon of hope in a region that has been plagued by civil strife, ethnic violence, poverty, and inequalities. The country has remained resilient to the types of challenges that some of its neighbours have had to contend with over the past decades. At the same time, however, cracks in its own democratic system, including an increasingly expensive electoral process, weak accountability mechanisms, and a series of political economy and governance-related challenges, have rendered its institutions and citizens highly vulnerable to the influence of organized crime and the emergence of embedded ‘mafias.’ Pegging of political opponents to organized criminal activities such as narcotics trafficking is becoming commonplace in public debate, as are the frequent revelations of official involvement in narcotics trafficking, undermining the legitimacy of both formal and traditional governance institutions. Weak legislation on political party funding, campaign financing, and asset disclosure does little to assuage concerns that illicit funding is underwriting key political processes. Conversely, there is limited public space to discuss these issues in a non-confrontational policy-oriented manner; and academic institutions and civil society organizations find themselves increasingly constrained by what they can publicly raise on these matters.

Questionable relations between organized criminal networks and elected officials, the armed forces or security services are certainly not as obvious as in other countries in the sub-region, where organized crime has been used to spur domestic political contestation or elite interests, or where organized criminal groups manipulate weak systems for their own strategic gain. Yet, the important number of high-level officials and mid- and low-level cadres that have been found to be involved in organized crime in Ghana over the past decade, particularly drug trafficking and money laundering, does indicate deeper structural challenges. And while the state is not apparently involved in other emerging areas of organized (or ‘disorganized’) crime such as cyber and environmental crime or human trafficking, officials openly recognize that their capacity to respond to these complex challenges remains weak.

The infiltration of the Ghana Police Service (GPS), the Customs, Excise and Preventive Service (CEPS), the judiciary, and other institutions has provided an enabling framework for organized criminals to operate with considerable impunity in Ghana, seriously undermining the legitimacy of formal state institutions. In addition, like many countries struggling to deal with complex challenges, Ghana lacks the requisite institutional capacity and frameworks for fighting organized crime. Institutions are constrained by inadequate logistical, human and financial resources. Inter-agency coordination is limited, while personnel of the judiciary, agencies such as the Economic and Organized Crime Office (EOCO), and the GPS lack expertise for responding to the different forms of organized crime that have emerged in the country.

Drug trafficking in particular has intensified over the last decade and Ghana has remained an important transit country for cocaine trafficked from Latin America and South Asia en route to Europe and the United States. Reports have also noted an increase in heroin trafficking through Ghana, as well as evidence of methamphetamine production. There are also strong indications that a domestic market for the drugs that are being trafficked through Ghana is increasing; yet, the capacity to respond to an increase in drug use is limited. In addition, the lines between legitimate and illicit activity are becoming increasingly blurred, spurred on by the absence of checks and balances and strong accountability mechanisms. Compounding this situation is poor delivery of social services by the Ghanaian state, which allows political and economic elites involved in organized crime, especially drug trafficking, to derive legitimacy from their illicit activity. Trafficking networks with political connections, and political actors with trafficking connections have emerged as powerful intermediaries between the state and citizens’ access to services.

Like many countries struggling to deal with complex challenges, Ghana lacks the requisite institutional capacity and frameworks for responding to organized crime. Institutions are constrained by inadequate logistical, human and financial resources as well as deeply entrenched patronage systems. Inter-agency coordination is limited,
while personnel of the judiciary and specialized agencies lack the expertise for responding to the different forms of organized crime that have emerged in the country. Moreover, there appears to be limited political appetite to build strong checks and balances into the current systems of governance – both formal and traditional - as a means to delink them from organized crime. The latter will be key to Ghana’s longer-term development perspectives. Meanwhile, however, the country continues to serve as a regional hub for planning and executing organized criminal activity.  

This case study presents findings of field research on the impact of organized crime on governance and development in Ghana. The objective is not to paint a negative picture of Ghana, but rather to highlight core structural weaknesses that enable organized crime to flourish largely uncontested, placing significant, albeit not immediately obvious, pressure on the democratic and development gains made over the past two decades.

**Case study methodology**

Following an extensive literature review, the research team conducted field research between the period of 20th April and 10th May 2012 and additional field and desk work in April 2013. Fieldwork was conducted in the form of semi-structured interviews with some 50 interlocutors on the basis of strict confidentiality. Interviewees included traditional rulers, police and other law enforcement personnel at the national, regional and district levels, a number of civil servants (current and former), judicial personnel, civil society representatives, academics and experts, students, journalists, mining workers and representatives from the mining industry, medical professionals, social workers, taxi drivers and ordinary Ghanaians. Fieldwork was conducted in Accra, Kumasi, Sekondi-Takoradi, Cape Coast, and rural towns and villages in the Western and Brong-Ahafo Regions.

Sites for field research were chosen on the basis of reports of organized criminal activity in a given area, and on the basis of reports of the corresponding impact on governance and development. Interviews in the capital, Accra, focused on understanding the dynamics of organized crime in light of the fact that it continues to be a major transit and re-packing centre for illicit drugs and for money laundering. Other interviews in the Western and Brong-Ahafo Regions focused on illegal mining and drug trafficking respectively, and their impact on development, particularly in terms of service delivery, health, and the environment. The Western Regions clearly exhibit the devastating impact of gold mining – both illegal and legal - on the environment, health etc. and a visit to Accra’s main rubbish dump at the Agbogbloshie market shed light on many of the emerging challenges posed by illicit e-waste dumping, and the lucrative international illicit market behind it. Cybercrime, and its local derivative – Sakawa - became a central focus of many interviews with students, law enforcement representatives and ordinary citizens, with many marvelling at the low risks involved, and the ease with which victims (mainly Westerners) can be duped.

The case study is divided into five sections. **Section I** begins with an overview of the political context in Ghana, with specific reference to the emergence of democratic politics and the nature of the political economy in the post-independence era. It reviews trends in Ghana’s economic development and governance since 1992, and examines the nature of formal and informal institutions and prevalent norms of behaviour. **Section II** examines the nature and scope of organized crime in Ghana, namely drug trafficking, money laundering, illegal mining, electronic waste dumping, cybercrime, human trafficking, and small arms trafficking and manufacturing. **Section III** focuses on the impact of organized crime on governance and development, while **Section IV** suggests some initial recommendations.

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2. Francois Soudain, Coke en Stock, Jeune Afrique, 28 avril au 11 mai 2013 (No. 2729-2730)
I. Political, Institutional, Socio-Economic and Regional Context

Ghana is located in West Africa, bordering Burkina Faso in the north, the Gulf of Guinea in the south, Côte d'Ivoire in the west, and Togo in the east. It is populated by an estimated 24.7 million inhabitants representing a vast array of large and small ethnic groups such as the Akan, Mole-Dagbane, Ewe, Ga-Adangbe, Guan, Gurma, and Grusi.¹ A former British colony, Ghana attained independence in March 1957, being the first black African country to do so. Yet independence was followed by years of misrule and economic decline, resulting in the overthrow of its first post-independence government in 1966.² The turbulent years continued with a series of military coups, punctuated by two brief interludes of civilian rule between 1966 and 1992.³ Ghana adopted a new constitution in 1992 that opened its political system to multi-party competition and ushered in a new era of civilian democratic rule.⁴

The emergence of democratic politics in Ghana occurred against the backdrop of sustained economic decline and popular displeasure with misrule characterized by restrictions on political and civil liberties and serious human rights abuses. Ghana's struggle for independence, characterized by sporadic violent confrontation between indigenes and colonialists, and eventual independence in March 1957 gave rise to high expectations among Ghanaians for unity, freedom, and prosperity. These expectations were only partially met and the country soon encountered severe economic difficulties provoked in part by structural adjustment measures introduced during the Kwame Nkrumah-led Convention Peoples Party (CPP) government between 1957 and 1966.⁵

Challenges included an acute shortage of foreign exchange and consumer goods, high inflation, rampant corruption, and political and economic mismanagement. Ghana adopted a new constitution in 1960 that removed the Queen as the Head of State, abolished the Westminster-style parliamentary democracy, and replaced it with a Republican Constitution.⁶ Moreover, in 1964, a constitutional referendum rendered Ghana a one-party state. The deteriorating economic conditions and Nkrumah's dictatorial tendencies provided a pretext for officers of the Ghana Armed Forces and the Ghana Police Service, supported by the Central Intelligence Agency (CIA), to overthrow his government in February 1966.⁷

Ghana alternated between military and civilian rule in the post-Nkrumah era. The National Liberation Council (NLC) government established by the coup makers abolished the 1960 constitution, along with the presidency and parliament and ruled by decree. It sought to tackle the country's economic challenges, particularly the balance of payment and inflationary pressures through foreign exchange controls, currency devaluation, and other measures.⁸ In August 1969, the NLC returned Ghana to a multiparty system and organized elections that returned the country to civilian rule under the Progress Party (PP) government of Kofi Abrefa Busia. Yet the Busia government's introduction of austerity measures to address Ghana's economic challenges, including a ban on import of cars, televisions, and other goods, increase in the petroleum levy, abolition of grants to university students, and devaluation of the Cedi, proved unpopular particularly under the PDA. Nkrumah retained many members of the opposition, some of whom were charged with planning to kill the president.

For details of the 1960 Republican Constitution, see for instance, Owusu-Dapaah, Ernest (2011). An Exposition and Critique of Judicial Independence Under Ghana's 1992 Constitution. Commonwealth Law Bulletin, 37 (3), pp. 546. Article 43 of the 1960 Constitution stated that the president could at any time for reasons which to him appear sufficient dismiss a Supreme Court or High Court judge from office. Nkrumah exercised this prerogative by dismissing then-Chief Justice Sir Arku Korsah when the Supreme Court acquitted and discharged opposition members Tawiah Adamafo, Ako Adjei and Coffie Crabbe who had been charged with conspiracy to assassinate the president in August 1962.⁹

The coup that overthrew Nkrumah was led by Lieutenant-General Emmanuel Kotoka and Brigadier Akwasi Amankwah Afra. See Apter, David E. (1968). Nkrumah, Charisma, and the Coup. Deadalus, 97(3), pp. 787. For instance, the Inspector General of Police, J.W. Harlley, in proclaiming the end of the Nkrumah government stated, "[w]e lived our lives perpetually afraid of prison, poverty, and unaware of our future. Glorious dreams were continually unfolded before our eyes. And this beloved country of ours was plunged into a dark night of misery and suffering. Nkrumah and his henchmen became rich, confident, and larded it over us with all the ruthless instruments at their disposal - security forces, prisons, and torture. Se also Biney, Ama (2009). The Development of Kwame Nkrumah’s Political Thought in Exile, 1966-1972, Journal of African History, 50 (1), pp. 84.¹⁰ For details, see Leith, J. Clark and Soderling, Ludwig (2003). Ghana: Long Term Growth, Atrophy, and Stunted Recovery. Nordic Africa Institute, Uppsala (pp. 22-25). The NLC also reduced government spending by reducing the capital budget and negotiated re-scheduling of short-term government debts. Despite the government's use of exchange and import-licensing controls, Ghana's foreign exchange reserve was rapidly depleting. This resulted in negative net foreign assets in the country's monetary system by the end of 1996.

References:


2. For more on Ghana's transition to democracy, see for instance, Aidoo, Thomas M. (2006), 'The Context and Prevenance of Democratization in Ghana' (1990-1992); Historia Actual Online, (pp. 7-16).

3. Not only did the Nkrumah government stifle political opposition, but also it passed the Preventive Detention Act (PDA) of 1958 and the Preventive Detention Order of 1959 which gave Nkrumah powers to detain persons without trial for up to 5 years (later extended to 10 years) if their conduct were deemed detrimental to the security of the country. Exercising his prerogatives...
Among urban-based groups.\textsuperscript{11} This crisis provided a pretext for another coup by the Ghana Armed Forces in 1972, leading to the new National Redemption Council (later reconstituted as the Supreme Military Council) government.\textsuperscript{12} The country’s political evolution continued when a ten-member Armed Forces Revolutionary Council (AFRC) consisting of junior officers led by Flight Lieutenant Jerry Rawlings overthrew the SMC government in 1979, and returned Ghana to civilian rule under the Peoples National Party (PNP) government of Hilla Liman. Nonetheless, the PNP government failed to address the deteriorating economic conditions and widening gap between the rich and the poor leading Rawlings and his associates to launch another coup that overthrew Liman in 1981.\textsuperscript{13} The officers established the Provisional National Defence Council (PNDC) government, dismissed the constitution, dissolved parliament, and banned political parties.

The democratic struggle intensified in the 1980s when pro-democracy forces, including the Ghana Bar Association and the National Union of Ghana Students, demanded greater political freedom from the PNDC government.\textsuperscript{14} The PNDC, however, resisted these demands by mobilizing the support of alternative, albeit politically weak, groups such as the Ghana Private Road Transport Union (GPRTU) and the 31st December Women's Movement. Conversely, the creation of the Movement for Freedom and Justice (MFJ), an umbrella group of pro-democracy forces, created a common platform for the pro-democracy agenda and compelled the government to initiate the process of democratization in 1991.\textsuperscript{15} The democratic transition included the adoption of a liberal democratic constitution, followed by multi-party elections in 1992 and the emergence of a new political dispensation.\textsuperscript{16}

Since 1992, Ghana has made significant advances in democratic governance. The country is highly regarded for its relative stability and democratic culture in a rather violent and unstable West African sub-region. Aside from a vibrant media and an increasingly assertive civil society, Ghana’s democratic progress is evidenced by two decades of uninterrupted civilian rule, five successive multi-party elections without large-scale violence, and peaceful alternation of power between the two main political parties – the centre-right New Patriotic Party (NPP) currently led by Nana Addo Dankwa Akufo-Addo, and the center-left National Democratic Congress (NDC) led by incumbent President John Dramani Mahama\textsuperscript{17} – in 2001 and 2009.\textsuperscript{18} The two main political parties have dominated the Ghanaian political landscape throughout the Fourth Republic.\textsuperscript{19} A third party, the Convention Peoples Party (CPP) led by Foster Abu Sakara, promotes Kwame Nkrumah’s ideas of self-reliance and social justice but has consistently performed poorly in presidential and parliamentary elections.\textsuperscript{20} Other smaller parties including the People’s National Convention (PNC) and the Progressive Peoples Party (PPP) led by Paa Kwesi Ndoum lack the requisite national reach to meaningfully impact elections and national policy.\textsuperscript{21} Despite their ideological differences, both the NDC and the NPP are practically identifiable by their ethnic character rather than their public policies. The NPP is perceived as an Akan (particularly Ashanti and Akyem)-based party as it is dominated by Akan elites and draws strong support from Ashantis and Akyems in the Ashanti and Eastern Regions, as well as Akan-speaking areas.\textsuperscript{22}

\textsuperscript{11} For full treatment, see Hansen, Emmanuel and Collins, Paul (1980). The Army, the State, and the Rawlings Revolution in Ghana African Affairs, 79 (314), pp. 3-23.

\textsuperscript{14} Gyimah-Boadi, Emmanuel (1997). Civil Society in Africa: The Good, the Bad, the Ugly. CIVNET, 1(1).

\textsuperscript{15} It is worth noting also that external pressure played a role in the PNDC's return of Ghana to multiparty democracy. At the time when ‘good governance’ was increasingly assuming importance on the international development agenda and traditional donors were no longer preoccupied with the demands of the Cold War, Rawlings and the PNDC were compelled by donors to liberalize Ghana's political system in exchange for badly needed development assistance.


\textsuperscript{17} The NDC was led by President John Atta-Mills, who passed away during the process of finalizing this case study in July 2012.

\textsuperscript{18} Nonetheless, Ghana narrowly avoided a major political crisis in early 2009 when then-ruling New Patriotic Party flirted with the idea of contesting the NDC's narrow victory.

\textsuperscript{19} The two parties currently control 221 of the 228 seats in parliament. Nonetheless, support for both parties is nearly evenly split, as evidenced by the less than 41,000 votes that decided the presidential election in December 2008. See Electoral Commission of Ghana (2008), 2008 Presidential Results Summary, at http://www.ec.gov.gh/page.php?page=395&section=51&typ=1 (Accessed 18 June 2012). In the second round of the presidential election, Atta Mills received 4,521,031 while Akufo-Addo of the NPP received 4,480,446.

\textsuperscript{20} See Electoral Commission of Ghana (2008), 2008 Presidential Results Summary, at http://www.ec.gov.gh/page.php?page=395&section=51&typ=1 (Accessed 18 June 2012). For instance, the CPP’s presidential candidate Paa Kwesi Nduom received 1.34 percent of the vote in December 2008 while the party won only 1 parliamentary seat. The 2004 presidential candidate George Agyekum received 0.99 percent of the vote.

\textsuperscript{21} The PPP was only launched in 2012 after an internal feud among the leadership of the CPP. Nonetheless, smaller parties are largely invisible to the Ghanaian electoral and mostly disappear from the political scene after an election period, only to resurface a few months before elections.

\textsuperscript{22} See Electoral Commission of Ghana, Presidential Results; Parliamentary Results In the 2008
overwhelmingly supported by Ewes in the Volta Region and does not have much support in Akan/Ashanti-dominated areas. Maintaining these ties often translates into sustaining political representation. For example, having fared poorly in the Volta Region in the 2000 and 2004 elections, the NPP government of John Agyekum Kufuor, an Ashanti, is perceived to have marginalized Ewes by appointing Ashantis and other Akans to nearly 70 percent of ministerial positions. To be sure, as votes in the Ashanti and Volta Regions alone are not sufficient to win presidential elections, both the NDC and the NPP must rely on other regions that are home to considerable numbers of non-Ewes and non-Akans.

Ghana adopted a highly centralized political economy from colonial rulers and successive post-1992 governments. The civil service was expanded and the Ghanaian state deepened its involvement in economic life including in banking, transportation and public utilities. Underlying the expansion was the inability of the weak Ghanaian private sector, at the time of independence, to provide and sustain the capital investment and the managerial and administrative skills necessary to satisfy the popular desire for economic prosperity entrenched by egalitarian promises by nationalist leaders. This led the emergent ruling elite under Kwame Nkrumah to subscribe to the idea of state-led development. Heavy taxation of earnings generated by export of Ghana’s main cash crop, cocoa, through the Cocoa Marketing Board (CMB) and imposition of high export duties were thus considered necessary to meet the demands of national development. Reflecting their belief in this ideology was an expansion of the Ghanaian public sector, including the creation of more than 40 state-owned enterprises by 1963, and the adoption of the Preventive Detention Act, the 1960 Constitution, and other laws that vested enormous power and control over resources in the state. Through the mid 1970s and 1980s, state involvement in economic life remained strong.

The expansion of the Ghanaian state offered considerable political advantage in that it provided ‘jobs for the boys’ and placated, for instance, Nkrumah’s most active political constituency, namely the vast number of educated and semi-educated Ghanaians who had completed university. Nkrumah’s policies created a large public working class that morphed into a powerful trade movement with a vested interest in maintaining the status quo. Likewise, despite their neo-liberal leanings and introduction of austerity measures, both the NLC and Busia governments maintained the Ghanaian state’s domination of the economy by failing to dismantle SOEs built by Nkrumah. In doing so, the Busia government in particular preserved an opportunity for the distribution of patronage.

**Formal and Informal Institutions and Prevalent Norms of Behaviour in Ghana**

Today, the Ghanaian state remains a major player in economic life and the political economy continues to favour the political elite in that productive resources such as government contracts, loans, grants, business permits, import licenses, scholarships, development funds, property rights, jobs, and other public goods are concentrated in the state with little chance for oversight and effective enforcement of checks and balances regarding how these are distributed in practice. While the 1992 Constitution represented an important step forward in democratic consolidation, significant gaps remain. Indeed, the Ghanaian political system exhibits serious structural weaknesses that have long encouraged...
corruption and patronage politics, weakened public institutions, and constrained good governance. Although the Constitution provides for separation of powers under a hybrid presidential-parliamentary system, this arrangement has not been respected. With near-complete concentration of power and resources in the Executive, presidential discretion is expansive and poorly regulated at best. The extent of presidential discretion is such that it penetrates all levels of governance in the country, with the president having the power to directly appoint 4,050 individuals, including chief executives of the 110 district assemblies and 30 percent of the members of local assemblies.

Presidential patronage is thus perceived to be a norm of governance, as public contracts and official positions are frequently awarded to party loyalists and close associates. Consequently, such discretion has also led to the politicization of the bureaucracy, often evidenced in the dismissal of civil servants and officers in the country’s security apparatus upon the transfer of power from one party to another. Furthermore, an excessively powerful presidency “has left the capture of the executive branch/presidency the overwhelmingly dominant objective of multiparty competition,” a situation that has only been intensified by the recent discovery of off-shore oil reserves in Ghana.

Significantly, an excessively powerful executive has seriously weakened the ability of Ghana’s unicameral legislature to provide effective oversight over government business. Parliamentarians, often the beneficiaries of presidential patronage via ministerial and deputy ministerial appointments show minimal interest in closely scrutinizing the executive agenda. The legislature lacks the authority to initiate bills and is dependent on the executive for resources. It is plagued by many logistical constraints, including little or no access to research and inadequate office space and meeting rooms. As such, it has served more as a “talking shop” with little ability to meaningfully contribute to serious issues of public policy. Indeed, many MPs appear to have little knowledge of parliamentary democracy or their duties in the governance system. Further exasperating this situation is the limited oversight role that non-governmental actors have played until relatively recently. An access to information bill has been collecting dust for more than eight years and both government and non-governmental experts interviewed in the field believe there is little likelihood that access to information legislation will be adopted in the coming years, not least because access to information would allow for more scrutiny of personal assets.

The Ghanaian judiciary is generally referred to as independent of political influence. Notwithstanding, it exhibits some structural weaknesses, including slow and expensive processes, poorly paid judges and court personnel, inadequate facilities and weak capacity, especially with regard to responding to emerging challenges such as drug trafficking, money laundering, and environmental and electronic crimes. More importantly, the judicial system has long been plagued by corruption: a number of judgments in drug trafficking-related cases in recent years have raised serious questions about its independence from criminal influence and professionalism.

The framework governing Ghana’s political processes offers limited channels for active participation of the political opposition in governance beyond participation in and membership of, parliamentary committees. Political elites consolidate their power and influence by ensuring that benefits of status are extended to their family, clan

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35. Throup (2011), op. cit
38. Fride
40. Ibid. Not only is the Ghanaian parliament is dependent on the executive for resources, but also its budget is limited by the constitution
41. Throup (2011), op. cit
42. While asset declaration is a legal requirement, public access to these documents, if and when submitted, is not.
and community over generations. This form of neopatrimonial governance requires continuous access to power and resources, and therefore longevity in office. Political power thus serves as an instrument for personal, familial, and communal advancement. Hence, politicians and state agents tend to take advantage of public institutions and public policy insofar as it inures to their personal, familial, or communal advancement.

Ghanaian political life and governance are characterized by a deeply entrenched culture of patronage and clientelism. The country’s winner-take-all politics has created an elaborate network of political patronage in which party loyalists and supporters are rewarded for their allegiance. 

Patron-client relationships are particularly relied upon by parliamentarians and municipal and district political appointees in maintaining power, notwithstanding ongoing efforts to decentralize governance.

The strength of these relationships is such that there are times when formal rules are mostly disregarded; informal ties are more important than formal ones, creating opportunities for corruption and even organized crime. Bureaucracies run in parallel to patronage networks that fuel corruption and undermine administrative transparency and accountability. Despite anti-corruption efforts, petty and grand corruption is endemic in Ghana’s civil service and among sections of its political elite.

Regional Context

Ghana’s location in the West African sub-region also comes with its own series of challenges. It lies amidst a grouping of countries in which the legacy of civil wars, external interference, or political and economic mismanagement have led to diminished human capital, social infrastructure, and productive national development assets. Ghana is not immune to these dangers: it faces its own socio-economic challenges, the most notable of which are deep developmental inequalities between the north and the south.

Despite strong economic growth in recent years, rising income inequality, poverty and unemployment – particularly among the youth – and underemployment in the informal sector remain a serious challenge. The Ghanaian economy has failed to keep pace with the expanding youthful and working-age population, with most graduates migrating from rural to urban areas, and large numbers moving from the north to the relatively developed south – unable to find work. Other long-term challenges are major infrastructural shortcomings, particularly in energy and water.

Many of these challenges are slowly being overcome, with countries across the region enjoying transitions to, and consolidation of, democratic rule in addition to positive economic growth. Yet, at the same time, new threats have emerged, compounding existing political and security challenges in West Africa. These threats include small arms proliferation, drug trafficking, and increasingly, drug consumption, as well as broader organized criminal activity such as human trafficking, illicit logging, illicit capture of resources, arms trafficking, cyber crime, piracy, money-laundering, and terrorism.

Ghana has remained largely resilient to the political and ethnic violence that has mired some of its neighbors over the past decade. Indeed it continues to be regarded as one of the countries in the region where democracy has taken deepest root; and more recently is experiencing high levels of economic growth. Despite these advances, Ghana appears to be exhibiting signs of vulnerability to the same organized criminal activity – such as drug trafficking, money-laundering, and electronic crime – as its less democratic and more conflict-prone neighbors, though unlike some of its regional neighbors, its territorial integrity has not been threatened by enclaves of non-state governance fuelled by criminal activity. The implication

44. Interview with civil society representative, Accra, May 2012
45. Patronage practices include politicians and state bureaucrats assisting their kinsmen or supporters to find jobs, places to stay, or contracts; paying their school, wedding, funeral, or utility expenses; distributing cutlasses and other farming equipments; distributing ‘chop money’ for daily subsistence; or providing personal assistance in dealing with government authorities such as the police, courts, school principals, local government officials, etc.
of senior politicians, law enforcement officers and civil servants in much of this activity, particularly the drug trade does however suggest that organized, transnational criminal activity may be becoming intertwined with domestic patronage systems. This is the pattern that – in countries such as Italy and Colombia – has given rise to entrenched criminal mafias. These challenges, which are not so obvious to detect and surmount as the more obvious signs of governance failure in some of its more conflict-prone neighbours, are nonetheless increasingly seen by Ghanaians as a significant threat to governance and to Ghana’s longer-term development.50

II. The Nature and Scope of Organized Crime in Ghana

Of the types of organized criminal activity observed in Ghana today, drug trafficking continues to be the most significant. It is also the organized criminal activity that interacts most with Ghana’s political processes and state actors.51 The following section provides insights into these activities, while also highlighting signs of other emerging forms of organized criminal activities such as money laundering, illegal mining, electronic and environmental crime, arms manufacturing and trafficking, and human trafficking.

Drug Trafficking

Interviews with Ghanaian law enforcement, judicial personnel, medical professionals and social workers, political, and civil society actors for the purpose of this study confirmed that the smuggling of illicit drugs represents the main form of organized criminal activity in Ghana, and is nurtured by endemic public sector corruption. This confirms pre-existing observations of Ghana’s position as a key transit point for cocaine from Latin America and heroin from South and Southeast Asia en route to Europe, North America, and other destinations for the past thirty years.52 Marijuana – which is grown across much of Ghana – is also trafficked to Europe and North America. Interviewees also pointed out that beyond being a transit country, consumption of hard drugs is on the rise in Ghana, and not just among the wealthy. While baseline data on drug consumption is still largely non-existent, a quick visit to some of the areas where small-time peddlers and addicts congregate revealed that crack cocaine and even heroin are also being consumed. The Ghanaian health system is currently not equipped to respond to these challenges and receives very limited state resources to support victims who are often stigmatized by their families and traditional support networks. At the same time, law enforcement officials noted with concern

50. Interviews with a range of actors in Ghana, May 2012
the potential increases in crime and violence that could be propelled by market trends.

While dominated by Nigerians and other external players, notably from South America, the drug business has always counted on the involvement of Ghanaians and benefitted from weaknesses in governance, particularly high levels of corruption, a weak system of checks and balances, and as with states across the globe, limited capacity to identify and respond to emerging challenges. Over the past decade, the West African sub-region has become a key transit and re-packaging point for cocaine from Latin America en route to North American and European markets. The emergence of transnational criminal activity in Ghana can be situated in the 1980s, and the combined effects of massive state corruption, economic mismanagement, ill-conceived and poorly implemented structural adjustment policies, and related political crises. Those processes must, in turn, be understood in regional context. State decline and its resulting impact were particularly pronounced in Nigeria, not least because of the extent of corruption in its public sector as well as its size and population. These difficult socio-economic conditions compelled Nigerians, Ghanaians, and other West Africans to look for criminal means of survival, including cultivation and export of cannabis in the face of increasing demand in Europe. The implementation of draconian anti-drug measures, including introduction of the death penalty for drug trafficking in 1984 by Nigeria’s then-military government, created a balloon effect, shifting emphasis to Ghana and an increase in the involvement of Ghanaians as couriers and intermediaries. In the case of Ghana, economic difficulties in the 1990s – exemplified by high interest rates, collapse of the manufacturing sector, fluctuations in the value of the national currency (the Cedi) and the collapse of local businesses – served as a driver for more Ghanaians to turn to drug trafficking and other forms of organized crime and to develop their own niche in these markets. Between 1991 and 1995, more than 230 Ghanaians were arrested for drug offences in other countries; 42 were convicted and sentenced to various prison terms in Thailand, and 60 were awaiting trial in 1992 alone.

International drug smuggling gangs have since established stronger operational footholds in Ghana, with Ghanaian and Nigerian criminals overseeing well-developed distribution chains in the country. The Kotoka International Airport (KIA) in Accra, the Tema and Sekondi ports, and the Aflao, Elubo, and Sampa border posts located at the Togolese and Ivorian borders, respectively, are used to transit drugs into and throughout the country. Cocaine is often smuggled via deep sea and in order to avoid entry via the major ports is then transported to coastal towns by local fishermen. Heroin is also trafficked into Ghana and other West African countries through East Africa by land or via the southern cone. Traffickers or their local affiliates wait for the drugs in villages and transport them to urban areas, particularly the capital city Accra, for re-packing and shipment to the US, Europe, and other destinations. The drugs are often hidden in containers or air cargo, although large consignments are divided into small quantities and given to couriers travelling through the Kotoka International Airport. Couriers or ‘mules’ generally swallow the drugs or conceal them in their luggage, hair, or other parts of their bodies. The periodic arrest of Ghanaians in the U.S., Europe, and West Africa is indicative of the use of this method as is their periodic death, often provoked by the explosion of cocaine capsules in their intestines. Nigerians are also involved in smuggling cocaine and heroin into Kumasi, Ghana’s second biggest city, via road from Gambia and neighbouring Côte d’Ivoire through the towns in the Brong-Ahafo and Ashanti regions. According to law enforcement officials interviewed, upon

55. Akyeampong, Emmanuel (2003). Diaspora and Drug Trafficking in West Africa: A Case Study of Ghana. African Affairs, 104(416), (pp. 431). Akyeampong cites reports that indicated that, ‘as an income earner, cannabis was rated 50:1 against groundnut cultivation in Senegal, and 300:1 against cocoa cultivation in the Ivory Coast.’ From the 1980s about 50 percent of domestic production of cannabis in Ghana was destined for the export market.
56. Akyeampong (2005), pp. 438
57. Ibid
59. Interview with law enforcement official, Accra, April 2012. The official noted that the contracted fishermen or villagers often might not know what the drugs are.
60. Ibid, interview
61. Ibid, interview
63. Interview with law enforcement official, Kumasi, April 2012.
arrival, local kingpins or barons distribute the drugs to sell in local markets.64

Several shipments of large consignments of cocaine have been intercepted in Ghana since 2003. Most ‘known’ seizures occurred in the middle of the past decade, but it is widely acknowledged that a significant amount of drugs still pass through Ghana.65 In 2004, Ghanaian police arrested an international drug smuggling gang with 675 kilograms of cocaine with a street value of USD 140 million.66 This was followed by the 2005 arrest of Eric Amoateng, a Member of Parliament for Ghana’s then-ruling New Patriotic Party, in the US for conspiracy to transport and distribute heroin to the US.67 Also in April 2006, a vessel - the MV Benjamin - carrying 77 parcels of cocaine arrived at dawn at the Tema Port. Acting on a tip that most likely came from within the security services, 76 of the 77 parcels were offloaded by local fishermen before being intercepted. In 2011, 42 drug trafficking cases were registered, hardly different from the 43 cases registered in 2010.68 Based on the 2011 cases, some 66 arrests were made, implicating 29 Ghanaians, 15 Nigerians, 2 Beninois, 2 Singaporeans, 2 Ghanaian-Americans, 1 Ghanaian-Canadian, and 1 Ugandan.69 In addition, anti-narcotics officials at the Tema Port seized three containers carrying hard drugs from Brazil, Ecuador, and Panama (via the US), while police in Kumasi recently intercepted a vehicle that had passed through the Brong-Ahafo region with an unspecified amount of cocaine.70

The drug trade poses serious challenges to political governance in Ghana. The lack of robust accountability mechanisms, particularly regarding the executive, the legislature, and political parties means that acquiescence or even involvement in the trade can become an irresistible source of funding, particularly at a time when it is becoming more difficult to siphon off state resources through traditional patronage arrangements.71 The degree to which drug-related accusations have permeated public discourse is alarming, with political parties routinely accusing each other of colluding with drug barons or cartels to buy political capital ahead of, during, and between elections.72 In the absence of campaign financing and related regulation, such accusations do little to enhance the legitimacy of Ghana’s political elite and destabilize existing governance arrangements.73 The influx of drug money in the context of weak and corrupt institutions, porous borders, high youth unemployment, scarce economic opportunities, and poorly paid security officials is threatening to criminalize Ghanaian society and further undermine governance and the rule of law.74

Criminal finance mixes with political strategy: drug (and other organized crime)-related illicit monies are frequently used to feed patronage machines, injecting much-needed funds into under-developed areas where formal government structures have been largely absent and where traditional patronage systems are prevalent.75

This is perhaps best exemplified by the arrest and subsequent sentencing of Eric Amoateng, a former Member of Parliament and traditional chief for the Nkoranza South District in November 2005 by US law enforcement officials for his involvement in drug trafficking. Subsequent public inquiries into this case revealed deep penetration of Ghana’s political elite by drug trafficking networks. Amoateng, a former school teacher, and an accomplice, Nii Okai Adjei, were arrested in November 2005 in New York by US Immigration and Customs Enforcement (ICE) officials for possessing 136.4 pounds of heroin with a street value of more than USD 6 million. The drugs were concealed in ‘…a cargo shipment consisting of seven crates [that] arrived at Newark International Airport in Newark, New Jersey, from Great Britain...’76 Both Amoateng and Okai Adjei were

64. Ibid, interview. The official noted that drugs smuggled into Kumasi are for internal consumption, with people from neighbouring towns such as Konongo and Offinso buying from local markets in the city. One ‘wrap’ of cocaine currently has a street value in Kumasi of one Cedi.
68. Interview with law enforcement official, Accra, April 2012, op cit.
69. Ibid, interview.
70. Interview with law enforcement official, April 2012; Interview with law enforcement official, Kumasi, April 2012, op cit.
71. Interview with civil society representative, Accra, May 2012, op cit.
74. Throup (2011), (pp. 11-12), op cit; Aning & Atta-Asamoah, op cit.
75. Interviews with villagers, law enforcement officials, and traditional leaders, Nkoranza and Busunyia, April 2012
76. United States against Amoateng and Nii Okai Adjei, copy of charge sheet in author’s possession.
charged with conspiracy to distribute heroin in the US and arraigned before New York District Court in Brooklyn, New York. Following a plea bargain in March 2007 Amoateng was sentenced to a minimal prison term of ‘120 months, with five years’ supervised release…’ in a US district court in Brooklyn, New York. He is currently serving his term at the Metropolitan Detention Centre in Brooklyn, New York.

The scandal prompted an investigation by Ghanian law enforcement officials (supported by U.K. and U.S. law enforcement officials) into former Minister of Energy Albert Kan Dapaah on the grounds of his possible complicity via a charity organization run by him – the Kan Dapaah Foundation - in MP Amoateng’s heroin trafficking venture. Investigators with the Ghanaian Narcotics Control Board (NACOB) discovered that a person called George Owusu, who facilitated shipment of ceramics to the United States on behalf of Amoateng, had also shipped ceramics from the United States to the Kan Dapaah Foundation in Ghana. The minister had established the Foundation, to provide education to poor students in his constituency. Although the minister admitted to receiving donations of ceramics and clothing from Owusu, he denied knowledge or involvement in the drug trafficking business. However, it is still broadly perceived that drug money was being laundered through the Foundation. Following questioning by NACOB investigators in the Amoateng case, Dapaah was appointed Minister of the Interior in a sudden ministerial reshuffle by then-President John Agyekum Kufuor, effectively stalling and discontinuing the investigation. This was significant in that the Ministry of the Interior supervises NACOB. Also, several of the trained NACOB personnel implicated in the case were either dismissed or transferred to other positions and posts.

Even more significant was a vigorous and sustained effort by Amoateng’s political party, the NPP, to prevent his removal from parliament. An MP’s membership of parliament is brought into question if he or she misses more than five consecutive sittings without providing a justifiable explanation to the Speaker of Parliament. Although the then-minority NDC parliamentary caucus was willing to impeach Amoateng for violating this constitutional provision (due to his detention in the U.S.) and the resulting violation of the Standing Orders of Parliament, their counterparts in the then-majority NPP presented a different interpretation of the provision arguing that Amoateng could not be removed until proven guilty by a court of competent jurisdiction. Amoateng’s removal was delayed for sixteen months, after which a by-election was held and a new MP, also a member of the NPP, was elected.

A number of cases in which cocaine has either disappeared or been replaced with other substances with complicity of senior police personnel have also been reported. Specifically, in 2006, Ghanaian security and law enforcement officials received intelligence that a vessel called the MV Benjamin entering Ghanaian waters was carrying a shipment of cocaine. Despite the notification, the officials failed to seize the cocaine. Seventy six parcels of a total of 77 cocaine parcels seized subsequently disappeared and the vessel was set ablaze. Investigation by a government-instituted commission of inquiry headed by Chief Justice Georgina Wood implicated several individuals including three of the vessel’s crewmembers as having aided the importers and owners of the consignment. Significantly, the investigation also implicated the Ghana Police Service’s Director of Operations, then-Assistant Commissioner of Police (ACP) Kofi Boakye, and Detective Sergeant Samuel Yaw Amoah of the Ghana Police Service. In a secretly recorded conversation at his house, ACP Boakye bragged

82. Article 97 (1c) of the 1992 Constitution states that, ‘A Member of Parliament shall vacate his seat in Parliament if he is absent, without the permission in writing of the Speaker and is unable to offer a reasonable explanation to the Parliamentary Committee on Privileges, from 15 sittings of a meeting of Parliament during any period that Parliament has been summoned to meet and continues to meet’
83. Aning (2007), pp. 203
84. Georgina Wood Committee Report, pp. 2. On 21 April 2006, the Narcotics Control Board was alerted of MV ASIDE 2 vessels carrying narcotics was moving into West African waters. NACOB was supplied with aerial photographs, after which it sought assistance from the Ghana Air Force and the Ghana Navy to track down the vessel. The Ghana Air Force conducted reconnaissance exercises in the hopes of locating the vessel without success. The vessel eventually arrived at the Tema harbour on 27 April 2006 with only 1 of the 77 parcels left on it.
85. Ibid, pp. 3. Between 2-3am on 26 April, two armed fisherfol...:
86. Ibid, pp. 3-4
that he had raided the vessels with his men and stolen the cocaine.\textsuperscript{88} The tape further revealed that ACP Boakye was asked to ‘stay in the background and sort out’ the owners of the drugs in the event that they proved difficult.\textsuperscript{89} The Commission discovered from the tape ‘other acts of corruption, abuse of office, professional misconduct and unsatisfactory service on the part of ACP Kofi Boakye’ and recommended his arrest and prosecution.\textsuperscript{90}

In response to the Commission’s recommendations, the government of Ghana arrested and prosecuted some of the suspects. Some received sentences of up to fifteen years\textsuperscript{91} The most notable exception, however, was ACP Boakye; he was instead given leave, during which he studied at the Ghana Law School and later passed the Bar exam. The Deputy Director and Head of Operations of the Narcotics Control Board, Ben Ndego was also sent on leave. The Police Council, comprising of the Vice President, Minister of the Interior, Attorney General and Minister of Justice, and the Inspector of General of Police initiated an investigation into ACP Boakye’s conduct, subsequently clearing him of wrongdoing. On its last day in office in January 2009, the outgoing NPP government under John Agyekum Kufuour ordered the Council to reinstate him with full benefits.\textsuperscript{92} In the same year, however, and acting on the recommendation of a newly established Police Council under the chairmanship of the new vice president, the NDC government, under John Atta Mills, removed ACP Boakye from office again and indicated its intention to conduct a service inquiry into his involvement in the case.\textsuperscript{93} In October 2009, ACP Boakye was nonetheless reinstated and appointed Director of the Police Education Unit.\textsuperscript{94} He was subsequently promoted to the rank of Deputy Commissioner of Police (DCOP) and Director of Education at the Police Training School in Accra.\textsuperscript{95} He has since been nominated to the position of Western Region Police Commander.\textsuperscript{96} According to a leaked US diplomatic cable, former US Ambassador Pamela Bridgewater stated “it [was] unclear why Boakye was not charged, although some contacts have suggested that Boakye may have some incriminating information on other individuals, causing the Attorney General (Joe Ghartey) not to prosecute him.”\textsuperscript{97} A broad range of people interviewed for the purpose of this project noted that such decisions have only served to undermine the credibility of the Ghanaian police.

In response to many of these organized crime related challenges, Ghana has sought to increase and strengthen its capacity to respond to drug trafficking and fend off criminal influence over its rule of law institutions. Specifically, it has created the Narcotics Control Board (NACOB) with the mandate of protecting the country from being used as a transit point for drugs by way of coordinating anti-drug efforts among security and law enforcement institutions.\textsuperscript{98} In 2010, the Ghanaian parliament passed the Economic and Organized Crime Act. The Act replaced the corrupt and dysfunctional Serious Fraud Office (SFO), renaming it the Economic and Organized Crime Office (EOCO), and broadened its mandate to include fighting organized crime, drug trafficking, and other serious crimes.\textsuperscript{99} Parliament also passed the Money Laundering Act and established the Financial Intelligence Centre (FIC), mandated to collect, analyze, and report information on suspicious financial transactions.\textsuperscript{100} After many years, the parliament is finally considering the Right to Information Bill, aimed at increasing transparency in governance institutions.\textsuperscript{101} Additionally, Ghana has signed
and ratified a series of regional and international anti-drug instruments, including the 1988 UN Drug Convention, the UN Convention against Transnational Organized Crime, the UN Convention against Corruption, and the AU Convention on Preventing and Combating Corruption, among others.

NACOB and other Ghanaian law enforcement agencies have collaborated with the US Drug Enforcement Agency (DEA), resulting in a considerable increase in seizure of cocaine and heroin passing through the country. Through the establishment of a ‘vetted’ Sensitive Investigative Units (SIUs), the DEA is also helping NACOB build integrity and resilience against corruption, and develop formidable investigative capacities within the unit to handle complex drug trafficking cases, particularly for cases in which drugs are being trafficked to the United States.

With the support of the UK’s SOCA and the US DEA, in 2010 NACOB seized over 80 kg of heroin, over 220 kg of cocaine, over 3,000 kg of cannabis, and arrested some 47 individuals between January and October 2010; the Ghanaian police also made 286 arrests in the same period. Likewise, a joint operation on passenger and cargo profiling between Ghanaian and British customs officials stationed at the Kotoka International Airport, known as Operation Westbridge, also increased interdiction and seizure of drug shipments through Ghana. With US assistance, a body scanner to detect drug swallowers and couriers has been installed at a climate-controlled room built by the US Africa Command at the airport. These efforts resulted in a decrease in the number of airport seizures, although both national and international security officials have stated that corruption at the airport is still rampant. The seizure in London’s Heathrow Airport of approximately 1.5 tonnes of cannabis with a street value of GBP 4.3 million on an airplane from Ghana was a clear example of how significant the challenge is.

The US and the UK are also providing training and technical assistance to Ghanaian justice personnel on anti-money laundering techniques and prosecution of drug-related cases.

Nonetheless, Ghana is struggling to stem drug trafficking. Most arrests in recent years have involved low-level drug peddlers, and less progress has been made in dismantling sophisticated trafficking networks and holding accountable those in public office that have enabled the operation of these networks. Interviews with NACOB and police personnel revealed that judges and police officers, including those based in smaller towns outside Accra, lack understanding of, and capacity to respond to, the drug situation. The police still lack the requisite skills or equipment for investigating and prosecuting drug cases, thereby leading to poor preparation for, and loss of, many drug-related cases. Compounding this is a painstakingly slow legal process, as trials normally drag on for years with limited regard for the cost to the public purse. Additionally, inter-agency coordination remains a serious challenge. Security and law enforcement agencies, including NACOB, the Narcotics Unit of the Ghana Police Service’s Criminal Investigations Department (CID), the Bureau of National Investigations (BNI), the Ghana Navy, the Ghana Immigration Service, the EOCO, and CEPS, do not share information with each other and often present conflicting figures on drug-related arrests to the government and the public.

NACOB itself is an umbrella body under the supervision of the Ministry of the Interior with staff seconded by member institutions. It is still under-resourced and under-staffed. Members can be re-assigned to other lowly portfolios and locations without recourse. The Board does not have the

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105. Ibid. For instance, the US Treasury has seconded an advisor at the Financial Intelligence Centre to assist it in training its staff on anti-money laundering. A legal advisor from the US Department of Justice also provides technical advice and assistance to the Ghanaian ministry of justice.

106. Ibid. Interview. According to a Ghanaian security expert, the lack of expertise within the Ghana Police Service is such that officers prosecuting drug-related cases are often asked by judges to go back and properly prepare their cases. This has led to low prosecution and conviction rates, especially outside Accra.

107. Interview with law enforcement officials, Kumasi, April 2012. The officials noted that the legal process of a drug-related case often takes as long as five years, especially if the suspect hires a lawyer.

108. Bureau of International Narcotics and Law Enforcement Affairs (2011). 2011 International Narcotics Strategy Report: Bureau of International Narcotics and Law Enforcement Affairs, Washington, DC. Interview with Ghanaian journalist, Accra, April 2012. The journalist noted that NACOB often presents figures to government agencies, only to be contradicted by the GPS and the BNI. More importantly, although the police have had considerable success in gathering data, law enforcement officials generally rely on personal relations to gain access to information.
kind of autonomy and technical capacity that it requires to function effectively. For example, NACOB has not been able to finalize the process for confiscating Amoateng’s assets though the law requires it.\(^{109}\) Likewise, his accomplice has returned to Ghana after serving his sentence, while none of his assets have been confiscated.

**Money Laundering**

Ghana is becoming an important regional financial center. At the same time however, it has also become an important hub for money laundering. Trade-based money laundering in particular is growing in importance, and is sometimes used to repatriate ‘profit’ and also for tax evasion or payment of lower customs duties and other taxes.\(^{110}\) Informal financial activity continues to represent approximately 45 percent of the total Ghanaian economy and fiscal accountability mechanisms remain weak, rendering this form of money laundering extremely difficult to counter. Weak compliance systems (particularly regarding provision of standard documentation and fixed addresses) in Ghana make it easy to hide illicit monies. Fake addresses are easily provided when opening bank accounts, and easily corruptible compliance officers allow for funds to be transferred out of a bank swiftly when suspicion is raised.

Most of the money laundering in Ghana involves illicit funds stemming from narcotics, various forms of fraud, and public corruption. Its continuing position as an important transshipment point for cocaine and heroin transiting to Europe and the United States only serves to exacerbate this situation, with criminals laundering illicit proceeds “through investment in banking, insurance, real estate, automotive import, and general import businesses, and reportedly, donations to religious institutions.”\(^{111}\) Hundreds of suspicious bank accounts containing vast sums of monies transferred from various countries have been frozen over the past two years. Between January and early May 2012 alone, the Economic and Financial Crimes Court authorized the freezing of more than 250 bank accounts on suspicion of money laundering, often related to cyber crime, a staggering increase from the 300 accounts frozen in the whole of 2011.\(^{112}\) Ghana has reportedly taken steps to improving its anti-money laundering regime, including through the adaption of Anti-Money Laundering Regulations (LI 1987); the drafting of an amendment bill to the 1960 Criminal Offences Act (Act 29), a draft Immigration amendment bill and a draft Extradition amendment bill; the adoption of the Economic and Organized Crime Office (EOCO) Act (Act 804) and related regulations; and the establishment of the EOCO; the establishment of a Financial Intelligence Center (FIC); the development and launching of several compliance manuals; and the recent ratification of the UN Convention on Transnational Organized Crime. According to authorities, in 2011 USD 9.12 million and €3.5 million were frozen following the receipt of Suspicious Transaction Reports (STRs), and USD 2.5 million were confiscated.\(^{113}\)

Failure to fully adhere to robust banking and financial regulatory frameworks continues to make Ghana particularly vulnerable to money laundering. Compliance officers continue to allow deposits of vast amounts without requesting proof of origin of the funds, and without processing STRs as per its commitments under its AML/CTF Action Plan. EOCO and the Economic and Financial Crimes Court face serious resource and capacity constraints.\(^{114}\) The process leading to the passing of the Anti-Money Laundering Act and establishment of the Financial Intelligence Centre is particularly illustrative. Despite evidence of money laundering in the country and the need to gather, monitor, and report suspicious transactions, the executive and legislature were slow in drafting and passing the Act and establishing the FIC. The Anti-Money Laundering Act is centred almost entirely on the establishment of the FIC. The Act also fails to fully criminalize money laundering, relies on an obsolete framework for extraditing suspected criminals, and does not include provisions for the confiscation of

\(^{109}\) PNOC Law 236, op cit. (Accessed May 17, 2012)  

\(^{110}\) Interviews with police and law enforcement officials, Accra, Ghana, May 2012  

\(^{111}\) Interview with senior judicial official, Accra, May 2012. The official noted that the smallest of the accounts contained a balance of USD17,000  

\(^{112}\) Nonetheless, EOCO has embarked on a series of capacity building reforms with the support, with material and financial support provision of vehicles and increased budget from the government of Ghana. The Court, however, does not have its own budget and relies on the judicial service for funding. Its electronic gadgets are dysfunctional and their staff rely on personal relationships with staff of other government agencies to gain access to information.
funds related to money laundering. More importantly, while the FIC has relayed information on hundreds of bank accounts suspected to be used for money laundering to EO CO, and the Economic and Financial Crimes Court (EFCC) has not authorized their freezing, and the lack of political commitment and complicity of state officials has prevented prosecution of the suspected money launderers. According to the Anti-Money Laundering law, when accounts are frozen, the decision can be appealed after one year; yet, accounts are often ‘unfrozen’ after one week.

As noted by interviewees, the EFCC does not have its own budget; therefore, its ability to try money-laundering cases and deliver timely judgements is hampered by serious resource and capacity constraints. Not only has this resulted in an increase in money laundering and other criminal activities, it also led to Ghana being placed under review by the Financial Action Task Force (FATF) in February 2012 for non-compliance with anti-money laundering standards and failing to make “sufficient progress in implementing its action plan.” The country was however, removed from the FATF’s list of high risk countries later that same year after it enacted various legislations to criminalize money laundering and fight the crime.

In addition to the FATF framework, one of the biggest concerns voiced by interviewees regarding the effective implementation of anti-money laundering efforts relates to the role that corruption plays in thwarting these efforts. Public corruption itself serves as “a major source of money laundering in Ghana, occurring mainly through public procurements and the award of licenses,” and the monitoring and effective implementation of the anti-money-laundering legislative framework continues to be “hindered by the very corrupt people being ‘checked’ thereby corrupting the ‘gatekeepers’ themselves.” A survey of professionals conducted in 2011 on money laundering and financing of terrorism in Ghana already captured many of these testimonies and reports, noting that “[w]hile there is palpable commitment to the fight against money laundering and terrorist financing, lip service is paid to bribery and corruption. This menace is woven into the very fabric of society, and requires not just committed individuals at the helm of affairs determined to change the status quo, but a network of determined groups and individuals.

**Illegal Mining**

Ghana is Africa’s second largest gold exporter. The sector currently employs more than 100,000 Ghanaians to work the shafts. Over the past decade, illegal mining, known locally as ‘galamsey,’ has gained traction in Ghana. There is emerging evidence, although tenuous, that drug trafficking and galamsey may be loosely linked in that miners in the Ashanti region are increasingly using cannabis and cocaine when working underground to numb the long working hours, or to deal with nausea and claustrophobia. The 2006 Minerals & Mining Act allows Ghanaians to establish small-scale mining companies and spells out penalties such as jail terms and confiscation of equipment in the case of illegal mining, or the withdrawal of mining licenses of artisanal operators who engage foreign nationals in their mining operations. Despite these provisions, galamsey is widespread throughout the country and is currently receiving much attention due to the damage it is causing to the environment and agriculture in general, and due to perceptions that illegal miners are increasingly using drugs and arms to facilitate their activities. Galamsey is particularly acute in mining towns such as Tarkwa, Obuasi, and Konongo in the Western and Ashanti regions respectively, and is provoked

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115. Interview with senior judicial official, Accra, May 2012, op cit. During the interview, the official told interviewers that he suspects some EOCO officers and staff at the Attorney-General’s Department were colluding with suspected money launderers, resulting in non-prosecution of cases. The interviewee also mentioned that he had decided not to authorize the freezing of any more accounts.


117. Ibid.

118. The FATF also noted that moving forward, Ghana needs to: i) adequately criminalize money laundering and terrorist financing; ii) establish and implement adequate measures for the confiscation of funds related to money laundering; iii) establish a fully operational and effectively functioning Financial Intelligence Unit; and iv) establish and implement adequate procedures to identify and freeze terrorist assets. See FATF Public Statement of 22 June 2012 and FATF Public Statement of February 2012 at http://www.fatf-gafi.org/documents/repository/fatfpublicstatement-22june2012.html


121. Interview with law enforcement officials, Kumasi, April 2012. This practice is particularly prevalent in Konongo in the Ashanti region.

122. Interview with mining workers, Axim Road, April 2012; Interviews with law enforcement officials, Kumasi, op cit.
by a combination of factors including the existence of significant gold and other mineral deposits; widespread poverty and high youth unemployment; lack of viable economic opportunities; the financial and material benefits of the illicit activity; and widespread community acceptance of the riches that successful miners can plough back into their local communities in terms of real estate development, land acquisition, and the conferment of traditional titles.123 Although agriculture continues to be the mainstay of rural communities, rural inhabitants are discouraged by the financial investment and hard labour required particularly when compared to the quick returns associated with galamsey.124

While the extent to which galamsey is controlled by transnational networks is unclear, foreigners – mostly Chinese migrants – have recently been identified as major promoters of the activity, and often collude with local leaders for access to mining areas.125 For example, some 27 Chinese migrants were arrested earlier this year for involvement in galamsey in the western region, while the Dikoto village chief was brought before the Minerals Commission where he received a warning for hosting illegal Chinese miners.126 In northern Ghana’s Ashanti region, especially in the Obuasi Municipality, large gangs of Chinese miners are engaged in galamsey operations and use Ghanaian contract labour.127 The involvement of large numbers of Chinese citizens may suggest some level of transnational organization in operating galamsey businesses.128 The migrants arrive in Ghana on tourist visas and go underground when they expire. By colluding with local chiefs and law enforcement officers, they acquire long-term land leases, after which they recruit young men and provide them with various machines and equipment for mining.129

At the same time, it is important to recognize that the presence of these Chinese miners is often linked to the increasing commercialization of mining in China, which in turn has made millions of artisanal miners redundant and who are intent on seeking similar alternatives elsewhere. Following a series of incidents involving illegal Chinese miners, Ghana and China have resolved to establish a high-powered working committee to review circumstances leading to the influx of illegal Chinese miners to Ghana; determine a road-map for stemming the flow; and explore appropriate mechanisms to promote the mining industry as one of the key areas for co-operation to enhance Ghana-China relations.130

**Illicit E-Waste**

Over the past five years there has been a registered increase in the amount of illicit dumping of electronic waste (e-waste). This increase can be situated in the context of a dramatic spike in the use of high-tech electronic devices across the globe. Countries lack effective schemes for e-waste disposal and recycling and while companies can export used devices for re-use or refurbishment, such trade is still poorly regulated and taken advantage of by organized criminal groups who have found a lucrative niche in the trade. The latter poses risks for those developing countries that have limited capacity and oversight mechanisms to prevent hazardous e-waste being dumped on their territory and even less capacity to respond to the associated environmental, health, and security impacts.131

In recent years, Ghana has emerged as a major destination for an underground trade in e-waste.132 Containers of old computers first began arriving in Ghana as donations to help bridge the digital divide. However, it soon became clear that some of these “donations” contained untreated waste, much of it hazardous. Today an estimated 600 40-foot containers carrying waste items such as obsolete and second-hand laptops, TV sets, DVD players, VCRs, and sound systems arrive daily at Ghana’s main ports at Tema, 123. Interview with mining workers, op cit.
124. Ibid
125. Ibid
126. Interview with law enforcement official, Sekondi-Takoradi, April 2012. About 17 of the migrants have been deported
127. Interviews with locals, Obuasi, July 6-8, 2012
128. There is no official data on the number of Chinese migrants involved in galamsey in Ghana
129. Interviews with locals, Obuasi, July 6-8, 2012
131. Although the 1989 Basel Convention on the Control of Trans-boundary Movements of Hazardous Wastes and their Disposal was amended by the 1998 Basel Ban, the main international instrument for regulating and controlling e-waste disposal outlawed export of hazardous waste especially from OECD countries, it has been denounced by environmentalists as an instrument that legitimizes hazardous waste trade
132. Interview with law enforcement officials and ordinary Ghanaians, Accra, May 2012
and Takoradi. The consignments come principally from the US, as well as the UK, Belgium, Canada, Denmark, Germany, Italy, the Netherlands, and Spain. The capacity to sift through these shipments to determine whether they fit existing standards and regulations is limited and therefore much of the e-waste ends up in the Agbogbloshie dump on the outskirts of the capital, where it is then sold on to scrap merchants for repurposing or re-use.

The Agbogbloshie dump has become one of the biggest digital dumping grounds in the world, provoking a range of problems. First, in Ghana, like in many other developing countries, scores of people make a living from collecting and recycling discarded material found in rubbish dumps and are therefore exposed daily to the hazardous material it contains. Second, this material can have a strong impact on the environment. In addition, when disposed of improperly, some of the materials end up in water supplies. Already the Agbogbloshie dump sits on the banks of the Korle Lagoon, which has been known to be “one of the most polluted bodies of water on earth.” Sometimes the electronic waste is burned, releasing poisonous chemicals into the air and harming those who live in the proximity of the dump or those involved in recycling the material.

Electronic waste disposal also carries important security risks, including for the US, not least because companies trading in discarded e-waste do not always comply with data-wiping agreements or standards. In Ghana, many of the discarded computer hard drives have been found to contain important personal, business, and government data, carrying serious implications for private users and governments. According to one analyst, “breaches of Western information security driven by a rise in electronic waste circulation have been particularly pronounced in Ghana, where a number of tech-savvy youths have taken to searching out information on Westerners’ old hard drives for extortive purposes.” Notable cases in Ghana confirmed by interviews on the ground include finding hard drives containing top secret material related to US Congressmen, Northrup Grumman, the US Army, the Washington Metro Transit Authority, and ironically, the US Environmental Protection Agency (EPA). One particular drive purchased on e-bay from a Ghanaian seller (and traced back to the Agbogbloshie dump) contained “information on the testing procedures for the US military’s Terminal High Altitude Area Defence ground-to-air missile defence system, essentially an Iraq-based operation that was developed to shoot down SCUD missiles aimed at the US and ally targets.”

Cybercrime and Sakawa

Over the past decade, and increasingly since the laying of fibre optic cables along the West African coast in particular, and the exponential increase in the number of computer and smartphone users, the sub-region (notably Ghana, Nigeria, and Cameroon) has experienced a significant growth in Information and Communications Technology (ICT)-based businesses and services including electronic government, electronic commerce, teledemocracy, telemedicine, electronic banking services, and as noted above, electronic waste. The increase in use of ICTs for business, personal, and public use has however, been met by a simultaneous increase in cyber-related criminal activity. Along with Nigeria and Cameroon, Ghana has emerged as one of the countries in the world where cybercrime and the related trend, sakawa, is most prevalent, leading to the black listing of Ghana from purchasing items from some key commercial sites in the United States and Europe.

Interviews with police and law enforcement officials in Accra and Kumasi in May 2012 confirmed reports that

133. There is no accurate data on the amount of electronic waste being exported from the US or elsewhere.
135. Up to 36 different chemical elements can be incorporated into certain e-waste items and a typical monitor may contain as much as 6% of lead by weight
137. E-waste black-market racketeers extract the valuable materials from the dismantled computers and gadgets, and then proceed to burn the materials, which can cause disease. Black-market slave labor is also employed in some countries, including Ghana to extract valuable substances at a high health cost.
140. The drive found in this case contained information about some US$22 million-worth of top-secret U.S. government contracts related to the Transportation Security Administration, NASA, and other federal agencies. PBS Frontline (2010).
cybercrime and sakawa – a form of advance fee fraud (commonly known as 419 scams) blended with voodoo practices – are prevalent in Ghana. The nature of its organization and the extent of West African and foreign involvement in Ghanaian forms of cybercrime remain unclear, yet there are increasing reports that Ghanaian cybercrime ‘dons’ commandeer regional and country-specific teams operating across the region, are much more organized than originally believed, and can far outpace state operatives in terms of tech-saviness and capacity to adapt to, and adopt, new technology, software, and malware to further their interests. More recently, 419 scams in West Africa have spread from national-level operations to regional syndicated interfaces, with foreign nationals relocating their activities to neighbouring countries. This trend has rapidly intensified, especially with groups in Ghana and Nigeria. In Ghana the cybercrime arena continues to be dominated by young Ghanaian males from Accra suburbs such as Nima, Maamobi, and Kotobaabi who tend to view it as a means to economic empowerment and inaccessible luxury goods.

Two primary types of cybercrime are prevalent in Ghana and can be implemented by either groups or individuals. The first and most common type relates to Internet-related advance fee fraud (419 scams) in which criminals browse social networking and dating sites and contact foreigners interested in dating Ghanaians or Africans. Photos, either of a female accomplice or downloaded from the Internet, are used to create profiles and a relationship is established with the victim. The fraudsters then lure their prey into dating and marriage scams by extracting various amounts of money, ostensibly for marriage preparation. A 2010 case referenced during interviews involved a Ghanaian man named Maurice Asola Fadola who defrauded a British woman of GBP 1 million through a dating scam. Posing as a US soldier serving in Iraq (a ruse frequently used by 419 scammers), Fadola established a relationship with his victim. Following several months of ‘dating’, Fadola told his victim that he intended to retire from the army and wanted to meet her. He subsequently fabricated a series of stories, including a series of ‘problems’, convincing her to ‘help’ him. The ruse resulted in several money transfers. Fadola was eventually arrested during a joint UK-Ghana sting operation.

As noted above, the Ghanaian gold mining industry is one of the most important in Africa, but with it comes a series of challenges, including Internet-related fraud. In many cases, Ghanaians contact foreigners via e-mail fronting as companies, banks, or government agencies with offers to invest in Ghana’s gold mining industry or with offers to sell gold at relatively low prices. Victims are then asked to deposit a certain amount of money as a first investment step and invited to travel to Ghana to meet with their supposed ‘business partners’ and sign documents related to their ‘investment.’ In anticipation of identity verification requests, criminals work assiduously to create fake documents including import and export receipts, bank statements, business letterheads, air tickets, passports, visas, and house and land titles, interacting along the way with an array of online and offline criminal rackets.

Cybercrime in Ghana is not limited to identity fraud alone. It also includes a complex web of pyramid fraud schemes, electronic theft, credit card fraud and involvement in underground ‘carding’ networks, the establishment of fraudulent Internet banking sites, phishing, and ATM fraud. In recent years popular media, radio, TV series, and cinema in both Ghana and Nigeria have often glorified these forms of criminal activity, attracting a huge body of unemployed youth. The entry barriers for engaging in these forms of illicit activities are extremely low as are the risks, particularly since both the legal framework and state capacity to respond to the challenges remain weak. Furthermore, as noted by many interviewees, there are too few employment incentives to sway young people away from engaging in this form of low risk criminal activity.
In the years preceding 2008, Ghanaian law enforcement officials mostly treated cybercriminals as mere fraudsters as there were no laws explicitly outlawing cybercrime. Since then however, the government of Ghana has recognized the serious threat posed by the phenomenon. In 2008, the Parliament passed the Electronic Transactions Act (Act 772), which criminalized cybercrime, including computer hacking, and empowered the police to deal with cybercriminals. The Ministry of Communications is drafting a Cyber Security Strategy that would establish a Ghana Computer Emergency Response Team (GH-CERT) and lay the groundwork for responding more effectively to cybercrime.\(^{151}\) The government also aims to set up “an information security architecture to provide an increased level of confidence for online commerce, communication and collaboration over an increasingly insecure Internet.”\(^{152}\)

Nonetheless, with sustained advances in technology and greater use of computers, smartphones and the Internet, huge capacity constraints, and a corruptible bureaucracy, Ghana will continue to face enormous challenges in tackling the problem of cybercrime. In particular, mobile phone ownership and access is expanding dramatically, dwarfing access to traditional landline phones, while access to the Internet continues to increase.\(^{153}\) Of particular significance are likely changes in the patterns of mobile phone usage with increasing availability of smartphones and access to mobile banking services.\(^{154}\) If current indicators are anything to go by, such increased access is likely to result in increased cybercrime activities, placing significant pressure on the public purse and exacerbating existing governance challenges in Ghana.

This situation poses a threat to the long-term development aspirations of Ghana. Its ranking as one of the world’s top countries for cybercrime, serves as a major disincentive to investment in the country and its ability to do business globally – even local businesses find their emails are automatically blocked, simply because they originate on a Ghanaian or a Nigerian server.\(^ {155}\) The easy access to money and luxury goods that cybercrime provides is resulting in a loss of human capital in both the public and private sectors. The latter can hardly compete with the benefits that a short dip into the cyber underground provides. The capacity to respond to these types of crimes in terms of alternative incentives remains limited. In addition, a highly un-regulated financial system through which many of these illicit proceeds flow freely led to Ghana being under review by the Financial Action Task Force. Although Ghana has since been taken off the FATF ‘blacklist,’ the FATF public statement was a hard blow. In a sub-region as volatile as West Africa, where several countries are emerging from or immersed in conflict, and where organized crime, trafficking, money-laundering, and terrorism increasingly nurture each other, a lax approach to the prevalence of cybercrime vis-à-vis other forms of illicit activity may turn into a bigger problem in the years to come.

**Arms Trafficking and Manufacturing**

Concern is mounting about the extent of the proliferation and trafficking of small arms and light weapons in and through Ghana, yet there is still a general lack of reliable information on the extent of the problem. Interviews on the ground for the purpose of this project were unable to shed light on the extent of arms trafficking in Ghana, and whether it simply represents a local ‘disorganized’ illicit market or whether flows are part of broader transnational and organized arms trafficking networks. What is clear, however, is that the easy availability of arms throughout the country is resulting in more violent outcomes in localized conflicts, particularly those related to land.

In addition, the country’s long-standing culture of gun manufacturing has produced a large pool of Ghanaian gunsmiths with capacities to manufacture various weapons including pistols, single-barrel guns, double-barrel shotguns, and AK-47 assault rifles.\(^ {156}\) This has raised concern about the potential of Ghana as an exporter of weapons, particularly as Ghanaian weapons are known in

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151. Modern Ghana, ‘Ministry Fights Cyber Fraud’, January 25, 2012. Available at http://www.modernghana.com/news/374148/1/ministry-fights-cyber-fraud.html (Accessed June 3, 2012). It is worth noting, however, as of writing this report, there is no indication that the ministry has completed or released the strategy or established the GH-CERT.

152. Ibid

153. Bowen, Hannah (2010). Making Connections: Using Data on Ghanaians’ Media Use and Communication Habits as a Practical Tool in Development Work. InterMedia, Accra, Washington, London, (pp. 25). The survey indicated that the number of Ghanaians using cell phones is now 10 times those with landlines in their homes and that mobile subscriptions have increased from 2 per 100 people to 32.


the West African sub-region for their effectiveness, price competitiveness, and accessibility.157 Ghana’s porous borders are considered an important transit point for trafficking of illicit weapons not only to conflict-prone areas of the country such as the northern towns of Bakwu, Yendi Gushegu, and Bunkpurugu-Yunyoo, but also to neighbouring countries such as Côte d’Ivoire and Nigeria.158 Periodic interception of vehicles carrying weapons to armed groups such as Boko Haram in Nigeria suggests a transnational element.159 Takoradi, the capital of Ghana’s western region bordering conflict-prone Côte d’Ivoire, has served as a key route for smuggling Ghanaian weapons to armed groups. Bakwu and Bolgatanga in the upper east region, bordering Burkina Faso, are northern Ghana’s main weapons trading centres.160

Of particular concern are the social and political ramifications of the easy availability of weapons, particularly on dispute resolution and political contestation. For example, in northern Ghana, arms are increasingly used in long-standing ethnic, chieftaincy, land, and resource-related conflict, and there is evidence that gunsmiths in the towns of Tamale and Kumbungu have found a ready market among ethnic Dagomba fighters in Yendi who are involved in a long-standing chieftaincy dispute in Dagbon.161 Indeed, there has been a marked increase in violent inter-ethnic clashes, particularly among Mamprusis and Kusasis in Bakwu, and Abudus and Andanis in Yendi, often resulting in government imposition of long curfews.162 In the past, armed gangs and ‘macho men’ hired by political leaders have used locally manufactured weapons to attack and intimidate their opponents during electoral campaigns. In light of the recent violence that surrounded the voter registration process, there is concern that easily accessible weapons might have an impact on the 2012 elections.163 Civil society groups have urged political parties to dismantle any vigilante groups affiliated with them, adhere to the political party code of conduct, and make greater efforts to control the circulation of small arms and light weapons.164

Since 1962, Ghana has been passing legislation to respond to illicit weapons manufacturing and trafficking. The first bill to be adopted was the Arms and Ammunition Act of 1962 (Act 118), which banned possession and use of arms and ammunition as well as the manufacturing of small arms, and included registration obligations.165 The law was amended by the Arms and Ammunitions Decree of 1972 (NRC9). Other instruments such as the Locksmith Act of 1994 (Act 488) and the Arms and Ammunitions Act of 1996 (Act 519) further reinforced the previous laws. In 2005, and in light of the continuing proliferation of small arms and light weapons, the government established a National Commission on Small Arms and moved to consolidate legislation on the production, export, import, and transit of weapons. Periodic exercises to retrieve unauthorized small arms and light weapons, and to destroy surplus arms are conducted as awareness raising campaigns against small arms proliferation country-wide. More recently, and in line with regional developments, Ghana voted to ratify the ECOWAS Convention on Small Arms and Light Weapons to deal with persisting challenges related to arms manufacturing and trafficking in and from Ghana to the broader sub-region.166

**Human Trafficking**

Human trafficking remains a significant challenge in West Africa. Like other countries in the region, Ghana is an origin, transit, and destination country for trafficking of women and children particularly for forced labour and commercial sexual exploitation.167 It takes place in both internal and external (i.e. export) forms, although trafficking of humans within Ghana’s border is more prevalent in Ghana than trafficking to other countries.168 Some forms of trafficking

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157. Ibid, pp. 79
158. Interviews with journalist and senior police officer, Accra, May 2012.
159. Interviews with law enforcement officials in Kumasi, April 2012.
160. Anning (2005), pp. 93
163. Anning (2005), op. cit.
166. Interviews with government officials, Accra, May 2012
may be attributed to the nature of the country’s extended family support system, which can unintentionally serve as an enabler of human trafficking. Additional enablers include high levels of poverty and unemployment, which compel people to leave their home communities in search of jobs. Gender inequality and discrimination, low levels of education, bad governance, political crises, and harmful cultural practices also contribute.

In the case of domestic trafficking, boys and girls are trafficked from rural to urban areas or between rural communities such as farming and fishing communities. Those who are trafficked bolster the small armies of street beggars and hawkers or are forced to labour in agriculture, fishing, kente, weaving, or as porters (kayaye). The discovery of oil and the influx of foreign oil workers in the western region has raised concerns that trafficking networks could traffic poor women, young girls, and children in and out of Ghana for prostitution and other purposes, and interviews conducted for the purpose of this project suggest that this is already happening.

On the external side of human trafficking, women and children are trafficked from Ghana to Côte d’Ivoire, Nigeria, Togo, Burkina Faso, Gabon, the Gambia, and Western European countries for sexual exploitation. More recently, Chinese women have been trafficked into Ghana for sexual exploitation.

Interviews on the ground also confirmed reports that some sporting activities serve as a platform for trafficking children in Ghana. Football is a favoured sport in the country (and across the sub-region), not least because of the lucrative gains involved for those who strike it lucky in the game. Criminal dons and their collaborators at local football academies, the majority of which are illegal, exploit poor Ghanaian boys as young as seven with dreams of becoming the next Michael Essien or Didier Drogba. People fronting as football agents recruit young boys across West Africa with enticing offers of football opportunities in Europe. Families borrow vast sums of money to pay the agents, after which the boys are taken away to illegal academies in Accra, Côte d’Ivoire, or Europe. The boys often end up selling fake goods on the streets of Europe or as male prostitutes. Victims of these illicit networks have limited prospects of legalizing their situation, yet most are unwilling to go back home because they lack the money to purchase air tickets, or because of the stigma attached to returning empty handed, especially when their parents have incurred large debts to send them away to the alleged football academy.

As evidenced, human trafficking is both an organized and “unorganized” crime in Ghana. While it often stems from family-to-family agreements, traditional apprenticeships, or external family structures in Ghana, it is also promoted through organized partnerships between local and international human trafficking networks and security agencies. The multiple actors and players involved make these types of crimes difficult to resolve and prevent. And as noted by several interviewees, the lack of available data on human trafficking in Ghana and within West Africa in general makes it quite difficult to ascertain the trend and extent of the phenomenon within the country and the sub-region.

As part of its strategy to address human trafficking, in 2005 the government adopted a National Human Trafficking Act (Act 694) that recommends inter alia, the protection of

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women and children against trafficking, the prosecution of offenders, and the rehabilitation and reintegration of trafficking victims. In 2009, the government amended the legislation through the adoption of the Human Trafficking Act (Act 785) although it has still to ratify the UN Protocol to Prevent, Suppress and Punish Trafficking in Persons especially Women and Children (also known as Palermo Protocol).

To support the implementation of the Act however, the Economic and Organized Crime Office, the Anti-Human Trafficking Units (AHTU) of the Ghana Police Service, the GPS’ Domestic Violence Victims Support Unit (DOVVSU) and the Ghana Immigration Service have been tasked to enforce the law and investigate human trafficking cases in the country. As of November 2011, six trafficking cases have been prosecuted, out of which four convictions were obtained, with eighteen cases still being investigated by both the ATHU of the GPS and EOCO. Despite these efforts though, a number of challenges remain, including adoption of the legislative instrument (LI) required to ensure full implementation of the Act, while an amendment to the Immigration Act is also required to address migrant smuggling. As noted by interviewees, under-development, and public sector corruption, as well as limited funding, logistics, and facilities for government institutions charged with responding to the phenomenon also pose serious challenges to implementation.

III. The Impact of Organized Crime on Governance

As noted in Section II, entrenched patronage networks and widespread corruption continue to underpin Ghana’s system of governance. Successive post-1992 governments have pledged to improve governance by strengthening institutional and legal frameworks and protecting them against corruption, as evidenced in more recent years in the establishment of anti-corruption bodies and the adoption of anti-corruption legislation. Yet these efforts have produced mixed results and there is still a widespread perception among Ghanaians that corruption is rife in the police, judiciary, political parties, and parliament. At the same time, the World Bank has also reported a decline in political stability over the period covering 2005-2010. Corruption has provided an excellent lubricant for all forms of organized crime and illicit activity in Ghana and an increased blurring of the boundaries between the legal and the illicit. There are signs that it is also creating conditions conducive to the emergence of entrenched criminal networks and mafias, particularly through the increasingly close relationship between drug trafficking and political actors.

Organized Crime, Political Governance, and the Rule of Law

The involvement of elected officials, parliamentarians, law enforcement officials, and other public sector workers in drug trafficking, other forms of organized criminal activity, and forms of ‘disorganized’ crime has at times tainted the legitimacy of both formal and informal governance institutions in Ghana. It appears to be placing increasing pressures on the political system and inter-party relations. For example, following the arrest and detention of sitting MP Eric Amoateng for trafficking heroin to the US, the 2008 general election campaign was accompanied by persistent and vitriolic allegations and counter-allegations.

182. Ghana Human Trafficking Act (Act 694)
183. Trafficking in Persons Report, 2011, op cit
185. Ibid.
186. Ghana’s anti-corruption efforts have included creation of the Commission for Human Rights and Administrative Justice, the Serious Fraud Office (now the Economic and Organized Crime Office), and promulgation of the 2003 Public Procurement Act and the 2007 Whistleblowers Act.
187. Ibid.
188. This could be attributed to the highly competitive nature of the 2008 elections, which resulted in then-opposition National Democratic Congress (NDC)’s narrow defeat of then-ruling New Patriotic Party (NPP). Claiming many of its supporters and polling agents had been prevented from voting or overseeing the counting process, the NPP unsuccessfully sought a court order to restrain the Electoral Commission from declaring the election results.
between the two main political parties, with each accusing the other of involvement in the lucrative drug trafficking trade or using the spoils of drug trafficking to fund their electoral campaign. The NDC particularly referred to close associations between leading members of the ruling NPP and convicted drug barons, and the failure of the NPP government to prosecute the latter and confiscate their assets.\(^{190}\) The spending of large amounts of money during the 2008 campaign season also led to allegations of involvement of some political leaders – including ministers and presidential and parliamentary aspirants – in the drug trade.\(^{190}\) Indeed, there is still deep-seated suspicion among former and current officials that some politicians are influenced by drug dealers and are using drug money to gain advantage ahead of the 2012 elections.\(^{191}\)

Since the 2008 elections, the interface between drug money and politics has featured significantly in the Ghanaian media. Radio programs and news sites have often featured denials from politicians of accusations that they have received funds from convicted cocaine barons.\(^{192}\) Subsequent to a recent cocaine-turnet-baking soda scandal\(^{193}\) involving the Deputy Superintendent of Police (DSP), Deputy Director of the Commercial Crimes Unit (CCU), and the DSP in charge of the Narcotics Unit (NU) of the Ghana Police Service, reports emerged that the ruling NPP intended using the scandal as propaganda against the opposition in the 2012 elections.\(^{194}\) Other reports have emerged calling for the NPP’s presidential candidate, Nana Addo Dankwah Akufo-Addo, to respond to allegations of drug use and association with drug barons.\(^{195}\)

The fact that sources of political party and campaign financing are not made public only serves to exacerbate the situation. Under a specific provision of the Constitution and the Political Parties Act of 2000, public officials must submit their asset declarations to the Auditor General’s office and political parties are required to submit public financial reports to the Electoral Commission (EC) for publication.\(^{196}\) Not only does the Act fail to require candidates to declare their assets, but it does not spell out penalties for failure to declare assets or submit and publish audited financial reports. Also, while the EC has the power to restrain parties’ registration, it appears unwilling to insist on strict compliance with political finance laws on the grounds that smaller parties would not survive. These fragilities within the system provide windows of opportunity for organized criminals to influence state actors and public policy decisions.

Successive post-1992 governments have pledged to improve governance by strengthening institutional and legal frameworks and protecting them against corruption, as evidenced in more recent years in the establishment of anti-corruption bodies and the adoption of anti-corruption legislation.\(^{197}\) The World Bank reported initial progress in Ghana’s ability to control corruption, as the country rose from the 25-50th percentile from 1996 through 2005 to 50-75th percentile in 2010.\(^{198}\) The quality of rule of law in Ghana also improved by the same measure between 1996 and 2010.\(^{199}\) On political stability, however, Ghana declined from the 50-75th percentile in 2005 to the 25-50th percentile in 2010.\(^{200}\) Meanwhile, the Transparency

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190. BBC News, Drug Money Tainting Ghana Poll, op. cit, Ghanaian security experts Kwesi Arting suggested notes, ‘Some of these guys [namely those running for parliament, who are ministers, wanting to run for president] were my mates in school and they were not too successful, and they’ve been in politics for less than 10 years… You don’t make that kind of money in 10 years’. 191. See, for instance, Myjoyonline, ‘NACOB Boss Refuses to Name Politicians on Narcotic Money List’, September 14, 2011. Available at http://edition.myjoyonline.com/pages/news/201109/68340.php (Accessed May 17, 2012). The executive secretary of the Narcotics Control Board, Yaw Akssia Sarpong, stated that ‘loud-mouthed or flamboyant… even influential’ politicians were on the list of those suspected drug dealers on NACOB’s watch list.


193. The deputy head of the Commercial Crimes Unit of the police was arrested in 2012 by the Bureau of National Investigations on allegations that she played a key role in a case in which cocaine exhibit was switched for baking soda. She was alleged to have connived with the prime suspect in the cocaine swap scandal and was granted bail and re-arrested many times over the matter. She was acquitted of all charges at the end of June 2012.


196. Article 286 (1) of the 1992 Constitution states, ‘[a] person who holds a public office mentioned in clause (5) of this article shall submit to the Auditor-General a written declaration of all property or assets owned by, or liabilities owed by, him whether directly or indirectly, (a) within three months after the coming into force of this Constitution or before taking office, as the case may be, (b) at the end of every four years; and (c) at the end of his term of office. Copy available at http://www.judicial.gov.my/constitution/chapter/chap_24.htm. (Accessed July 26, 2012). Section 13 (1) of the Political Parties Act 2000 states, ‘Every political party shall, within ninety days after the issue of it a final certificate of registration under section 11 or such longer period as the Commission may allow, submit to the Commission a written declaration giving all its assets and expenditure including contributions or donations in cash or in kind made to the initial assets of the party by its founding members. Section 14 (1) also states, ‘A political party shall, within twenty-one days before a general election, submit to the Commission a statement of its assets and liabilities in such form as the Commission may direct’. Copy available at https://www.aswat.com/files/Ghana%20Political%20Parties%20Act%202000.pdf. (Accessed July 26, 2012)

197. Ghana’s anti-corruption efforts has included creation of the Commission for Human Rights and Administrative Justice, the Serious Fraud Office (now the Economic and Organized Crime Office), and promulgation of the 2003 Public Procurement Act and the 2007 Whistleblowers Act.


199. Ibid

200. This could be attributed to the highly competitive nature of the 2008 elections, which resulted in then-opposition National Democratic Congress (NDC)’s narrow defeat of then-ruling New Patriotic Party (NPP). Claiming many of its supporters and polling agents had been prevented from voting or overseeing the counting process, the NPP unsuccessfully sought a court order to restrain the Electoral Commission from declaring the election results.
International (TI) Corruption Perception Index records improvement in Ghana’s score of 3.3 out of 10 in 1998 to 3.5 in 2005, and 3.9 in 2009. 201 Ghana’s score, however, dropped from 4.1 in 2010 to 3.9 in 2011. 202 The 2010 TI Global Corruption Barometer notes that 60 percent of Ghanaians surveyed believed there was corruption in Ghana in the previous three years.203 The survey also noted widespread perceptions that corruption was rife in the police, judiciary, political parties, and parliament.204 Indeed, according to the Baseline Survey of the Justice Sector in Ghana prepared for the Ministry of Justice and the UNDP in 2012, some 90 percent of respondents perceived the judiciary as corrupt, and some 70 percent of respondents had made unofficial payments (bribes) to officials in the justice sector for services rendered.205

Compounding this challenge is the fact that electoral democracy in Ghana is still in its early stages, as are core institutions of checks and balances. As voiced by a significant number of interviewees, the number of votes won by politicians during an election and the level of support they maintain when voted into power is not necessarily a function of their position on national policy issues. Rather, it is largely based on their ability to raise considerable amounts of money for campaigns, distribute money and gifts to their supporters and ‘foot soldiers’, and provide much needed development projects to their communities.206 The latter creates a huge financial burden on politicians, particularly when state funding for political parties is non-existent, and development funds such as those allocated to Members of Parliament and District Chief Executives (DCEs) for development in their districts remain low.207 However, they do not avail of instruments at

their disposal to remedy these imbalances in the system, and instead resort to corrupt practices to sustain their political activities.208

Customs officials, police, and personnel of other state institutions generally responsible for up-holding the rule of law are also suspected of abetting traffickers in transferring drugs through the country.209 According to interviewees and recent US diplomatic cables regarding joint UK-Ghana anti-drug trafficking operations such as Operation Westbridge, Ghanaian law enforcement personnel have consistently acted to circumvent or sabotage anti-trafficking efforts.210 It was discovered that personnel working with UK officials would tip off traffickers on the best time to travel to avoid detection, provide them access to the security-exempt VIP lounge, and sabotage detection equipment.211 The US Embassy and Ghanaian officials have confirmed the extent of official collusion in drug transfers through the country’s main airport.212 Indeed, as noted, the institutions in charge of fighting trafficking have been successfully and consistently infiltrated by traffickers to the effect that people at several levels of public service have been suspected of involvement in trafficking.213 Persisting challenges within the judiciary, particularly the prosecution service, have meant that many of these cases have generally gone unresolved.214

The manner in which members of the Ghanaian judiciary have performed, for example by thwarting anti-drug efforts and issuing questionable judgements in drug-related cases has also served to undermine the rule of law. For instance, while Ghanaian law does not permit granting of bail to suspects involved in certain cases, including those related to narcotics, judges have often granted bail in such cases, often with sureties far below the street value of the drugs seized.215 For instance, when Ghanaian...
police and custom officials arrested an international drug smuggling gang in 2004 in possession of 675 kilograms of cocaine worth USD 140 million, the suspects were released on bail with USD 200,000 sureties. Of equal concern is the fact that state officials are either unwilling or lack the capacity to track and confiscate the assets of convicted drug dealers as stipulated by law. With prosecutors waiting until they achieve conviction before tracking assets of convicts, corrupt officials, particularly officials at the Lands Commission offices in Accra, often colluded with traffickers or their associates by changing documentation on ownership of seized assets. This is evidenced by several claims of ownership of the properties of Ibrahim Sima, a convicted drug dealer.

These dynamics have entrenched citizen perceptions that Ghana's political elite lacks the commitment to effectively respond to drug trafficking. Contacts in the GPS and the Office of the President told US officials that they know the identities of major drug barons but the government lacks the political will to go after them. Even more dramatic was the attempt by certain members of the ruling elite to obstruct or simply stop the trial of known drug barons by exerting pressure on senior law enforcement officials. During an interview, former head of the NACOB and former Director General of the GPS/CID KB Quantson stated that people in authority had exerted enormous pressure on him in an effort to discontinue different cases, albeit without success.

Finally, the preference of previous governments to appoint military and police officers as heads of NACOB has meant that, until recently, it focused almost exclusively on the punitive measures aimed at reducing the transit and supply of illicit drugs, and neglected the socio-economic dimensions of the trade, including increased rates of hard drug consumption, particularly heroin, crack cocaine and methamphetamines. Successive governments have touted the number of drug-related arrests as evidence of success, despite the unreliability of using such indicators as a sign of success and the fact that most arrests leading to conviction appear to involve lower level operators. The current government has yet to fulfil its anti-drug promises, including the targeting of high level targets in significant drug cases, and ensuring that law enforcement efforts are coupled with efforts aimed at supporting victims of the drug trade.

**Delivery of Basic Services**

As Ghanaian society is characterized by strong informal relationships and patronage networks, limited popular access to power and resources, and poor delivery of social services by government, drug trafficking and other criminal activities are often seen as legitimate sources of funds for development and survival. In a sense, people turn to criminal activity because they do not have alternative livelihoods, while mafias emerge as brokers between society and states, giving the state access to people and the criminal markets they work within, and people access to public services and state institutions. In fact, the distribution of criminal proceeds has often legitimized political and economic elites involved in criminal activities, not least because they fill substantial gaps in provision of services that the state has been unable or unwilling to fill.

The context of the former MP Eric Amoateng case is particularly illustrative. Prior to its elevation to a district in 2004, Amoateng's community – a small village called Busunya in the Brong-Ahafo region – had been largely isolated from the central government in Accra, not least in terms of distribution of funds for much needed development projects. The vacuum left by the government propelled Amoateng to provide much needed support through philanthropic initiatives such as funding road construction, providing tractors free of charge to respondents.

216. It is worth noting that in the aforementioned case, the state objected to the bail and the court eventually ruled in its favour.
217. Interview with senior judicial official, Accra, May 2012
218. Interview, op cit.
220. Interview with KB Quantson, Accra, May 2012; Anning (2007), op. cit. Anning quotes Quantson as stating, ‘In between the arrest and trial, tremendous pressure was exerted on me from all over to drop the case against the suspect. I stood firm that the case should proceed.
221. Interviews with medical professional and law enforcement official, Accra, May 2012. The interviewees noted as a matter of significance that the executive secretary of the Narcotics Control Board, Yaw Akrasi Sarpong, is a professional pharmacist and the first civilian to head the agency.
222. Interview with journalist, Accra, April 2012. The journalist noted that since high figures deepens perception of more drugs passing through the country, there are on-going efforts by security agencies to suppress them.
223. The creation of districts is a way to elevate and provide more development funds to communities. 5 percent of Ghana's national budget goes into a Common Fund, from which development funds are allocated to districts based on a certain formula.
plough farmlands, sponsoring poor students, supporting young people to register as voters, providing interest-free loans to poor villagers, and giving awards to outstanding students, teachers, and schools in the community.\textsuperscript{224} Indeed, in an attempt to plead for a lenient sentence when on trial in the US, Amoateng stated in court, “[y]our honor, (...) I come from a very impoverished community in Ghana, where a lot of children drop out of school, in the middle of their schooling. There are no hospitals, no clinics, nothing to live on. In fact, I have tried my best to work hard on my farms, to get money to service these people to enter into schools and then to keep my community coming up.”\textsuperscript{225} In the same vein, his counsel stated “[t]he man is like a one-man Peace Corps for this area of Africa. He did more things for his people than probably his government did.”\textsuperscript{226}

Despite the state prosecutor’s attempt to argue against the philanthropic nature of Mr. Amoateng’s character, not least by highlighting the damage the heroin he was trafficking into the country would do to communities in the US, the circuit judge trying the case in the US demonstrated a more lenient approach toward the defendant when presented with insights into poverty and other development challenges in Ghana.\textsuperscript{227} Some of the development projects were abandoned after the arrest and incarceration of Amoateng and remain uncompleted to date. Amoateng’s ‘generosity’ endeared him to constituents as a generous philanthropist and development-oriented person, an image he has maintained even today despite his incarceration.\textsuperscript{228} His arrest in the US led to major demonstrations in his district, even after it became known that he was trafficking an illicit substance, and important personalities in his Nkoranza district – including the paramount chief – initially discredited news of his arrest.

Regarding hard drugs, heroin and crack cocaine use is particularly prevalent in the ghetto areas of major neighbourhoods in Accra and Kumasi, namely Tudu, Alabar (nicknamed Tinka), New Tafo (nicknamed ‘Colombia’), Suame, Ash Town, Mayanka, Abobo, Akwatia Line, and the ‘Zongo’ communities.\textsuperscript{234} Even so, it is difficult to know the true extent of use in the country, since very little baseline data exists and drug users are still considered mental health patients.\textsuperscript{236} Despite increasing consumption of his district for contributing to the socio-economic development of the area and a road has been named after him.\textsuperscript{230}

### Health

Interviews with senior police and health personnel also confirmed increasing evidence of drug consumption and abuse as a residual effect of the drug trafficking business in Ghana. In particular, cannabis, crack cocaine, heroin and methamphetamines were identified as the primary drugs consumed in the country.\textsuperscript{231} While cocaine and heroin use is still low, concern that greater quantities are entering local markets or being used as in-kind payments during and after re-packaging is mounting.\textsuperscript{232} At present, cannabis is reportedly the most commonly used drug in Ghana, not least because it is widely grown in the country, particularly in the forest zones and interiors of the Ashanti and Brong-Ahafo regions where peasant farmers are contracted – and often tricked – by business-minded criminals to cultivate the drug (which they convince farmers is tea) in exchange for money.\textsuperscript{233} It is used so extensively in the country, including for hair products, that one high-level police officer suggested that an empirically informed public and participative debate on the legalization of cannabis be fostered in the country.\textsuperscript{244}

224. Interview with law enforcement officials and school teacher, Nkoranza South District, April 2012. The research team was shown examples of development projects funded by Amoateng, including a road that was named after him subsequent to his arrest.


226. Ibid

227. Ibid

228. Interview with law enforcement officials Nkoranza South District, April 2012. The officials noted that Amoateng’s popularity among his constituents is such that he would easily win back his MP seat should he run.

229. See Modern Ghana, Brong Ahafo Citizens Stunned, November 23, 2005. Available at http://www.modernghana.com/news/90686/1/brong-ahafo-citizens-stunned.html. Significantly, the Chief of Nkoranza Traditional Area said ‘Akan names are identical. Maybe someone sharing a similar name with Eric Amoateng might have been mistaken for the MP...’


231. Interviews with medical professional and law enforcement official, Accra, April-May 2012

232. Interview with law enforcement officials, Accra, May 2012

233. Interview with medical professionals, Kumasi, April 2012. An estimated 40 percent of Ghanaians are deemed to be cannabis users. Interview with officials of the Kumasi Cheshire Home revealed that 80 percent of drug abuse cases reported to the Home are related to cannabis consumption.

234. Interview with law enforcement official, Accra, Ghana, April 2013

235. Interview with law enforcement officials, Kumasi, op. cit.

236. Interview with medical professionals who noted that the number of abusers seen in hospitals is only a tip of the iceberg, as there are very few psychiatric hospitals and drug treatment centres. Also, for instance, staff at the Accra Psychiatric Hospital does not always collect accurate
levels, however, treatment for drug abuse victims remains limited. In addition, despite its positive health record on other illnesses, Ghana has adopted a strictly punitive approach to drug use. According to Ghanaian law, if arrested, drug users can face prison sentences of 1-5 years; while those in possession or trafficking (even if engaged in small time peddling to sustain drug use), face sentences of 10 years to life imprisonment. A large number of users that end up in conflict with the law tend to come from underprivileged areas, and rarely have the means to pay their way out of pre-trial detention like others. Middle- and upper-middle class users often end up in these areas after being shunned by their families.  

The government has not adopted any formal policy aimed at supporting users through the provision of treatment and harm reduction services and post-treatment support, and continues to rely on under-resourced and over-burdened psychiatric hospitals as the only source of official treatment for users. Faith and charity-based NGOs lend stop-gap support in some urban locations. The latter do not appear to have proved a successful remedy for problematic users as the incidence of relapse tend to be high.

Meanwhile, the US is enhancing its counter-narcotics efforts in Ghana and the broader sub-region along the lines of its Central America counter-narcotics efforts. The latter has been seriously questioned not least because of the US’ predominant focus on punitive measures and interdiction, and because if the scant attention paid to much needed governance, health and social efforts. If the same approach is taken in Ghana and limited attention is paid to drug-related public sector corruption and the health impacts of increased drug use, Ghana may well find itself in a much more difficult situation in the decades to come. That said, a recent shift in US drug strategy coupled with a recently-published USAID Drugs and Development Programming Guide may help counter some of the negative impacts of the traditional counter-narcotics approach to drug use. According to Ghanaian law, if arrested, drug users can face prison sentences of 1-5 years; while those in possession or trafficking (even if engaged in small time peddling to sustain drug use), face sentences of 10 years to life imprisonment. A large number of users that end up in conflict with the law tend to come from underprivileged areas, and rarely have the means to pay their way out of pre-trial detention like others. Middle- and upper-middle class users often end up in these areas after being shunned by their families.  

The government has not adopted any formal policy aimed at supporting users through the provision of treatment and harm reduction services and post-treatment support, and continues to rely on under-resourced and over-burdened psychiatric hospitals as the only source of official treatment for users. Faith and charity-based NGOs lend stop-gap support in some urban locations. The latter do not appear to have proved a successful remedy for problematic users as the incidence of relapse tend to be high.

Meanwhile, the US is enhancing its counter-narcotics efforts in Ghana and the broader sub-region along the lines of its Central America counter-narcotics efforts. The latter has been seriously questioned not least because of the US’ predominant focus on punitive measures and interdiction, and because if the scant attention paid to much needed governance, health and social efforts. If the same approach is taken in Ghana and limited attention is paid to drug-related public sector corruption and the health impacts of increased drug use, Ghana may well find itself in a much more difficult situation in the decades to come. That said, a recent shift in US drug strategy coupled with a recently-published USAID Drugs and Development Programming Guide may help counter some of the negative impacts of the traditional counter-narcotics information, leading to recording of inaccurate information or mistaken diagnosis.

239. Interview with medical professionals, Kumasi, April 2012.
242. A large number of them have settled in Accra, particularly in and around the Agbogbloshie rubbish dump, where numerous small-scale electronic repair and refurbishing workshops are located.  
243. Likewise, exposure to cadmium means workers  
244. The presence of precious materials including gold, silver, copper, and aluminium in e-waste, and the low-level skills required to extract them makes the e-waste recycling and refurbishing sector a source of employment for the poor and unemployed as well as a source of cybercrime. Workers, including children, use hammers, chisels, stones, and other rudimentary tools to disassemble devices and extract metals while fire is often used to burn cables and wires to extract copper. The instant cash received after sale of these metals to local dealers has attracted a lot of children and poor adults, especially from the three northern, upper east, and upper Wwst regions, where poverty, hunger, and underdevelopment are more severe, to the e-waste business. A large number of them have settled in Accra, particularly in and around the Agbogbloshie rubbish dump, where numerous small-scale electronic repair and refurbishing workshops are located.  
245. E-waste contains several poisonous and toxic chemicals including lead, mercury, beryllium, and cadmium. The lack of proper processing, recycling, and disposal implies severe health hazards, environmental pollution, and social problems. People directly involved in e-waste-related activities as well as vulnerable cities and communities are particularly affected. A test of soil and ash samples on a range of sites including a produce market, church headquarters, and a football field near Agbogbloshie scrap yard revealed that there were significant levels of lead, cadmium, and other life-threatening chemicals. In the absence of protective masks and other safety measures, citizens or workers exposed to lead fumes are at risk of various gastrointestinal, neurological, and cardiovascular diseases. Likewise, exposure to cadmium means workers
are at risk of kidney failure, lung cancer, and other serious respiratory diseases.\textsuperscript{246}

\textbf{Water}

Both legal and illegal mining operations have corrosive environmental and development effects in Ghana. However, because most of it goes unchecked, illegal mining (galamsey) is potentially more destructive since the unapproved chemicals used by miners are seriously polluting water bodies and degrading farmlands, while indiscriminate digging has diverted the course of water bodies, leaving scores of people without access to water.\textsuperscript{247} Citizens and officials interviewed in the town of Busua in Ghana’s western region complained that water bodies had been rendered undrinkable by illegal miners in surrounding communities, while several radio and TV documentaries have highlighted the impact in other regions of the country.\textsuperscript{248} Significantly, the Ghana Water and Sewage Authority spends large sums of money purifying water polluted by galamsey; however, chemicals used in the process are alleged to be affecting the health of people in the western region.\textsuperscript{249} For instance, in March 2012, Ghana’s Minister of Water Resources, Works, and Housing, Enoch Teye Mensah, reported a 92 percent increase in the cost of chemicals for water treatment. The minister partly blamed illegal mining activities around water bodies.\textsuperscript{250} As noted in the previous section, e-waste is also contaminating water supplies in Ghana, and if left unchecked, will continue to have a serious impact on the environment.

\textbf{Social Development}

High unemployment rates and limited economic opportunities as well as entrenched socio-cultural norms that underpin sakawa, have given rise to a massive spike in cybercrime. As noted, Ghana is ranked among the world’s top countries for cybercrime, which serves as a major disincentive to investment in the country.\textsuperscript{251} According to the Minister of Communication and a broad range of interviewees, it is “endangering the safety, use and growth of ICT” in Ghana, which in turn is delaying economic growth.\textsuperscript{252} At the same time, the easy access to money and luxury goods that cybercrime provides is resulting in a loss of human capital in both the public and private sectors. The latter can hardly compete with the benefits that a short dip into the cyber underground provides. The capacity to respond to these types of crimes in terms of alternative incentives remains limited.

\textsuperscript{247} Interviews with traditional leaders and law enforcement officials, Western Region, April 2012.
\textsuperscript{248} Interviews with traditional leaders, Busua, April 2012
\textsuperscript{249} Interview with law enforcement officials, Sekondi-Takoradi, op cit.
\textsuperscript{251} Aning, (2011), op cit.
\textsuperscript{252} Interviews with Ghanaian authorities, Accra, April-May 2012.
V. The Donor Context

Most external support aimed at countering organized crime is implemented by special agencies such as the US’s FBI and DEA, the UK’s SOCA, regional bodies such as ECOWAS’s GIABA, or international bodies such as UNODC. Agencies such as SOCA have made some important progress working with their Ghanaian counterparts, but the agencies themselves are shackled by important limitations. For obvious jurisdictional reasons, overall regional presence is restricted to two or three countries, and agents have limited capacity and capabilities to link operations inter-regionally on the basis of more strategic efforts to counter transnational organized crime. The US provides significant support to counter-narcotics efforts in Ghana, and appears to be stepping up the tempo on law enforcement initiatives in this regard. 253 As noted earlier, such efforts would be more effective if linked to ‘softer’ governance and development goals.

UNODC has developed an ambitious regional programme to support implementation of ECOWAS’s efforts to fight crime and drugs. The regional programme includes supporting individual countries to develop a National Integrated Programme (NIP), which tends towards a more balanced approach, focusing on law enforcement, health, and governance. Ghana now has its own NIP but according to Ghanaian officials to date, financial support from donors to implement it has been slow to materialize. 254

In general, traditional development assistance has largely shied away from the topic of organized crime despite increasing indicators of how political and civil society interact with it. Violence is increasingly used as an indicator to assess the degree to which organized crime, particularly drug trafficking is impacting a country. Since violence is not a manifestation of organized criminal activity in Ghana and a large part of the broader sub-region, it is generally not seen as a substantial threat. Yet there is a risk that development assistance providers will not fully grasp the deep connections between organized crime and political dynamics, including the leverage that organized criminals can have over political and civil society on the one hand, and the leverage that corrupt public sector officials can have over organized crime on the other. Ghana’s positive economic growth, progress on certain development indicators, and its branding as a donor “success story” have tended to distract from worrying underlying dynamics and the need for a broader inter-linked development and security strategy aimed at tackling organized crime, its enablers, and its related impacts in Ghana.

254. According to national officials, apart from the UK, which has withdrawn its pledge of £100,000 in support of the NIP, no other country currently supports the Program.
VI. Recommendations

As noted at the outset, Ghana is making significant strides in economic growth and development and is viewed as a beacon of hope in a region plagued by civil strife, ethnic violence, poverty, and entrenched inequalities. The country has remained resilient to the types of challenges that some of its neighbours have had to contend with over the past decades. At the same time however, cracks in its own political system, weak rule of law, and a series of political economy and governance-related challenges make its institutions and citizens highly vulnerable to the influence of organized criminal activity. Pegging of political opponents to organized criminal activities such as narcotics trafficking is becoming commonplace in public debate, as are the frequent revelations of official involvement in narcotics trafficking, undermining the legitimacy of both formal and traditional governance institutions. Weak political party, campaign financing and asset declaration regulatory frameworks do little to enhance perceptions that illicit funding has become a strategic asset of political parties in particular.

Connections between elected officials, the military, or security services and organized crime are certainly not as obvious as in other countries in the sub-region, where organized crime has been used to influence domestic political contestation or elite interests, or where organized criminal groups manipulate weak systems for their own strategic gain. Yet the number of high-level officials and mid- and low-level cadres that have been found to be involved in organized crime-related incidents over the past decade, particularly drug trafficking and money laundering, does indicate deeper structural challenges. And while the state is not apparently involved in areas of organized (or ‘disorganized’) crime such as cyber and environmental crime or human trafficking, its capacity to respond to these complex challenges is weak at best.

An embedded culture of corruption, patronage, and clientelism underpins this scenario, which is already impacting the lives of ordinary citizens and placing pressure on the legitimacy of Ghana’s nascent democratic institutions.

Recommendations

Efforts to counter organized crime in Ghana today are generally focused on strengthening law enforcement and are rarely linked to other core areas of support. Multi-pronged strategic interventions that go beyond mere law enforcement measures to also ensuring transparent political processes, improving governance, strengthening the capacity of oversight institutions, enhancing delivery of services in strategic areas, and providing incentives for unemployed youth are key to breaking the growing relationship between organized crime, politics, governance and society. More specifically and in the short-term, particular attention should be placed on:

- **Ensure more effective interdiction efforts**, including through effective and sustainable vetting of specialized agencies and focusing interdiction efforts on high-level targets with the greatest capacity to corrupt and disrupt.

- **Increasing transparency and integrity** by strengthening existing political party funding, campaign financing, and asset declaration frameworks. Particular attention must be given to amending the Political Parties Act to require candidates to declare their assets and include enforceable penalties for those who fail to do so, as well as for parties that fail to submit and publish their financial records. The asset declaration law must require state officials to annually declare their assets to the Auditor General’s office, and the office should be given the authority to publish assets declared. Donors could be particularly helpful in increasing transparency by not only offering assistance to parties that lack the resources to undertake comprehensive auditing of their records, but also investing in mechanisms that could help cross-check and verify the validity of assets declared by state officials and reports submitted by parties. Donors could also condition provision of further development assistance on passage of a right to information law.

255. The Electoral Commission has refused to strictly enforce campaign finance laws because it argues doing so would disadvantage smaller and less resourceful parties.
• **Addressing socio-economic challenges as a means to prevent organized crime.** Anti-organized crime efforts should comprehensively address conditions of poverty, inequality, unemployment, and underemployment, especially among the youth in urban areas as well as marginalized communities. This requires an updated and comprehensive national youth policy that gives particular attention to youth employment and development in the national development agenda, as well as improving and expanding service delivery through increased allocation of development funds to especially to deprived communities. Donors could assist youth development by increasing investments in microfinance and venture capital schemes that provide financial, logistical, and technical assistance to youth-led ventures.

• **Building civil society resilience against organized crime.** Donors can support civil society efforts to build resilience against organized crime. For example, the support of popular celebrities and morally upright public figures and opinion leaders should be enlisted to help increase public awareness with focus on the dire political, economic, social, and health implications of organized crime and drug trafficking. Given their enormous power and loyalty at their command in Ghanaian society, traditional rulers in particular should be encouraged to feature anti-crime and anti-drug messages in festivals, durbars, and other interactions with members of their communities. For example, gaining their support for efforts to sensitize banking and financial operators including forex bureaus and local ‘susu’ collectors on the nature and effects of laundering money is likely to yield positive results. Such efforts can also serve the double objective of sensitizing traditional leaders to the longer-term impacts of organized crime as a means to disincentivize encouragement of organized criminal activity. Donors can also lay down support to develop the capacity of investigative journalists on organized crime-related issues. Ensuring sufficient safeguards are put in place will be imperative.

• **Strengthening the empirical base as a means to inform domestic policy.** Donors should support efforts to gather, analyze and regularly update baseline data in major gap areas such as drug consumption and treatment, violence and organized crime, and public sector corruption and organized crime. Such data are imperative for monitoring trends and formulating appropriate policy responses that are in tune with domestic and regional needs circumstances.

• **Investing in innovative approaches to education and training.** Rather than just traditional skills training, donors could support the implementation of innovative, interactive courses on the nature and dynamics of organized crime, drug trafficking, money laundering, and the impact of these phenomena on society. Specialized training tailored to the social and cultural realities of Ghana on intelligence gathering, criminal intelligence and data analysis, criminal investigation, and prosecution are equally important. Courses should especially target law enforcement and judicial units outside Accra, as well as political parties, parliamentary committees, social services agencies, and civil society groups.

• **Strengthening the rule of law.** Finally, these recommendations will only be effective and productive if they seriously consider the duality in the Ghanaian legal and governance systems, namely the existence of the modern/formal state based on legal concepts that are often viewed as alien to the Ghanaian way of life alongside a powerful traditional/informal state that embodies Ghanaian customs and traditions and wields the allegiance of the populace. Traditional chiefs, elders and family heads, queen-mothers, and opinion leaders should be consulted and mobilized; and interventions must be carefully tailored to reflect existing ethnic and cultural norms.
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Georgina Wood Committee Report

Getting Smart and Scaling Up:
The Impact of Organized Crime on Governance in Developing Countries

A Case Study of Mozambique

June 2013

Charles Goredema
ANNEX III - THE IMPACT OF ORGANIZED CRIME ON GOVERNANCE: A CASE STUDY OF MOZAMBIQUE¹

About the Author

Charles Goredema, is an independent senior Research Consultant conducting research into the impact of trans-national crime networks on governance in some of Africa’s coastal cities. He has previously worked on projects within the Trans-national Threats & International Crimes division at the Institute for Security Studies (ISS). A lawyer by training, Charles’ career includes a stint in the prosecution of economic crime. He subsequently lectured in Criminal Justice in Zimbabwe and South Africa, while undertaking research and managing research projects in criminal justice. After joining the ISS in August 2000, Charles focused on studying emerging forms of transnational organised crime and money laundering. Most of his recent work focuses on the challenges of preventing and regulating money laundering in Eastern and Southern Africa. He has shared his findings with policy-designing institutions, regulators, law enforcement practitioners and civil society in these sub-regions and beyond at seminars, workshops and conferences. Some of his findings have been published, and can be accessed through the website of the ISS.

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¹ Ed. Camino Kavanagh (2013), Getting Smart and Shaping Up: Responding to the Impact of Drug Trafficking in Developing Countries, NYU Center on International Cooperation
Introduction

Organized crime captured public attention in Mozambique early this century in the wake of the highly publicized murders of investigative journalist Carlos Cardoso and banker Antonio Siba Siba Macuacua. Both Cardoso and Macuacua had been investigating the extent to which emerging economic and political elites were implicated in banking sector-related fraud. Nyimpine Chissano, the eldest son of former President Chissano, was implicated in the murders. Chissano, who was alleged to have sponsored both murders, died in November 2007 without ever having faced trial. To this day, political and public sector corruption and organized crime remain strongly connected. These connections have their roots in the political settlement concluded after the civil war. Since independence from Portugal in 1975, the FRELIMO party has led the country. Core constitutional reforms introduced after a bitter internal conflict with its rival RENAMO in 1992 led to the introduction of a multi-party political system, which FRELIMO has continued to dominate. This has not enabled a political transition to democratic and accountable governance, but only served to consolidate patronage systems established during the era of institutionalized single-party rule. Barriers to access to the higher echelons of political power remain high, not least because of the degree to which the ruling party controls resources. There are persistent indications that illicit monies are being used to bankroll political contestation.

The complex web of informal relations between political actors, civil servants, legitimate business, and organized criminals that was exposed by the scandals concerning the privatization of the Banco Commercial du Mozambique (BCM) in the mid 1990s appears to have endured. These relations are sustained by corruption within the public and private sectors. Corruption within the public and private sectors helps sustain these relations. Corruption has also served to bolster the resilience of organized crime, mainly by lowering the risks attached to engaging in illicit activity. Illicit organizations and networks are known to have exploited geographical areas in Mozambique that are either governed or where the state is not present, to provide commodities or broker the provision of basic services. In this manner, criminal organizations have managed to establish themselves while simultaneously mustering political and social capital. These groups have not sought to displace state institutions but have rather benefited from a degree of complicity, as they use the state to facilitate movement of goods and to ensure the protection of the proceeds of their illicit activities.

Conversely, as the country moves further away from the threat of war, and peace continues to be consolidated, the nature of both politics and organized criminal activity is shifting. The ruling FRELIMO party is trying to consolidate its monopoly of power by broadening its bases ahead of the 2014 elections. However, the growing gap between the ‘haves’ in the upper echelons of the party, and the broad base of ‘have-nots’ both within the party and beyond represents an important risk to FRELIMO’s political longevity. Indeed, despite consistent economic growth over the past five years, and notwithstanding its reputation as a ‘development success,’ wealth gaps are growing in Mozambique. Large swathes of the population experience pervasive social, economic, and political exclusion and remain extremely vulnerable to economic shocks. Many, especially the young, still find themselves obliged to migrate from rural to (or within) urban and peri-urban areas in search of employment and basic services.

At the same time, there are growing signs that more ‘decentralized’ forms of organized criminal activity are taking root and that political approval or acquiescence is no longer an imperative for these ‘decentralized’ forms of organized crime. There are perceptions that a loss of political control over organized crime may also lead to increases in violence, of which citizens will feel the brunt and to which Mozambique’s weak institutions are ill-suited to respond. While exposing this development, the case study indicated that this was an area requiring much deeper research. What may also need further inquiry are the drivers of organized crime outside the main urban enclaves of Mozambique. The civil war yielded a dichotomy in terms of influence, with FRELIMO exerting dominance in urban centres, while RENAMO was more influential outside them. This dichotomy expressed itself in a divergence in the way

2. An unpublished paper by journalist Paul Fauvet in 2006 sets out the complex webs in some detail. Some of them were revealed in the subsequent Carlos Cardoso murder trial, and may be accessed through the Pamabazuka website at http://pambazuka.org/en/category/media/12024
constituencies in either sector of the country developed and related to the economy, before and after the end of hostilities. As organized crime has sought to consolidate itself in the post-war era, it works through actors within these constituencies differently. The emergence of a new opposition party – the Mozambique Democratic Movement (MDM) – can present a threat to FRELIMO’s current monopoly of power in the next elections, yet as increasingly noted by observers, FRELIMO’s greatest threat might well be its failure to deliver security and basic services to its constituencies and to respond more effectively to organized crime. This paper provides an overview of the links between organized crime, politics, and governance in Mozambique and the impact of these relations on governance and development.

**Case Study Methodology**

The researchers used a methodology that combined an extensive literature review with field research. The field research was conducted in April 2012 and involved a series of semi-structured interviews with a range of relevant actors including law enforcement officials, civil servants, media, NGO representatives, and academics. Initial impressions from the interviews were subsequently tested against available data. Bureaucratic delays negated the collection of updated quantitative data from several parts of what is essentially a vast territory. It also had a negative impact on the research team’s ability to validate some of the impressions that emerged from interviews. Unpublished research from 2010 was used to bolster this phase of research.

The paper benefited from significant research support provided by CIC Research Officer, Yanikk Lewis, while Gabriel Limaverde, a Mozambican based researcher, prepared the first draft of the case study.

Following this introduction, the paper is structured as follows: Section I provides an introduction to the case study. Section II provides an overview of the political, institutional, social, and regional context. Section III sheds some light on the nature of organized crime in Mozambique, while Section IV discusses the impact of organized crime on governance in the country. The last section – Section V – draws some conclusions and puts forward some initial recommendations.

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4. Accessing information from the Ministry of the Interior is a lengthy process that requires high-level authorization.
5. The study was commissioned by the Institute for Security Studies, and conducted by Salomao Mungoi from 2008 to 2010.
II. The Political Institution and Socio-economic Context

Political Contestation and Economic and Social Exclusion

Mozambique is located in southeastern Africa and is bordered by the Indian Ocean to the east, Tanzania to the north, Malawi and Zambia to the northwest, Zimbabwe to the west, and Swaziland and South Africa to the southwest. The country was originally inhabited by Bantu-speaking peoples who had migrated there from farther north and west. Swahili, and later also Arab, commercial ports existed along the coasts until Mozambique became a colony of Portugal in 1505. During the colonial era, contact between the colonial rulers and ordinary Mozambicans was minimal, however, as the region developed, the Portuguese increasingly used them as an asset, selling Mozambicans on as slaves to fill the demand for slave labor in the region and beyond and using violence to sway dissent. This situation continued until the second half of the 20th century when anti-colonial ideologies began to spread across Africa, and several clandestine political movements emerged in support of Mozambican independence. Consequently, the Front for the Liberation of Mozambique (FRELIMO) initiated a guerrilla campaign against Portuguese rule in September 1964. After ten years of sporadic warfare and Portugal’s return to democracy through a military coup in Lisbon, FRELIMO took full control of Mozambique in 1975, declaring the country’s independence from Portugal.

Immediately following the conclusion of the armed conflict to dislodge Portuguese colonial rule, Mozambique became embroiled in the Zimbabwean liberation struggle against Ian Smith’s Rhodesian regime. In addition to engaging the Mozambican forces in direct combat, the Smith regime armed and organized an opposing rebel movement in Mozambique – the Mozambique National Resistance (RENAMO) formed of former Portuguese special forces known as ‘flechas’ (arrows), FRELIMO dissidents, and Mozambican splinter groups who fought alongside the Portuguese during the country’s struggle for independence. When Zimbabwe finally achieved independence from its British colonizers in 1980, RENAMO’s primary source of support shifted to the South African apartheid regime. With strong South African support, RENAMO engaged in a protracted civil war against FRELIMO until 1992. The protracted internal conflict resulted in the death of approximately one million Mozambicans, 1.7 million refugees, and several million internally displaced persons (IDPs). The Rome General Peace Accords brokered first by the Christian Council of Mozambique (CCM) and later by the Community of Sant’Egidio, brought about a formal end to the conflict and a United Nations peacekeeping force – ONUMOZ – was deployed to supervise the implementation of the Accords.

Constitutional reforms introduced in 1990 abolished FRELIMO’s single-party Marxist-Leninist system, introducing a multi-party political system, a market-based economy, and free elections. The new system was tested in 1994 however, when the country held its first multi-party presidential and parliamentary elections. Although the initial elections were largely peaceful, they were not without contestation. Initial threats of boycott by RENAMO resulted in assurances from ONUMOZ that it would examine complaints of pre-election vote rigging. Ultimately, the incumbent President Joaquim Chissano of FRELIMO was declared winner of the 1994 elections, albeit with a narrow majority. RENAMO on the other hand, surprised the ruling party by increasing its base in the central and northern provinces. The 1999 elections were equally marked by extreme rhetoric and accusations of malfeasance, and were just as tightly contested. The election results ultimately served to further demarcate regional support bases throughout the country. Chissano was again re-elected, with an increased majority of 133 to RENAMO’s 117. The opposition contested the result, and even threatened to establish a parallel administration and/or secede from the country.

After the 1990 constitutional changes and the 1994 multi-party elections, the Chissano Administration yielded partial control of active party cells and their public control over the state. At the same time, FRELIMO also opened up its membership to include new groups such as trade leaders, traditional leaders, and religious groups. The liberalization of party control was later reversed however under
Armando Guebuza’s chairmanship of FRELIMO. Following his ascension to power in 2002, Guebuza sought to re-instate the fusion between the ruling party and the state through an informal policy that required membership and party support as an un-articulated condition for access to power and lucrative state resources. Efforts to attract new members led to a significant spike in party membership, rising from an estimated 300,000 members in the early 1990s to 1.6 million in 2004, and to around 2.2 million before the 2009 general elections.

RENAMO, the main opposition party until that date, has seen a decline since 1999 largely due to its inability to reform and a refusal on the part of the leadership to step down. While still largely present throughout the country, its “structures and networks are inactive and it is all but invisible.”6 RENAMO’s refusal to reform led to the emergence in 2009 of the Mozambique Democratic Movement (MDM), a breakaway group of former RENAMO members led by Deviz Simango. Even though it is still in its infancy, there are indications that the MDM may yet pose a political threat to FRELIMO.7 As a counterbalance, FRELIMO has continued its decentralization policy in its attempt to reach more people, “while at the same time attempting to correct perceived and real regional imbalances, largely through political means.”8

As noted by the U.S. Department of State in its 2011 Country Report on Human Rights Practices in Mozambique, FRELIMO continues to dominate the political process, its influence continues to grow, and membership is still widely perceived to confer advantages.9 Meanwhile, Mozambique received a 2.7 (out of 10) in Transparency International’s 2011 Corruption Perception Index, ranking the country 120 out of 183 countries. In its 2010 political stability indicator, the World Bank ranked Mozambique in the 57.1 percentile. This figure represents a decrease from a 64.9 percentile ranking in 2009. Additionally, Mozambique received a 0.32 governance score in 2010, a 21-point decrease from the 2009 rating of 0.53.10

**Governance Capacity**

Low levels of government capacity exacerbate the current situation. Indeed, in 2004 USAID noted that fewer than three percent of all ministry officials had university degrees. A mere six percent of staff in the Ministry of Planning and Finance and four percent of the Ministry of Health held such qualifications. The skill level fell sharply at provincial and district levels. Limited progress has been made since then. Currently just about twenty percent of the workforce has completed upper primary school and only thirteen percent has completed secondary school.

As noted by the African Economic Outlook, the skills profile “poses serious challenges to the country in terms of improving productivity and employability of the labor force.”11

The FRELIMO party’s dominance over the Executive and Legislative arms of the state since independence has given it a decisive say in the distribution of resources among core institutions. The trend has been for the Executive to restrict the allocation of resources to the legislature and the judiciary to the extent that they have remained significantly weak and subservient to the Executive. Consequentially, legislative and judicial institutions struggle to competently discharge their obligations. This has exposed both the legislature and the higher judiciary to bribery by unscrupulous elements seeking to gain informal influence, for instance to secure access to resources or favorable court decisions.12

The paucity of resources outside of the executive is reflected in the manner in which legislators and judges engage in collateral activities, some of which raise conflicts of interest, distracting them from their official responsibilities, and opening them up to undue influence. As new investors enter the economy, they occasionally draw current and former senior bureaucrats into joint ventures, using their political influence and connections

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7. MDM – not first opposition party to split from RENAMO. Raul Domingos, a former RENAMO deputy leader set up the Partido para a Paz, Democracia e Desenvolvimento (PDD) after being expelled from RENAMO in 2000. The PDD won 2% of the vote in 2004, but it is now on the periphery of politics in Moz and is ignored by FRELIMO.
12. Ibid.
to anchor contracts. Meanwhile, the government’s push for blanket macroeconomic and privatization policies has worsened the plight of rank and file parliamentarians and civil servants, at times sparking tensions and potential polarization between the party elite who maintain direct access to resources, and the party’s general membership who feel the brunt of reform efforts.

The country’s criminal justice system is weak and lacks sufficient resources and well-trained personnel. As in neighboring countries, the Mozambican judiciary suffers from a severe problem of case overload, especially at the Supreme Court level. The Executive’s (and by extension, the Party’s) general lack of regard for judicial independence and failure to comply with judicial rulings has undermined the legitimacy of the judiciary, as have increasing reports of ties between high-level officials and alleged drug traffickers. Meanwhile, “constitutionally based oversight mechanisms intended to monitor and potentially take legal action against government misconduct have not been implemented. Also, there is a lack of adequate external oversight for the allocation of funds to the courts as well as for general public expenditures.”

In 2003, Gastrow and Mosse noted that “Mozambique’s criminal justice system continues to be very fragile and under resourced.” Almost a decade later, there still appears to be limited appetite and a significant lack of resources to fight organized crime and corruption. Indeed, there is a general perception that some of the political elite were either involved in, or are connected to organized crime in some form or other. Organized criminal groups have exploited this environment and have made the country a haven for international drug smuggling.

Responses from law enforcement agencies to organized crime tend to be sluggish, in part because the police system is overstretched. The official police strength could not be confirmed, but in 2010 it was reported to be below twenty thousand. For the country to achieve the ratio of one police officer to every 450 citizens, police strength has to stand at about 45,000. The funding and equipment challenges that the police encounter are patent. During the current study, it was observed that the police rely heavily on mobile telephones, and that numerous police stations use antiquated equipment to record information. Some of the mobile phones are privately supplied, sometimes by companies with direct ties to both government and organized crime. For example, Momade Bachir Suleman, a wealthy businessman with linkages to FRELIMO and who since 2011 has been on the US drug kingpin list, provided the Mozambique Police with 50 mobile phones in 2010. The heavy reliance by the police on privately supplied mobile telephones introduces two levels of risk, namely corruption and infiltration. Dependence on non-state resources raises the possibility that on account of gratitude, the police will turn a blind eye to the transgressions of their benefactor. On the other hand, as a security expert observed, it also poses a risk as data interception through compromised handsets has become quite common.

Police presence in the countryside or in densely populated urban townships is rare and the lack of resources to fight crime is alarming. According to the Association of Human Rights and Development (DHD), “even in the police headquarters in Maputo, desks were often shared by two or three officers; the operation room had only one typewriter, a television and an unreliable telephone; the criminal department had no resources for chemical or ballistics testing; and there were only two vehicles to cover the city. It is not uncommon for officers to attend the scene of crimes and accidents either ‘on foot or using public transport paying from their pocket or using the victims’ car.” Victims in relatively petty cases often need to provide their own resources to ensure their cases are resolved or investigated, or risk not having the case attended at all.

Complex investigations requiring access to integrated information databases are quite challenging. Vehicle registration data, for example, is not centralized and not
connected to the tax database. The same is the case with the real estate registry and the companies’ or investments’ registry. In most of these databases, entries and the management of the registry are done manually, making it virtually impossible to check all the registries for a specific person or company. To build a case, investigators may have to travel or contact various repositories of information, which is an unnecessary complication.

The judicial system continues to suffer from lack of transparency, while inadequate training and corruption in the ranks of the Mozambican police – the PIC – continues to result in poor quality criminal case files that trial judges often have to dismiss due to insufficient evidence. No independent organ for investigating police misconduct exists, and further efforts are required to continue depoliticizing Mozambique’s police forces. Finally, the judiciary is not only subjected to political interference from the political elite, but also to pressure from criminal networks and from people with wealth. Well-known examples of high levels of corruption include paying bribes for judges in the Supreme Court to misplace court records.

**Economic and Social Factors**

Successful conflicts have had a significant impact on economic activity in Mozambique and led to the disruption of traditional livelihoods of ordinary Mozambicans. By the time the Rome General Peace Accords were signed in 1992, the country’s infrastructure and economy were virtually in ruins, and the population had been rendered destitute. The mass exodus of Portuguese settlers and Asian traders from rural areas precipitated massive unplanned urbanization in large urban centres, such as Maputo, Nampula, Beira, and Pemba. By 2007 however, both the World Bank and the IMF had declared it a “success story,” after a period of “blistering economic growth.” Yet much of this growth, which has largely been attributed to foreign aid, has yet to translate into greater opportunities for ordinary people, or poverty alleviation. Mozambique is still ranked 165 on the UNDP’s Human Development Index (HDI). Extending state authority and presence throughout the entirety of the territory presents a considerable challenge, as does the capacity of the state to provide affordable basic services for citizens. Despite nearly two decades of economic and social progress, just over half of the adult population in Mozambique is literate. Mozambique experienced an annual GDP growth rate of 6.5 percent in 2010, however Mozambique remains significantly dependent on foreign aid raising concerns regarding the lack of transparency in the country’s economic activities and administering of services.

There is a prevailing perception that unemployment and poverty are the key determinants driving violence and crime in Mozambique. At the same time, the combination of FRELIMO’s absolute majority in parliament and its tendency to centralize power has impacted negatively on efforts to reduce poverty in the country “as there are fewer voices to challenge governmental policies and to hold government accountable on promises made.” Nearly 50 percent of the Government’s budget is reliant on donor assistance. The leverage that donors have on Mozambique’s budget has yielded some reforms in the Government’s transparency and accountability. In 2010, G19 donors, frustrated with the government, threatened to withhold assistance funding – forcing the Government to implement reforms, including reforms to the anti-corruption regime. The delays in the adoption of the reforms however, seemed to show that they were grudgingly accepted. This might mean that implementation will be sluggish. Furthermore, a decrease in aid flows may lead to their reversal.

Petty and organized crime and violence have also become an increasing concern in Mozambique to the extent that initiatives initially established to assist in post-war reintegration and reconciliation efforts have shifted their focus to “the prevention of interpersonal violence and...
promoting alternative approaches to conflict resolution.”

This shift has been made in response to growing concern over levels of violence and, to some degree, the use of firearms in crime and violence. While overall reported crime rates decreased between 1998 and 2003, crime rates rose again at an average of fifteen percent a year between 2004 and early 2008, despite various declarations of a “war against crime” by the state.36 In his 2011 annual report to Parliament, Attorney-General Paulino noted that a total of 41,228 crimes were reported to the police that year, representing a twelve percent rise from 2010. The neighboring localities of Maputo and Matola, accounted for more than 40 percent of reported crime.36 Crime data also suggests that violent crime in particular has been increasing.37

Corruption and Other Norms of Prevalent Behavior

In the first years of independence, Mozambique was considered a “paragon of integrity and honesty.”38 Indeed, under the leadership of Samora Machel, the official stance on corruption and abuse of office and public resources was to regard such practices as anti-revolutionary acts of sabotage. Very quickly however, single-party dominance of the political system and limited checks and balances changed these views, and corruption came to dog the country’s internal structures.

Fuelled by entrenched neo-patrimonialism, FRELIMO managed to keep its grip on political and economic power, shrinking the political space that had been opened with the peace accords, and limiting opportunities for economic advancement beyond the party’s ranks. The failure to introduce sufficient transparency and accountability measures gave cadres ripe opportunity to abuse power with limited risk of being held responsible.39 The shift to a multi-party system in 1992 brought little change beyond a superficial renaming of institutions and a re-shuffling of personnel. This logic, furthered by FRELIMO’s inherent socialist ideology, provided little separation between the party and the state, with the party’s hegemony constituting the corner stone of political and economic life.40 The prevalence of corruption within the political system almost cost Chissano the elections in 1999 when the opposition party – RENAMO – won a large number of the votes. As noted by Hanlon and Mosse, FRELIMO later “found that the vote against Chissano was largely due to complaints about corruption and what was seen by voters as the lack of commitment to undertake anti-corruption measures.”41 Chissano’s reputation had become so tarnished that with an eye to the 2004 elections, the party elected a new leader – Armando Guebuza – who went on to win the election.42

Notwithstanding the change in leadership, the FRELIMO party has largely maintained its dominance to this day through extracting loyalty from public servants and by spreading its influence across all forms of political, economic, and social life.43 The privatization of the private banking system in the 1990s took place “amidst scandals of misuse of public and donors’ funds to rescue the state-owned banks that had been plundered by the political elites, after the demise of socialism.”44 This alleged misuse had favoured “the emerging business elite drawn from the former nomenklatura,”45 creating “a system where informal rules, allegiances and traffic of influence are key elements for success in the public and private sectors.”46 Indeed as noted by political analyst Bernhard Wiemar, in 2009, linkages to political elites were still an important element for access to public contracts. On an individual level, and apart from a few individuals, “owning a FRELIMO party member card came to be regarded as a condition for success in professional life.”47

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34. Small Arms Survey (2009)

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42. Ibid.
43. Personal communication, 9 April 2012
44. Hanlon, “Mozambique’s elite” cited above
45. Ibid.
46. Ibid.
47. Generally those with high professional skills, or who have linkages with international organizations or small businesses.
Indeed, corruption, at the instance of either the prospective investor or bureaucrats exercising gate-keeping functions, remains commonplace. As several reports from the Centre for Public Integrity show, the upper levels of government continue to monopolize rent-seeking opportunities in resource extraction. Participation in this sector is dominated by foreign interests, a fact that has long been an issue of contention in Mozambique, not least because of the kickbacks received by government officials for facilitating entry into Mozambique. Civil society groups have called for measures to ensure access to information in this regard, including through the publication of investment and procurement contracts, arguing that “the secrecy of extractive sector contracts in Mozambique makes it difficult to understand the nature and scope of the agreements signed between the government and the companies and, on the other hand, it compromises the effectiveness of accountability and of monitoring observance of the agreements.”

Informal business, deal brokering, and corruption are not only perceived as avenues for political survival in Mozambique. They are also perceived as a means of subsistence. At the administrative level, corruption most commonly involves the paying of bribes to gain special treatment or simply to get state officials to do their job. In the rural hinterland, traditional leaders are susceptible to corruption by entrepreneurs seeking access to resources.

Many remain vulnerable to the machinations of a range of entrepreneurs, including criminal organizations that often use remote rural areas to conduct or conceal illicit activities and contraband. As a result of unemployment, a whole sub-sector of ‘fixers’ or ‘deal brokers’ has emerged in major urban centers such as Maputo, mainly comprised of unemployed, demobilized former combatants from the civil conflicts. These brokers take advantage of their contacts with the political establishment by connecting individuals seeking to exploit business opportunities either in the informal sectors or in the more lucrative mining, marine, and forestry sectors. As one investigative journalist pointed out, these ‘fixers’ provide numerous opportunities for criminal organization to connect to Mozambique’s centres of influence.

Of equal if not more concern, corrupt practices, the prevalence of informal relations and networks, and growing gaps between rich and poor in Mozambique have helped consolidate organized criminal activity (both domestic and transnational) in the country.

49. Astill-Brown, Jeremy and Weimar, Markus (2010), "Mozambique: Balancing Development, Politics and Security," Chatham House, London. (Levine, 2006). It is worth noting that many traditional leaders were essentially alienated or left behind by the pace and direction of political and economic change in the post-war years. Some traditional leaders opposed some of the changes introduced by FRELIMO, switching their support to RENAMO and then back to FRELIMO again when they believed their interests would be best met. Yet, oscillation between the two parties did not necessarily improve their prospects.
50. In an interview, journalist Fernando Lima referred to the development of a shopkeeper mentality in Maputo.
51. Ibid.
II. The Nature and Scope of Organized Crime in Mozambique

Since Mozambique has not adopted an official definition of organized crime, for the purpose of this paper the authors relied on the definition used by the Southern Africa Regional Co-operation Organization (SARPCCO).\(^{52}\) The most prevalent forms of organized crime in Mozambique include drug trafficking, arms trafficking, money laundering, trafficking in counterfeit medicine, human trafficking, illicit extraction of resources, and smuggling stolen vehicles. Each of these fields of activity depends on the buying off of well-placed officials through bribery and coercion, subversion of the state’s criminal justice system, and increasingly, the use of violence.\(^{53}\)

The emergence of organized crime can be associated with three core phases of political developments in Mozambique that have significant overlaps:

- The post-independence/internal conflict phase, when both parties used organized crime to advance wartime goals and meet wartime needs.\(^{54}\)

- The immediate post-conflict phase when FRELIMO consolidated its hold on power and access to resources, and when links with organized crime were used to advance the political and economic interests of high-level officials.\(^{55}\)

- The on-going transition phase in which cracks are emerging within the ruling Party (not least because of the wealth gaps between high-level officials and the Party’s base); democratic consolidation has stagnated due to one-party domination of the political system; a generally weak opposition, and equally weak institutions; and where there are initial but unconfirmed signs that organized crime is becoming more independent of the political system, and more violent.\(^{56}\)

Post-Independence/Conflict Phase

Generally, levels of organized crime before 1986 are perceived to be low although illicit activity did occur, some of which provided strategic entry points for the types of organized crime that emerged later.\(^{57}\) As noted by Attorney-General Augusto Paulino, the fabric of organized criminal activity was really stitched in the later phases of the civil war, exploiting the insecure environment and general chaos. People from within and outside the country took advantage of the war for illicit gain. For example, RENAMO smuggled and sold ivory and precious stones, timber, and animal skins to finance its operations. Additionally, RENAMO supported its operations through extortion activities, including taxation of civilians and the looting of towns, gaining complicity through coercion.\(^{58}\)

Severe food shortages during the war also led to the emergence of a black market where food and other goods were sold at inflated prices.\(^{59}\) In addition, the proliferation of weapons in Mozambique (over 2.6 million) facilitated the weapons trade in the region. By 1998 Mozambique became the leading source of smalls arms smuggled into South Africa by those seeking to sell weapons to buy food or clothes. This encouraged President Chissano and President Nelson Mandela to sign an agreement to increase cross-border cooperation in 1995. The arms trade in Mozambique has decreased significantly since then, however, some of the networks involved have transferred their operations, using these established networks to traffic other illicit goods (mainly drugs and stolen vehicles).

Immediate Post-Conflict Phase

As a means to avoid a relapse into conflict as had occurred in Angola,\(^{60}\) the UN and observer countries “placed a high premium on the reintegration of government and opposition forces in Mozambique during ceasefire negotiations” and later in the General Peace Agreement.\(^{58}\)

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52. Mozambique has no official definition of organized crime. The definition used in this study is adapted from the formulation used in initiatives against cross border crimes by the Southern Africa Regional Police Co-operation Organization (SARPCCO). Its legitimacy is therefore only indirect. The definition sets, and relies on various thresholds that revolve around notions of seriousness, number of participants, and underlying motivation. Organized crime comprises crime that is: Committed by two or more actors, who are aware of each other’s existence and general role, and are acting in concert, potentially capable of causing significant harm, committed repeatedly, motivated by the pursuit of material and financial gain.


54. Wannenburg, Gail (2006), Africa’s Pablos and Political Entrepreneurs: War, the State and Criminal Networks in West and Southern Africa, The South African Institute of International Affairs, Johannesburg


56. According to one interview many of the black market traders were of Asian descent. After 1990, the interviewee noted that ‘they were the people who had money.’ Some were able to move from black marketing to other forms of criminal (and licit) activities. Wannenburg, Gail (2006)

57. McMullin, Jaremey (2004), “Reintegration of combatants: were the right lessons learned in Mozambique?” International Peacekeeping, 11:4, 625-643

58. Ibid.
Accordingly, the demobilization and reintegration programme (DRP) implemented in Mozambique “was the most comprehensive ever attempted at the time, aiming to ease the combatant-to-civilian transition of some 100,000 fighters.” 60 Indeed, the UN, its partners, and academia have largely deemed it a success.60 However, the collection and destruction of arms that had been brought into the country during the conflict seems to have been overlooked in the DRP process. Some of the weapons from the conflict were used into provide protection to transnational organized criminal groups seeking to establish a foothold in Mozambique. Former combatants occupying positions within the military and the police force were particularly helpful in this regard, while the widespread availability of arms provided additional protection, and another source of resources as the arms could be easily trafficked out of the country to ready buyers in other countries.

The post-demobilization process witnessed a significant spike in predatory crime, facilitated by the widespread availability of small arms and light weapons in an economically depressed environment.61 As opportunities for enrichment opened up and expanded in the immediate aftermath of the war, various forms of primitive accumulation became common62 and were typified by acts of fraud committed by the elite and exposed by investigative journalists such as Cardoso.63

**On-Going Transition Phase**

Building on the entry points that were provided in the immediate post-conflict phase, criminal organizations that emerged in Mozambique have sought to develop strategic links with public officials and legitimate business to facilitate their business. The manner in which FRELIMO has developed its political legitimacy has facilitated such arrangements. Indeed, the absence of public (and private)

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60. The successes of the peace operation are not easily dismissed. Armed hostilities between RENAMO and FRELIMO did not resume after elections were held in October 1994, after which the UN forces withdrew. Peace has held ever since, even despite moments of tension. These successes are remarkable because they came despite delays in the deployment of the UN force, delays in the demobilization of each side’s troops, an escalation of violence in assembly areas where troops were eventually cantoned, and riots by demobilized combatants.


sector accountability, including in the form of a strong opposition, has created a strong incentive for groups and individuals in positions of authority to create and manage a “parallel or shadow economy of corruption and malpractice” for self-enrichment.64 The situation reached such a point that FRELIMO insiders themselves are said to have voiced concern about the corrupt practices of the party’s leadership, stating that drug traffickers and money launderers have infiltrated the upper echelons of government to the point that it has begun to resemble a mafia organization.65

As FRELIMO seeks to further consolidate its power base across the country ahead of the 2014 elections, certain cracks are emerging within party ranks, not least linked to the growing gap between the ‘haves’ at the upper echelons of the party (many of whom have enriched themselves through rampant corruption and links with organized crime), and the ‘have-nots’ at the lower end (some of whom appear to be clamoring more for access to the spoils of FRELIMO politics rather than reform of the political system).66 Also, until recently, most of the serious organized crime committed in the country had been linked in some way or another to high-ranking party members or government officials who were able to impose a certain amount of control when things got out of hand.67 Since the late 2000s, there have been signs that this scenario is slowly changing, leading many to posit that the party members and government officials are losing their grip on both domestic and transnational crime syndicates.68 Such perceptions come at a time when citizens are increasingly disheartened by the lack of services and growing wealth disparity.

**Drug Trafficking**

The country’s long coastline (1,550 miles) and porous borders (2,800 miles with five countries) renders the country an ideal route through which to transport illegal commodities and people. This partly explains the presence
of contraband along the potential ‘development corridors,’ which link Mozambique’s neighbors to its ports. The four most important corridors are:

- The Beira Corridor, comprising Beira Port, railroad, and highway to Zimbabwe;
- The Nacala Corridor, comprising Nacala deep port, railroad, and highway to Malawi, passing through Nampula, the second most important city in the country;
- The Maputo Corridor, linking Maputo port to South Africa and Swaziland by railroad and highways; and
- The Tete Corridor, linking Zambia to Quelimane port, and also linking Malawi to Zimbabwe and to the northern Mozambican province of Nampula.

Mozambique is a party to the 1988 UN Drug Convention, the UN Convention Against Transnational Organized Crime (2000) and its three protocols, and the UN Convention Against Corruption (2003). According to the US Department of State’s 2012 Narcotics Report, Mozambique is not a significant producer of illegal drugs or chemical precursors. Domestic drug consumption is limited primarily to cannabis and is difficult to reduce because it is engrained in rural cultural practices, while ‘designer drug use is not prevalent in Mozambique nor is it a major concern of government officials.’

Notwithstanding, Mozambique has been called the second most active drug transit point in Africa, behind Guinea-Bissau. The protracted civil conflicts ‘softened’ the way for the growth of drug trafficking as part of the subsistence economy, while at the same time eroding the state institutions that could have been expected to monitor and control it. The new political system ushered in with the post-conflict constitutional reforms did not introduce the types of institutions and behaviors needed to respond to the growing incidence of drug trafficking in that period. In consequence, by the mid 1990s, Mozambique had become a territory of little resistance to the transiting of drugs and other illicit goods from outside the country.

The largest volumes of drugs enter Mozambique from the Indian Ocean on large ships that offload them onto smaller vessels, particularly fishing boats. These ships either dock at undesignated, unofficial points along the coastline, or offload their illicit cargo at official ports. Clearing agents in Maputo and Nacala have been implicated in networks bringing drugs into Mozambique. The drug import trade is supplemented by consignments brought in by air through airports, carried in luggage, or ingested by couriers. The main drugs that continue to enter Mozambique include cocaine, heroin, hashish, and mandrax. Criminal markets connect Mozambique to Colombia and Brazil in Latin America, and India, Pakistan, and Afghanistan in Asia.

Official data on drug seizures and estimates of the amount of illicit drugs trafficked through Mozambique are difficult to come by, and most drug trafficking-related news is reported in the local news. In 2001 however, Joseph Hanlon – a well-known Mozambican academic – wrote that according to international experts, “the value of illegal drug trade in Mozambique is probably greater than all foreign trade combined.” In a speech made in 2003, Judge Augusto Paulino (now the country’s Attorney-General) also raised the flag, acknowledging that Mozambique had become a transit area for the cocaine trade and that a second network that had been active since as early as 1992, and consisting mainly of Pakistanis and Mozambicans of Pakistani origin, was “concentrating on hashish and mandrax.” Heroin was also being trafficked from South Asia via Tanzania and Mozambique to Europe. According to the Attorney-General, the various drug trafficking networks function like well organized companies. They involve importers, exporters, informers and couriers and are probably better organized than the structures of the State. In addition, “customs officials are bribed to let drugs pass, immigration officers facilitate identification and residence documents, police are paid to look the other way, and it is even said that magistrates receive bribes to order illegal releases.”

69. UNODC (2010)
70. Maputo city police reported that between September and December 2011, interceptions of incoming drugs occurred almost every week at Maputo international airport.
71. UNODC (2010)
73. UNODC (2010)
74. Maputo city police reported that between September and December 2011, interceptions of incoming drugs occurred almost every week at Maputo international airport.
75. UNODC (2010)
76. Peter Gastrow and Marcelo Mosse (2002), Mozambique: Threats Posed by the Penetration of Criminal Networks, Organised Crime, Corruption and Governance in the SADC Region, ISS, Pretoria
More recently, reference to the quantities of drugs transiting through Mozambique was made in a Chatham House report which noted that “[i]n March 2009, the UK wholesale price for one kilo of high-purity cocaine from South America was £45,000 ($69,875). When diluted (cut), the volume is increased between eight and ten times, with a retail value of between £22,000 ($34,197) and £26,000 ($40,414) per kilo. If only two tons of high purity cocaine transit through Mozambique per year, their potential value in the United Kingdom is between £352 million and £520 million. By comparison, donor support pledges to Mozambique for 2010 totaled approximately £297 million.”

The country’s ports pose a significant problem and corruption amongst officials working at the ports remains an important issue of concern, not least because they continue to facilitate the entry of illegal drugs into the country. Meanwhile, transit routes to South Africa and Tanzania are served by air and land transportation. Flights from Brazil, Kenya, and Ethiopia appear to be popular with drug couriers. Customs controls can be avoided through the collusion of officers on airport security duty, allowing individuals and their baggage to pass undetected. Trafficking networks include customs service officers monitoring and taxing imports. The long distance trucks which ply the national highways provide trafficking networks with the means to convey drugs inland. Route 102 is particularly associated with the conveyance of cannabis from Malawi, while the EN4 carries a greater variety of narcotics. The crime networks involved have set up a presence at nodal points where contraband is at risk of interception, in the form of police officials deployed to cargo entry points, and business owners in the cargo handling industry, some of whom are either politicians or private citizens connected to influential politicians.

Passage of narcotics out of the country is secured through concealed trucks carrying lawful cargo, such as agricultural or mining produce. Apart from clearing agents, trafficking networks include customs agents tasked with monitoring and taxing imports and drivers of long distance trucks that convey the drugs inland. Police officials deployed to cargo entry points are also believed to be complicit. Private business owners in the cargo handling industry, some of who are either politicians or private citizens with tight connections to influential politicians, have been implicated. In the absence of prosecutions of any politicians or government officials for complicity in drug trafficking, their involvement remains a matter of speculation, often fuelling public debate and undermining the legitimacy of the institutions involved.

Another factor that is also serving to undermine the legitimacy of state institutions is the fact that Mozambique has yet to convict any major drug trafficker in the courts. Indeed, to date, despite significant seizures of drugs and increasing indications that certain prominent business figures have been involved in drug trafficking, most convictions have involved small-scale peddlers. The case of Mohamed Bachir Suleman, a well-known Mozambican business tycoon, remains of particular concern.

Suleman is a popular figure in Mozambique, famous for his ‘generosity’ to the poor. He is also known to have given millions of dollars over the years to the ruling FRELIMO party. Following years of investigations, in 2010 the US Department of the Treasury placed Suleman on its foreign drug kingpin list and blacklisted several of Suleman’s business interests, accusing him of “capitalizing on Mozambique’s corruption and porous borders to facilitate the transit of illegal drugs to Europe.” Suleman was also accused of using several proxy-trading interests to smuggle drugs from Pakistan to Mozambique via Dubai. In 2011, the government of Mozambique initiated an

http://www.afrol.com/articles/37037

US Embassy Maputo (2009), Growing Corruption and Weak Governance in the Mozambique State, Available at http://www.cablegatesearch.net/cable.php?id=09MAPUTO0797


Interviews in Maputo, April 2012

"Another Bank Pulls Out from Maputo Shopping Centre" Available at http://allafrica.com/stories/201006181101.html

For example, Rassul Trading Co., run by Ghulam Rassul, and Niza Group, owned by the Ayoub family. According to a U.S. report, Rassul, a Mozambican based ethnic South Asian, has been smuggling hashish and heroin through Nampula province since 1993. 2012 International Narcotics Control Strategy Report (INCSR).
investigation into Suleman’s alleged involvement in drug trafficking but found insufficient evidence of drug trafficking to prosecute on that charge. Instead, it found extensive tax, customs and foreign exchange violations, and commenced administrative action against him for payment of back taxes and fines. He is now paying off the money owed and is unlikely to face a prison term. Suleman’s reported supply of mobile telephones to the Mozambican police raised questions about the potential risks of having someone so implicated in the illicit sector providing hardware to the security services.

**Trafficking in Counterfeit Medication**

Trafficking in counterfeit commodities is a lucrative business across southern Africa although Mozambique is particularly exposed to the influx of counterfeit medication. Police raids carried out in 2009 by the police in urban centers in Mozambique and Zimbabwe found that as much as 40 percent of the medication on sale in pharmacies in both countries was counterfeit. Counterfeit medication is smuggled into Mozambique from Dubai, China, India, and Thailand for distribution using the same land routes that carry narcotics. There is anecdotal evidence that counterfeit medication is still being stocked in some outlets in Maputo and Matola.

The World Health Organization (WHO) defines counterfeit medication as medicine that has “been deliberately and fraudulently mislabeled with respect to its identity and/or source.” Organized crime networks have been attracted to the industry, primarily because of the high profits and low risk involved. Some analysts have warned that “the recent mass deployment of medicines to address diseases of public health significance in Africa poses additional challenges to the health system with notable safety concerns.” The most disconcerting impact of counterfeit medication is its potential to jeopardize treatment outcomes. As the OECD has pointed out, “ailments that could be remedied by genuine products may go untreated or worsen; in some cases, they may even lead to death. Significantly, counterfeit drugs have reportedly increased drug resistance among some of the world’s most deadly infectious diseases, including malaria, tuberculosis and HIV/AIDS.”

Governments are obliged to ensure that essential medicines, especially medicines used to treat large sections of the population are of good quality, safe and effective. This requires effective border control, adequate technical expertise, capacity to supply the market, integrity of personnel, and political will, much of which are currently lacking in Mozambique.

**Human Trafficking**

Mozambique is vulnerable to the commodification of people, either as a source, transit, or destination country. A study conducted by the International Organization for Migration (IOM) in 2003 highlighted the characteristics of human trafficking for sexual exploitation in Mozambique, which originates from the streets of Maputo. Subsequent to the study, a media investigation by the South Africa Broadcasting Corporation revealed that some eight years later, very little has changed in the modus operandi of traffickers, who continue to prey on impecunious young women aspiring to find employment in South Africa. The conditions that placed them in the desperate circumstances that traffickers exploit still prevail, and in some instances may have worsened. In addition, the scope of victims of sex trafficking has expanded beyond Maputo to also include Nampula.

91. Interview with official from the Supreme Court in April 2012. The author also discussed the case with journalist Luis Nhachote, who has closely followed Suleiman’s progress, but not been able to link him to narcotics trafficking.


94. Police agents from the two countries reported on the outcome of raids at an Interpol regional workshop on the trafficking of counterfeit commodities, held in Harare, Zimbabwe in August 2010.


96. Interview with Charles Minega from the Centre for Regional Integration, Eduardo Mondlane University

97. Interviews conducted in Maputo in May 2012

98. World Health Organization, 2009


100. For example, in cases where fake antiretroviral drugs contain incorrect levels of active ingredients, the disease becomes more quickly resistant to first-line therapies, forcing healthcare officials to resort to second line and potentially more toxic therapies, increasing healthcare costs and reducing access to essential medicines, OECD (2008)


In 2011 police identified a network that trafficked up to forty women and girls each month through Mozambique’s border with South Africa. They were allegedly being sold for US $1,000. Inside Mozambique’s borders, buying girls for the trade can cost as little as US $2.104 The US Department of State’s Annual Trafficking in Persons report notes an improvement in the Mozambican government’s efforts to end the trade, including several successful prosecutions that have taken place after an anti-trafficking law was enacted in 2008. At the same time, the report noted that enforcement remains difficult not least because resources are scarce and capacity remains low. A unit recently set up to deal with trafficking has only seven members charged with policing the entire country. Mozambique also lacks a national plan and a coordinating body.105

During the process of this research project several interviewees also made reference to the movement of large numbers of Somali nationals through Mozambique, some of whom may be victims of human trafficking networks operating from South Africa. In addition, high numbers of illegal immigrants from the Great Lakes region of central Africa are reported to be entering Mozambique through Malawi. Some are destined for South Africa. It has however been observed that artisanal mining in the three northern provinces of Niassa, Nampula, and Cabo Delgado has also attracted many migrants.106 Longer settled illegal immigrants are involved in recruiting others to work for them. Fellow foreigners are recruited more as part of an illegal migration network than human trafficking. Additionally, over the past year, Mozambique has witnessed a rise in kidnappings by organized ‘gangs’ mainly targeting citizens of South Asian decent in the Maputo area.107 The kidnappers have demanded millions in ransoms, at times requesting the monies be deposited in Nigerian bank accounts.108

While the extent and reach of human trafficking organizations and networks active in Mozambique has not been established, the study confirmed findings made earlier that they intend to involve Mozambicans in the Diaspora who manage places of transit in border regions between Mozambique and South Africa (around Komatipoort), and between Mozambique and Swaziland (Namaacha border).109

### Stolen Vehicle Trafficking

Trafficking of stolen motor vehicles is, by its nature, a form of organized criminal activity, on account of the risks involved, the value of the vehicles concerned, and the number of participants involved. In the case of Mozambique, neighboring South Africa provides an ample source of stolen motor vehicles that feed the trafficking industry. Proceeds from other forms of criminality provide funds to grease the market in which stolen motor vehicles are exchanged.

A connection has developed between illegal migration, illicit mining activities, and motor vehicle trafficking. The latter is fuelled by proceeds of unregulated and illegal mining activities in the northern provinces.110 No official data exist on the volumes of minerals extracted in the northern provinces and smuggled out of Mozambique. The indications are that smuggling of gold and rubies occurs on a large scale.111 In 2010, four nationals of Thailand were apprehended preparing to smuggle 34.5 kg of rubies worth approximately US$102 million through Pemba Airport. The rubies were linked to theft from Namanhumbir, in the Montepuez district, 200 km west of Pemba.

Mineral smuggling supports an almost insatiable and growing demand for motor vehicles because of the circulation of huge amounts of cash in an environment with few other uses for it. Criminal networks dealing in all brands of new and used motor vehicles, including commercial vehicles and luxury models have flourished in the past decade.112 Vehicles observed in Nampula and Niassa, in particular, include luxurious Hummers, Range

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105. Ibid.
106. Research conducted by Salomao Mungoi in 2010.
110. Interview with Salomao Mungoi in 2011.
112. This observation is based on observations reported by Salomao Mungoi in a 2010 report, and confirmed in police reports to Interpol.
Rovers, Mitsubishi Colts, Land Cruiser GXs, and Jeep Cherokees. Coastal Nampula province is a predominantly subsistence agriculture area. Ironically, Niassa is generally acknowledged to be the poorest province in Mozambique, notwithstanding the enormous opportunities that exist in agriculture, forestry, and eco-tourism. In the Lupilichi locality adjacent to the Rovuma river frontier with Tanzania, Niassa offers scope for artisanal mining. This suggests untapped potential for the local economy, possibly from taxation.

A significant number of vehicles stolen in Durban, South Africa, enter Mozambique through the Kosibay/ Ponta de Ouro border post or through undesignated points. They are then concealed for some time in the Maputo game reserve, while negotiations occur between the networks and police units in the vicinity. Networks that include vehicle registration authority staff and border control units have been implicated. The contraband vehicles generally end up in markets in southern Mozambique. Where stolen motor vehicles have been tracked to Mozambique, the police tend to be very slow in cooperating with their counterparts in neighboring countries in responding to intelligence reports, sometimes refusing to return stolen vehicles on the pretext that they have been ‘purchased’ by innocent buyers.

The motor vehicle insurance industry in South Africa has sustained huge losses as a result of the continuing trafficking of motor vehicles. The trade in stolen motor vehicles directly impacts the integrity of governance structures, in part because the movement and re-registration of stolen vehicles in a foreign country invariably requires the collusion of state officials. As noted in a report by the South African Insurance Crime Bureau in 2010, such collusion has immensely undermined the vehicle clearance certificate system that was introduced by SARPCCO in 2000 to make it difficult to move stolen vehicles across borders.

Illicit Exploitation of Natural Resources

Mozambique is relatively well endowed with natural resources. The central provinces of Sofala, Manica, and Zambezia host 40 percent of the high quality timber logged in Mozambique, while one of biggest coal reserves in the world is located in Tete province, which is wedged between Zimbabwe, Zambia, and Malawi. Apart from rubies and gold, the northern provinces of Niassa, Nampula, and Cabo Delgado also have significant quantities of tourmalines and quartz. The Niassa and Gorongosa game reserves host high concentrations of elephants, a highly endangered species because of the global demand for ivory. The Mozambique Channel also attracts many companies to its fishing and aquaculture stocks – which include world famous prawns, tuna, and crabs. For centuries, this extensive, somewhat unique array of natural resources has been exploited by both legitimate business and criminal enterprise.

Most dealings in gold and gemstones in the northern provinces appear to be under the control of Malians, Guineans, and Tanzanians, while Indians, Thais, and Bengalis are involved in buying up output from artisanal mining. Gems, such as diamonds sourced from eastern Zimbabwe, are smuggled into Mozambique and sold to foreign buyers in Manica town on the Beira Corridor.

Although the government has started to regulate the diamond trade, at the time of writing, Mozambique was not yet a member of the Kimberley Process. Alternatively, there has previously been a proliferation of the illegal mining of precious stones in Mozambique, especially in the Manica province. A Mozambican news agency noted in 2007 that “traffickers from Nigeria, Guinea, Mali, Tanzania, Pakistan, and other countries have been attracted to the area by the presence of rubelites, a much sought after, deep red variety of tourmaline.” In October 2006, “the Mozambican police seized 350 kg of precious stones worth $700,000 from Malawian traffickers, which they suspected were illegally mined in Tete.”

114. This emerged repeatedly from interviews conducted by researchers Mungoi and Madzima between 2008 and 2010.
115. This issue has been a matter of concern since early this century. It has been raised by police agencies and prosecutors from various countries, and in an interview with investigative journalist Fernando Lima.
116. Interview with former senior Zimbabwean prosecutor in June 2012.
118. See SAICB reports from 2010, accessible at http://www.saicb.co.za.
119. In 2003, UN General Assembly Resolution 55/56 established the Kimberley Process Certification Scheme (KPCS) in an effort to prevent “conflict diamonds” –diamonds mined in war zones and sold to finance insurgencies, invading armies, or warlord activities – from entering the mainstream diamond market.
121. Ibid.
122. Gem and Jewellery Export Promotion Council (2006), “Mozambique Team to Curb Illegal...
Adjacent to the Niassa Game Reserve is a buffer zone, in which a private game park is located. The game reserve has six airstrips. The marked absence of regulatory or law enforcement authorities at any of these airstrips leaves them vulnerable to abuse by poachers. Meanwhile tourists traveling to the Niassa receive official ‘clearance’ from customs officials in Pemba, in Cabo Delgado Province. Elephant tusks have been smuggled to Tanzania and Malawi by small planes and helicopters that are supposed to be patrolling the game reserve.

Asian markets also play a large role in the supporting these illegal markets. In 2011, Thai customs officials intercepted a shipment of ivory from Mozambique while in transit to Laos via Thailand. Meanwhile, several Chinese companies have been implicated in the smuggling of ivory and unprocessed timber since 2004. The largest interception involving the Kota Mawar, a Liberian registered tanker that was traveling to China in March 2011, involved a consignment of 161 containers, each of them twenty feet long, containing hardwood and some 126 tusks. The Kota Mawar incident involved six state officials who turned a blind eye while the logs and ivory were laden onto the ship. The officials were subsequently prosecuted for their involvement. No large interceptions have been reported since, which does not necessarily mean that illegal logging has stopped. Indeed, monitoring activities to prevent the export of unprocessed timber is quite a challenge, not least because of the terrain involved. Mozambique’s forests cover some 19,262,000 ha or 25 percent of the country’s total land area. Only 400 or so officers have been deployed to deter illegal logging across this massive expanse of territory.

The export of unprocessed timber undermines initiatives to develop local industry and enhance opportunities for employment. Some Chinese companies have been repeatedly implicated in illicit resource exploitation, although there are indications that they are not acting in isolation, but with the complicity of state functionaries. Indeed, on different occasions, Asian timber buyers, local business people, and members of the government of Mozambique and their forest services have been accused of colluding to “strip precious tropical hardwoods from these slow-growing, semi-arid and dry tropical forests, at a rate that could see the resource exhausted in five to 10 years.” In the areas where illegal logging occurs, it is evident that some unemployed youth are hired to conduct cutting operations, but this hardly leads to a sustainable and stable livelihood.

**Money Laundering**

Organized crime requires advisory and professional intermediation services to provide the link between criminal activities and the lawful economy. Intermediaries within the financial and investment sector are in demand as are front companies and intermediary third parties. Criminals involved in dealing with illicit profits opt to use cash instead of relying on banking facilities even where they are readily available.

While Mozambique is not an important financial center, it is turning into an important regional center for money laundering and is principally linked to customs fraud and narcotics trafficking. The proceeds of organized (and ‘disorganized’) illegal activities such as corruption, human trafficking, car theft, robbery, cash smuggling, illicit trade in precious metals and stones, and general smuggling are also laundered in Mozambique. Authorities believe the proceeds from these illicit activities have helped finance commercial real estate developments including casinos, hotels, and shopping malls such as the one opened by Bachir Suleman. As early as 2003, investigative journalist Mosse noted that Mozambique had far more banks and foreign exchange bureaus than can possibly be justified by the size of the legal economy and the need to exchange sizable foreign aid funds, suggesting a disparity between the money in circulation and that expected. This would justify the suspicion that financial institutions

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123. Observed by Salomao Mungoi in 2010
124. Personal observations by Mungoi in 2010. Whether this continues to occur could not be confirmed.
125. Freemlander
129. 2012 International Narcotics Control Strategy Report (INCSR)

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may have been involved in laundering the proceeds of illegal activities.\textsuperscript{132} While money laundering in the banking sector might indeed be a problem, more recent developments point to more unregulated or informal financial transaction services such as “currency exchange houses, cash couriers, and the hawala remittance system,” as well as “blackmarkets for smuggled goods,” play a more significant role in financial crimes and money laundering in Mozambique.\textsuperscript{133} The latter have “[dwarfed] the formal retail and banking sectors in most parts of the country.”\textsuperscript{134}

Despite taking several measures to respond to the growing challenge of money laundering, including through its membership of the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), the adoption of several anti-money laundering measures, and the establishment of a Financial Intelligence Office (2007), these efforts continue to be severely hampered by limited resources and corruption.\textsuperscript{135} Institutions responsible for implementing the money laundering regime, including police, customs, and judicial authorities, “lack the funding, training, and personnel necessary to investigate money laundering activities and enforce the law.”\textsuperscript{136}

The risk factors for engaging in organized criminal activity in Mozambique are significantly eased by the complicity of customs officials. Officials deployed at border entry points, especially at Ressano Garcia – the entry point of most South African smuggled goods – have repeatedly been implicated in assisting crime networks.\textsuperscript{137} In June 2012, Customs Intelligence intercepted 175 thousand packs of cigarettes disguised as liquid goods in a fuel haulage truck. Some officials from the customs were accused of facilitating the operation.\textsuperscript{138}

Located at 76 border locations, customs officials occupy a strategic and critical position. Mozambique relies heavily on imports. The importation of commodities such as motor vehicles, motor vehicle spare parts, sugar, flour, alcoholic beverages, and tobacco (especially counterfeit cigarettes) involves highly organized criminal groups. To maximize profit, they circumvent import controls through bribery. High amounts of bribes are negotiated for bringing in trucks loaded with varying goods.\textsuperscript{139} Deals are struck with the head of the relevant customs unit and the bribery money is deposited in a so-called ‘blue bag’ from which proceeds are distributed to all on-duty officers, in accordance with their hierarchical position at the end of the day.\textsuperscript{140} If an officer does not agree or does not want to participate in the blue bag distribution, this officer is soon transferred. Efforts to respond to corruption within the custom services have centered principally on increasing the ranks of the customs services, yet newcomers can easily be compromised by what has come to be known as the ‘blue bag mafia.’ The head of the customs unit serves as a contact point linking the crime networks to the corrupted state functionaries. He/she is effectively part of the crime network.\textsuperscript{141}


\textsuperscript{133} US Department of State Annual Money Laundering Report, 2012

\textsuperscript{134} Ibid.

\textsuperscript{135} Ibid

\textsuperscript{136} Ibid.

\textsuperscript{137} Interview with Hannes van Vuuren, who was in the organised crime unit in the South Africa Police for ten years.


\textsuperscript{139} Authors’ interviews on the ground.

\textsuperscript{140} Initially revealed in notes to a presentation by J Bishop at a conference on organised crime in Africa, Courmayeur, Italy, December 2010. Subsequently confirmed in field research by Mungoi.

\textsuperscript{141} (Mungoi 2010)
III. The Impact of Organized Crime on Governance

Perceptions about the impact of organized crime on governance in Mozambique vary. The harshest view expressed by some analysts is that organized crime has become so prevalent in Mozambique that it could almost be viewed as a “parallel power base challenging the authority of the state.”

Commenting on what she referred to as the political economy of organized crime in Mozambique, in 2007, Irish-Qhobosheane observed that:

“Organized criminal networks have been responsible for an increase in violent and other harmful forms of crime, such as trafficking in commodities and humans. In developing countries, these activities exact a high cost in terms of health and security; they also undermine investor confidence and hinder development. This impact on governance is amplified by corrupt collaboration between organized criminals and private or public officials, and has the potential to sabotage and derail the attempts of governments to fulfill their responsibilities, e.g. to address poverty and inequality in the region. High levels of organized crime can also lead to a loss of public confidence in the authorities, the creation of competing centers of political power and general public unruliness.”

She contends that, as a result, Mozambicans generally lack confidence in the ability of government to curb corruption.

While organized criminal activity was once exploited to advance goals related to the internal conflict, over time, an increasingly corrupt political elite has used organized crime and illicit monies to consolidate its own interests while losing sight of the needs and interests of the Mozambican people. These relations have eaten away at Mozambique’s nascent governance institutions, preventing them from providing predictable and equitable services to citizens. As noted in the previous section, single-party dominance has resulted in an overlap between the party and the state in Mozambique and equally strong ties between the political and economic elite. Today, seven of the ten richest Mozambicans hold public office or have recently retired from office. The President of the Republic is identified as being the country’s richest man. Indeed, some members of the ruling party continue to consolidate their political and economic power to the detriment of both reforming elements within the party and opposition groups, and to the detriment of Mozambican citizens.

As noted by Irish-Qhobosheane, service delivery by government departments needs to be rendered more effective so as to reduce tacit support for organized crime within impoverished communities. The size of the informal sector should diminish with state intervention, through incentives such as infrastructure development, marketing and financial support. The nature of modern forms of organized crime is such that it is unrealistic to expect law enforcement institutions alone to confront it. The case of counterfeit medication in particular, highlights this reality.

Equally, FRELIMO dominates all branches of government. FRELIMO control of the Assembly and the Presidency yields substantial political influence on the Supreme Court. Military, security, and police forces fall under the jurisdiction of the president, therefore, these groups—the police, military, and internal security forces—refrain from meddling in what is seen as political affairs. Indeed, elite control within FRELIMO operates not only to the exclusion of other political parties; it operates to the detriment of those who genuinely seek reform from within the government inside and outside of the party’s ranks. As noted earlier, a leaked diplomatic cable had noted that concern about government corruption is mounting among some ‘maverick’ members of FRELIMO, not least because of the links it is creating with organized crime.

The same cable made particular mention of Ahmad Camal, former Mozambican national assembly and FRELIMO longtime party member. Camal had bemoaned the strong


linkages between senior FRELIMO officials (including ministers), and drug traffickers and money launderers. He further noted government manipulation of important figures in an effort to aid in money laundering operations. According to Camal, the President engaged in a more ‘benign’ kind of corruption that did not directly hurt the poor, but instead aimed to insure his own economic prosperity and influence.147

FRELIMO’s ability to finance itself through a blend of legitimate and funds of questionable origin has created a cycle of elite dominance at the exclusion of lesser-financed or less influential parties, thus shrinking already narrow political space. Not only is FRELIMO dominance strong, but the opposition has remained weak. The relatively new opposition voice – the MDM – may offer a substantial chance at reform in the country and offer an alternative set of policies to address the needs of the general population. Above all, the emergence of a strong opposition may also force the ruling party to adapt its policies, particularly vis-à-vis corruption, organized crime, overall citizen security, and provision of basic services as a means to maintain favor and legitimacy, and above all, win votes.148 As FRELIMO moves to expand and consolidate its base, it will increasingly need to demonstrate results in these areas.

There is broad awareness in Mozambique of the central importance of minimizing grand corruption as a way of combating organized crime. Some progress has been made in establishing the mechanisms necessary to tackle corruption. Milestones include the creation of the Anti-Corruption Unit (ACU) in 2003, the approval of the Anti-Corruption Law in 2004, the upgrading of the ACU to a Central Office to Combat Corruption (GCCC) in 2005, the adoption of an anti-corruption strategy in 2006 and of the anti-corruption forum in 2007.149 More recently, in 2012, the government proposed a package of measures to combat public sector corruption. These include provisions to prevent and expose conflicts of interest in the public service and to declare assets.150

Even though the recently established GCCC has been staffed with competent magistrates and investigators, it lacks prosecutorial powers. This is a significant shortcoming in responding to organized crime. Baltazar Fael, a researcher from the Centre for Public Integrity (CPI) finds this situation incomprehensible.151 Currently, after the investigation is conducted and the case is ready for court, the GCCC is required to hand the case over to the Attorney-General’s office for prosecution. If the latter does not have the expertise or interest to take the case further, the success of the prosecution could be compromised. In any event, the recommendation of the GCCC to prosecute does not bind the Attorney-General’s office. The latter is a source of much frustration for the GCCC officers, not least because it compromises the success of prosecution.152

147. It was reported that Guebuza, through a proxy, received an estimated commission of between US$35 and US$50 million for the US$50 million purchase of the Cahora Bassa Hydroelectric Dam from the Portuguese Government in 2007. “Mozambique, Talks of Corruption at the Highest Level of Government” Available at http://allafrica.com/stories/201012100421.html
148. Ibid.
149. Ibid.
150. Interview with Deputy Attorney General Angelo Matusse
152. Personal communication, 15 June 2008.
IV. Recommendations

- To this day, political and public sector corruption and organized crime remain strongly connected. The capacity of Mozambique to respond effectively to both organized crime and corruption remains low. It would be naive to attribute these weaknesses entirely to the strength of organized crime. Structural deficiencies that date back to the initial days of independence and that have yet to be overcome are partly responsible. Significant amounts of development assistance funds have been invested in both anti-corruption efforts and countering organized crime to date; yet these efforts do not seem to form part of an integrated strategy linked to longer-term development objectives. At the same time, the nature of the political system and the corruption that is tied to it hardly lends itself to introducing the reforms needed to counter the reach of organized crime in Mozambique. Indeed, efforts aimed at ensuring both vertical and horizontal accountability are consistently hampered by the very fact that one's political, social, and economic survival is tied in some way or another to the Party. Nonetheless, the system does remain responsive to the needs of citizens, and it would be un-intuitive of both the ruling party and opposition parties (both new and old) to ignore the increasing levels of discontent, especially amongst the more educated urban populations, regarding increasing wealth disparities, social and economic exclusion, and heightened levels of violence. Development assistance actors can capitalize on this discontent by supporting a more strategic approach to responding to organized crime, encompassing vertical and horizontal accountability measures, more sophisticated and context specific law enforcement mechanisms, and linking these to development and not just security outcomes. The following should also be considered as part of such a strategy:

- Investing in in-depth research that sheds more light on the impact of the combination of organized crime and corruption on development, particularly regarding service delivery, access to jobs, and access to justice, and making these findings available to the public.

- Providing ongoing support to the monitoring of the political environment and ensuring the transfer of these capacities to national stakeholders.

- Supporting the promotion of inter- and intra-party dialogue on policy implications of organized crime ahead of the 2014 elections, including through multi-party issue platforms and funding research to support the work of such a platform.

- There is potential to expand the mandate and capacity of the existing anti-corruption agency – the GCCC. In the process, its role and functions will need to be demarcated from those of the Attorney-General's Office. The GCCC will need to get closer to the nodal points where corruption and organized criminality intersect, and have access to points of integrity in various state institutions.

- Support the strengthening of police capacity and regulatory authorities responsible for supervising professional intermediaries who facilitate money laundering. Law enforcement is likely to benefit if the current fragmentation of public and personal data is phased away.

- The establishment of stronger border controls between Mozambique and its neighboring countries could also be considered as a means of stemming the trafficking of illicit goods and people. However the extent to which corruption permeates most levels of the Mozambican infrastructure proves a significant challenge in providing incentive to stop malfeasance. At the regional level, three international anti-corruption instruments, the SADC Protocol Against Corruption (2001), the African Union Convention on Preventing and Combating Corruption (2003), and the UN Convention Against Corruption (UNCAC) (2003) directly affect the southern African region. Additionally Mozambique is also a signatory to the UN Convention Against Transnational Organized Crime that binds the Mozambican government to adopt punitive measures against individuals or groups that partake in organized criminal activity. The Government can benefit by
seeking to more strongly align its domestic policies with its international obligations.¹⁵³

• Finally, greater transparency in the allocation and disbursement of funds will provide a greater understanding of areas in which the government and donors alike can seek improvement. The growing trend in favor of MDM has highlighted growing frustration with the lack of services and inequitable balance of wealth. The burgeoning population and the subsequent migration to urban centers has resulted in a rise in a younger class seeking fair access to economic opportunity and government accountability. Recent discoveries of natural resources provide an opportunity to finance investment and policies aimed at combating poverty and stimulating economic development. If underpinned by the principle of ‘do-no-harm,’ programmes centered on the latter can help meet longer-term development objectives.

¹⁵³ Indeed some efforts have been made. New anti-corruption legislation aimed at correcting flaws and strengthening the already existing legal framework had been adopted by the Council of Ministers in 2011. The ‘anti-corruption package’ has been fully submitted to the Assembly but has been yet to be fully adopted.
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Getting Smart and Scaling Up: 
*The Impact of Organized Crime on Governance in Developing Countries*

A Desk Study of Sierra Leone

June 2013

Summer Walker

Elisa Burchert
ANNEX IV - THE IMPACT OF ORGANIZED CRIME ON GOVERNANCE IN DEVELOPING COUNTRIES: A DESK STUDY OF SIERRA LEONE

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Introduction

Emerging from a decade-long civil war, Sierra Leone is witnessing many of the dividends of ongoing stability within the country and the robust international response to peacebuilding in the country. Indeed, today Sierra Leone serves as a hopeful example of post-conflict recovery. While the country has experienced violence since 2002, the general preference has been to resolve moments of heightened political tension through peaceful means. Prior to the 2012 general election, clashes erupted again between supporters of the Sierra Leone Peoples Party (SLPP) and the ruling All People’s Congress Party (APC), particularly youth groups associated with the parties. However, these clashes gradually dissipated and the elections took place without major disturbances. Ahead of the elections, the United Nations Security Council lifted its last remaining sanctions, acknowledging the country’s ability to take control of its territory and reintegrate former combatants.

Sierra Leone’s development trajectory also inspires optimism. In recent years, the small West African country has experienced robust growth rates of between five to six percent per annum. Oil has been discovered off its southern coast. The government has started to rebuild its mining infrastructure in order to tap vast mineral commodities, including iron ore, rutile, bauxite – and diamonds. The government has also made significant efforts to increase the income and food security of farming households. No less important, the human rights situation is slowly improving and national reconciliation initiatives are producing results. Moreover, Sierra Leone – a country that has survived some thirteen military coups, twenty years of one-party rule, eleven years of brutal civil war, the virtual collapse of the state and its institutions, an almost complete loss of territorial control, the displacement of 50 percent of its population and a youth that only knew violence and drugs – stands as an important example of a state that turned from a prime candidate for becoming a major narco-state along the cocaine route in West Africa to a relatively stable and peaceful country in which the international drug trade and organized crime now play a limited role.

Notwithstanding these achievements, Sierra Leone continues to face many challenges. Decades of political decay left the country in ruins. The war severely undermined the state’s capacity (and willingness) to deliver basic public goods. Entrenched patterns of corruption and patronage affect both formal and traditional forms of governance. Public institutions continue to struggle with insufficient human and financial resources. The gross national income stands at US$ 340 per capita; almost four times lower than the GNI average for Sub-Saharan Africa. While the government is courting private foreign investors, its record of building sustainable livelihoods remains challenging. High rates of youth unemployment and social marginalization are particularly alarming, given that roughly 42 percent of the population is under 14 years of age.

In addition, organized criminal activity in the country and the broader region (linked often but not always to global networks of organized crime) has at times undermined efforts aimed at strengthening governance and development. The extent of public sector corruption in the country is of particular concern, not least because as evidenced in different instances within Sierra Leone and in countries across the region, it can nurture and even encourage and embolden organized crime. In many circumstances links between public sector corruption and organized criminal activity are developed on the back of existing illicit networks. In Sierra Leone, corruption and the use of political position for personal gain stems back to the 1970s and 1980s during the one party rule of President Siaka Stevens, when government officials at all levels colluded regularly with businessmen to profit from...
the distribution of mineral rents. These illicit networks were built on the basis of alliances between members of the political and business elite involved in the mineral resources trade who manipulated the quantity and value of exports and colluded with politicians to evade taxes.\(^9\) Indeed, prior to the outbreak of the civil war, entrenched patronage and corruption, linked to illicit criminal activity, led to the stagnation of political processes. The interest of the country’s ruling elite was to appropriate power, market control, and material rewards for themselves to the detriment of the broader citizenry. With the help of their criminal links, the political and economic elite (often indistinguishable from each other), helped create, a ‘shadow state’ in which their authority was based on personalized access to power and goods.\(^6\) Chronic bad governance, human rights abuses, and weak state-society relations underpinning this system facilitated a consistent undermining of formal state institutions, the deprivation of the majority of the people, and eventually, the eruption of violent conflict in Sierra Leone.\(^11\) Other vulnerabilities such as the country’s fragile political settlements, its porous borders, unequal distribution of wealth, and high youth unemployment rates have also created permissive conditions for illicit criminal activity.\(^12\)

Sierra Leone’s internal conflict (1991-2002) provided considerable freedom for criminals to operate with impunity and the country witnessed a dramatic increase in organized criminal activities throughout that decade. As noted by one expert, “[n]etworks of warlords and shady external operators, some of them with links leading indirectly to Al Qaeda, underpinned generalized lawlessness in the country and one of the goriest civil wars in recent memory.”\(^13\) An illegal trade in arms and light weapons flourished during the war and illicit drugs were trafficked along the Sierra Leone, Liberia, and Guinea axes, and through its main airport, and provided to rebel soldiers in particular. It is widely recognized that the diamond sector also played a key role in nurturing and prolonging the civil war. Because government revenue had collapsed, state employees and rebel groups alike were keen on taking control of diamond-rich areas. According to David Keen, “diamonds were an incentive for violence […] and helped to fund the violence.”\(^14\) As Sierra Leone continues to emerge from the civil war, it would be risky to overlook the potentially destabilizing effects caused by illicit activity and its offer of enrichment, particularly to large swaths of unemployed youth and especially given the direct relevance of organized criminal activity to past conflict. Indeed, as noted by Dr. R.J. Bankole Thompson, former Supreme Court judge, and a judge on the Special Court for Sierra Leone, “with the end of the war a new and insidious form of destabilizing dynamic, namely transnational criminality, emerged to threaten the institutional and social fabric of Sierra Leone with potentially destabilizing repercussive consequences.”\(^15\)

For example, in 2008, national authorities discovered more than 700 kilograms of cocaine along with arms and ammunition in a small aircraft in-bound from South America. Investigations into the incident, known as the “Lungi Affair” soon led to the arrest of Ahmed Sesay, the national football team manager and cousin of Kemoh Sesay, who was serving as Minister of Transport and Aviation at the time. As a result of the investigations, Ahmed Sesay was sentenced to five years in prison for “conspiring to import prohibited drugs without lawful authority, contrary to law.” While relieved of his duties as Minister, his cousin, Kemoh Sesay, was never charged. He was subsequently nominated special advisor to the current president.\(^16\) If the country’s reputation as a hub for illegal diamond mining has somewhat faded, the Lungi Affair and growing reports of drug trafficking in the broader West Africa region indubitably renewed interest in the country’s criminal landscape. Justice Nicholas Browne-Marke who presided over the Lungi Affair trial, publicly denounced the intimate nexus that had emerged between criminal and public authorities.

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15. Interview with Justice Bankole Thompson, Accra, Ghana 29 April 2013.
political figures in Sierra Leone at the time, suggesting that drug traffickers had “compromised key state agencies, as well as senior government officials.” While it is clear that the Lungi airport cocaine case alone does not a hub for illicit drug trafficking and organized crime make, a 2011 UN report maintained that despite the robust international presence in the country, Sierra Leone remains vulnerable to drug trafficking and organized crime, highlighting that “an increase in economic activities generated by extractive industries could render “the threat of illicit drug trafficking even more insurmountable.”

Indeed, more recent developments regarding questionable arms deals and the links between criminal actors and the extractive industry suggest the potential for political and business elites to fall back on old practices as a means to achieve their goals.

Observers have been quick to forewarn that widespread organized crime could bring recovery in Sierra Leone to an abrupt halt. While few people believe that a relapse into war is likely, some of the underlying political-economic drivers of Sierra Leone’s civil war remain unresolved. If left unchecked, the potent mix of structural political-economic challenges with endemic corruption, organized crime and unemployed youth could seriously undermine efforts to rebuild the state and consolidate peace and development. At the same time, on-going support to key governance and oversight institutions such as the judiciary, as well as continued external support can help provide a buffer against organized crime as Sierra Leone moves forward. To this end however, prevalent norms of corrupt behavior and the structural weaknesses within and beyond Sierra Leone’s borders that nurture organized criminal activity need to be addressed by national, regional, and international actors alike. This will mean going beyond the kind of traditional law enforcement efforts that have been implemented to date to ensuring an effective blend of security, development, and governance support to Sierra Leone. It will also require supporting Sierra Leone’s participation in inter- and intra-regional initiatives aimed at preventing and responding to the impacts of organized crime. Moreover though, it will require investment in understanding the “self-healing process” in Sierra Leone that resulted in reconciliation and a change in attitudes and behavior particularly with regard to the peaceful resolution of conflicts and involvement in organized crime. As noted by the United Nations’ former Executive Representative of the Secretary-General (ERSG) to Sierra Leone, “without these changes in attitude and behavior, it would never have been possible to anchor peace and stability or prevent transnational organized crime from taking root in the country in the immediate post-conflict phase.” This wider aspect regarding Sierra Leone’s apparent resilience to organized crime at a crucial moment of its transition from conflict to sustainable peace and when organized crime (particularly drug trafficking), was increasing in the West Africa sub-region, merits much deeper research than the scope of the current study has allowed. As a first step in this direction, this desk study provides an important effort to review the scope of organized crime and the nature of the threats its different variations pose to governance and broader peace and security in Sierra Leone, and highlights where some of the most important vulnerabilities to organized crime still lie.

The paper is divided into three parts. Section I provides a brief overview of the political, institutional, and socio-economic landscape in Sierra Leone. It examines internal as well as external pressures affecting Sierra Leone’s political settlement including, for instance, processes in which contending groups determine the distribution of power and wealth. Section II focuses on the nature and scope of organized crime, with particular emphasis on cocaine trafficking, cannabis cultivation, and illegal mining and logging. Section III addresses domestic and international responses to organized crime, trafficking, and corruption as the primary facilitating factor for large-scale illicit activity. This includes insights on challenges and opportunities for responding to organized crime and its impact on governance, and concludes by identifying a number of steps that could be taken to counter the pernicious effects of organized crime in the country.

17. Ibid.
18. Communication with Michael von Schulenburg, former ERSG to Sierra Leone, June 2013.
19. Ibid.
20. Communication with Michael von Schulenburg, former ERSG to Sierra Leone, June 2013.
21. Ibid.
I. Political, Institutional, Socio-Economic, and Regional Context

Sierra Leone is situated on Africa’s West Coast within the Mano River Union sub-region. It is a small country with an estimated population of six million. A decade-long civil war resulted in roughly 70,000 casualties and 2.6 million displaced persons.23 The war, which began in 1991 and ended in 2002, opened the doors for organized criminal activity to flourish unchecked in the country. In Sierra Leone, an inclusive political settlement has long been elusive. Even before independence in 1961, a two-pronged governance system fostered regional disparities, marginalization, and spoiler politics.24 In rural areas, the youth (particularly young men) were, and in many cases continue to be, beholden to chiefs and elders who met out severe sentences for minor offences. Meanwhile, the urban underclass in Freetown – often referred to as “lumpens” – lacked access to employment or any other form of opportunity.25 Already in the 1950s, such exclusion and marginalization led many members of these groups to engage in illicit activities, such as diamond mining or illegal logging, creating a significant illegal trade, even during the colonial era.26 Additionally, polarization between ethnic groups within the political system intensified government infighting and poor governance. Other factors impacting political dynamics include the crisis of legitimacy spurred by Siaka Stevens’ one-party rule, the surge in the country’s youth and lack of employment opportunities, and unchecked corruption among government officials. Combined, these factors have continuously undermined governance, leading to a brutal civil war and laying out challenges for post-war peacebuilding efforts.

During the war, most of the fighting forces, including the government, the Revolutionary United Front (RUF), Armed Forces Revolutionary Council (AFRC), and Civil Defense Forces (CDF), were involved in various aspects of organized crime, the most prominent being diamond and arms smuggling. The Sierra Leone Truth and Reconciliation Commission (TRC) Report identified the RUF in particular as a central player in diamond mining and smuggling during the war.27 The end of the war brought about a negotiated settlement between the warring factions. While Sierra Leone has made great strides in reconstruction and peacebuilding, as with other countries emerging from conflict, there is always a risk that the reorganization of political and economic power will render the state more vulnerable to stealthy criminalization. During a time of flux, government officials may collude with non-state criminal actors for the purpose of financial gain or political leverage. In addition, criminal actors often avail themselves of fragile political transitions to manipulate emerging political and business elites, and the limited capacity of weak law enforcement and governance institutions to extend their presence and services throughout the country.

The Implications of a Geographical and Political Divide

Sierra Leone’s tumultuous political life is often linked to its colonial bifurcation into two systems of governance: a formal British-oriented justice and an informal tribal customary system of justice. In 1808, Freetown, a former settlement for freed slaves, became a colony of the British Crown. Serving as the seat of administration for all of British West Africa, Freetown aspired to the organizational framework of a modern European state. It quickly developed advanced institutions and infrastructure and served as a trading base for resources from the country’s interior. The upcountry, on the other hand, was long neglected. It was not until 1896 that this area was established as a British protectorate. While under British tutelage, the protectorate was designed as a separate area both spatially and politically, indirectly ruled by paramount chiefs who remained subordinate to British District Commissioners. These chiefs or “local agents of state power” often acted as brokers between the colonial power and the native populace.28 They enforced colonial demands and maintained trade relations with Freetown. Their socio-political contribution is controversial. Some observers suggest that the system of indirect rule “provided a mechanism for patronage”29 and set the stage for the country’s collapse over a century later.

26. Ibid.
27. The TRC Report can be found here: http://www.sierra-leone.org/TRCDocuments.html
After 150 years under British colonial rule, in 1961 Sierra Leone gained independence. While the two distinct territories were united in 1927, the base of power remained in Freetown and differences between urban modernism and rural traditionalism deepened. While Freetown Creole politicians focused their efforts on leveraging support in the capital, “protectorate politicians” such as Milton Margai mobilized rural voters, eventually sweeping his Sierra Leone People’s Party (SLPP) to power in the 1950s and leading Sierra Leone to independence in 1961. Parallel sources of authority were reinforced, preventing the majority of Sierra Leoneans from taking part in the central political life of their independent state. As Victor Minikin notes, “a two-way process emerged: national politicians exploited local conflicts to further their own elite interests, while local brokers used national issues, and the conflict between the political parties in their struggle for advantage.”

Today, the divide between the center and the periphery still persists. Although chieftaincies have lost some of their influence, rural Sierra Leoneans continue to place their trust in chiefs while lacking confidence in the central government. Matters of residency, political representation and land use are frequently solved locally, with minimal or no involvement of formal state institutions.

The difficulty of reaching a durable political settlement in Sierra Leone after independence was further compounded by the politicization of ethnicities. The country is composed of a variety of ethnic groups, including Creoles, Mende, Temne, Limba, and Kono. Similar to settings such as Jamaica or Guyana, state-society relations are perpetually being reordered depending on which group is successful in political contestation. Following independence, existing ethnic divides were eclipsed by a rivalry between the Temne, in the northern half of the country against the Mende, in the south and east. The Mende dominated the Sierra Leone People’s Party (SLPP), while the All People’s Congress (APC) drew most of its support from the Temne. [...] Significantly, the 1967 elections produced only one SLPP seat in the north and only one APC seat in the south [...] These parties remain the two significant political parties today. One interviewee noted that the country “continues to suffer from the chronic pathology of political exploitation of ethnicity as a key dynamic for success in electoral competitiveness and democratic consolidation, and there is no ideological visionary rivalry for political power in the country.” With the Mende-Temne political divide deepening, violence and intimidation rapidly increased. The army was frequently used to bully opponents and intimidate voters. As David Keen argues, during the 1970s the army was often viewed “as ‘the paramilitary wing of the ruling party.’ (...) Those seeking to intimidate opponents [also made] use of the country’s secret societies and magical traditions – notably the Poro, which took its purest form among the Mende bedrock of the SLPP.” APC leader Siaka Stevens transformed the political system into a one-party system after assuming the presidency in 1971, thus “stifling legitimate political dissent, thwarting attempts at the reassertion of electoral democracy, and the assertion of fundamental rights and freedoms.” Essentially, the emergence of a post-colonial rule of law had been replaced by the “rule of thuggery.” Stevens and his party maintained this one-party rule until 1991 when the RUF launched its insurgency leading to the civil war.

**Authoritarianism and the Expansion of Organized Crime**

The advent of authoritarian, military, and single party political regimes, as well as the eleven-year civil war, provided the backdrop that allowed organized crime to flourish in Sierra Leone. While the illicit diamond trade already existed during the colonial period, the political dynamics of the authoritarian state influenced the growth of organized criminal activity. The situation was worsened by hard economic and social realities coupled with the existence of incapacitated and weak state institutions, including the security sector and justice system. The

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30. Interview with Lansana Gbêrée, January 2013.
32. Historically, the Creoles (or Krios) constituted the political, social and economic elite until the 1940s when their dominance gradually waned. Creoles, descendents of freed slaves residing mostly in Freetown, differed strikingly from the Africans living in the protectorate. This polarization between Creoles (colony) and native ethnic groups (protectorate) remains structural entrenched, for instance in a the 1966 Provinces Land Act which designates Creoles as “non-natives,” thus precluding them from land tenure in the provinces. See: Jimmy D. Kandeh (1992), p. 81; and Ade Renner-Thomas (2010), Land Tenure in Sierra Leone: The Law, Dualism and the Making of a Land Policy.
34. Interview with Justice R.J. Bankole Thompson, Accra, Ghana, 29 April 2013.
35. Ibid. pp. 16 & 17.
introduction of a one-party state in 1978 coincided with deteriorating economic and social conditions. Calculated attempts by members of the political class to consolidate political power through patronage and repression both encouraged corruption and stymied progress on transparency, accountability, and professionalism within state institutions. In order to bring the security forces under firm control, Stevens recruited urban lumpens, particularly into the armed forces and into a Party-loyal paramilitary party force – the Special Security Division (SSD).30

A lax recruitment policy also made it easy to enlist loyal people through the card system. According to this system, entrance into the security forces was only guaranteed if the candidate was in possession of a card given to him/her by a politician or “party stalwart”31. Gbla believes this system attracted many young cadres interested in generating quick wealth. He further notes that the military was given special privileges such as monthly rice quotas, and that military finances were not transparent.32 Throughout the 1980s these security forces, supported by paramount chiefs that Stevens had recruited into his patronage networks, used extensive violence to ensure that the APC always won the elections.33 Bolstered by these shadow forces, rather than strengthening state institutions, the administrations of Siaka Stevens and his successor, Joseph Momoh, focused their efforts on strengthening ties to groups such as paramount chiefs, Lebanese businessmen, and (for a brief period in the 1980s) Russian mafia members who had valuable assets, including diamond fields.34 The latter precipitated an approach to the acquisition of wealth and power by all means necessary, in the sense that both criminal initiatives and complicity with professional criminals became a distinct possibility and, indeed, a viable option for many.35

Formal and Informal Institutions and Prevalent Norms of Behavior

Patronage and corruption cut across all sectors of public life in Sierra Leone to such a degree that systemic corruption hinders sustainable development.36 In Sierra Leone, elites have routinely used public resources to advance their goals. Patronage systems flourish on the basis of mining and tax revenues and the misappropriation of foreign aid, while corruption cuts across all sectors, especially the police, the judiciary, the education system, and political parties.37 Numerous scandals have revealed how predatory elites avail themselves of public resources to accumulate wealth on their own behalf or at the behest of other public officials. In April 2012, for example, two men were charged for accepting bribes on behalf of Vice President Sam Sumana in relation to the timber trade.38 A trial is ongoing for the two men. No charges were brought against the Vice President who has remained in office.

The pervasiveness of the corruption intensified significantly in the post-independence era, particularly under the one party rule of Prime Minister (later President) Siaka Stevens,39 and his chosen, albeit unsuccessful successor, General Joseph Momoh. Using state offices and public resources as a means to accumulate personal wealth was “the primary mode of accumulation among Sierra Leone’s political elite since independence in 1961.”40 The actions of Abdul Karim, former presidential secretary and head of civil service under Stevens, provide a glimpse into the entrenchment of patronage and corruption. Karim was notorious for granting positions of other public officials. In April 2012, for example, two men were charged for accepting bribes on behalf of Vice President Sam Sumana in relation to the timber trade.41 A trial is ongoing for the two men. No charges were brought against the Vice President who has remained in office.

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45. Transparency International. Available at: http://www.transparency.org/country#SLE
47. Siaka Stevens held the office of Prime Minister from 1967 to 1971 and the office of President from 1971 to 1985
49. Ibid.
50. Interview with Justice Bankole Thompson, Accra, Ghana, 29 April 2013.
signed on behalf of the government with suppliers who were paid for consignments that were never delivered; salaries for 'ghost' workers were routinely paid into the accounts of top bureaucrats; public construction materials and equipment were often diverted to private use; [...] and; the involvement of politicians and bureaucrats in diamond mining and smuggling, as well as profiteering and hoarding of goods, deprived the state of revenue and hastened its functional contraction.”

After Stevens stepped down, Joseph Momoh more or less maintained the status quo. In fact, although less repressive, the state apparently became more predatory under Momoh whose dismissive and lax response to the problem of corruption – officials implicated in financial abuses were simply required to reimburse the state – “created an enabling environment for corruption to thrive.” In one example, Momoh’s Permanent Representative to the United Nations sold Sierra Leone’s diplomatic headquarters in New York and pocketed the gains. In the current post-conflict setting, corruption has become entrenched through a “politically driven distribution of state assets and positions,” undermining “institution building and reducing accountability as each faction asserts ‘sovereignty’ over its territorial or institutional turf.”

In addition, patronage and corruption is also pervasive in rural areas (e.g., within chieftaincies and local councils), where a colonially derived customary form of patrimonialism is held to be “just as destructive to social fabric as the state-centered version [...]”

In short, corruption and patronage have become an institutionalized way of life for all Sierra Leoneans. A survey by Transparency International (TI) conducted in 2010 showed that 71 percent of respondents reported paying a bribe in 2010 – an increase of almost ten percent in relation to previous years. The survey also found that 74 percent of Sierra Leoneans felt the government’s efforts against corruption were ineffective. More than half the respondents believed anti-corruption efforts had actually decreased between 2007 and 2010. Sierra Leone features regularly among the most corrupt countries in the world with the 2011 Corruption Perception Index (CPI) ranking it 134th out of the 183 countries assessed. The police service in particular is widely known to be the most corrupt institution, which is due in part to extremely low wages. In general, government salaries are low, leading public officials to “increasingly turn a blind eye to – and often participate in – smuggling.”

Judicial independence and effectiveness is “impeded by corruption, poor salaries, police unprofessionalism, prison overcrowding, and a lack of resources.” Some claim that the prevailing system of corruption in Sierra Leone has created a political class that has also emerged as the dominant economic class. Such a reality is common in many parts of the world; however, some developments such as the July 2012 announcement by the chair of the National Electoral Commission of a significant increase in nomination fees for presidential and parliamentarian candidates give rise for concern, particularly the danger of creating a system in which only a few can afford to participate in the political process.

Meanwhile, corruption and weak institutions continue to create fertile grounds for organized crime.

Sierra Leone’s Unemployed Youth: A Political Tinderbox

The country’s socially excluded youth is another source of tension. Freetown is one of the oldest cities in West Africa and according to Ellis, has a history of youth gangs that stretches back at least to the 1940s. During the civil war, young combatants gained notoriety for their ferocious treatment of civilians. Many observers argue that this...
behavior stems in part from their rejection of existing political structures, particularly the chieftaincy system. As William Reno noted, “[w]hile some chiefs are popular, others were the targets of the ire of the local youth, who felt that they had abused their positions in Sierra Leone’s politics to arbitrarily extract money from them and interfere in their personal affairs.”65 Danny Hoffman makes a similar argument when he portrays violence against civilians “as a type of political speech aimed at declassifying the orders of patrimonial privilege and exclusion.”66 Even today, many youth are frustrated in their desire to belong and participate in a modern society, that is, to work, consume, and claim entitlements as individuals rather than as members of ‘communities’ governed by patron-client relations. Economic hardship further compels young (and sometimes unemployable) men to resort to other means of survival, including illicit drug trafficking along the Sierra Leone-Guinea border.67 The total number of young people unemployed, employed without remuneration, or underemployed is estimated at 800,000 – a high number for a small country like Sierra Leone.68 The African Economic Outlook states that Sierra Leone’s youth unemployment rate in 2012 was 60 percent, making it one of the highest in the region.69 Surveys conducted for the 2011 World Development Report found that “unemployment and idleness” was the primary factor “motivating young people to join rebel movements.” It also states that “oppressive work conditions” may have influenced youth joining rebel groups in Sierra Leone.70

Since the end of the civil war, international donors and civil society organizations have supported domestic efforts to address the root causes of youth alienation and conflict. Five youth employment centers run by the National Youth Commission and Financed by UNDP opened in July 2012. In addition, UNDP finances additional “career advisory and placement centers that provide job search assistance and soft skills training to at least 5,000 young people per year.”71 Three more were set to open by end of 2012 and during the same period, a graduate internship program was launched to help build business skills for roughly 150 graduates.72 These programs are a glimpse into efforts being made, but with such a high percentage of unemployed, some are sure to be lured into the opportunity for high monetary returns through illicit activity. Already most youth gangs in Sierra Leone use marijuana. The main threat however, is that they may become involved in both the consumption and distribution of hard drugs, producing a gang culture similar to that of US cities. Meanwhile, competition to control markets may lead to further violence.

Regional Context

Over the last ten years, West Africa has become a pivotal transit point for illicit trafficking. It is one of the poorest regions in the world with many weak political systems and institutions, and large under- and unemployed populations, especially youth. Criminal groups and networks involved in different types of illicit trade are exploiting these weaknesses as well as West Africa’s geographical location to traffic products ranging from narcotics to natural resources to toxic waste.73 Only three of the sixteen countries in the region do not figure on the United Nations’ list of “least developed countries (LDCs).” Five of the West African countries on that same list experience the very lowest levels of human development. According to a UNODC report on the globalization of crime, since independence, West Africa has experienced at least 58 coups and attempted coups.74 This figure does not include the coups staged in Mali and Guinea-Bissau in 2012. Risks to Sierra Leone’s development are compounded by potential instability in the neighboring states of Liberia, Côte d’Ivoire and Guinea, all three of which are emerging from periods of political violence or civil conflict. Border issues or conflict spillover could rapidly test the stability of Sierra Leone’s fledgling political

73. United Nations Office on Drugs and Crime (2009), Transnational Trafficking and the Rule of Law.
and economic development. Amidst the instability partially caused by conflict and post-conflict conditions in the region, some countries such as Ghana and Senegal continue to experience positive economic growth and relative political stability. Nevertheless, its location in such a volatile region, where drug trafficking and money laundering in particular have laid root, poses additional challenges to Sierra Leone and its efforts to consolidate peace.

While many of the organized criminal groups operating in West Africa are truly transnational in nature – for example, the cocaine trafficking exploits of Latin America-based cartels through West Africa and on to Europe – West African organized criminal groups and networks are also gaining strength. As noted by one commentator, this reality is creating powerful local actors with an interest in disrupting state responses to organized crime and drug trafficking. Additionally, prevalent norms of behavior such as corruption and patronage within political, justice, and security systems across the region coupled with limited incentives for conducting public sector work, often facilitate the direct and indirect collusion of public officials with organized criminals for financial or political gain. The 2013 UNODC Threat Assessment holds that it does not require a large amount of cocaine to cause major issues in West Africa, citing the implication of high-level officials in several organized crime cases as evidence that building local capacity should be prioritized. According to UNODC’s 2009 Threat Assessment on Trafficking in West Africa, the influence created by roughly US $2 billion in annual illicit drug money affords traffickers “more resources than many of the law enforcement agencies in the region,” and the ability to “leverage corrupt officials at the highest levels of government.”

If the “blood diamond” trade, which facilitated and prolonged armed conflict in Sierra Leone and Liberia, reached maximum annual revenue of roughly US $200 million, the value of the drug trade is held to be significantly higher. In this regard, it is hardly surprising that organized criminals and particularly those involved in the cocaine, heroin, and methamphetamine trade are using their money to “buy” public officials and traditional and emerging titles, entrenching their power in local systems and further blurring the line between criminal and political identities. In short, a dual threat is emerging from within and beyond West African state borders threatening governance, as elements of state power are redirected towards illicit criminal activity rather than the delivery of basic services and the creation of legitimate institutions.

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75. BTI, 28.
78. UNODC, 2009.
II. The Nature, Scope, and Impact of Organized Crime in Sierra Leone

Sierra Leone has long been a theatre for illicit operations. Diamond smuggling and illegal logging have thrived for decades, as has the trade in small arms. More recently, concerns over a growing involvement in the international drug trade have drawn international attention back to Sierra Leone. The pervasiveness of illicit activity in Sierra Leone (and as noted above, West Africa in general) is usually linked to deep-rooted structural challenges related to the functioning of the political system, as well as limited enforcement capacities and weak infrastructure, porous borders, endemic corruption within the public sector, and the existing presence of local criminal groups. Decades of under-development and limited investment in employment opportunities and the provision of basic services have also provided a broad base of people for whom there are limited alternatives to engaging in illicit activity.

**Violence and Organized Crime**

In Sierra Leone, organized crime fueled violence and instability during the civil war. The war was triggered in March 1991 when the Revolutionary United Front, founded and led by Foday Sankoh, invaded the country with support from Liberia, Burkina Faso, and Libya. The government had little means to counter the invasion. After the repressive personal rule of Siaka Stevens and the even more predatory regime of his successor, institutions were weak and hollow. Mismanagement and pervasive corruption undermined the government's legitimacy. As David Keen notes, “…much of the violence in Sierra Leone in the 1990s can be explained as a succession of attempts by those who have felt excluded or forgotten to draw attention to their grievances, perhaps even their existence. Whenever one group managed to force its way into the ‘inner circle’ (as in the May 1992 coup or the RUF acquisition of cabinet posts in 1999) there were always other groups left outside with an incentive to use violence to draw attention to their continuing grievances.”

Yet, the links between violence and organized crime in Sierra Leone can only be understood against the backdrop of corruption and predation that already existed in Sierra Leone in the sense that “…the predatory exercise of state power by APC politicians established patterns of rule that were inherently incompatible with societal interests and the long-term reproduction of elite dominance… A dysfunctional state increasingly at odds with society and incapable of performing basic tasks could not withstand the deadly struggle for access to the country’s mineral resources by elites and ordinary citizens alike. The appropriation of elite modes of accumulation by others gradually resulted in the transformation of violence “from a tool of political domination to a means of criminal accumulation by state agents.”

While large-scale violence in Sierra Leone has subsided since the civil war, outbursts of violence continue to occur, especially in relation to election cycles. In 2009, an important challenge to peace emerged when violence broke out in many parts of the country, including Freetown. It accumulated in the storming of the opposition party’s headquarters and an attempt to lynch a group of opposition youth members (who consequently also belonged to another ethnic group). The incident paralyzed the government and the entire country, yet was resolved through peaceful means and cemented in a Joint Communiqué initially between the two main parties, although it later expanded to include others. The Communiqué not only dealt with the immediate issues that had led to an escalation of violence, but included a range of other vulnerabilities, including illicit activity, that were, and remain, potentially destabilizing.

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81. The eleven-year civil war resulted in over 70,000 casualties. More than half of the population was displaced from their homes; thousands were injured or maimed. The country's economy succumbed; the physical infrastructure lay in ruins. What is more, the collapse of state authority was accompanied by a corresponding collapse in the socio-economic fabric of the society. As Mary Kaldor and James Vincent rightly point out, “it was the experience of Sierra Leone that led Robert Kaplan to coin the term ‘the coming anarchy’.” See: Mary Kaldor and James Vincent (2006), p. 6.
83. During the Momoh administration, there was the so-called Binkolo Mafia, a powerful cabal or exclusive circle of Limba politicians around the President. The name is derived from Joseph Momoh's hometown, Binkolo.
86. Ibid.
Notwithstanding, in 2011 several instances of violent events directed at candidates and members of government led the Sierra Leone police to call off all political campaigning events until December 2011. Following further efforts to reconcile tensions and differences, national elections were held in November 2012 and declared free and peaceful by external observers. Prior to the elections, the UN Security Council lifted its last remaining sanctions, acknowledging the country’s ability to take control of its territory and reintegrate former combatants.

In the absence of clear data and in trying to assess the links between organized crime or gangs and drug-related crimes and violence, the UN Peacebuilding Office – UNIPSIL – did not register significant evidence indicating an emerging incidence of violent crime or drug-related crime that could lead to violence. Ex-combatants rarely figured among those arrested for serious crimes in the country (although they did play a more prominent role in political violence), nor did they form criminal gangs, as has been the case in other settings. Indeed, there has been limited evidence that crimes are committed with the aid of weapons, suggesting that the disarmament program in the country has been somewhat successful.

In general, the main concerns regarding illicit trafficking seem less related to their potential to foment violence than to the risk of high level political or security force involvement and the subsequent potential cooptation of state resources for illicit purposes, as was seen before and during the civil war. For example, the US Department of State’s 2012 OSAC Crime and Safety Report for diplomats working in Sierra Leone raised the concern of narcotics trafficking but did not outline any clear threats of violence posed by this phenomenon. Rather it states that “the considerable wealth associated with the drug trade, channeled through corruption and involvement of government officials, could have a destabilizing impact on the country,” but does not provide specific security concerns.

### The Nature of Organized Crime in Sierra Leone

In Sierra Leone, criminal groups engaged in the illegal trade of diamonds, arms, illicit drugs, and timber are generally composed of Sierra Leoneans who appear to only occasionally work with foreign nationals from the sub-region and beyond. Most criminals establish front companies or small business ventures as a cover for their illegal activities. While Sierra Leonean criminal groups are often considered less sophisticated than larger criminal groups in the region, some players from Sierra Leone have regional and international reach. In 2011, the US Department of State stated that “[d]rug trafficking rings are increasingly active in Sierra Leone, often relying on corrupted government officials, police and intelligence officers, who have accepted bribes to turn a blind eye to the traffickers’ illegal activities.” For example, Gibrilla Kamara – a notorious Sierra Leonean ‘drug lord’ and prime suspect in the aforementioned Lungi Affair – “actively sought to recruit South American drug trafficking organizations to establish operations in West African countries including Liberia, Guinea-Conakry, Guinea Bissau, Sierra Leone and Nigeria.” In 2010, he was arrested in Liberia along with seven others in a joint sting operation involving the US Drug Enforcement Administration (DEA) and Liberian security agents, and extradited to the United States to face trial. Kamara was subsequently given a twenty-year prison sentence by the United States Attorney for the Southern District of New York. According to the court

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89. For example, the President established a Commission of Inquiry to investigate the incidences of violence. The panel concluded that supporters of the two main parties were complicit in the violence. A memorandum of understanding in which the main parties vied not to use additional violence was later signed. See Report of the Secretary-General on the United Nations Integrated Peacebuilding Office in Sierra Leone (S/2012/160) http://www.un.org/ga/search/view_doc.asp?symbol=S/2012/160.
91. Communication with Michael von Schulenburg, former ERSG to Sierra Leone, June 2013.
92. Ibid. The latter would require deeper research and cross-checking of crime data collected by the UN and specialized agencies such as SOCA, the DEA and others working in the country.
94. Consider, for example, the case of the cocaine airplane, which landed at Lungi International Airport. The Sierra Leonean police arrested three Colombians, two Mexicans, a Venezuelan national, a US citizen and two Sierra Leoneans. See: BBC (2008). “S Leone Police Seize Drugs Plane.” Available at: http://news.bbc.co.uk/2/hi/africa/7504953.stm.
98. Ibid.
transcript, Kamara “attempted to bribe high-level officials in the Liberian Government in order to protect shipments of vast quantities of cocaine, and to use Liberia as a trans-shipment point for further distribution of the cocaine in Africa and Europe.”

Organized crime has also contributed to the distortion and later decay of Sierra Leone’s economy. Sierra Leone has a predominantly cash-based economy, with only around twenty percent of the population having access to formal banking institutions. There are eight official banks centered mostly in Freetown. Money laundering occurs from drug proceeds as well as illicit mineral transactions. GIABA states that diamonds not certified by the Kimberly Process are smuggled out of the country “where it is believed to be used for money laundering and the financing of other illicit activity.” The impressive economic performance experienced during the first decade after independence, with a growth rate of nearly four percent per year, gave way to a much slower growth rate of 1.5 percent in the 1970s. By the 1980s, the gross domestic product growth rate was virtually non-existent and by the end of that decade had turned negative. In the 1980s, increases in smuggling, estimated to be 95 percent of the diamond trade by the late 1980s, coupled with massive undervaluing of exports “seriously reduced state revenues from diamonds and other primary products.”

As a result, the country witnessed economic downtrends leading to consistent low rankings in the UN Human Development Index (HDI). The situation worsened in 1989 with the government’s adoption and implementation of the Structural Adjustment Program (SAP), supported by international financial institutions. Although the SAP was designed to achieve substantial private sector-led growth and poverty alleviation, it involved measures (especially with regard to requirements for retrenchment, devaluation, and subsidies), which had adverse effects on the country’s economy. Accordingly, by the 1990s, 82 percent of the country’s population was living below the poverty line. Today, Sierra Leone is a low-income country with roughly 60 percent of the population living below the poverty line. The HDI, which aggregates data focused on quality of life, such as life expectancy, education, and gross national income per capita, for the country was 0.336 in 2011, ranking it among the bottom ten of all countries surveyed. While Sierra Leone is currently experiencing positive economic growth, the country is still far from reaching its potential.

Drug Trafficking

As suggested above, Sierra Leone has emerged as a source, transit, and destination point for various illicit drugs. Cocaine is the primary trans-shipment drug in the country, but small amounts of heroin coming from Southeast Asia are also believed to travel through Sierra Leone via commercial flights from East Africa. Driven by growing demand in Western Europe, shrinking markets in the United States, and the pressure from interdiction efforts along the Caribbean Corridor in particular, the amount of drug transshipments from South America passing through West Africa has increased substantially over the past eight years. The bulk of drugs is produced in Colombia and shipped through Venezuela. Other sources include Bolivia, Brazil, and Peru.

Sierra Leone has served as a transit platform for some of these illicit drugs. For example, in 2007, Venezuelan authorities discovered 2,500 kilograms of cocaine on a small aircraft allegedly destined for Sierra Leone. The following year, at Lungi International Airport, Sierra Leonean authorities seized over 700 kilograms of cocaine on a Cessna airplane bearing a falsified insignia of the Red Cross. The Lungi Affair brought to light many obstacles to combating drug trafficking in Sierra Leone. First, the seizure of the cocaine was apparently accidental,
provoked by an air traffic controller who, unaware of the plan to smuggle the drugs into the country, alerted authorities to the plane’s unauthorized landing. Second, prosecutions for the case were only made possible when the government enacted a retroactive law making cocaine trafficking illegal. Sixteen of the eighteen arrested were found guilty, fined, and sentenced. The other two were acquitted. The convicted included Colombians, Mexicans, a Venezuelan, a resident of Guinea Bissau, and Sierra Leoneans, including two police officers, a national security officer, and two air traffic controllers.110 The third point of interest in the case is that it brought to light that high-level officials could be implicated in drug trafficking networks. In this case, the Minister of Transport and Aviation, Kemoh Sesay was implicated in the case by his cousin, Ahmed Sesay, one of the defendants in the case. Indeed, during the trial he alleged that it was his minister ‘brother’ who gave permission to land the cocaine-filled plane.111 In his judgment, Judge Nicolas Brown-Marke, who presided over the case, accused the prosecution of withholding evidence and compelling two of the accused to commit perjury to protect the Minister.112, 113

A US diplomatic cable obtained by WikiLeaks stated that President Koroma gave orders not to arrest or charge Sesay after he was brought in for questioning on August 5th, 2009.114 After internal deliberations over how to proceed, Minister Sesay was suspended from office on August 4th. However, for reasons that remain unclear, a thorough investigation never took place following the first round of questioning and while Sesay was eventually removed from his duties as Minister of Transport and Aviation, Koroma nominated him his Special Advisor after his re-election. Conversely, the WikiLeaks cable paints an intricate picture of the connections between Ahmed Sesay, Kemoh Sesay, and the administration, noting that “Mohamed [Ahmed] Sesay, not considered competent or educated enough to be a politician, was one of the key financial backers of the 2007 Presidential campaign. His contributions during the election are said to have earned Kemoh Sesay the ministerial position and the position of manager of the national football team for himself. It is also likely that use of illicit funding to influence the outcome of the elections secured them these positions from which they can continue to facilitate illicit business and influence decision-making.”115

Limited law enforcement capacity and lack of oversight in Sierra Leone make it difficult to gauge the magnitude of illicit drug shipments entering the country via sea- and airports.116 By the end of 2010, cocaine seizures in Sierra Leone were estimated at 142.4 kilograms “with a street value of approximately US $8.5 million in Europe.”117 After the case involving Sesay, the current government, responding to pressure from its main bilateral partners, stepped up its efforts to target drug traffickers at the international airport, and has sought bilateral support, notably from the US DEA and the UK’s Special Organized Crime Agency (SOCA) in investigations and extradition processes.118 A Transnational Organized Crime Unit (TOCU) was also established within the framework of the West Africa Coastal Initiative (WACI), a UN-backed effort aimed at supporting the implementation of the ECOWAS Regional Action Plan to Address the Growing Problem of Illicit Drug Trafficking, Organized Crime, and Drug Abuse in West Africa.119

Sierra Leone also faces important challenges concerning the illicit cultivation and trafficking of cannabis sativa, locally known as jamba (diamba). In 2008, more than ten tons of cannabis herbs were seized.120 While not a new phenomenon, there are concerns that the marked increase in cannabis cultivation over the past decade is not only posing a series of social challenges, but also a threat to national food security as farmers substitute cannabis (or

110. Voice of America(2009), Drug Smugglers Expelled from Sierra Leone to Face US Charges, Voice of America, November 2; Telegraph (2009), Sierra Leone Targeted by Latin American Drug Cartels, Telegraph, February 27.
113. According to Justice Bankole Thompson, “the judicial attitude of Justice Browne-Marke on this aspect of the case was a classic example of judicial activism and forthrightness, desirable in cases involving transnational criminality, the negative effects of which can strike at the very root of social justice for the vulnerable.” Interview, Accra, Ghana, 29 April 2013.
118. The Republic of Sierra Leone (2010), p. 76.
119. The WACI is a program co-led by UNODC, UNDPA, UNDP KOF and Interpol. The WACI is helping ECOWAS establish Transnational Crime Units in Sierra Leone, Liberia, Cote d’Ivoire, and Guinea-Bissau.
marijuana) for subsistence farming.121 A 2009 report by Sierra Leone’s Office of National Security (ONS) confirmed these concerns, stating that the country is “gradually emerging as one of the states in West Africa where the cultivation of marijuana is overtaking vital domestic crop farming.”122 In the eyes of local communities, cannabis offers an alternative source of income, particularly in rural areas where both formal and informal employment opportunities are scarce. Planting illicit crops is often cheaper and yields high returns. For instance, a kilogram of cannabis can be sold for US $50 while one bag (50 kilograms) of rice sells for US $35.123 As one commentator notes, “it is like an industry […] in which every family or household has stake.”124 Meanwhile, in 2012, Sierra Leonean authorities discovered over one hundred acres of cannabis plantation in the Kambia District north of Freetown.125 Police vehicles were reportedly ambushed by several youth trying to protect cultivation sites.

The increase in cannabis cultivation has also been noted across the border in Liberia. At a recent meeting of the Liberian Humanitarian Action Committee (HAC), it was pointed out that, “Sierra Leoneans drug dealers… prefer the Liberian market for their cannabis as it attracts more money than in Sierra Leone. This [has] enticed many Sierra Leonian youth in rural areas to engage in large scale farming of the substance.”126 It is likely that the combination of a lucrative cash crop and large unemployed youth populations may continue to foster domestic production of cannabis in both Sierra Leone and Liberia in the near future. Unfortunately, the response to cannabis production, including by the UN-backed TOCU, has been predominantly anchored in traditional counter-narcotics efforts aimed at zero-tolerance and eradication, with limited consideration for alternative sources of livelihoods for local farmers and unemployed youth in particular, or for the broader spillover effects of these out-dated policies. As noted by the former ERSG to Sierra Leone, there is a risk that “destroying the country’s traditional drugs will provoke unnecessary opposition to the anti-drug policy and push traditional drug users into heavier drugs as has happened in other countries such as Iran and Pakistan.”127

Meanwhile, an emerging concern is the involvement of security services, police, and military personnel from Sierra Leone and Liberia in cross-border drug trafficking. Recently, a soldier from Sierra Leone was arrested in Liberia smuggling cannabis, while a Liberian police officer was arrested in April 2013 in Sierra Leone for attempting to smuggle cocaine.128

During the civil war, members of the warring factions used mostly heroin (‘brown-brown’) and crack cocaine to build up courage and drug those that were forcibly recruited.129 Jamba, the use of which was also widespread in rebel camps, was already introduced in the late 1960s and early 1970s. Increasing concerns are being voiced in Sierra Leone and the broader sub-region today that illicit cultivation and trafficking of illicit drugs in and through Sierra Leone is leading to a rise in drug consumption, a challenge the country is ill-prepared to respond to. As noted by the ONS, for each ton of cocaine trafficked through Sierra Leone, at least several kilograms will remain.130 In relation to the broader region, governance and organized crime expert Lansana Gberie echoed this assertion warning that “the assumption that West Africa is merely a transit point for [hard] drugs is a dangerously misleading one; the drugs are increasingly being sold within West Africa and other sub-regions of the continent. Once they establish a foothold, foreign drug traffickers tend to pay lower-level cadres – mainly unemployed youth and students – in kind rather than in cash, and the drugs are then sold in the community.”131

Street level drug dealers often double as drug abusers. Freetown has a history of gang activity since the 1940s.

123. Ibid
124. Ibid.
125. Abu Bakar Kargbo (2012). “38 arrested for diamba cultivation,” The Daily IJ – A Weblog By the International Institute of Journalism of the GIZ. Available at: http://inwent-iij-lab.org/ Weblog/2012/05/09/38-arrested-for-diamba-cultivation/
127. Communication with Michael von Schulenburg, former ERSG to Sierra Leone, June 2013.
which raises some concern that the groundwork already exists for future conflicts over trafficking and dealing rights, as the quantities and types of drugs increase, although there is still little evidence to indicate that this will happen. In a recent interview with Al Jazeera, street dealers said they were part of a gang that “distributed drugs across the country” but were unaware of the origin of the recent influx of cocaine and heroin. They stated their primary interest was to remain high.\textsuperscript{132} Already in 2009, UNODC noted that Sierra Leone already had “a huge substance abuse problem […]”. A survey conducted in some communities and prisons […] revealed that 79 percent of the respondents used cannabis, 28 percent used cocaine, 26 percent used heroin and some were using multiple drugs. The study further revealed that some children aged 7-8 years were also taking drugs.\textsuperscript{133} Another survey reproduced in the UNODC’s 2012 World Drug Report states that drug abuse is significantly higher among street children than students, with cannabis far outweighing the prevalence of other drugs, although roughly five to seven percent of street children surveyed reported using cocaine and heroin.\textsuperscript{134} Despite these studies and surveys, reliable and regularly up-dated data on the amount and type of drugs transiting through or circulating and consumed in Sierra Leone remains elusive. Consequently, and as with other countries in the sub-region, it is unclear what the basis for the formulation of core policies regarding crime, drug interdiction and drug treatment actually is.

Today, drug users in Sierra Leone have only limited recourse to treatment. One of the few residential drug rehabilitation centers, the ‘City of Rest’ opened in 1996 and is funded by church donations. Its capacity in 2010 was 40 patients.\textsuperscript{135} In a country with high vulnerability to drug abuse, the increase in local availability coupled with hundreds of available foot soldiers among unemployed youth will require robust responses. Conversely, the much-needed baseline data required to inform such responses is limited, if at all existent. As is the case across the West Africa sub-region, limited investment has been made by both governments and external actors in introducing sustainable mechanisms to capture, monitor, analyze and regularly update the baseline data required to inform policy. Instead, investment tends to be front-loaded to strengthening law enforcement capacity, resulting in the criminalization of what, in reference to consumption and small-time dealing, essentially corresponds to a health and sustainable development problem, particularly among the poor, placing needless pressure on already over-burdened and over-crowded judicial and corrections systems.

**Illegal Timber Logging**

Illegal logging is endemic in Sierra Leone and presents significant challenges to the country’s environmental sustainability and development. Timber extraction and export has a long history, dating back to the colonial era when a constant supply of commercial timber and other forestry products, including ivory and rubber, to Britain and other traders substantially depleted the country’s forest resources. Indeed, the extent of depletion was such that only around four percent of the country’s original forests were left untouched.\textsuperscript{136} Stringent logging legislation in neighboring Côte d’Ivoire and Guinea, which imposed bans on timber logging, encouraged firms (national, regional, and international) to relocate their operations to Sierra Leone’s unmanaged forest areas – particularly in the border regions – and carry out illegal logging activities.\textsuperscript{137}

A 2011 Al Jazeera documentary revealed that several individuals in the Office of the Vice President Alhaji Chief Sam Sumana were involved in the illegal timber trade. The Anti-Corruption Commission (ACC) acted promptly, charging two Vice President aides – Momoh Kemoh Konte and Alex Mansaray – with the commission of corruption offences.\textsuperscript{138} Their trial began in April 2012 in the High Court of Sierra Leone but it remains unclear what the outcome was. With only ten legally registered companies in Sierra Leone, companies that operate without required permits undertake the vast majority of logging activities. The prevalence of the problem is exemplified by the

\textsuperscript{133} Ibid., p. 13.
\textsuperscript{137} Ibid., p. 65.
\textsuperscript{138} Anti-Corruption Commission (2012). ACC Indicts Two (2) on ALJAZEERA “Africa Investigates” Documentary.
ACC’s interception of 24 ship containers carrying illegally harvested timber in early 2011 and the subsequent arrest of port and customs officials as well as shipping agents. In the previous year, the Sierra Leonean Navy intercepted a boatload of more than 100 logs headed for Guinea and arrested seven people in the process. While most of the illegal exports are destined for neighboring Guinea and Liberia, large consignments worth tens of millions of US dollars are also smuggled from the country to China, as well as countries in Southeast Asia and the Middle East. Illegal logging operations in Sierra Leone and the greater Mano River region are often managed and controlled by Lebanese criminal groups, based in Guinea-Conakry and Liberia, who allegedly form agreements with local traditional chiefs and employ the services of locals. The illegal operations “involve felling and wasteful in-situ processing to produce planks that are manually extracted to roadside for onward transport with quasi-legal status conferred through payment of a fee and issue of official transport documents by the Forestry Division.”

Over 80 percent of Sierra Leone’s land has already been designated for mineral concessions and ten percent may be granted for commercial agriculture. The UN Environmental Program (UNEP) states that “forests are threatened by charcoal production, encroachment, logging and slash and burn agriculture, and waste and water management.” UNEP predicts that mining practices, combatant bases, and civilian desperation during the war accelerated forest cover and biodiversity decline. Illicit mining practices and illegal operations run by licensed logging companies may continue to expedite forest loss as the participants are not confined by the burgeoning regulations that exist. In the mid-2000s there were allegations that foreign companies engaged in larger scale logging – whether legal or illegal – are enormous. They include loss of biodiversity, soil erosion, aridity, and climatic disruption. For instance, the Ministry of Forestry has warned that “unless immediate action is taken against illegal timber trade, all of the country’s forests, and many endangered animal and plant species could disappear by 2018.” Indeed, as a 2010 report by the United Nations Environment Program suggests, the “remaining forest cover is estimated to be 4 percent, with most located in the 55 forest reserves and conservation areas.” It is unclear what effect marijuana cultivation may have on the environment, but as an illicit cash crop, practices used to grow it are not regulated by any agency. Illicit operations may cause more damage to the environment, as most often the aim is to skirt obligations imposed by the government and international community.

The Illicit Trade in Minerals

The Extractive Industries Transparency Initiative (EITI) states that 30 percent of Sierra Leone’s GDP derives from the mining sector, namely through diamonds, gold, bauxite, butyl, and iron ore which exist in large quantities. The EITI also noted that the majority of mining operations are artisanal and illegal. During the war, government officials used illicit monies to fund the army and finance patronage systems. Rebel fighters relied on precious minerals to purchase or exchange arms, ammunition, and drugs. Diamond fields therefore became the center of contention, particularly in Kono and Tongo in the eastern part of the country. The Sierra Leone Government sought to prolong the war in part to sustain economic gains from diamond mining; its complicity in the process was most pronounced during the reign of the National Provisional Ruling Council Junta (NPRC), which reigned from 1992-1996. During that period the army allegedly sold arms to the RUF, defected in large numbers and looted diamonds. Its leader at the time, Captain V.E.M. Strasser, reportedly

140. Agence France Prresse (2010).
142. Ibid
143. Ibid
144. Ibid
150. Extractive Industries Transparency Initiative, Sierra Leone. Available at http://eti.org/SierraLeone
smuggled diamonds to Belgium in 1993. The junta’s notoriety for looting state resources was well captured by the late Thaimu Bangura, a former Minister of Finance, who noted, “those boys (NPRC) looted everything they could lay hands on; not a cent was left in the treasury, they stole everything.”

According to a UN Panel of Experts on Liberia, roughly 10,000 Sierra Leonean miners are said to be engaged in the illicit mining of diamonds in Liberia, with many of them operating with the tacit support of diamond dealers in Kenema, Sierra Leone. The report cites an increased threat for regional conflict as Liberians and Sierra Leoneans fight over access and domination of mining and logging areas. Since illicit diamond mining factored greatly in the facilitation and perpetuation of Sierra Leone’s civil war, and in response to pressure from different groups, the government has shown an interest in reigning in these activities and curbing the trade in illicitly extracted diamonds. For example, Sierra Leone joined the Kimberley Process in 2003 and published its first report for the Extractive Industries Transparency Initiative in 2010. In the report, companies claimed it made a total payment of US $18.3 million in mining revenue to the government during the two-year period 2006-2007 although the government reported receiving only US $17.4 million. The discrepancy led to the launch of an investigation by the Anti-Corruption Commission; however, it is unclear what the outcome of the investigation was. Notwithstanding, in December 2012, Sierra Leone submitted a reconciled report for the 2008-2010 period to the EITI. The report was rejected by the EITI Validation Committee a second time for “failing to reconcile its figures.” While a second negative report should have led to the delisting of Sierra Leone from the EITI, the EITI board has given it time to “undertake corrective measures.”

Furthermore, with the support of UNDP, the German Society for International Cooperation (GTZ), the Revenue Development Foundation, and the World Bank, Sierra Leone launched an online monitoring system for mining revenue in 2012. The Online Repository System is meant to collect and make available “information on all revenue data for the country’s extractive industry – payments made for licenses, royalties, and contributions to local chieftdoms – collected, recorded and published for public accessibility.” The data is collected and input by the nationwide offices of the government’s Strategy and Policy Unit. However, like many of its regional neighbors, Sierra Leone lacks a freedom of information act, which can make the original documents public. Concerns were raised that poor pay and working conditions in these offices as well as possible top-down intimidation to only input desirable data may allow corrupt practices such as bribery to continue regardless. Concerns over illicit activity in the mining industry are two-pronged. The first, as in the instance of the timber bribery case, is that government officials and elites may use positions of power to extract private revenue from mining deals. This is a top-down concern, which the government seeks to assuage through initiatives such as the EITI. The second is the more disorganized form of illicit mining involving small groups engaged in territorial creep, as well as illicit and environmentally unsound extraction practices for economic gain. The latter has more of a chance of sparking localized conflict, whereas the former negatively affects governance and the growth of public revenue.

**Other Forms of Trafficking: Human Trafficking and Trafficking in Small Arms and Light Weapons (SALW)**

Sierra Leone remains on the United States’ Tier Two Watch List for Human Trafficking. As in other countries in the region, internal human trafficking cases involve trafficking persons from rural areas to work in the mining, agriculture, or fishing industries “for the purposes of exploitation in prostitution, domestic servitude, and forced service or labor.” The US report found that while significant progress has been made, Sierra Leone is still not in compliance with the minimum standards needed to confront human trafficking, with the government

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156. Ibid.
158. Ibid.
failing to “(…) make efforts to identify trafficking victims, allocate adequate financial or human resources to provide protective services to victims, or educate the population about the dangers of trafficking.”Furthermore, in 2011 the courts convicted no trafficking offenders, and fewer suspects were charged with trafficking crimes compared with the previous year.

Trafficking of SALW does not appear to remain a large issue within Sierra Leone. The country figures into the regional arms trafficking context as a former combat zone whose ‘legacy weapons,’ especially ammunition, continue to surface a decade onwards. In August 2012, the Sierra Leone legislature passed the Arms and Ammunition Bill legalizing gun ownership for the first time since the end of the civil war, while aiming to comply with commitments under Economic Community of West African States conventions to regulate the use of small arms. Of concern however is a 2012 incident regarding the purchase by the government of heavy weaponry, apparently from a former diamond dealer, to equip a recently enlarged paramilitary wing of the police loyal to the President’s party. The government finally backtracked and committed to handing over the weaponry to the armed forces.

III. Responding to Organized Crime in Sierra Leone

The Government Response

Over the years, Sierra Leone has taken various steps to tackle the multi-faceted problems posed by organized crime. The country is a signatory to the UN Convention Against Transnational Organized Crime, the Protocol Against Trafficking in Human Beings, and the Protocol Against Trafficking in Firearms. Three acts of Parliament dealing with specific aspects have been enacted: the Anti-Human Trafficking Act (2004), the Anti-Money Laundering Act (2005) with the corresponding establishment of the Financial Intelligence Unit (FIU) located in the Bank of Sierra Leone, and the Anti-Drugs Act (2008). An Inter-Ministerial Committee on Human Trafficking and its implementing arm – the Task Force for Human Trafficking – have also been established.

In order to fight smuggling, the National Revenue Authority (NRA) has a Preventive Services and Special Duties Department at its disposition, although it is viewed as having been largely ineffective to date. It is however, about to be organized with the aim of improving its performance. In addition, the National Security and Central Intelligence Act (2002) established the Office of National Security and the Central Intelligence and Security Unit (CISU). The ONS Department of Serious Organized Crime Coordinating Group is mandated to assist in the coordination of all aspects of organized crime. In addition, in its Second Poverty Reduction Strategy, the government called for stronger “partnerships between already established security sector institutions and MDAs [Ministries, Departments, and Agencies] to prevent and combat transnational organized crimes such as international terrorism, smuggling, money laundering, mercenaries and dissidents, drugs and human/child trafficking, and proliferation of Small Arms and Light Weapons (SALW)”.

166. However, the 2012 US Trafficking in Persons Report states that Sierra Leone’s national trafficking in persons task force re-submitted a budget request in late 2011, but as with past years, the funding had not been approved by the end of the reporting period US Department of State (2012b).
Concerns about the resilience and capacity of law enforcement and Sierra Leone’s judiciary have always existed. In 2010, Sierra Leone was ranked in the 10th-25th percentile for the World Bank’s Rule of Law indicators. According to the latest Bertelsmann Foundation’s Transformation Index Report (BTI), “there is a de facto lack of separation of powers due to the executive’s attempts to influence and put pressure on the legislative and judicial powers.” Moreover, the report notes that the combination of Attorney General and Minister of Justice functions in a single individual is viewed “as a structural factor impeding the effective separation of powers.” "While "judicial independence in Sierra Leone is constitutionally guaranteed, it may be problematic since not all judges perceive it as a core value of the judicial culture." Security sector reforms introduced since the end of the conflict, and largely led by the UK, have created a multi-tiered security architecture combining local level councils and policing groups with the national level. The reforms have restored an important degree of functionality to the country’s security services. By late 2011 the Sierra Leone police had reached an authorized strength of 10,000 police men and women, with plans to reach 12,000 in the following period. The police force is still however, recovering from the civil war, and as was the case before the war, remains greatly constrained by inadequate resources, equipment and capacity. Poor infrastructure beyond urban centers means that many areas remain outside the reach of law enforcement. As noted in a 2012 Institute of Development Studies (IDS) report, “not only have insufficient numbers of incompetent and corrupt police been replaced in the SLP to create the kind of thorough reform that was accomplished with the SLA, but the NA police rural base for policing was ignored, is starved for support and now rarely functions properly. SSR cannot be accomplished from the capital alone; community institutions have to be supported or changed as well.”

In November 2011, the Inter-Governmental Action Group against Money Laundering in West Africa issued a statement voicing its concern about the significant weaknesses in the anti-money laundering/combating the financing of terrorism (AML/CFT) regime of Sierra Leone. The country has not yet operationalized its approved National AML/CFT Strategy designed to facilitate the implementation of the AML/CFT regime in a coordinated and concerted manner.

And while organized forms of criminality, particularly in the diamond sector, have been reduced through stricter regulations and monitoring, and there have been limited reports of organized arms trafficking in Sierra Leone, other forms of organized crime such as illegal logging and drug trafficking have moved to the foreground. The case of Ibrahim Komeh Sesay (the Lungi Affair) is indicative of the challenges that law enforcement and the judiciary are facing. Justice Browne-Marke, the judge who presided over the trial, lists several lessons that can be drawn from the case including the importance of “regularly assess[ing] old and new threats, and pass[ing] appropriate legislation as soon as possible.” He also raised the concern of how easily penetrable Sierra Leone’s security sector still is since “[s]pecial branch officials, intelligence officers, police officers, could all be got at with ease where large amounts of money were concerned.” Notwithstanding, according to a former senior member of the judiciary, “Sierra Leone’s hitherto lethargic attitude to the incorporation of international conventions and treaties into its domestic law forced it to have recourse to political expediency in the cocaine case presided over by Justice Browne-Marke rather than uphold the principal of legality precluding, as a rule, the enactment of retroactive penal laws, one of the issues that came up for litigation before the judicial committee of the Privy Council in the case of Akar v Attorney-General.”

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170. BTI (2012).
171. BTI (2012), p. 9
172. Interview with Justice Bankole-Thompson, Accra, Ghana, 29 April 2013.
Significantly, Sierra Leone did not have a law prohibiting the trafficking of cocaine in place prior to this case.177 The government’s response was to draw up a law banning cocaine smuggling, allowing charges to be pressed retroactively against the eighteen accused.178 Yet the passage of anti-drug legislation has failed to bring to book many of those involved in trafficking of hard drugs, particularly high-ranking officials and politically connected persons. At the same time, weak law enforcement and porous borders facilitate the movement of criminals to neighboring countries. For instance, a leaked US diplomatic cable revealed that following the Lungi Affair, well-known trafficker Gibrilla Kamara fled Sierra Leone aboard a convoy of three luxury vehicles belonging to Zainab Conteh, the wife of Guinea’s former President, Lansana Conteh.179 According to official documents, Mr. Kamara was wanted for the offence of conspiracy to traffic cocaine into Sierra Leone but was reportedly “tipped off by some people in power to escape to Guinea.”180 Mr. Kamara was finally arrested in Liberia in a joint operation involving the US DEA and Liberian security agents.181, 182

Furthermore, although the National Security Council Coordinating Group (NSCCG) has launched several campaigns on drug trafficking, many of these measures have been half-hearted and ineffective, not least due to the alleged involvement of state actors themselves in the drug trade. The lack of clarity regarding their involvement undermines the legitimacy of the efforts. In 2003, Foreign Affairs and International Cooperation Minister Momodu Koroma was forced to resign after he was caught in possession of heroin at London’s Gatwick International Airport.183 A 2005 study on alcohol and drug consumption in Sierra Leone found that cannabis farmers, regularly paid bribes to police officers to avoid detention or destruction of their crops. The lack of alternatives to cannabis growing has placed additional pressure on farmers.184 The more recent Lungi Airport case also suggests that these challenges are difficult to overcome. This notwithstanding, in May 2012, Sierra Leone and Liberia reaffirmed their resolve to work together on countering different forms of criminal activities through a Joint Communiqué, in which President Ernest Bai Koroma and his Liberian counterpart, Ellen Johnson Sirleaf vowed to “curb illegal cross border activities including, but not limited to, illicit mining, drugs, illegal human and arms trafficking and money laundering.”185

Finally, successive governments have failed to implement punitive measures against illegal logging. Indeed, the government’s stance on timber logging has been somewhat incoherent. In 2008, President Koroma re-imposed a ban on timber exports to slow the rapid pace of deforestation and curb unsupervised harvesting by domestic and foreign companies.186 The ban was lifted shortly thereafter. In January 2010, another ban on timber exports was instituted, only to be withdrawn half a year later.187 The latest moratorium on timber exports was lifted in October 2012, leading to renewed concern amongst conservationist groups that the lifting of the moratorium will lead to an increase in both licit and illicit logging activities.188 Forestry officials have also noted that illegal logging actions have often ended in minor fines – usually less than US $500 – after a lengthy court case.189 Notwithstanding, even if a ban was reinstated, monitoring and enforcement are extremely difficult to achieve, especially in remote rural areas.

As noted earlier, public and private sector corruption and extensive patronage networks underpin many of Sierra Leone’s organized crime-related challenges, providing an enabling environment for state and non-state criminal actors to pursue illicit business opportunities and to shape politics according to their interests.190 Accordingly

177. Lansana Gberie (2010).
179. After having fled to Guinea, Gibrilla Kamara has now been charged. See: “Popular Sierra Leonean Cocaine Convict Goes to Jail in America,” Standard Time Press Newspaper.
181. Ibid.
185. Joint Communiqué Issued at the End of His Excellency, Dr. Ernest Bai Koroma, President of the Republic of Sierra Leone to the Republic of Liberia, May 10-11, 2012.
189. Ibid.
the current Sierra Leonean government has renewed its pledges to eradicate corruption. In 2000, the former government, led by Ahmad Tejan Kabbah, enacted the Anti-Corruption Act and subsequently established the Anti-Corruption Commission. The government also signed and ratified the United Nations Convention Against Corruption in 2004. Yet Sierra Leone’s anti-corruption arrangements, many of which were set up in response to donor pressure, have had little tangible impact. In its early days, the ACC struggled with limited autonomy, engaged in questionable practices, and failed to meet expectations. Nonetheless, since the enactment of stronger anti-corruption laws in 2008, the ACC is slowly picking up pace, as evidenced by its improved use of its investigatory and prosecutorial powers. Abdul Tejan-Cole, a former Commissioner of the ACC, recounts how “until 2008, only about 30 cases had been prosecuted, but between 2008 and 2010, the number had doubled and the quality of those prosecutions improved.” In a 2012 report, the UN Secretary General confirmed this progress noting that a new approach to countering corruption based on “prevention, investigation and prosecution,” allowed the Anti-Corruption Commission to report the recovery of some “552 billion Leones (just over US $129 million) from corrupt individuals and corporate entities in the first six months of 2012.” By late July 2012, the Commission had submitted 17 cases to the High Court in Freetown and eight to the Court of Appeal. “On August 10, 2012, the High Court convicted the Mayor of Freetown (from the ruling party), for corruption and a breach of procurement regulations. He was sentenced to a three-year prison sentence or alternatively a fine of 170 million leones.”

The positive development in the prosecutorial and judicial responses to the crime of corruption as a by-product of the statutory and functional independence now enjoyed by the anti-corruption commissions confirmed the legislative decision to remove the consent of the Attorney General as a condition for prosecuting cases involving corruption. Despite these developments, overall prosecutions remain low and sentencing disproportionately light, as evidenced in the sentencing of the Mayor of Freetown. In addition, information on asset recovery is not widely available.

### The International Response

Multilateral and bilateral partners are supporting Sierra Leone’s efforts to respond to organized crime and its impacts. The country remains heavily dependent on international assistance. The IMF, the World Bank and the European Union are the most significant multilateral donors, while the key bilateral donors remain the United Kingdom, Germany, and the United States. In 2012 international aid represented nineteen percent of national income. While the government of Sierra Leone cooperates with the international community to facilitate its continued aid flow, it still “faces serious difficulties in performing as such due to economic problems, the influence of clientelism and the inability to overcome major political conflicts, including the persistent north-south divide.” At present, Sierra Leone is cultivating relationships with non-Western donors, such as China, to “diversify its foreign policy and dependency profile.”

### Multilateral Support

As of 2011, the UN Secretary General declared that “transnational organized crime and drug trafficking should be taken into account in integrated missions’ assessments and planning process of the UN.” In line with this recommendation, UN integration efforts in Sierra Leone led by UNIPSIL have included a focus on illicit trafficking.
The UN’s peacebuilding efforts have been particularly concerned about the impact of organized crime on peacebuilding efforts and progress in Sierra Leone and the broader region.\textsuperscript{205} Meanwhile, the 2012 Draft Second Review of the Outcome of the High-Level Special Session of the Peacebuilding Commission (PBC) on Sierra Leone stressed that the focus of the PBC in Sierra Leone will remain on “good governance and the rule of law, illicit drug trafficking and youth employment (…)”.\textsuperscript{206} The report also recommended that the international community continue to focus on organized crime by “support[ing] further sub-regional cooperation in combating illicit drug trafficking, especially through the Economic Community of West African States (ECOWAS) and the Mano River Union, and provide the Transnational Organized Crime Unit (TOCU) with the financial and technical assistance necessary to expand its capacity.”\textsuperscript{207} Regarding corruption, the PBC requested that the international community provide continued support for institutionalizing and decentralizing the Anti-Corruption Commission.\textsuperscript{208} With the UN Security Council requesting UNIPSIL to submit plans for a draw-down and exit strategy for its operations in Sierra Leone,\textsuperscript{209} it is unclear how these efforts will be monitored and implemented once the mission has withdrawn, although a much more concerted and strengthened regional effort will certainly be required.

To date, a number of attempts have been made to increase the effectiveness and coordination of counter-narcotics efforts in particular – with mixed results. In 2008, the government established the National Drug Law Enforcement Agency (NDLEA). Yet the agency is severely constrained – almost to the point of non-existence – by the high-level special session of the Peacebuilding Commission on Sierra Leone, PBC/6/SLE/L.1, August, 3.

205. A report of the UN’s Peacebuilding Support Office (PBSO) on drug trafficking in West Africa recommended that the UN Peacebuilding Commission’s West Africa Configuration strengthen its ties to ECOWAS in regards to matters of transnational organized crime; establish a “working partnership with WACI,” lend political support and help mobilize resources; help build capacity; ensure security sector reforms are in line with efforts to combat transnational organized crime; and advocate for a regional prosecution mechanism to build cross-border criminal cases. The report further suggests the PBC encourage action on these issues from member countries, continued investment from donors and continued research and analysis by UNODC and others on PBC country conditions.

206. In addition to regarding regional cooperation, gender equality, and human rights. United Nations Peacebuilding Commission (2012), Draft second review of the outcome of the high-level special session of the Peacebuilding Commission on Sierra Leone, PBC/6/SLE/L.1, August, 3.

207. United Nations Peacebuilding Commission (2012), Draft second review of the outcome of the high-level special session of the Peacebuilding Commission on Sierra Leone, PBC/6/SLE/L.1, August, 3.

208. United Nations Peacebuilding Commission (2012), Draft second review of the outcome of the high-level special session of the Peacebuilding Commission on Sierra Leone, PBC/6/SLE/L.1, August, 5.


210. United States Department of State (2012), p. 388. The report notes that the agency has virtually no budget and no demonstrated success.

211. The WACI is a program co-led by UNODC, UNDP, UNDP and Interpol. The WACI is helping ECOWAS establish Transnational Crime Units in Sierra Leone, Liberia, Cote d’Ivoire, and Guinea-Bissau.

212. The Sierra Leone TOCU is the operational outcome of joint commitments by UNODC, DPA, UNWTO, DPN and INTERPOL and stems from the ECOWAS Political Declaration and Regional Action Plan. It operates as a domestic crime-fighting agency with international assistance. The five main objectives of the TCU are intelligence, coordination, surveillance, investigation, and Interpol liaison. Guinea-Bissau, Liberia, Ghana and the Ivory Coast have formed similar units to implement the ECOWAS Regional Action Plan on drug trafficking, organized crime and drug abuse.


214. For example, in laptop computers, shoes, baby food tins and diapers, the lining of traveling bags, concealment in body cavities, swallowing of sealed pellets, and concealment within other food items, especially yams and palm oil containers.


216. The UN is requesting that international donors release more funds, citing the need to build a headquarters for the Unit and to support a maritime interdiction squad, RSLAF Maritime Wing. In its September 2012 Resolution, the Security Council called on the government to strengthen the TOCU “including by addressing concerns about its sustainability and to strengthen coordination with extremely limited staff and resources.” The Joint Drug Interdiction Task Force (JDITF), established in 2009, faced similar challenges. It has since been superseded by an inter-agency TOCU established within the framework of the West Africa Coast Initiative (WACI), which is responsible for the majority of counter-measures. UNIPSIL, UNODC, and other external actors such as the US Africa Command (AFRICOM) continue to provide support to the Sierra Leone TOCU.

The TOCU is reported to have made initial progress in investigating transnational crime. Thus far it has investigated some 113 cases involving drug, human and arms trafficking, and financial crimes. A total of 68 drug-related cases, three cases of financial crimes and one case of human trafficking have been referred to the courts. “Some 112 suspects have been indicted and 8 convictions secured […]”. The TOCU has also helped shed light on several new techniques and patterns of concealing drugs. Nonetheless, the TOCU, like other Sierra Leonean security institutions, is hampered by limited operational sophistication and lack of specialized personnel. Basic equipment such as scanners, forensic laboratories, and detectors remain scarce. These constraints could potentially turn the TOCU into a “mere skeleton agency.” The UN is requesting that international donors release more funds, citing the need to build a headquarters for the Unit and to support a maritime interdiction squad, RSLAF Maritime Wing. In its September 2012 Resolution, the Security Council called on the government to strengthen the TOCU “including by addressing concerns about its sustainability and to strengthen coordination with..."
regional countries through the WACI.\textsuperscript{218} Yet, while capacity and resource needs are a major issue, little attention is paid to potentially more dynamic approaches to combat illicit activity, particularly drug trafficking. And as noted earlier, most efforts to stem drug trafficking are centered on strengthening law enforcement with limited attention being placed on health and other social and political implications of the trade.

The EU 2008-2013 Country Strategy Paper on Sierra Leone\textsuperscript{219} is based on Sierra Leone’s Poverty Reduction Strategy for 2005-2007, the ACP-EU Partnership Agreement, the EU Strategy for Africa (2005), the European Consensus on Development and the ten-year Memorandum of Understanding signed between the DFID and the government of Sierra Leone in 2002.\textsuperscript{220} The main priorities for the five-year period are governance; peace and security; promoting pro-poor sustainable growth; and promoting basic service delivery and human development. Organized crime and drug trafficking are raised in relation to migrant smuggling operations in an annex titled “Country Migration Profile”. The annex calls attention to the weak maritime borders of Sierra Leone and cites connections between operators who smuggle migrants and those who smuggle drugs. Despite the annex, the plan does not integrate responses to organized crime in its strategy. Under its ‘Governance, Peace and Security’ pillar, the document does state that “all future operations will include a component which addresses corruption.”\textsuperscript{221} It calls for improving oversight bodies within the government ranging from natural resource management to the finance ministry.\textsuperscript{222}

**Bilateral Support**

According to one expert, the UK government has effectively turned Sierra Leone into a “laboratory for post-conflict rebuilding.”\textsuperscript{223} Much of its support to Sierra Leone’s post-conflict reconstruction efforts into institution building with the hope of supporting the emergence of an “effective and democratic civilian control over the police, military, intelligence services, and internal security services.”\textsuperscript{224} Through one particular initiative – the International Military Assistance Training Team – the UK has sought to separate the military from civilian politics while encouraging “constitutional control of military and security services.”\textsuperscript{225} It was also a primary funder of the Sierra Leone Security Sector Reform Program, (SILSEP) until 2008, which aimed to strengthen civilian control by improving “civilian coordination of internal security tasks” through the Office of National Security (ONS) within the executive branch. Freedom House notes, however, that “the intensive involvement of the UK Government in this program’s success causes some concern about the sustainability of these achievements as foreign financial support and monitoring declines.”\textsuperscript{226} The security sector reform program was later succeeded by the Justice Sector Development Program and more recently by the Access to Security and Justice Program, which also includes support to the ONS. Additional US efforts are centered around maritime narcotics interdiction efforts, including joint Coast Guard training, surveillance, and law enforcement operations through the African Maritime Law Enforcement Partnership, a program of the Africa Partnership Station administered by AFRICOM.\textsuperscript{227}

The extensive support provided to the Sierra Leone government by the United Nations, the UK and other external donors is important. At its peak, the UN had some 17,500 peacekeepers in the country, the highest proportion of peacekeepers in relation to the local population of any other peace mission. Sierra Leone has also been one of the largest external assistance recipients of post-conflict countries.\textsuperscript{228} This massive presence and investment is perceived to have been what helped the country transition back to peace and stability, re-enter the international community, and protect the country from a much more pervasive reach of organized crime. International actors

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\textsuperscript{218} UNSC (2012), Resolution 2065 Adopted by the Security Council at its 6831st meeting, on 12 September 2012, S/RES/2065, September, 4.

\textsuperscript{219} This is a joint European Commission and DFID report.


\textsuperscript{221} Ibid, 333.

\textsuperscript{222} Ibid, 36.

\textsuperscript{223} Correspondence with Stephen Ellis, April 12, 2013.


\textsuperscript{225} Ibid.

\textsuperscript{226} Ibid.

\textsuperscript{227} Exercises included locating and boarding vessels suspected of illegally trafficking narcotics. US Department of State (2012).

\textsuperscript{228} UNPSIL estimated that the UN alone must have channelled between USD 5 – 5.5 billion for peacekeeping, humanitarian and development assistance between 1998 and 2010.
continue to support the country and consolidate the peace dividend. At the same time however, the significant international intervention has also done some harm in the sense that it has not been able to influence attitudes and behavior regarding corruption. In fact to some, continuing investment in a government mired in corruption has only served to legitimize these actions.229 Indeed, a 2008 country program evaluation of Sierra Leone conducted by DFID states that the “most significant failure” during the 2002-2007 period was tackling corruption, noting the ACC had not achieved “the ambitious objectives” set out for it.230 DFID’s 2011-2015 Operational Plan for Sierra Leone continues to highlight the need to address corruption, noting increased cooperation between DFID and UK police relating to work on Sierra Leone, continued support to the ACC, and improved monitoring of corruption within UK staff and UK funded projects.231

The 2011 UNIPSIL Transition Report noted that the government had “made credible progress in its fight against corruption,” including through the promulgation of one of the toughest anti-corruption laws in Africa, the development of an anti-corruption strategy and the strengthening of the Anti-Corruption Commission.232 The latter has prosecuted and tried several prominent government ministers and other senior officials. At the same time however, serious challenges remain, particularly regarding “social attitudes to corruption,” and as noted in the UNISPIL report, “the recent move to exploit the country’s mineral and hydrocarbon resources will make it even more difficult to control corruption.”233

Recognizing the complexity of these challenges, international actors continue to support initiatives aimed at curbing corruption through a number of direct and indirect means. DFID for example, is funding the Anti-Corruption Commission, the National Revenue Authority, including customs and anti-smuggling, a public financial management reform program. It is also supporting the Audit Services of Sierra Leone.234 Meanwhile, the World Bank is supporting the strengthening of the Sierra Leone Transnational Organized Crime Unit and an asset declaration program, while several donors are supporting the EITI process the establishment of a National Minerals Agency and a number of measures to encourage revenue, contracts and concession transparency.

229. Communications with Stephen Ellis and Lansana Gberie, April 2013.
233. Ibid.
V. Conclusions

Sierra Leone has made significant progress since the end of the internal conflict and despite important cases the country has largely been able to keep organized crime at arm's length, or at least out of the international news. As noted at the outset of this paper, the country has survived some thirteen military coups, twenty years of one-party rule, eleven years of brutal civil war, the virtual collapse of the state and its institutions, an almost complete loss of territorial control, the displacement of 50 percent of its population and a youth that only knew violence and drugs. Today, the country stands as an important example of a state that turned from a prime candidate for becoming a major narco-state along the cocaine route in West Africa to a relatively stable and peaceful country in which the international drug trade and organized crime play a limited role, at least for now. This has been largely due to a shift in attitudes and behavior in the country and its elites whereby political tensions in particular are generally resolved by peaceful means rather than through violence.

Serious challenges remain however, and Sierra Leone still stands on a shaky political settlement. In addition, a similar shift in attitudes and behavior regarding corruption and entrenched systems of patronage has been much slower to register, in part because the robust international response to peacebuilding in Sierra Leone has at times inadvertently nurtured corrupt practices, slowing down efforts to shape responsible behavior within public office and the security services. As noted in some key cases involving high level public officials, the capacity for such a system to nurture and encourage organized crime is significant, and the disincentives for participating in organized crime or acts of corruption that facilitate organized criminal activity remain limited. Indeed, the combination of a still fragile political settlement, entrenched patronage, corruption, organized criminal activity and huge unemployment among the youth places the country's reconstruction and peace consolidation efforts at risk. To date external actors, have provided significant support to Sierra Leone's transition efforts. As the country moves toward a ‘normalization’ of its relations with the international community, development actors in particular need to ensure that efforts to respond to corruption and organized crime remain a priority alongside other core peace and stability measures. While development assistance generally does not specifically target organized crime, there are a number of indirect ways to bolster preventive measures and measures aimed at responding to the governance and development impacts of organized crime. More specifically, they could:

**Continue Supporting Anti-Corruption Efforts**

- Beyond their continuing support to core oversight and dedicated anti-corruption institutions, including the ACC, donor programs should integrate a focus on accountability and transparency mechanisms, including supporting the drafting and passage of the access to information act, as well as legislation related to asset disclosure and political party financing. Special focus should be afforded to building parliamentary and civilian oversight capacity, and in investing in anti-corruption education initiatives (for example, BTI recommended that anti-corruption education become an entrenched part of education at all levels society, beginning with primary and continuing throughout).

- In particular donor countries should maintain a focus on the money, seizing internationally held assets obtained through corruption and ensuring they are redirected back to the state and invested appropriately.

- Donors could also rally the engagement of the private sector, potentially learning from the experiences of the South African initiative – Business Against Crime South Africa BAC(SA) – to involve the private sector in the fight against crime and corruption both within the private sector and in general.

**Bolstering the Role of Political Institutions in Responding to the Impacts of Organized Crime**

- Efforts should focus on building on previous or existing inter- and intra-political party dialogue processes established to resolve political tensions to see through

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235. Communication with Michael von Schulenburg, former ERSG to Sierra Leone, June 2013.
236. BTI (2012), p. 28.
237. For example, the Joint Communiqué between the APP and SLPP of 2009 (Para. 11).
commitments made regarding organized crime and illicit trafficking, particularly in terms of developing a bipartisan approach to developing policies and programs aimed at responding to drug trafficking and consumption. In particular, such a platform could be used to study the impact of current zero-tolerance interdiction and eradication efforts, the scope and nature of drug dependency and the availability of treatment, and develop informed policy positions and decisions, focusing more on deterrence and prevention than full-scale interdiction and responding to the needs and realities of Sierra Leone. Donors could provide support through commissioning of papers, hearings at the national level, and interactions with experts and/or political parties in other countries in the sub-region.

- International actors could also support efforts aimed at bolstering the resilience of political institutions vis-à-vis organized crime, including through the implementation Article 13 of the Praia Declaration on Elections and Stability in West Africa whereby political parties would commit to protecting the political process and their institutions from criminal funding as well as other commitments in the UN Convention Against Corruption. Similar support could be provided to the Electoral Management Body in Sierra Leone and other core governance institutions.

- Donors can also help build the capacity of civil society groups to monitor effective implementation of asset disclosure, access to information, political party funding and campaign financing laws, and build the capacity of citizens to hold their representatives, government officials and institutions to account for failure to comply with their obligations in this regard.

**Bolstering the Empirical Base for Policy Formulation**

- Despite UNODC’s useful threat assessments, in Sierra Leone and across the sub-region there is still a huge dearth of publicly available information on the nature and impact of organized crime, which international actors can help fill. Gaps include information on organized crime- related legislation; type and length of convictions; number of officials (particularly high level) that have been implicated or convicted for their involvement in organized criminal activity; and citizen perceptions of different types of organized crime.

- Regarding drug trafficking in particular, there is limited information available regarding the number of people that have been arrested, are in pre-trial detention, have been convicted, or even extradited on drug trafficking charges.

- There is even less baseline data available on the impact of drug trafficking, particularly on the reported increases in consumption of heroin, cocaine and methamphetamines. The absence of reliable and regularly updated data on consumption trends makes it difficult for governments to formulate policy and deliver specialized treatment to those who require it. The latter also undermines the principal of ownership, since the lack of empirical data and the capacity to collect, analyze and regularly update it pushes governments such as Sierra Leone to constantly rely on external analysis and policies, even if incorrect or ill-suited to respond to the issues at hand.

**Strengthening Criminal Justice and Law Enforcement Institutions**

- Again, donors could support more targeted discussions and debate on deterrence of high-level targets rather than blanket zero-tolerance approaches to illicit trafficking and organized crime. Shaping institutional and societal behavior regarding crime should be at the center of these efforts. This would require regular investment in citizen perceptions of crime and criminal and corrupt behavior.

- Significant effort should be placed on developing the capacity of specialized agencies, while simultaneously ensuring that effective mechanisms to protect these agencies from corruption and preventing operatives from going rogue are put in place. Monitoring progress of the DEA-supported vetted crime units in Ghana and Nigeria would be important in this regard.
• Beyond traditional support and capacity building efforts related to Sierra Leone’s organized crime and anti-corruption treaty obligations, external actors should continue to support efforts aimed at enhancing cooperation and coordination between countries in West Africa, including through ongoing support to the Transnational Organized Crime Units that have been established across the sub-region. Conversely, the focus of these efforts should expand beyond interdiction to address the endemic corruption that exists within security forces and custom posts, institutions supposedly at the forefront of combating trafficking.

**Youth Empowerment**

• More attention should be placed on youth empowerment and employment, including through investment in technology and education in this area and moreover, investing in start-up initiatives. The high level of unemployment should be addressed as a driver for both drug use and involvement in illicit markets, such as the drug or illicit mineral trades.

**Deepening the Knowledge Base on Organized Crime**

• As noted, donors should make deeper investment in understanding the “self-healing process” in Sierra Leone that resulted in reconciliation and a change in attitudes and behavior particularly with regard to the peaceful resolution of conflicts and involvement in organized crime. As noted by the United Nations’ former Executive Representative of the Secretary-General (ERSG) to Sierra Leone, “without these changes in attitude and behavior, it would never have been possible to anchor peace and stability or prevent transnational organized crime from taking considerable root in the country in the immediate post-conflict phase.”

This wider aspect regarding Sierra Leone’s apparent resilience to violent or wide-scale organized crime at a critical moment of its transition from conflict to sustainable peace and when organized crime (particularly drug trafficking), was increasing in the West Africa sub-region, merits much deeper research than the scope of the current desk-based study has allowed.

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Getting Smart and Scaling Up:  
*The Impact of Organized Crime on Governance in Developing Countries*

**A Desk Study of Guyana**

June 2013

Summer Walker
ANNEX V - THE IMPACT OF ORGANIZED CRIME ON GOVERNANCE: A DESK STUDY OF GUYANA¹

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¹. Ed. Camino Kavanagh (2013) Getting Smart and Shaping Up: Responding to the Impact of Drug Trafficking in Developing Countries, NYU Center on International Cooperation
Introduction

Guyana is located on the northeast coast of South America, with the Atlantic Ocean in the north, Venezuela and Brazil in the east and south, and Suriname in the west. It is the third smallest country in South America, with a population of approximately 755,000, and is also the third poorest in Latin America and the Caribbean. Guyana is the only English-speaking country in South America and has a multi-ethnic society with citizens descending from India, Africa, Portugal, and China, and an indigenous population. An estimated 43 percent of the population is of East Indian origin, 30 percent African origin, seventeen percent mixed origin, and nine percent Amerindian. The Afro-Guyanese and Indo-Guyanese are the two largest populations, totaling roughly over 80 percent of the population. The two groups and their related political parties have shaped Guyanese politics since Independence.

Guyana's political system is made up of ethnic-based political parties. Support for political parties, evidenced by voting patterns, is largely based on ethnicity. Constituting roughly 43 percent of the population, the Indo-Guyanese are represented mainly through the People's Progressive Party (PPP), which has been in power for twenty years. The Afro-Guyanese party largely represented through the People's National Congress (PNC), ruled for roughly thirty years before losing power to the PPP in 1992. This history of long-standing political party entrenchment, first by the PNC, then the PPP, has encouraged a political culture of impunity in action, corruption, and lack of accountability to the polity. Furthermore, the political system has created a fractious environment, which has produced long periods of marginalization for the ethnic group not represented by the party in control. The country's ethno-political system has promoted a zero-sum approach to political contestation and has led to the use of gangs to intimidate the opposition during election cycles and at other times throughout its history. Additionally, there is a widespread lack of support for the Guyana Defense Forces and Guyana Police Force, with both the Afro-Guyanese and Indo-Guyanese claiming they are corrupt, incompetent, and co-opted by the government or aligned with the opposition respectively. An entrenched political leadership and weak law and order has rendered Guyana's political environment vulnerable to corruption and involvement with illicit activity.

Guyana's exclusionary political culture, geographic location, and remote and ungoverned territories make it a very attractive location for trafficking and other illicit activity. Guyana lies in close proximity to major cocaine production and consumption zones in South America, has largely uninhabited border regions coupled with limited capacity to monitor its borders. It shares a long and porous border with Brazil and with parts of Suriname. Accordingly, Guyana's vast unpopulated and unmonitored forest and savannahs areas offer ample cover for drug traffickers and smugglers. More specifically, criminal actors and groups – particularly drug traffickers – have taken advantage of the country's location, vast unpopulated regions, weak institutions, and corruptible civil servants and political figures as a means to generate an illicit economy that is believed to represent between 40-60 percent of the formal economy.

This paper is divided into four sections. Section I outlines the political and institutional context of Guyana, with special attention paid to the conditions which facilitate instability and create opportunities for organized criminal activity to flourish. These enabling conditions include a highly factionalized political system, a history of political gangs, high levels of corruption, and a largely cash-based economy. Section II examines the types of organized crime occurring in the country, with particular focus on drug trafficking. Section III addresses the impact that organized criminal activity has had on political governance, paying particular attention to the case of convicted drug trafficker Shaheed Roger Khan and his links to the security services and political officials during the early-mid 2000s. Section

3. United States Department of State, 2011, Background Note: Guyana, Bureau of Western Hemisphere, April 4, 2011
4. Ibid. The remaining 20 percent tend to lean towards support for the PNC.

IV highlights government responses to organized crime and the facilitating conditions, international assistance efforts, and provides some concluding remarks.

I. Political, Institutional, and Socio-Economic Dynamics in Guyana

Although it received self-governance status in 1953, Guyana gained full independence from Britain in 1966. Since the self-governance period, politics and governance have largely been shaped by an ethnically driven political party system, with the Indo- and Afro-Guyanese struggling for economic, political, and social power. During colonial rule, African and Indian indentured servants and slaves were brought to Guyana to nurture the farming economy. Traditionally, the Indo-Guyanese have dominated rural areas and have been heavily involved in the sugar and rice trade while the Afro-Guyanese have dominated urban areas and made up the bulk of the civil service and mining sectors. Afro-Guyanese filled positions such as teachers, low-level public administration, police, and military servicemen while the Indo-Guyanese accumulated significant capital through their trade, which they reinvested in educating their children in Guyana and abroad, purchasing land, establishing businesses, and entering the legal profession. While these roles are not universal or static, they provide an idea of the general socio-economic distinctions that have developed between the two main ethnic groups since the colonial era.

The Afro-Guyanese and Indo-Guyanese united against British colonial rule in the 1950s. Indo-Guyanese leader Cheddi Jagan and Afro-Guyanese leader Forbes Burnham formed the People’s Progressive Party in 1950 and were elected to power in the first parliamentary election permitted by the British in 1953. However, fears of Jagan’s Communist leanings led the British to suspend the constitution and disband the government five months after the election. The PPP won subsequent elections in 1957 and 1961. Factionalization within the PPP, driven by Jagan’s allocation of government positions to his supporters and promotion of policies benefiting the Indo-Guyanese, led to the emergence of the People’s National Congress in 1957. The PNC garnered the support of

11. Ibid, 8.
Afro-Guyanese and mixed race populations, who felt marginalized and excluded by the PPP. As these parties split, political contestation grew increasingly violent.

In the years leading up to Independence, the PNC and PPP encouraged supporters to organize large-scale strikes and protests. These events led by politically affiliated gangs eventually escalated into larger scale violence between supporters of the two parties, including killings and displacements in Georgetown between 1962-64 and had a significant impact on the economy. Mob violence caused the uprooting of entire neighborhoods, leading to the creation of segregated communities along the coast. Against the backdrop of political violence and social unrest, Forbes Burnham came to power in 1964 by forming a coalition government, with the PPP. This was the last election before Independence in 1966, after which Burnham’s PNC party secured and retained power for nearly three decades.

During this period the PNC allegedly resorted to vote rigging and extreme security measures, made amendments to the constitution, and passed different legislative decrees as a means to maintain power. During the period covering 1964 until his death in August 1985, Burnham used strategies used for political control, which included “constitutional engineering, executive aggrandizement, parliamentary marginalization boycotts of parliament, patrimonial resource allocation, ideological posturing, and politicization of bureaucratic appointments.” The US Department of State cites that elections were largely perceived as fraudulent, political assassinations, and civil society and human rights groups were suppressed. Burnham was succeeded by Desmond Hoyte, who transitioned the economy from state-led socialism to a market economy, and lessened restrictions on the press and the right to assemble. Notwithstanding, over a period of 28 years both Burnham and his PNC successor Desmond Hoyte “used the full gamut of state power to consolidate their control and cement their authoritarian rule.”

The first internationally declared free and fair elections took place in 1992 ushering the PPP into power with Cheddi Jagan at the helm once again. Between 1992 and the recent 2011 election, the PPP has held a parliamentary majority and control of the executive branch. Its proportional advantage based on a 43 percent Indo-Guyanese population indicates the PPP may hold on to its control of parliament for some time. In 2011, the PPP won the most seats and its candidate, Donald Ramotar, was appointed president, but it lost its overall majority in parliament for the first time since 1992. The political system remains centralized and local elections have not taken place since 1994. Overall, the political environment remains extremely divided with Afro-Guyanese claims that the PPP’s policies and actions favor the Indo-Guyanese at the expense of the other ethnic groups in the country.

**Current Manifestation of Ethno-Political Identities**

The PPP has been in power since 1992, holding the presidency and a parliamentary majority until 2012. According to the UN Independent Expert on Minority Issues, “[e]thnically divided political and administrative structures and failed political processes have created deep frustrations and distrust in the institution of government.” As a racially polarized political system, elections are often perceived as zero-sum game providing parties with a license to act without consideration for the needs and interests of citizens, notwithstanding their ethnic origin. This winner-takes-all and the absence of checks and balances allow the parties to act with little transparency and accountability once in power.

Distrust of government and between the Afro-and Indo-Guyanese populations has fueled an atmosphere of rumor and conspiracy theory within which the two groups have developed “two separate and conflicting narratives and perceptions of reality.” The Afro-Guyanese community laments ongoing institutional discrimination within the private and public sectors where an entrenched system of
exclusion has resulted in increased poverty and increases in social issues such as robberies, assaults and killings, domestic violence, rape, and substance abuse within their communities.\textsuperscript{24} Also, the creation of an informal system of rights and privileges in favor of the Indo-Guyanese community has bred a sense of marginalization amongst the Afro-Guyanese and other indigenous groups. Such marginalization, according to some Afro-Guyanese, has led to a ‘growing resistance movement,’ which the Indo-Guyanese-dominated government has described as criminal.\textsuperscript{25}

Discriminatory employment patterns created under the PNC leadership of Burnham and Hoyte persist today, particularly within the public sectors, and there is a general perception that members of the Indo-Guyanese community are awarded most senior positions in the public institutions, including the police and the military. The UN report also noted dwindling state support for typically Afro-Guyanese industries. Particular examples of decreasing support include the increased privatization of the predominantly Afro-Guyanese bauxite industry, resulting in job losses and unemployment in Afro-Guyanese communities, and the “misappropriation” of bauxite industry pension funds, considered the “largest pool of capital owned by Africans in Guyana.”\textsuperscript{26}

\section*{Justice and Security Sectors}

Guyana’s justice and security sectors face considerable resource and capacity constraints and are perceived as inefficient. For instance, the judicial system lacks adequate trained personnel and is plagued by persistent bribery, thereby resulting in lengthy delays and poor tracking of cases.\textsuperscript{27} The judicial system also lacks the capacity to initiate or complete inquires, and protect victims and witnesses from retribution.\textsuperscript{28} Meanwhile, the Guyanan correction system is badly in need of reform, as prisons are overcrowded and are in poor conditions.\textsuperscript{29}

Guyana's security forces are equally ill-equipped and under-staffed. They are also perceived to be corrupt and partisan.\textsuperscript{30} The Guyanese Police Force (GPF), responsible for maintaining internal security, is severely constrained by inadequate training, lack of equipment, and a low budget.\textsuperscript{31} The GPF and the Guyana Defense Force (GDF), which protects borders and maintains law and order, consist of just over 5,000 officers and troops collectively. The GDF consists of approximately 2,600 troops and is led by a civilian Minister of Defense. The GPF is headed by the commissioner of police and overseen by the Ministry of Home Affairs. The Guyana Coast Guard, a force within the GDF, is made up of approximately 250 members. Significantly, the Customs Anti-Narcotics Unit (CANU) has only six vehicles to conduct patrols and 36 staff members, half of whom perform desk-based work.\textsuperscript{32} Self-defense and vigilante groups, formalized by the government in 1986 as Community Policing Groups (CPG) and overseen by the Minister of Home Affairs, form a major part of the Guyanese security apparatus. Indeed, the existing 272 CPGs with an estimated membership of 4,695 as of 2010 rival the size of the GPF and the GDF\textsuperscript{33} Although CPGs are often criticized for acts of vigilantism, being a parallel force to the GPF, and for largely operating in PPP-supported areas, the PPP-led Government claims the CPGs help fight crime and support community safety.\textsuperscript{34}

The resource and capacity constraints the Guyanese security sector faces are compounded by its command of very little public trust and confidence. For instance, while the Indo-Guyanese believe crimes perpetrated against them by Afro-Guyanese criminals are ignored by the predominantly Afro-Guyanese GPF police, many Afro-Guyanese believe the Indo-Guyanese-dominated government manipulates the GDF for its own purposes.\textsuperscript{35} Indeed, there is a great deal of suspicion and distrust and fear of government security forces within the Afro-Guyanese community and “a fairly consistent narrative of use of excessive force with impunity.”\textsuperscript{36} Citizens of the Afro-
Guyanese town Buxton claimed joint security operations killed civilians during shootouts, destroyed large swaths of village farmland, and seriously damaged citizens’ homes and property. More alarming is the perception that the government and law enforcement work with known criminals to “facilitate the targeting and killing of young African males known to the security services.” In this regard, it is widely believed the government employed extra-judicial paramilitary groups, called “phantom death squads,” to carry out extra-judicial killings of suspected perpetrators starting from 2001. Supporters of the covert operations claimed the GPF was unable to curb violence throughout the country, whereas others lamented the use of extra-judicial measures. While faced with resource constraints, the use of extra-judicial measures and the employ of groups outside the security structure create the most serious concerns for security within the country.

**Political Gangs**

Since the late 1950s, and in order to operate and survive within the de facto zero-sum system of identity politics, the two major parties have nurtured political gangs as part of their efforts to out-maneuver each other. Historically, these gangs have been most active in periods preceding elections but they have maintained a fairly consistent presence in Guyana’s political landscape with each political party using gang violence as both a support network for politically motivated violence and as a basis for legitimizing the introduction of extreme security measures to assert control.

Specifically, intimidation of Indo-Guyanese businesspeople and political opponents by heavily armed Afro-Guyanese gangs was a major feature of the Burnham administration. At the same time, Burnham would exploit the existence of gang violence to justify human rights abuses, such as arbitrary detention. During this period, Afro-Guyanese-dominated police were accused of colluding with gangs not least because of their tardy response to attacks on members of the Indo-Guyanese community. When the PPP came to power in 1992 political gang violence continued. PNC-affiliated gangs protested PPP rule and PPP-affiliated gangs responded, each targeting, intimidating, and killing supporters of the two opposing parties and setting their properties ablaze. The PPP-led government capitalized on the threat of Afro-Guyanese gangs to shore up support within the Indo-Guyanese electorate, thus legitimizing the application of extreme policing measures and the deployment of armed forces as policing units in the run-up to elections.

Of particular significance is the inability of the PPP government to function in the early 2000s, largely because the former ruling party had staffed the civil service, police, and defense forces with Afro-Guyanese. As the capital, Georgetown was home to a large number of PNC supporters; civil servants and members of the security apparatus loyal to the PPP could paralyze the city with boycotts and protest actions against the new government. Social unrest and violence have been characteristic of elections and election periods, often connected with the PNC alleging fraudulent elections since the PPP took power. After the 1997 election, CARICOM intervened to broker an end to violence and negotiate a term limit between the two major parties as a means to reduce instability. Despite the agreement, and as will be discussed in more detail below, unrest following the 2001 elections fuelled Guyana’s most violent period, “the Troubles,” which lasted between 2002-2003. The 2006 elections were marred by assassinations of political figures and members of the media, the dissolution of the National Assembly, and delays of the election caused by conflicts within the Guyana Election Committee.

**Corruption**

Corruption is endemic in Guyana. In 2010 the country received a Transparency International score of 2.7 out of 10 and was ranked 116 out of 178 countries. Despite limited data and research available on the country’s state of governance and on corruption, Transparency International has noted that “all major governance indicators suggest high and deteriorating levels of perceived corruption in the country and the prevalence of both bureaucratic
and political forms of corruption.\textsuperscript{45} Meanwhile, the World Bank’s Worldwide Governance Indicators show a ten percent decline towards the 34th percentile in Guyana’s ranking for control of corruption between 2000 and 2010,\textsuperscript{46} while a more recent US Department of State report states there is a strong perception among the public that there are high levels of corruption throughout the government, including law enforcement and the judicial system.\textsuperscript{47} Bribery is fueled by low wages for police and other public servants, and government officials are generally believed to be involved in the “misappropriation of public funds, steering of government contracts to party supporters or underground involvement with criminal groups.”\textsuperscript{48} According to a Freedom House report, the lack of campaign finance regulation has major “implications for the nature and stability of a polity where illegal entrepreneurs or the wealthy few influence electoral choice and public policy.”\textsuperscript{49} The same report suggests that candidates raise money from individuals and groups expecting favors in return, and more specifically, that drug traffickers and criminal actors have become an increasing source of funding for political parties, especially the ruling party.\textsuperscript{50}

Many laws include provisions that out-law official corruption, regulate public procurement, combat money laundering, and require financial disclosure for public officials. However, in practice, weak institutions, a lack of transparency, and inconsistency in implementation hinder the effective application of these laws.\textsuperscript{51} Institutional arrangements to support the government’s anti-corruption efforts exist but are similarly plagued by a lack of resources, staffing, consistency in practice, and often, political backing. The Office of the Auditor conducts annual “audits of public accounts, entities and projects assigned by the Audit Act,” submits reports to the Public Accounts Committee in parliament, and publishes the report on the Auditor General’s website. The Integrity Commission, the Office of the Ombudsman, and the National Procurement and Tender Administration Board have all experienced either delays in their establishment, vacant positions, or concerns regarding independence. And while financial disclosure laws necessitate that public officials “submit information about personal assets to the Integrity Commission,” compliance has been uneven, and the commission has no resources for enforcement or investigations.\textsuperscript{52} The Financial Intelligence Unit is able to review suspicious transactions and can impose “civil sanctions” for violations.\textsuperscript{53}

Corruption is perceived to be prevalent within the security services as well. In 2010, outgoing Assistant Police Commissioner Paul Slowe stated that corruption had become so pervasive in the GPF that to improve the force it would be necessary to remove corrupted members from the “top to bottom.”\textsuperscript{54} In August 2011, an official investigation began after “a senior GPF member alleged that many officers had connections to drug dealers.”\textsuperscript{55} In October 2011, the Minister for Home Affairs received the investigation report from the GPF crime chief, but had taken no action by year’s end.\textsuperscript{56}

The Economy

The World Bank classifies Guyana as a lower-middle income country with a GNI per capita in 2010 of USD 2,900, significantly lower than the Latin America and Caribbean average. UNDP’s 2011 Human Development Index designates Guyana as having medium-high development standards. During the first year of the economic crisis (2008-2009), Guyana’s economy experienced an average growth rate of four percent. While there has been some improvement in Guyana’s economic and development indicators in the recent past, approximately 33 percent of the population lives under the poverty line of less than USD 2 per day.\textsuperscript{57} Guyana remains on the Heavily Indebted Poor Countries (HIPC) list, designed to assist countries facing an “unsustainable debt burden.”\textsuperscript{58} Guyana’s economy

\textsuperscript{45} Chêne, 2010, 1.
\textsuperscript{46} World Bank, 2012.
\textsuperscript{48} Chêne, 2010, 3.
\textsuperscript{49} Freedom House, 2006, “Countries at the Crossroads: Guyana.”
\textsuperscript{50} Freedom House, 2006, “Countries at the Crossroads: Guyana.”
\textsuperscript{51} Chêne, 2010, p.6-7. Examples of these laws include the Integrity Commission Act, the Fiscal Management an Accountability Act, the Audit Act, the Criminal Law Enforcement Act, the Public Procurement Act 2003, Money Laundering Prevention Act 2000, and the Anti-Money Laundering and Countering of Terrorism Act 2009.
\textsuperscript{52} US Department of State, 2012b.
\textsuperscript{53} Ibid, 7-8.
\textsuperscript{54} Daily Herald, 2010, “Corruption in Guyana Police Force out of control, says retiring officer.”
\textsuperscript{55} Us Department of State, 2012a.
\textsuperscript{56} US Department of State 2012b.
\textsuperscript{57} World Bank, 2012, World Development Indicators: Guyana.
\textsuperscript{58} See World Bank, 2012, World Development Indicators: Guyana; World Bank, 2011; and International Monetary Fund, 2012, “Fact Sheet: Debt Relief Under the Heavily Indebted Poor

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is primarily based on exports from the agricultural and mining sectors. Its chief exports are sugar, gold, rice, and timber. Guyana’s key natural resources are gold, bauxite, diamonds, and timber, and its main agricultural products are sugar, rice, shrimp, fish, and fruits and vegetables.

Guyana’s formal economy exists in parallel with a large, informal, primarily illicit economy. Guyana has a predominantly cash economy, making it easy for criminal actors to launder their money with little to no paper trail. According to one report, “the informal economy is driven primarily by drug proceeds” and may “be equal to between forty and sixty percent of formal economic activity.” In 2006, the US Embassy in Guyana estimated that drug traffickers in Guyana earned at least USD150 million, equivalent to twenty percent or more of Guyana’s gross domestic product.

Some of Guyana’s major industries are prone to corruption and illicit activity. The mining industry is growing in importance as gold becomes a primary export product. However, the regulatory framework governing this highly profitable industry has not kept pace. According to a 2007 report on gold mining in Guyana, a small number of underpaid mine officers are relied on “for the inspection and administration of thousands of mining operations.”

Chairman of the Geology and Mines Commission, Joseph Singh, stated in May 2012 that it is difficult to keep regulatory pace with the booming gold industry, as they needed to hire more “jungle mines inspectors, qualified geologists and additional staff to enforce regulations properly.” While the agencies remain under-staffed, investors from the US, Canada, Brazil, Australia, and South Africa are all vying for access to Guyana’s gold. The same report estimated “that 30 to 80 percent of gold revenues escape the country without being taxed, largely due to underreporting of income from these small and medium scale operations.”

Corruption is also rampant in the forestry sector where illegal logging figures as an important illicit activity. And while ample regulatory frameworks and policies exist to combat illegal logging, a lack of resources undermines effective enforcement. Guyana has a vast unmonitored interior with valuable resources making it amenable to these forms of illicit activity.

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Raw Text:

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Footnotes:

60. US Department of State, 2011.
II. The Nature and Scope of Organized Crime in Guyana

Drug trafficking remains the primary organized criminal activity in Guyana although money laundering, arms trafficking, and human trafficking are also prevalent. Gold mining is also fostering increased criminal activity, with lax regulation blurring the lines between legitimate and illicit activity.

Drug Trafficking

The US Department of State has described Guyana as a transit country for Colombian cocaine. Cocaine is trafficked from Venezuela by sea into Guyana’s vast river system or by plane using unmonitored airstrips. It is trafficked onto Georgetown or Suriname where it is then repackaged and shipped to the United States, Canada, and West Africa. Cocaine is also smuggled from Brazil or Suriname into Guyana. It is shipped via commercial maritime vessels, air shipments, human couriers, or postal services. The larger networks tend to use Georgetown’s main port, rather than the airport, to move their product. Cargo monitoring at the port is the responsibility of the Guyana Revenue Authority. The main drug enforcement agency, CANU, does not have authority to monitor the port, allowing for an easier flow of product for traffickers. According to the US Department of State, approximately 352 kg of cocaine and 393 kg of marijuana were seized in 2011 resulting in “cases pending prosecution against 16 mid-level and senior drug traffickers.” Also during 2011, the seizure of 2,500 marijuana plants led to the arrest and pending trials of three individuals. Cocaine seizures totaled 105 kg in 2010.

Larger drug trafficking networks are said to hold significant influence over Guyana’s political and judicial infrastructure, using local gangs to move contraband in urban areas. These local gangs are typically paid in product and facilitate the local drug market or attempt to traffic using less sophisticated methods. Large-scale criminal gangs tend to stay away from engagement with the community, preferring to focus on managing their illicit operations.

Arms Trafficking and Illicit Acquisition of High-Grade Surveillance Equipment

Small arms and assault weapons are trafficked through and within Guyana. Small arms primarily enter Guyana from Brazil, with which Guyana shares a largely un-patrolled 1,200 km border. Gangs also acquire larger weapons by attacking insecure police stations and army barracks to steal surplus weapons, such as AK-47s and shotguns. Smaller arms that are not trafficked on to various Caribbean nations are sold to local gangs or business owners who use them for protective purposes. This market may facilitate violent gang activity and a culture of vigilantism by providing readily available weapons.

One particular incident highlights the involvement of well-known drug trafficker Roger Khan in arms theft and the acquisition of high-grade surveillance technology. It also highlights the level of collusion of government officials in these activities. On December 4, 2002, a GDF patrol in the area of Good Hope searched a vehicle to find it contained a cache of weapons and equipment, including M-16 assault rifles with night vision devices, an Uzi sub-machine gun with silencer, Glock 9mm pistols, 12-gauge shotgun, other small caliber weapons, bullet-proof vests, helmets, a computer, cellular intercept equipment and other electronic devices with digitized electronic maps, and plans of Georgetown and certain East Coast villages. Three men were arrested for possessing this equipment - Roger Khan, Haroon Yahya, and Sean Belfield, a member of the GPF at the time. A magistrate’s court later dismissed the charges against the three.

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69. Ibid.
70. Ibid.
71. Ibid.
72. Ibid, 245.
73. US Department of State, 2012b, 244.
75. Ibid, 26.
77. 61 percent of confiscated firearms in 2008 are said to have been manufactured in Brazil. Owen and Grigsby (2012)
79. In 2008, a Brazilian-made Taurus handgun sold in the local market for approximately $300-400 USD, demonstrating that the illicit arms market is well suited for profit making. Owen and Grigsby, 2012, 21.
81. Ibid.
The electronic intelligence devices found with Khan were traced back to UK-based firm Smith Myers. In a US Court, the company’s co-director, Peter Myers, testified that the cellular intercept equipment found in Khan’s possession had been sold to the government of Guyana. Testimony pointed to the fact that Guyana’s Minister of Health, Dr. Leslie Ramsammy, purchased the equipment on behalf of the government. Meyers identified the intercept equipment and confirmed that it was sold by the company’s Florida sales office through the Fort Lauderdale-based Spy Shop to the Guyana Government. Testimony indicates that after Minister Ramsammy purchased the equipment, Carl Chapman, a representative of Smith Myers Communications, traveled to Guyana to train Khan in its use. Both the administration and Ramsammy strongly denied having any connection with the equipment and neither they nor Khan were held accountable for the matter.

**Human Trafficking**

Guyana is both a transit and destination area for the trafficking of men, women, and children for the purposes of sexual exploitation and forced labor. Children, mainly from poor, rural families, are at risk for forced labor exploitation within the mining, agriculture, and forestry sectors. Limited government control of mining regions and the vast profits are conducive to trafficking for prostitution and labor. Guyanese citizens are also trafficked to other Caribbean nations for sexual and labor exploitation. In addition, a common Guyanese practice of sending children of poor families to live with wealthier family members or acquaintances in more populated areas is said to increase opportunities for domestic servitude. While the government has made some efforts to assist victims of trafficking, no prosecutions of trafficking offenders have been registered and there has been “no reported progress on prosecutions initiated in previous reporting periods,” raising serious concerns about “a lack of accountability for trafficking offenders in Guyana.” This situation has led to Guyana being placed on the US Department of State’s Tier 2 Watch List for a second consecutive year.

**Money Laundering**

As stated previously, it is believed that the illicit economy equates to roughly 40-60 percent of Guyana’s gross domestic product. However, the economies mingle in a way that make it hard to separate the licit from illicit. Criminals launder money through real estate purchases, timber concessions, and mining concessions. As in the case of Jamaica, illicit activities are also used to fund the establishment of legal business ventures and social projects. The economic activities of convicted drug trafficker Shaheed Roger Khan are an illustrative case. In Guyana, Khan held significant interests in the construction and real estate sectors, and the timber industry. He also owned several small businesses such as nightclubs and carpet cleaning companies. Khan was known to be a successful contractor and is credited for designing buildings on the University of Guyana campus and several private residences. The main activities of his company Dream Works Inc. centered on building low-income housing projects and provided food and supplies to victims of the 2005 floods.

Over the years, Khan acquired a small island with a landing strip, a port for ocean vessels, access to Guyana’s “bush roads,” and a 136,000-acre timber concession. Upon his arrest, he was in negotiations to purchase a 200 square-mile ranch with a large airstrip. His timber company Aurelius Inc., was granted a “State Forest Exploratory Permit for a large tract of land in Guyana’s interior” raising concerns that drug traffickers were gaining a foothold in the interior via the timber industry, possibly allowing for “autonomous outposts beyond the reach of Guyanese law enforcement.”

Guyanese bank executives confirmed that Khan did not seek bank financing to purchase his assets.

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82. Ibid.
83. Ibid.
85. Ibid.
86. Ibid.
87. Ibid, 176.
While Guyana has laws against money laundering in place, there have been no prosecutions or convictions for money laundering, according to the US 2012 International Narcotics Control Strategy Report. A 2012 report from the Caribbean Financial Action Task Force found Guyana non- or partially-compliant on 16 core recommendations and 25 other recommendations. The report concludes that while Guyana has begun to comply with some recommendations, the measures have been minimal; as will be discussed in the next section, to date, no convictions have been made under this or other pieces of drug trafficking-related legislation in Guyana.93

**Gold Smuggling**

As Guyana's gold industry grows, mining is increasingly becoming an entry point for criminal activity.94 Governmental regulatory agencies have found themselves under-resourced to enforce regulations and monitor the industry properly. Guyanese authorities claim smuggling networks are trafficking approximately half of the 600,000 ounces of gold produced annually into Venezuela, Brazil, and primarily Suriname where tax rates are one-third those in Guyana.95 As early as 1995, a smuggling ring was discovered which operated by traveling into the western region via aircraft to trade diamonds for US currency and shipping the gold to Miami or New York undeclared.96 While connections between gold smuggling and drug smuggling are not well documented, the conditions for increased and inter-connected criminality in the remote, resource rich hinterlands of Guyana are evident.

94. The most recent gold boom began 2008-2009 after the world financial crisis drove up the cost of gold in international market.

**III. The Impact of Organized Crime on Governance and Development**

Guyana continues to contend with a shaky political settlement and a governance structure underpinned by strong political-criminal ties, corruption, and rampant impunity. Failure to effectively overcome these issues since independence and bolster the legitimacy and reach of state institutions has resulted in periods of state-sponsored violence and growing mistrust of state institutions, notwithstanding the party in power.

The case of Roger Khan is illustrative of the deep linkages between the state and organized crime in Guyana and the impact these relations can have on governance. Shaheed Roger Khan was probably the most well-known career criminal in Guyana until his arrest by US officials in 2006. Roger Khan fled to Guyana from the United States in 1994 while out on bail from a firearms charge. Before his arrest in Suriname and subsequent extradition from Trinidad to the US, Khan enjoyed relatively free reign in Guyana, either working directly with the government or operating alone with the acquiescence of the government. Khan was a major exporter of Colombian cocaine to the United States, the United Kingdom, and Canada. He was suspected of trading cocaine for arms as well as acting as a middleman in the exchange of cocaine for arms between Colombia (FARC), Suriname, and French Guyana.97

Khan’s eventual downfall began in 2005. The GDF, aided by the GPF, commenced a series of raids on properties owned by Khan after 33 AK-47s were stolen from the GDF. A US diplomatic cable obtained by WikiLeaks speculates that the raids were an attempt to pressure criminal organizations which were operating “with growing impunity” in the country.98 It states that Khan was a known large-scale arms trafficker so it was unlikely he would need to steal from Guyanese security forces; and the forces were rather looking for anything incriminating.99 The FBI proved instrumental in the raids that led to Khan’s arrest. Khan fled to Suriname where he had good standing with President

98. Khan was experiencing difficulty with then Commissioner of Police, Winston Felix, who had worked to disband the phantom squads and weaken Khan. See Stabroek News, August 20, 2009; WikiLeaks 2006a.
Desi Bouterese, head of the main opposition party in the Suriname parliament and a formerly convicted drug trafficker himself. He was however, arrested in Suriname and instead of being deported to Guyana, the then minister of Justice of Suriname Chan Santokhi ordered that Khan be flown to Trinidad & Tobago where Khan was sure to be extradited. Upon his arrival in Trinidad, Khan was handed over to immigration authorities who in turn handed him over to US officials. Khan was returned to the US to face eighteen counts of drug possession, drug trafficking and distribution, witness tampering, and gun smuggling during the period covering 2001 to 2006.

The Government of Guyana did not help facilitate Khan’s arrest and extradition despite the mounting evidence against him. The raids that pushed him into Suriname occurred while the President and the Head of the Presidential Secretariat were out of the country. When Khan was eventually arrested, the Guyanese administration objected to the “forceful and unlawful removal of its citizen across jurisdictions” Even when Khan’s trial revealed significant information on the nature and scope of Khan’s operations, the government showed little interest in establishing an official inquiry or initiating its own investigation. Khan’s associates have since splintered and now allegedly carry out smaller scale operations in the country. According to annual US International Narcotics Control Strategy Reports, Guyana has continued to be a major thoroughfare for drug trafficking in the region, even in the absence of Khan. The dynamic of gang activity and vigilante justice endemic to Guyana’s political and social structures has not changed in the wake of the Troubles and Khan’s arrest. There are concerns that the growing gold mining industry may facilitate more violence and organized criminal activity, as evidenced by the up-tick in bush murders in the past year. Indeed, while the arrest of one major kingpin was made possible, the underlying conditions fueling and sustaining organized criminal activity and the criminal-political nexus have not been addressed.

Guyana has since signed several bilateral and multilateral conventions and agreements specifically aimed at preventing or responding to organized crime. In 2008, the country acceded to the Inter-American Convention on Mutual Assistance in Criminal Matters. Guyana has bilateral agreements with its neighbors and with the United Kingdom regarding cooperation on drug trafficking issues. It is a member of the Organization of American States’ Inter-American Drug Abuse Control Commission (OAS/CICAD). In April 2011, the United States and Guyana signed a Letter of Agreement to cooperate in the implementation of the Caribbean Basin Security Initiative (CBSI). Through the CBSI, the US is providing Guyana with USD 3 million for equipment and training, as well as a juvenile offender program to reduce recidivism. The equipment provided will include patrol and interceptor boats and communications equipment. Guyana and the United States signed a maritime counter-drug bilateral agreement in 2001, but Guyana has not yet taken the necessary domestic action to enact the agreement.

The 2012 United States Narcotics Control Strategy Report highlights legislative developments intended to improve investigative capacity and prosecutorial powers to obtain convictions in drug-related cases, such as the Anti-Money Laundering and Countering the Financing of Terrorism Act (AMLCFTA), the Interception of Communications Bill, and the Criminal Procedure Bill. The Report notes, however, that there were no convictions in 2011 under these laws, and “there is an apparent lack of political will to investigate and prosecute drug trafficking organizations.” Already, the UK had terminated a major security sector reform program in 2009 because the government had not progressed “on key requirements of the plan.” Earlier in 2004, the US had planned to establish a counter-narcotics

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100. See, for example, New York Times, “Returned to Power, a Leader Celebrates a Checkered Past,” May 2, 2011. At http://www.nytimes.com/2011/05/03/world/americas/03suriname.html
102. Ibid
106. For example, in 2008, a gang led by Ronald Rawlins, who had worked with the “Five for Freedom,” carried out violent attacks on Indo-Guyanese communities and businessman from the bush over a period of six months. Korten, 2008.
108. Ibid.
109. Owen and Grigsby, 44.
111. US Department of State, 2011b.
support operations in Guyana, but threats received from Khan to blow up the site of the operation and to murder the Ambassador and other US staff led to the plan’s abandonment. Khan referred to his time as a lawyer for the ruling PPP as defending “drug kingpins” due to “financial and family ties to the PPP.”

Social Cohesion

Roger Khan is believed to have been highly instrumental in the so-called ‘phantom squad’ paramilitary operations supported by the PPP between 2002-2003. The squad was responsible for extra-judicial operations and is believed to have been connected to security agencies and members of government. Some assert that Khan led the squad while others insist that he was responsible for employing members of the squad as his armed guards, and for paying them. A DEA informant who served as a witness at Khan’s trial claimed that in order to run the phantom squad properly Khan estimated that he would have to ship 500 kilograms of cocaine to the US and Europe per year. US court documents implicated Khan in almost 200 murders in Guyana, for which he was never charged, despite the fact that the government was provided with sufficient evidence by internal and external sources.

The Troubles began when a small group of Afro-Guyanese prisoners, dubbed the ‘Five for Freedom,’ escaped from prison in February 2002 and began a crime spree including robbery, kidnapping, and murders. They took refuge in the village of Buxton from which they linked up with other gangs and began to target individuals and state institutions from the PPP and the Indo-Guyanese business community. Some Afro-Guyanese viewed the actions of the Five for Freedom group as a legitimate response to their perceived marginalization by the Indo-Guyanese leadership and the group was quietly supported by the PNC. The response of the PPP was to establish the so-called ‘phantom squads’ after which “escapees and their accomplices started turning up dead, [while] police never found witnesses or made any arrests.” The Troubles period is regarded as the bloodiest phase in post-independence Guyana.

Another government minister faced strong allegations related to his association with criminal gangs during the Troubles. A report by the Council on Hemispheric Affairs states that in 2004, confessed informant George Bacchus alleged that Minister of Home Affairs Ronald Gajraj operated phantom death squads that had reportedly taken the life of 400 Guyanese including Bacchus’ ‘brother’. Bacchus was murdered in his bed shortly before the start of an inquiry into the conduct of then-Minister Gajraj. Korten states that during a commission-led inquiry phone records surfaced that proved Gajraj was in constant contact with gang member Axel Williams. Gajraj admitted to communicating with Williams “because he was so fed up with the police department’s incompetence that he was forced to use an outsider to gather intelligence to use in the fight against crime.” The commission concluded there was no evidence that Gajraj was involved in extrajudicial killings and he was reinstated to his post amid protests from Canada and the US, among others. However, in February 2004 he was reshuffled and sent to India as Ambassador.

The administration held an inquiry into the security services after The Troubles, but they did not focus on determining links between outside gangs and government officials. A commission of inquiry was established to assess the actions of the GPF, the Prison Service, the Fire Service, and the Defense Force led by prominent judges and former military officials. The Commission submitted a report to parliament with 164 recommendations in 2004, including a recommendation aimed at diversifying the ethnic composition of the forces and improving training standards. Parliament approved the report, but it took the government six years to act on the recommendations. In 2009, the United Kingdom cancelled a large-scale security

sector plan based on the government’s lack of progress on key elements. The government announced a security sector reform plan in 2010 but as noted, has made limited progress towards implementing the proposed reforms.

Many deaths during The Troubles had politically or criminally motivated undertones. For instance, self-confessed former member of the death squad Selwyn Vaughn testified that Khan ordered the execution of Ronald Waddell, an anti-Government talk-show host, at his home in Subryanville. Vaughn claims Khan immediately reported the incident to Dr. Leslie Ramsammy, Minister of Health. Other unsolved cases during that time include the execution of the deputy head of the Customs Anti-Narcotics Unit, Vibert Inniss, the attempted murder of the Director of Public Prosecution, Denis Hanoman-Singh, the kidnapping of entrepreneur Brahmanand Nandalall, and the murder of businessman and suspected drug dealer Harry Rambarran who was in the process of suing Khan for defaulting on his payment for a small island.

**Health**

Larger drug trafficking organizations fuel a local market by paying local gangs in-kind and “introduc[ing] drugs that would otherwise be more difficult to access, significantly aggravating local substance abuse problems.” A recent US Narcotics Report highlighted that marijuana is the main drug of choice in Guyana followed closely by cocaine, with the growing availability of crack cocaine giving rise to much concern among public health officials. Ecstasy and methamphetamines (MDMA) are also used, but availability remains low. The small arms trade exacerbates gang violence by flooding the street market with weapons.

Drug use treatment in Guyana continues to be hindered by a lack of government funds and public awareness. Guyana has two residential facilities for the treatment of substance use: the Salvation Army and the Phoenix Recovery Center. Both receive partial funding from the government, but due to budgetary constraints they “often rely on donations from addicts’ families to stay open.” The Ministry of Health has implemented several small-scale programs, including outpatient talk-therapy treatment and demand reduction programs in schools, prisons, and through the media; however, these efforts remain ad-hoc and seriously under-funded.

**The Environment**

Gold and other mining activities are additionally creating social and environmental issues. Local residents complain of many environmental changes since mining grew in the region. Water contamination is a major concern as rivers experience higher levels of sediment content and mercury. Changing waterways, deforestation, soil degradation, and other environmental impacts adversely affect the local indigenous population who rely on the land and water for subsistence. According to the Head of the Amerindian People's Association, the local indigenous population has observed a major increase in “(…) pollution, the inability of Amerindians to consume fish and other marine life, and even river mouths being blocked by heavy sedimentation” provoked by gold mining. In June 2012, Natural Resources Minister Robert Persaud halted new applications for gold mining due to complaints of pollution and other problems raised by local residents. After intimidation from the Gold and Diamond Miners Association, including threats of street protest and initiating a legal case against the measure, Persaud said the ban would only be for a brief review period. With very little oversight capability for the legal mining sector, potential damages from illicit mining only compound the problem. Many unlicensed mines exist alongside the nearly 14,000 licensed artisanal miners, drawing many illegal workers from Brazil. Illegal miners have even less incentive to follow poorly enforced government regulations on tracts of land largely outside government management.

125. Ibid.
128. Methylene-dioxy-meth-amphetamine
129. US Department of State, 2012b.
130. US Department of State, 2012b.
131. US Department of State, 2012b, 244-5.
133. Ibid
IV. Recommendations

Guyana is a small country with a relatively small population. Yet, as noted above, it is underpinned by a shaky political settlement and a governance structure that subsists through strong political-criminal ties, corruption, and rampant impunity. Since Independence, successive governments have failed to effectively overcome these issues and bolster the legitimacy and reach of state institutions. Mistrust of state institutions and mistrust between the two largest ethnic groups has led to periods of ethnically-motivated and state-sponsored violence, and citizens continue to hold strong to the perception that the government works in the sole interest of one ethnic group above all others. The security apparatus is complicated by a multi-layered system that in addition to the formal security institutions also includes informal paramilitary groups and gangs backed by either of the major parties. Political actors operate with limited checks and balances. Lax oversight, weak law enforcement and governance structures, and favorable geographic conditions provide an attractive operating base for organized criminals. Guyana's shaky political settlement, particularly its zero-sum identity politics, has provided excellent entry points for organized crime to shape and benefit from political decision-making. The case of Roger Khan provides insight into the reach of organized crime in Guyana. The failure, or even refusal of the government to introduce sweeping reforms and hold key officials accountable for facilitating Khan's operations, is an indicator of the complexity of the issues at stake and the degree to which all levels of government might have been penetrated. External actors such as the UK, the US and multi-lateral human rights and development actors have attempted to support governance-related reforms and efforts aimed at curbing organized crime with limited success to date.

The emergence of multi-ethnic political parties in the mid-2000s is gradually leading to the emergence of an alternative narrative to that of the main political parties. Subsequently, a major breakthrough came in the 2006 elections when the multi-racial party Alliance for Change (AFC) won six seats in parliament on a platform that espoused reconciliation, good governance, liberal democracy, and improving the economy.136 The AFC only managed to increase its representation by one seat in the 2011 elections however.137 Established in 2011, the Partnership for National Unity (APNU) ran on a platform of national reconciliation, anti-corruption, increased accountability, and political reforms for a system with stronger checks and balances.138 However, the APNU combines the PNC with several smaller groups and it is unclear how non-partisan the party will be in practice.139 In the 2011 election it won 26 seats in parliament.140 Nevertheless, alternatives to racially defined political parties are becoming part of the system and calls for deeper structural reforms are growing.

In Guyana, international development actors face difficult choices regarding with whom to cooperate and where best to focus assistance. This complexity grows when applied to efforts aimed at mitigating organized crime and its related impacts. Efforts that focus solely on bolstering law enforcement capacity have not been effective, not least because the ethnic divides and inequalities that underpin political governance in Guyana extend into the country's security and justice institutions. The absence of strong accountability mechanisms has only served to cement these institutional realities.

In this regard, providing direct assistance to government institutions without additional efforts to improve the government's accountability to the people will not help Guyana in its efforts to respond to organized crime and related issues. Indeed, the longstanding connections between political parties and coercive gang activity, and more recently to organized criminal activity, indicates that institution building or targeted law enforcement efforts alone cannot overcome the organized crime related challenges that Guyana is currently facing. Rather, targeted law enforcement support efforts should be implemented in tow with efforts to improve political governance as well as transparency and accountability measures.

In this regard, in addition to the range of security reform requirements already identified by a range of actors,
development actors might consider a more integrated approach to programming so that efforts aimed at responding to organized crime also focus on:

- **Strengthening multi-party politics:** While providing direct political party support might be difficult, donor efforts could be enhanced to support inter- and intra-party dialogue on pressing reform issues (including political party and electoral system reforms); identifying common policy ground for responding to debate and discussing responses to the impacts of organized crime, such as drug dependency or gang violence, and strengthening the capacity of parliamentary commissions in specific subject areas.

- **Strengthening civil society and media oversight mechanisms:** Donors could also directly support civil society and media efforts aimed at enhancing accountability and transparency of government actors and institutions, particularly in the security, judicial, and resource exploitation sectors. In particular, donors could support the emergence of independent monitoring mechanisms for the sectors operating in the hinterlands.

- **Strengthening justice and security institutions:** Any effort to support reform of the justice and security institutions in Guyana should be centered on building citizen trust. In this regard, significant effort needs to be made in promoting the emergence of more professional and ethnically diverse security forces, and a national security policy that responds to citizen’s needs rather than the interests of a particular ethnic group or a particular donor country could go a long way. Supporting the implementation of citizen perception surveys to inform the development of such a policy, and supporting efforts to monitor its subsequent implementation could lead to more sustainable gains in the medium- to long-term.

- **Strengthening justice and security institutions at the local level:** In addition to working at the central level, more effort should be made to support participatory mechanisms to identify entry points for working with a range of actors (police, border officials, local government representatives, civil society organizations) at the local level to identify and respond to the effects of organized crime.
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Getting Smart and Scaling Up:
The Impact of Organized Crime on Governance in Developing Countries

A Desk Study of Jamaica

June 2013

Dr. Enrique Desmond Arias
Annex VI - THE IMPACT OF ORGANIZED CRIME ON GOVERNANCE: A DESK STUDY OF JAMAICA¹

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¹ Ed. Camino Kavanagh (2013), Getting Smart and Shaping Up: Responding to the Impact of Drug Trafficking in Developing Countries, NYU Center on International Cooperation
Introduction

In May 2010, former Prime Minister Bruce Golding ordered Jamaican security forces to invade the neighborhoods of Denham Town and Tivoli Gardens in Kingston, Jamaica's capital, to execute an arrest warrant for Christopher “Dudus” Coke, the local “don.” Coke was the head of the infamous Shower Posse, a gang that controlled sizable portions of organized crime activity on the island and was accused by the United States government of drug trafficking and racketeering. Gangsters from around the Kingston area converged on these neighborhoods in an effort to protect Coke who ran a sizable and complex criminal operation in his zone of control and who had important connections to other local criminal organizations. Residents of the community had turned out several days before to demand the government give up its efforts to bring Coke to justice. Faced with considerable and well-organized armed opposition Golding warned residents to evacuate. On May 28th, troops entered the area and carried out a brutal operation killing some 70 residents, the majority of who had no connections to criminal groups whatsoever.

These events represented the culmination of eight months of intense political and diplomatic wrangling following a request by the United States government for Coke's extradition. The Golding government had done everything in its power and more to avoid arresting Coke, including hiring a US-based law firm to lobby the Obama Administration to withdraw its request. When Golding's attempt to evade Jamaica's international treaty obligations came to light, the country's political establishment shuddered. Golding resigned as leader of the Jamaica Labor Party (JLP), potentially opening the door to new elections. His party, however, refused to accept his resignation and the administration staggered onwards. The US government found innovative ways to pressure his government, including cancelling the US visa of prominent JLP supporters, thereby creating significant business difficulties and embarrassment for a portion of the Jamaican elite.

Ultimately, the violent military incursion into Kingston Western was unsuccessful in that Coke managed to escape. But with no place to hide, he soon surrendered and was extradited to the US. He pled guilty to racketeering charges in a New York court and in June 2012 received a maximum prison sentence of 23 years.2 Golding, on the other hand, offered exemption from persecution to other prominent gang leaders across Kingston in exchange for relative peace. Lower violence rates in late 2010 and early 2011 testify to those arrangements. There is little reason to believe that violence rates will remain at lower levels without more decisive action on the part of the state. Yet, in the political arena, efforts to address the intimate ties between miscreants and government officials have been scant. The only powerful figure to suffer from the Coke debacle was Attorney General and Justice Minister Dorothy Lightbourne who was forced to step down. Still, for all its ignominiousness, the intervention of Bruce Golding provides useful insight into the complex relationship between organized crime and the Jamaican political system.

This paper explores why Golding risked his own political career and created difficulties for his prominent supporters to prevent the arrest of a thug running a criminal operation in one of the poorest areas of Kingston. It offers a detailed account of the nature of organized crime in Jamaica and the process through which those political-criminal relationships evolved. The paper is organized as follows: the first section discusses the regional, political, institutional, and social context. It provides an overview of the political-criminal relationship in urban Jamaica before turning to the prevalent norms of behavior such as widespread political corruption that have nurtured organized criminal activity and cemented political-criminal relationships in Jamaica over several decades. With the political-criminal nexus as a backdrop, Section II analyzes the nature of organized crime in Jamaica, with specific emphasis on racketeering and drug trafficking. Section III sheds some light on the impact of organized crime on governance, with a particular focus on state legitimacy and provision of basic services. The final section puts forward a series of recommendations for responding to the impact of organized crime on governance in Jamaica.

1. Regional, Political, Institutional, and Social Context

Regional Context

The diverse Caribbean region has gone through myriad changes over the past decades, with marked progress in health and education in particular. Important advances have been made on the political front too, not least in relation to governance. Barring a few countries such as Jamaica, the Caribbean region boasts many stable democracies with high levels of political participation and low and declining levels of elections-related political violence. Growing stability has developed together with the progressive consolidation of the rule of law in most countries. In particular, the “reduction of undue and unlawful political influences on law enforcement and the protection of the independence of the courts have been major achievements in political development since the end of the colonial era.”

Despite these advances, progress in the region is beset by high rates of violent crime and troubling levels of non-criminalized forms of social violence that are “typically directed at the members of vulnerable groups that historically have been disfavored and discriminated against.” As in the case of Jamaica, much of the crime that is evident in the region is the outcome of the inequalities of opportunity that restrict these choices among large sections of the populations of the region. Organized crime, particularly drug trafficking continues to hinder development and democratic governance across the Caribbean. As in large swathes of Latin America, organized crime has acquired new and more violent ways of operating, challenging the rule of law, and negatively impacting the economy. It has increasingly impacted on security, upturning shaky political settlements, and undermining institutions that have yet to fully consolidate.

Geography also plays an important role. Indeed, because of their location and the difficulties inherent in policing borders in the region, many small Caribbean states have served as key staging areas for transnational trafficking, particularly in narcotics and firearms. The fact that the Caribbean is also an important area of operations for the US’s “War on Drugs” policy, has exacerbated rather than helped resolve many of the aforementioned challenges. Indeed, today, and despite huge investments in fighting organized (and ‘disorganized’ crime), the Caribbean boasts some of the highest murder rates in the world – 62 per 100,000 in Jamaica and 29.2 per 100,000 in Trinidad and Tobago – and “the problem is worsening,” to the extent that one expert calculated it would take some thirty years “of consistent effort to reduce the current homicide rate to single digit figures, i.e., a figure that would approximate the outer limit for advanced country status.” Violent crime is generally concentrated in poor urban areas; youth constituting the membership base of violent gangs are the primary perpetrators and victims.

Meanwhile, public confidence in the police across the region is low, and public confidence in political parties even lower. Perceptions of structural corruption within state institutions remain high, as do perceptions that the political and business elite remain above the law. Jamaica is no stranger to many of these challenges.

Dangerous Liaisons: Crime in Support of Party Politics

The Commonwealth of Jamaica is the fourth largest island in the Caribbean. It was primarily settled by the Arawak and Taino indigenous people between 4000 and 1000 B.C. It was named Santiago by the Spanish, who colonized the island in 1492, only to lose it to the British in 1655 who renamed it Jamaica. The country edged toward independence in the first half of the 20th century,
Jamaica consistently ranks among the top five countries in annual homicide indices. At a rate of 52.1 per 100,000 in 2010 and 61.6 per 100,000 in 2009, Jamaica has one of the highest murder rates in the world. While Lebanese, Syrian, English, Scottish, Irish, and German Jamaicans make up a smaller racial minority, they hold significant economic and social influence on the island.

Jamaican political life has long been marred by violent clashes between the country’s two dominant parties: the Jamaica Labor Party (JLP) and the People’s National Party (PNP). The long-standing association between politics and violence stems from the structure of the political system itself and the way it has evolved since the decolonization movement in the 1930s. As a British colony, Jamaica inherited a Westminster-style political system from the United Kingdom. The nature of the single-member district plurality system that serves to elect national and local legislators helped create a two-party system comparable to that of the United States. Each party enlisted the help of criminal gangs to secure power and pressure opponents. Inter-party violence and crime are thus an important and historic component of local political life. While Jamaica has struggled with endemic violence, it has never seen an escalation into coups d’état or civil war since gaining independence in 1962. Instead, the vertical connections between government officials and criminal gangs, the relative political independence of the Jamaica Defense Force, a general consensus among political elites against directing violence at members of the elite, and a history of accepting even flawed electoral outcomes has led to little insurgent action against the state.

First Phase (1940s to Mid-1960s): The Origins of Inter-Party Violence

Organized violence has been at the heart of Jamaican politics since at least the 1930s. In 1938, workers around Jamaica struck and rioted demanding higher pay and better working conditions. Alexander Bustamante, a traveler, activist, and union organizer, emerged as a key popular leader as a result of his defiant stands for labor rights. In the aftermath of the successful strikes, Jamaica’s principal trade union would reorganize under the name Bustamante Industrial Trade Union (BITU). At the same time another leader – Norman Manley – stood up to help quell the riots and achieve a positive outcome for working Jamaicans. Manley was a distinguished lawyer and a cousin of Bustamante’s and provided legal services to arrested workers while traveling the island to help calm the population and bring the labor-related violence under control. In the aftermath of the riots, a group of leading Jamaicans organized the People’s National Party (PNP) to push for independence and invited Manley to serve as leader. For a time, Bustamante would participate in the PNP but ahead of the first general election in 1944 he left the PNP to found the Jamaica Labour Party, an organization closely tied to the BITU. Prior to the founding of the JLP scuffles occurred between Bustamante supporters and Manley. The split led almost immediately to inter-party violence with supporters of the JLP seeking to prevent PNP meetings. The PNP responded in-kind by organizing its own supporters to defend PNP meetings and break up JLP meetings.

Over the course of the 1940s and 1950s violence escalated between the two factions. Initially, labor union members provided muscle to violent activities. But the PNP soon employed independent armed groups. One of the most important of these was Group 69, deriving its name from arrested workers while traveling the island to help calm the population and bring the labor-related violence under control. In the aftermath of the successful strikes, Jamaica’s principal trade union would reorganize under the name Bustamante Industrial Trade Union (BITU). At the same time another leader – Norman Manley – stood up to help quell the riots and achieve a positive outcome for working Jamaicans. Manley was a distinguished lawyer and a cousin of Bustamante’s and provided legal services to arrested workers while traveling the island to help calm the population and bring the labor-related violence under control. In the aftermath of the riots, a group of leading Jamaicans organized the People’s National Party (PNP) to push for independence and invited Manley to serve as leader. For a time, Bustamante would participate in the PNP but ahead of the first general election in 1944 he left the PNP to found the Jamaica Labour Party, an organization closely tied to the BITU. Prior to the founding of the JLP scuffles occurred between Bustamante supporters and Manley. The split led almost immediately to inter-party violence with supporters of the JLP seeking to prevent PNP meetings. The PNP responded in-kind by organizing its own supporters to defend PNP meetings and break up JLP meetings.


heterogeneous than they are today. Wealthy and middle class residents lived in closer proximity to the poor, as did supporters of the two parties. The main concern then was not persistent violence or the actions of sustained armed organizations but rather the flashes of violence associated with particular political events.

**Second Phase (Mid-1960s to 1980): The Rise of Garrison Communities**

In the years following independence, however, Jamaica passed through its most intense phase of political violence. Party leaders, armed youth gangs, and political groups of supporters who, in addition to intimidation, sought to clear neighborhoods of opposition backers in return for benefits from the state. The aim was to create politically homogenous voting districts that could be controlled to guarantee electoral outcomes. These enclave areas became known as political garrisons. Elections turned into zero-sum games with one side scoring points through low-level jobs, paved roads, and improved housing, while the other side would risk government sanctioned retaliation, mass eviction, and deteriorating infrastructure.

The key site of violence in the city of Kingston during this period was the western region running from the historic downtown and moving west and north along the harbor and up Spanish Town Road. This region of the city, especially the areas immediately to the west of downtown that contain the principal market areas, were centers of poverty in the developing municipality. It was habitual to see large numbers of rural migrants arriving in search of work and greater opportunity. This area was organized politically as the Kingston Western constituency, which was historically anchored by the Denham Town neighborhood and contained a small number of other areas including the Matthew’s Lane and Hannah Town neighborhoods that still exist today. In the early 1960s the area also included two particularly poor areas known as Back-o-Wall and Dungle, shantytowns that lay between Spanish Town Road and the harbor. This area was a key site of political conflict in the 1960s. Drawing from its historic roots in popular mobilizations, the JLP battled with the middle class for control of this symbolically important working class area. In 1962, Edward Seaga, a record producer and young anthropologist affiliated with the JLP, defeated PNP candidate Dudley Thompson in a tense election fight that presented local residents with very different visions of the place of the poor in the Jamaican political system. With the JLP in power in Jamaica’s first post-independence parliament, and with Seaga serving as Minister of Welfare and Development, the government undertook wholesale slum removal and upgrading in the region, removing the Back-o-Wall shantytown and building a housing project known as Tivoli Garden which the government filled with ardent JLP supporters. Jamaica’s most highly contested constituencies had been strategically transformed into one the JLP’s safest seats in parliament.

The evictions of PNP supporters from the West Kingston constituency led to a pattern of inter-party and inter-enclave violence over the next ten years as the PNP vigorously defended the neighborhoods its supporters lived in and used similar strategies to secure its urban constituencies. In the 1967, 1972, and 1976 elections the two parties’ supporters targeted each other disrupting political demonstrations, candidate speeches, and seeking to control access to the ballot box by intimidating opposition supporters and observing how individuals voted. Both sides would violently evict supporters with gangs burning out the homes of the families believed to support the other party. Once in power in 1972, the PNP would build its own housing projects to increase the density of its supporters in key enclave constituencies especially Saint Andrews Southern and Saint Andrews Southwestern, just north along the harbor from Kingston Western. The PNP would win reelection in 1976.

The arming of local gangs by the two parties combined with the experience of evictions and the creation of dense housing projects intensified violence over the course of the 1970s. Elections themselves became zero sum games with one side winning the possibility of political spoils, low-level jobs, paved roads, and better housing while the other side would risk government sanctioned retaliation by political opponents, mass evictions, the loss of employment, and deteriorating infrastructure. This created highly unstable

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conditions in downtown Kingston as those with even limited means fled to safer parts of the city and country. The boiling tensions of Jamaican politics were further exacerbated by the emergence of a stark ideological divide between the two parties during this period, as the PNP’s Michael Manley advocated a Jamaican socialism composed for the most part of progressive social welfare policies and the JLP, and claimed that his party sought to put the country on the path to Cuba-like socialism.

Third Phase (1980 to Mid-1990s): Partisan Warfare and Diversification of Criminal Deeds

Violence reached its height in the 1980 election when over 800 people were killed, mostly in political confrontations. Massive rioting and gun battles involving gangs and police characterized this tense period. Party leaders imported large quantities of arms into the country, which they passed on to allied gunmen who fought for control of poor and working class constituencies in the metropolitan area. Residents of some neighborhoods set up factories to produce homemade guns to help defend their communities against outside areas. At times, the police and military became directly involved in political violence. Where violence had focused on central and western Kingston in previous elections, major fighting broke out in eastern Kingston as a result of conflicts among PNP gunmen and political patrons causing powerful individuals in some parts to switch affiliation to the JLP. Roy McGann, the Minister of Government for the PNP, was murdered along with his bodyguards during the campaign and a nursing home with predominantly JLP residents in a PNP constituency was set on fire, killing 167 residents.

This period of partisan warfare dramatically reshaped the city. Neighborhoods were destroyed and rebuilt with an eye towards maintaining political power. Those with even limited means fled to safer parts of the city, intensifying class and racial segregation, and a concomitant segregation of state practices in different neighborhoods. A politically divided police enforced the law for supporters and opponents according to party affiliation. From this point forward, movement between poor neighborhoods was restricted.

With Edward Seaga taking power many PNP gunmen fled the country. Politicians sought to distance themselves from the gunmen as a result of both the violence directed against them and the delegitimizing nature of the brutal 1980 campaign. To further complicate matters, political spoils were limited after the 1980s election by the structural adjustment program the Seaga government implemented. Little government money trickled down to the poor. The movement of gang members abroad created new economic opportunities for criminality. Violence became unmanageable as battles took on their own momentum. Dons – local gangs leaders now deeply involved in Jamaica’s political turf and patronage – gained more power, rendering them more autonomous and transforming political-criminal relationships even further.

As a result, independent criminal dynamics began to drive conflict, occasionally intersecting with increased violence during elections. While no other election caused the levels of violence that occurred in 1980, substantial conflict would continue to affect elections through the mid-1990s. The growing presence of weapons tied to the drug trade also meant that gang conflict began to operate independently of electoral cycles. Indeed, while murder rates fell dramatically from 1980 to 1981 they remained about 33 percent higher than 1970s levels through the end of the 1980s and then began to increase rapidly in the early 1990s.

During this period, the city, at least in the eyes of powerful politicians, became increasingly ungovernable as they lost control of the gangs that dominated the neighborhoods that formed their electoral base. Police, while still politicized, established more individual relationships with gunmen though, ultimately, they still responded to political masters in more extreme circumstances. While these gang leaders continued to provide some social assistance to the communities they controlled, there were wide variations in what gang leaders would provide to the population given their own particular interests as well as prevailing local conditions. Gangs with a strong political and economic base that controlled large stable areas might be able to provide more support to residents than gangs that controlled relatively limited areas and

that had few economic resources. Political patronage remained important though it was attenuated from the earlier period.\textsuperscript{21} Movement between poor neighborhoods remained restricted and intense violence in the city made even traveling to the downtown commercial and market areas a very risky endeavor for many residents of the city.

**Fourth Phase (Mid-1990s to 2010): Shifting Focus of Violence and Criminal Activities**

Several important changes that again restructured criminal activities in the city occurred in the mid- to late-1990s. First, violence in the 1993 election led to important electoral reforms that decreased the ability of armed groups to affect local results. Most notable among these reform efforts was the implementation of measures to ensure the integrity of balloting. Second, the Jamaican government supported the international monitoring of its elections. Third, the government also undertook police reforms. While gangs had played a role in political violence around the 1993 elections, events during that contest drew attention to the ongoing role of the police in political violence. Subsequent reforms sought to depoliticize the police.\textsuperscript{22} Combined with a decreasing dependence on political spoils for social support, these steps had the effect of reducing overall levels of electoral violence in the country, and particularly Kingston. While violence decreased during electoral periods, it did not end. Conflict continued to increase during election years, and in 2003, Percival Patterson, Jamaica’s longest-serving Prime Minister, ordered security forces into the Kingston Western constituency to impose order. Certainly, politicians still depended on local party organizations, often led by gang leaders, to turn out votes within their particular garrison or enclave, and to ensure that voters in dangerous parts of the city could safely reach their polling stations. As for organized criminal groups, they refocused many of their activities away from active political conflict to extortion, drug trafficking, and control of government contracts.

As noted, entrenched relations between political parties and gangs began to slowly change with the increase in transnational criminal activity, such as drug and arms trafficking.\textsuperscript{23} Access to new forms of income and instruments of violence meant that over the past decade, some of the more important “dons,” such as Dudus Coke, became more independent of their political masters and were in a stronger position to negotiate more preferential arrangements with the political and business elite, regardless of their political persuasion.\textsuperscript{24} Such situations allowed Dudus Coke and others to develop legitimate business interests in Jamaica while simultaneously continuing illicit operations.\textsuperscript{25} Continuing links between armed gangs and the political and economic elite continue to present a central challenge to the Jamaican political settlement.\textsuperscript{26} They also limit the impact of important reform initiatives, including violence reduction and citizen security efforts developed in the post-Tivoli incursion days.

**Prevalent Norms of Behavior**

Beyond the structural problems that hamper the political system, Jamaica has also had to contend with extreme levels of poverty, underdevelopment, and mismanagement of resources. In 2009, towering debt and the impact of the global recession compelled the government to seek assistance from the IMF in developing a much-contested debt restructuring plan and access to $1.27 billion in standby credits. Public sector corruption however, appears to be at the core of many of Jamaica’s woes, including organized crime and political instability, and persistent poverty and underdevelopment.

Given Jamaica’s prolonged history of inter-party violence, it is little surprising that clientelist politics and corruption are rampant.\textsuperscript{27} Benefits are often distributed to bind citizens to political parties, by facilitating or obstructing, access to new forms of income and arms trafficking.


\textsuperscript{23} Arias, Desmond Enrique in Kavanagh and Jones (2011). Shaky Foundations, An Assessment of the UN Rule of Law Support Agenda, NYU Center on International Cooperation.

\textsuperscript{24} Kavanagh, Camino and Jones, Bruce (2011). Shaky Foundations: An Assessment of the UN’s Rule of Law Support Agenda. NYU Center on International Cooperation: Available at http://cic.nyu.edu/content/shaky-foundations-assessment-uni-rule-law-support-agenda.


\textsuperscript{26} Sullivan (2010).

**int alia**, access to employment, education, and other social services. A prominent example is the public contracting system, which is rife with corruption and kickbacks. In 2006, government agencies awarded more than half of all public contracts to companies not registered with the National Contracts Commission and nearly one quarter of all contracts during that period were not subject to any sort of public oversight. The Customs Department is another serious source of corruption and known for its enmeshment with criminal elements. Various schemes exist within the department to lower tariffs, and payoffs in the area facilitate the movement of firearms into the country. Finally, two recent cases of large-scale fraud and corruption drew renewed attention to the problem: the OLINT and Trafigura scandals. The OLINT scandal was a pyramid scheme in which a foreign currency-trading corporation operating in Jamaica promised investors high rates of return. E-mails emerged suggesting that OLINT leadership had provided significant funding to the Jamaica Labor Party in its winning 2007 election campaign. There have been some indications that OLINT also provided more limited funds to the People’s National Party. Similarly, the People’s National Party, during its eighteen years in government between 1989 and 2007, engaged in a large-scale kickback scheme with Trafigura Beheer, a Dutch company, that traded Jamaican petroleum on the international market. Prior to the People’s National Party Conference in 2006, the company deposited $31 million in the account of a senior party official who later stepped down from his post.

These bureaucratic problems provide important opportunities for large-scale criminal organizations.

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30. Ibid., p. 17-18.
II. The Nature of Organized Crime in Jamaica

Organized crime manifests itself in a range of manners in Jamaica, ranging from extortion and drug trafficking to large-scale fraud. As the previous section has suggested, such activities have matured significantly over the past decades. A shaky political settlement among the political elite, leading to periods of intense political violence has allowed organized crime to fester in Jamaica, and allowed criminal groups to develop strong connections with the elite at home, and with organized criminal networks abroad. More importantly, it has allowed Jamaica's political system to develop and nurture strong ties with, if not dependency on, organized criminal groups.

Jamaica's organized crime landscape is also linked to an economic crisis that has persisted since the mid-1970s, the involvement of criminal gangs throughout the region in the international drug trade, and the fact that the Caribbean still serves as an important international hub for money laundering. It is well known that the island serves as a major transit point for cocaine entering the United States from Latin America, although the flows ebb and flow depending on where the pressure is being placed at a given time. Jamaica is also a primary source of marijuana.

Small and Larger-Scale Organized Criminal Groups in Kingston

At the most local level, armed gangs with historic affiliations to political parties dominate working class neighborhoods, principally in the Kingston and Saint Andrews Corporate Area and the neighboring municipality of Spanish Town. Their notorious role as enforcers in garrison communities provided local leaders – often referred to as “dons” – a degree of political power, social legitimacy, and even, moral authority. In this regard, organized criminal groups have tended to superimpose political structures.35 While different criminal structures exist at the local level, the most basic organizations deal in drugs, primarily marijuana, and seek to enforce certain basic local norms. For example, local criminal leaders may impose security fees on business owners and gangs compete for control of the extortion racket on buses passing through the areas they control and in nearby commercial areas. In many cases, local criminal leaders seek to control the structure of the local state spending in the areas they dominate, deciding who will work on street repair projects or on the yearly efforts to clear the gullies running through the city to prevent flooding during the rainy season. In some cases the simplest criminal gangs compete for territorial control over very small pieces of turf and, as a result, also fight over how to spend local political patronage monies. These smaller organizations may have contacts with Jamaicans engaged in illegal activities abroad. Transnational networks support small-scale smuggling operations with Jamaicans sending drugs to the United States, Canada, and the United Kingdom, and importing arms mostly from the United States and Haiti. Funds from these contacts help criminal organizations offer limited social services to local residents and provide for a measure of independence from elected officials. At the same time, such international contacts can have disruptive impacts on small-scale criminal organizations since foreign contacts may return to live in Jamaica, creating significant tensions as newly deported criminals seek to establish a place for themselves in the local underworld.36 Generally speaking, these local organizations have little control over international criminal activities.

Better-located (in terms of urban reach) and well-connected gangs engage in more sophisticated and better-organized criminal activities. These organizations have more capacity to extort security payments from larger businesses. They may extort funds from bus companies that monopolize major bus routes, from large construction companies, and from mid-sized and large businesses. Beyond controlling who might gain access to patronage jobs in a particular neighborhood, these organizations might also fully control construction projects and, in extreme cases, may own their own construction companies that can compete for government contracts. This kind of organization generally has the resources to support significant social activities providing, in some cases, certain basic social services to local residents.

36. Author’s observations from conducting research in Jamaica.
Large-scale organized criminal groups engage in more sophisticated and complex international illegal operations alongside their domestic illicit activities. Several important criminal groups in Kingston, including the Shower Posse in Tivoli Gardens and the Spanglers, a PNP-affiliated group in the nearby neighborhood of Matthew’s Lane, have regularly engaged in large-scale international trafficking. The Shower Posse in particular maintained control over a nearby wharf. These major criminal groups maintain some autonomy vis-à-vis their international criminal partners, and deportation of collaborators in foreign countries are less likely to disrupt activities in Jamaica since their networks are broad enough to cover such contingencies.

Drug Trafficking

The explosive growth of the cocaine market in the United States in the late 1970s and 1980s, combined with local political change, led to a marked shift in gang activity in Jamaica. Where in the 1970s gangs were essentially creatures of the political parties, in the 1980s international networks and the growing role of the Jamaican gangs in the transshipment of Colombian cocaine to the eastern United States, Canada, and the United Kingdom enabled gangs to operate more independently of their political patrons. Gangs no longer depended on politicians to provide weapons. Rather they could buy those weapons themselves in gun shops in Miami and other parts of the southern United States, and ship them to Jamaica with money earned from the cocaine trade. Criminal operations abroad also provided gang leaders in Jamaica with resources to provide limited social support and host events for neighborhood residents helping to reinforce their social legitimacy while depending less on politicians.

These underlying conditions lasted through the 1980s and into the 1990s. The expansion of the cocaine trade complicated political-criminal relationships in Kingston. On the one hand politicians still needed contacts with gunmen to turnout votes. At the same time, the increasingly mercenary nature of their activities made it more difficult for politicians to maintain public associations with gunmen. Similarly, gang leaders needed political contacts for protection of their new business interests but also felt that they had received little compensation for their sacrifice in the political wars of the 1970s and with their new wealth were less dependent on politicians. The growing presence of weapons tied to the drug trade also meant that gang conflict began to operate independently of electoral cycles. Indeed, while murder rates fell dramatically from 1980 to 1981 they remained about 33 percent higher than 1970s levels through the end of the 1980s and then began to increase rapidly in the early 1990s.

Racketeering

The late 1990s and the first decade of the 21st Century saw the emergence of new criminal practices focused on protection rackets and finding new avenues to obtain resources from the state. While powerful gangs remained active in many of the core garrison areas, in many other places these larger gangs, representing component parts within neighborhoods, competed with each other for pieces of the local security market. In the most central historic garrison areas, those regions of the city running from the Kingston Central constituency through Kingston Western to Saint Andrews Southern, local gangs developed an alliance in which they divided up portions of the protection racket around the downtown area, including inter-city buses, central open-air markets and the downtown business district. The basis of this alliance was a 1996 “peace agreement” between Christopher Coke and Donald “Zekes” Phipps, the leader of the Spangler’s gang in the Matthews Lane area that facilitated the security of the Kingston Public Hospital renovations. These organizations profited by providing protection to major government contracts. In some cases, these activities expanded directly into legally competing for government contracts. In other areas, less organized gangs violently turned on each other driving homicide up by fifty percent over the decade to around 1,600 per year in 2009.

A perverse effect of such racketeering is that initiatives such as the peace and security agreement among the

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gangs in central and western Kingston and the expansion
of security rackets in the downtown area made that
region of the city more secure for shoppers even as entry
into particular poor communities remained restricted.
Department of State cables from the United States
Embassy in Kingston indicated that high-ranking city
officials in Kingston actively worked with gang leaders
to provide security in commercial areas of the city. Criminal organizations became more heavily involved in
contracting, providing services to both government and
private enterprises. At the same time ongoing political
conflict, especially in eastern Kingston, continued to create
intense divisions and restrict movement. Conflict between
smaller criminal organizations associated with efforts to
gain money through the myriad of micro-level extortion
schemes operated throughout the city, and other small-
scale criminal activity contributed to ongoing violence
and exploding homicide rates that politicians had little
ability to manage. On the positive side, the increasing de-
politicization of the police and of violence in general led
to more peaceful elections. Unfortunately, however, the
ongoing dependence of politicians on local area leaders,
many of whom also control gangs, for turning out votes
and securing polling places in many parts of the city has
prevented deeper reforms.

Organized Crime beyond Kingston

Organized crime has a different history in the less densely
populated western half of Jamaica. Large-scale criminal
operations emerged historically out of much looser
configurations with independent operators undertaking
drug trafficking activities that dominated many elements
of the underground economy in the region. Specific
individuals might grow drugs, set up clandestine airfields,
load drugs on airplanes, and transport them to the
United States. The result was the emergence in western
Jamaica of a less structured more entrepreneurial set of
criminal enterprises in which legitimate business people,
often from the middle and upper classes, engaged in
international drug trafficking. Unlike Kingston, there is less evidence of strong political-
territorial gang ties in Montego Bay. With only 100,000
inhabitants, Montego Bay has only a fraction of the
population of the Kingston Metropolitan Area and, perhaps
more importantly, the city only really began to grow in the
1980s, well after the establishment of the principal political
gangs in Kingston. Montego Bay, as a result, does not have
the same history of party aligned garrison communities. In
recent years however, a number of territorial gangs have
emerged to dominate the proliferating shantytowns in
Montego Bay. Of particular importance here is the Stone Crushers gang that plays important roles in international
drug trafficking. This organization has consolidated a
degree of power in the St. James Parish since 2000 as its
leaders have violently pursued other gangs and gained
control of a sizable portion of the local extortion market.
Pre-existing gang conflicts had driven many gang
members abroad in the 1990s, creating a solid international
distribution network for members of this gang.

41. “US Embassy Cables: The Dangers in Extraditing Christopher ‘Dudus’ Coke from Jamaica,”
documents/223324.

42. Frater, Adrian (2010). “Crime Doesn’t Pay Montego Bay Pushes Back,” Jamaica Gleaner,

III. The Impact of Organized Crime on Governance

Jamaica’s political and economic elite has been deeply implicated in nurturing the emergence of organized crime and violence in Jamaica over the past forty years. National responses to organized crime and violence have primarily been taken when political conflict and corruption have put the country in a bad light on the international stage, as was the case involving Dudus Coke in Tivoli Garden, or when gang leaders and politicians are aligned in bringing rates of violence down, as was the case with the restructuring of security arrangements in downtown Kingston from the late 1990s onwards. However, even then efforts remain superficial at best.

Much needed constitutional reforms have yet to take place. The latter could reshape the way politics is waged and organized crime is supported, ensuring tighter oversight and transparency mechanisms. For example, in light of a move among Commonwealth nations in the Caribbean to shift away from the British parliamentary system, which concentrated power within the Office of the Prime Minister and provided limited checks and balances, in 1991 a Committee was established to provide recommendations for constitutional reform in Jamaica. The Stone Committee Report recommended the adoption of a presidential model with effective checks and balances on executive power. The report’s recommendations were however rejected in favor of a limit on the number of legislative members who could be appointed to the prime minister’s Cabinet and limited reforms have since been implemented.44

Despite significant external investment in supporting key political and governance reforms through traditional development assistance or other sources of foreign aid, Jamaican institutions remain weak and, apart from the military, most institutions have been unable to foster trust among the population: the police are viewed “with great distrust and [often] perceived as instigators of violence.”45 Equally weak is the Jamaican justice system: courts are backlogged, while poor infrastructure and outdated practices add to existing challenges. Laws are enforced inconsistently, and there is a sense that individuals are not treated equally by the justice system.46 Jamaica’s eight prisons and four juvenile facilities are overcrowded, with little segregation for high needs groups.47 These conditions have created a lack of trust in the justice system, increased incidents of “mob justice,” and fostered a turn to community justice mechanisms to resolve crime.48

The government adopted a hard-line security response in the wake of the Tivoli incursion. Supported by members of the international community, the response has led to a “concomitant disruption to criminal networks, and a negotiated end to violence with leading criminal groups.”49 Combined, these efforts, many of which included the arbitrary use of force, have contributed to a decline in crime over the past year.50 They also inadvertently bolstered the legitimacy of the former Bruce Golding Administration, despite the fact that Golding himself was clearly implicated in attempting to disrupt the course of justice and providing protection to Dudus.51

In this case like many others, were it not for direct international pressure, Bruce Golding would not have moved against Coke despite his hard work to build a national profile as a reformer. Golding had sought to avoid extradition because of personal and party connections to the historic Shower Posse leadership, the importance of the Kingston Western Constituency to the JLP and to Golding himself, and because of the disruption that such an effort would entail for security in Jamaica over both the short and long term. Coke had worked collaboratively with Jamaican officials and other criminal groups to establish an intricate security arrangement for downtown Kingston.

45. Abuelafia and Sedlacek (2010).
48. Ibid.
50. Rights groups and individual civilians complained that the government had used excessive force during and after the Tivoli incursion. These groups and individuals were joined by the public defender in initiating calls for inquiries into the operations of the security forces during and after the Tivoli incursion. Powell, Lawrence and Lewis, Balford (2009). The Political Culture of Democracy in Jamaica, 2008: The Impact of Governance. University of the West Indies/Americas Barometer/LAPQR/Vanderbilt University. Available at: http://www.vanderbilt.edu/lapqr/ab2008/jamaica-en.pdf.
51. Having initially denied it in parliamentary session, Golding himself admitted that he had covertly retained a U.S. law firm in Washington, D.C. to help negotiate a political settlement to the Dudus affair, namely to avoid extradition. Golding has since stepped down as Prime Minister.
A US diplomatic cable released by WikiLeaks noted that Kingston Mayor Desmond McKenzie reported that any action against Coke could disrupt that set of agreements.52

Ultimately, intense and personal pressure from the United States Government and the embarrassment that came from the publicity around his illicit efforts to avoid extradition forced Golding to turn on Coke. This dynamic reflects the janus-faced nature of Jamaica’s weak state. While internally political leaders and much of the population tolerates contacts between politicians and armed leaders of poor areas, Jamaica as a state with relatively little power on the international stage cannot risk the type of international opprobrium that comes from the publicizing of these relationships. Jamaica needs international acceptance, development aid, and access to international markets.

International pressure, however, is a very blunt instrument that will do little in the long run for strengthening governance and ending the embeddedness of criminality in Jamaican institutions. In the end, local leaders cannot be forced to prosecute known dons and establish a more constructive relationship with citizens. This point is illuminated by the aforementioned actions of the Jamaican government following Coke’s extradition. The police negotiated with leading gangsters in the Kingston Metropolitan area, telling them that if they kept things quiet they would not be persecuted. A senior police officer at a public forum in New York indicated that these negotiations had succeeded in securing agreements from major criminal leaders to minimize violence but that the lieutenants of these gangsters had not fully accepted the new arrangement. In the months after the action in Kingston Western, the police moved against a number of other gang leaders.53

**Delivery of Basic Services**

As noted in the preceding section, organized criminal groups in Jamaica vary in terms of level of sophistication and organization. The stronger and better organized they are, the more strategic they are in mustering social capital and legitimacy through the delivery of much-needed basic services, particularly employment, and guaranteeing security to citizens.

Despite abundant natural assets and a relatively high human development rating, Jamaica has experienced a prolonged period of little or negative growth. While the island’s economy is expected to grow at 1-2 percent over the medium term, it faces an enormous debt burden comprising almost 140 percent of GDP.54 In 2009, Jamaica’s poverty rate stood at 16.5 percent, a sharp increase from 9.9 percent in 2007. Net official development assistance in 2009 totaled US $150 million.55 Major donors operating in Jamaica include the Inter-American Development Bank (the largest donor to the government sector), EU institutions, the Global Fund, the World Bank, and development agencies of the United Kingdom, Belgium, and the United States, among others.

Donors are acutely aware of the debilitating effect of criminal activity on growth and development. The World Bank estimates that if Jamaica were to reduce its homicide rates, the country’s GDP could rise by approximately 5.4 percent.56 There is no doubt that crime and violence incur high direct and indirect, and short- and longer-term, costs. Consider, for instance, the value of goods and services used to prevent crime and violence or offer treatment to victims as well as perpetrators. This includes costs in health, police, justice, and imprisonment. Organized crime also impacts on labor force participation and local markets. Similarly, Jamaica’s reputation as one of the most violent countries in the world can derail the tourism industry. It deters foreign investors, particularly foreign businesses and foundations.

In addition, organized crime destabilizes Jamaica’s social environment. By spreading fear, restricting physical mobility, and creating “area stigma” associated with specific neighborhoods, it corrodes social capital and relationships. Still more alarmingly, structurally embedded criminality transmits violence and distorted moral

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53. Comments made by senior police official at John Jay College of Criminal Justice, November 15, 2011.


values across generations. It further exacerbates distrust between citizens and state. Despite being much lamented and protested, violence has already attained a level of normalcy in Jamaica. Indeed, violent crime dominates the lives of youth, especially in Kingston, thereby robbing the country of much of its human capital. Women are increasingly involved in the global drug trade, serving as drug mules en route to Europe or the United States. In 2003, the British Broadcasting Corporation (BBC) stated, “more than half of all foreign women in UK prisons are Jamaican drug mules.”

Another challenge is that many of Jamaica’s urban poverty pockets are located in enclave areas controlled by armed gangs. Intervention by state agencies or international donors to establish targeted development projects in these zones is both difficult and dangerous, although more recent citizen security initiatives implemented after the 2010 Tivoli incursion did seem to be having a positive impact.

Despite the somewhat negative picture painted above, there has been some positive development in Jamaican efforts to control organized crime and violence. One such example was the Peace Management Initiative (PMI), formed under the government of PJ Patterson in 2002 in response to an extended political-gang conflict in the neighborhoods arrayed along Moutainview Avenue, a major thoroughfare connecting the airport to the financial center and major hotels in New Kingston. Violent clashes at the time led to travel advisories from the United States Embassy in Kingston. The conflicts emerged around efforts during the 2002 elections to shift the alliance of gang controlled areas in the Saint Andrew's Southeastern constituency that led, fairly, rapidly to include the many gang controlled areas. The PMI brought together, under the auspices of the state, a number of distinguished members of civil society who would seek to negotiate with the various factions in the area to develop a peaceful solution. With substantial government funding, a peace was negotiated that provided government assistance to the neighborhoods in the area and helped to reduce conflict in the area though the area has experienced a number of disruptions since that time.

Ultimately though, the Jamaican political system does not have the safeguards in place to respond to organized crime or ward it off. The leadership of both major political parties has been deeply implicated in the pervasive organized crime and political corruption that has affected the country over the past forty years. Domestic responses to this situation have primarily focused on controlling violence whenever political conflict and corruption has led to the country being shown in a bad light on the international stage, as was the case with the actions against the Shower Posse in Kingston Western; or with the Mountain View conflict over the last decade; or when gang leaders and politicians have a common interest in bringing rates of violence down as was the case with the restructuring of security arrangements in downtown Kingston from the late 1990s onwards. Deeper and more effective structural reforms have yet to take place.

**Economic Costs**

High levels of violence in Jamaica impose significant costs on Jamaican businesses, the population, and for economic growth generally. A report by the United Nations Office on Drugs and Crime and the World Bank estimated in 2007 that reducing national homicide rates from around 34 per 100,000 inhabitants to around 8 per 100,000, a level equivalent to Costa Rica, a country of similar size in Central America, would increase annual GDP growth in Jamaica by 5.4 percent. This estimate was based on a model that estimated the impact of several socio-demographic and economic factors as well as homicide rates in 28 countries.

Politically connected organized criminal activities have particular impacts on Jamaican economic development. Many poor neighborhoods in the Kingston metropolitan area are subject to the control of area leaders who play important roles in turning out votes during elections. These local leaders control access to certain public works jobs in areas they control and have been known to siphon money from projects. The control over hiring on

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58. Ibid
some projects leads to lower levels of labor productivity. These dons often charge protection fees to private sector construction projects and ongoing business operations in areas they control. These actions make government and private development projects less efficient in the broad array of city areas where these actors maintain some degree of local power.\textsuperscript{60}

Beyond the general effects of violence on GDP, crime also imposes direct heavy costs on Jamaican businesses. These include hiring private security guards, installing effective security systems, and changing opening and closing times to decrease risks. While these costs have a limited effect on large enterprises that can deal with them through economies of scale, smaller businesses suffer very heavily from the additional costs imposed by crime with private security spending accounting for seventeen percent of small business revenue.\textsuperscript{61}

Violent crime also imposes costs on individuals. Private health costs as a result of violent criminal activity amounted to approximately 0.1 percent of Jamaica's GDP. Economic costs due to incapacitation impose a similar level of costs on Jamaica. When these costs are added to lost productivity and public expenditure to control crime they accounted for approximately 3.7 percent of Jamaica's GDP in 2001.\textsuperscript{62}

\textbf{IV. Recommendations}

International development actors and specialized agencies have been providing assistance to Jamaica for decades. The tempo of this assistance was stepped up following the Tivoli incursion, particularly in the areas of security and justice, and anti-corruption. The increase in support was aimed at pressuring the government to implement crucial reforms, especially those it espoused after the extradition showdown.\textsuperscript{63} Actions taken against criminal groups from May 2010 onwards have opened a new chapter in national security policy. New legislation has been adopted and significant emphasis placed in citizen security initiatives, many of which are being supported by international partners.\textsuperscript{64} However, in practice, international actors have been unable to strategically link these lower-level initiatives in a manner that confronts the deeper political arrangements that exist between gangs and the political elite, on the one hand, and other structural reforms related to the political system and financial management on the other.\textsuperscript{65}

The key to resolving Jamaica’s political-criminal nexus lies with the country’s political elite. Organized criminal gangs are linked to the government through electoral politics, urban security, government development contracts, and other public works projects. Politicians remain in control of funds that are distributed through local area leaders, many of whom are criminals. As long as public funds flow from government to local criminal leaders, the residents of those areas will remain dependent on the political-criminal patronage network. Yet, so far, political leaders, while paying lip-service to making some very limited changes, do not appear to understand the possible precariousness of the decline in homicide rates over the last year and the need to act rapidly to take advantage of this lull in conflict to implement changes that can help reduce corruption and reestablish political legitimacy. In general discussions about criminal activities in Jamaica have mainly focused on the reductions of crime over the last


\textsuperscript{63} LAPOP Survey (2010), Following the Tivoli Gardens incursion, both major political parties (JLP and PNP) tabled an agreement in the House of Representatives on a general approach “aimed at sustaining the advance against criminality.” At a later sitting, the House debated and passed six bills including amendments to the Firearms, Offences against the Person, Bail, and Parole Acts geared at strengthening the power of the security forces to reduce the country’s high crime rate.


\textsuperscript{65} Ibid.
year rather than the need to deal with pernicious contacts between organized crime figures and politicians. Actions taken by the government in the 12 months following the September 2012 elections will be an indicator of whether the government will seek to address any of these issues in the short-term.

1. Donors should help **strengthen accountability processes**. At present, the primary source of accountability in the Jamaican political system is foreign governments. Transparency, answerability, and enforcement need to be enhanced. Donors should focus on **vertical accountability**, including electoral accountability and the way in which non-state actors, such as media and civil society organizations, reflect citizens’ views as well as concerns. The centrality of the state in national political life and its domination over the past seventy years by two highly compromised political parties often locked in mortal battle with one another has led to Jamaica having an extremely weak civil society that has had little success in providing a real check on the political parties.

Emphasis should also be on **horizontal accountability**, or how intra-governmental mechanisms can be improved (for instance, the judiciary and supreme audit institutions). Here, the concentration of power in the hands of party leadership and the Parliament has also prevented the emergence of real accountability. Donors should work with the Jamaican political elite and other relevant stakeholders to define good practices and hold them to account against clear, measurable targets.

The **engagement of a wide range of domestic actors at the sub-national level**, such as parliamentarians, audit institutions, local civil society, and the private sector in these efforts is imperative. Donors could facilitate debates about development priorities to ensure alignment and encourage stakeholders to engage more actively in monitoring and evaluation processes. Given the prevalence of political-criminal ties in Jamaica, more emphasis should be placed on making publicly available data regarding the disbursement, management, and impact of development funds.

**Well-defined sanctions for poor performance or siphoning of funds** should be developed. At the same time, donors should collaborate with civil society bodies to **inform citizens about the consequences of criminal activities**, such as acting as drug couriers for organized criminal groups. **Alternative income opportunities**, for instance microfinance schemes, need to be promoted, especially in urban areas with the greatest need. So far, civil society does an extremely poor job penetrating the poorest neighborhoods. The most powerful civic actors there are often politically connected criminal groups.

In a similar vein, donors should step up their efforts to **support state and non-state actors in carrying out anti-corruption initiatives**. Jamaica has a relatively comprehensive anti-corruption framework. In 1986, then Prime Minister Edward Seaga set up the office of the Contractor General, which seeks to protect the integrity of the public procurement system. More recently, the Corruption Prevention Act (2001) was passed, establishing the Commission for the Prevention of Corruption. The Access to Information Act and Political Code of Conduct further contain the potential to fight corruption. Yet, in practice, anti-corruption measures remain grossly inadequate. Vested interests in sustaining corruption within the political and business elite, organized crime, and bureaucracy have crippled efforts to attack the broader culture of mismanagement and impunity. Jamaica’s “untouchables” continue to be out of reach for prosecution. Calls for a single, independent anti-corruption agency remain unanswered. Not a few efforts, while well intentioned, flounder for inaction and lack of follow-through. While in many areas there is no lack for additional reports by specialists, one key challenge is to move implementation forward, particularly transparency initiatives in elections and economy.

2. **Second**, significant support should be channeled towards **strengthening the justice system and infrastructure**.

66. A major failing of the position of Contractor General is that the office holder cannot prosecute corruption or other criminal offences himself. Instead, all matters must be transferred to the appropriate state authorities, including the Jamaica Constabulary Force (JCF) and the Director of Public Prosecution (DPP), rendering the process vulnerable to interference and obstruction.

67. In February 2011, the Jamaica Gleaner Newspaper revealed that the Corruption Prevention Commission (established in 2000) referred more than 18,000 persons to the director of public prosecution (DPP) for breaches of the Corruption Prevention Act (2001). Of this number, so far only 512 have been acted upon by the DPP. See: “Anti-Corruption Body Dissatisfied with DPP”, Jamaica Gleaner, February 18, 2011, available at: http://jamaica-gleaner.com/gleaner/20110218/news/news5.html.
**professionalizing the police.** Dilapidated courthouses, a considerable backlog of court cases, and inconsistent enforcement of legal processes all contribute to the lack of public confidence in the criminal justice system. **Jamaica needs to continue its efforts to de-politicize and professionalize the police.** In general these efforts have already borne considerable fruit. Today police are not directly involved in political violence. This, along with tighter rules controlling electoral practice, has helped to reduce the overall levels of violence around elections. The Jamaican government should seek to deepen these efforts. At the same time the Jamaican police also need to develop more comprehensive, effective, and regular strategies to deliver every day policing services to working class communities which receive only limited and irregular police patrols. When police do enter, they do so often to execute a warrant or in pursuit of suspects. The poor and working class deserve a police presence similar to those in middle and upper class neighborhoods in which low-level ongoing patrols inhibit public practices of criminality. Further, deploying police in a more systematic and regular way also enables police supervisors and managers to develop and implement more sophisticated policies to prevent crimes and to bring criminals to justice.

Donors could also support efforts to develop dialogue facilitation and conflict resolution capacity of police and community leaders, including through financing prevention and strategic interventions aimed at addressing risk factors.

3. Third, Jamaica **is in sore need of an independent prosecutorial body** that can hold high-level politicians, both in government and the opposition, to account. As was amply evidenced in the Mannatt Affair, in which Golding sought to use influence in the United States to persuade the Obama Administration not to pursue the extradition request against Coke, the Office of the Minister of Justice and Attorney-General, held at the time by JLP Senator Dorothy Lightbourne, does not have the political independence even to effectively resist questionable demands on the part of the Head of Government. As a result of this crisis the Golding government has split the position in two with a veteran JLP politician holding the position of Minister of Justice and the position of Attorney-General currently vacant.\(^{68}\) The underlying problem, however, is that both positions serve at the pleasure of the Prime Minister. A more independent Attorney-General’s office and an independent prosecutor’s officer would be critical to addressing the concentration of power in the hands of who may hold office at least in part based on their relationships with criminals. Colombia’s office of Procurador General (Inspector or Prosecutor General) offers a possible alternative model in which the chief agent of investigation of government officials is appointed through, at least in part, the court system to ensure independence of the executive. This type of position would be much harder to undertake in Jamaica given the concentration of power in the hands of the executive leadership of the legislature in Jamaica’s Westminster-based system. Nonetheless, an independent prosecutor’s office capable of holding public officials at all levels independently accountable could contribute substantially to creating an important check on official misconduct in a system that concentrates power so heavily in such few hands.

4. Similarly the **Office of Contractor General should be strengthened.** Criminal groups have made substantial inroads into government contracting. Strengthening the role of this office, which seeks to maintain oversight of public contracts and to ensure to government contracts are issued fairly and according to the law, would help to prevent some future contracts from going to organizations affiliated with criminal groups.

5. Given that Jamaica, as an island, imports a sizable portion of the goods its citizens and businesses consume, **ongoing efforts to improve accountability and efficacy of Jamaica’s customs** are also important in stemming criminal activities and contacts between organized crime groups and public officials. Efforts detailed earlier in this paper with regards to customs should be maintained and expanded.

6. Donors should support efforts aimed at **decreasing the dependence of residents in gang-controlled areas on criminals.** In recent years, Jamaica has made significant strides in the area of education and social protection. However, more attention should be afforded to the quality

\(^{68}\) Ibid
of services, including addressing problems connected with poverty and performance across gender. Many poverty reduction efforts are inadequately coordinated. Fragmentation and limited oversight remain widespread problems.

7. Unwinding Jamaica’s tight relationships between political leaders and criminals is a daunting and long-term task. Political elites are deeply entangled with organized criminal groups, and violence and corruption seem to be undying features of the country’s political landscape. Yet, recent efforts to tackle these challenges inspire modest optimism. Foreign donors should build on the political momentum generated by general elections to push for much-needed constitutional reform aimed at reforming the political system. At the same time, donors need to actively support more and better domestic sources of accountability and transparency in order to drive change, particularly where it is most needed. The 2010 intervention in Denham Town and Tivoli Gardens, and Bruce Golding’s publicized involvement with Christopher “Dudus” Coke show that there is a real, if small, window of opportunity to openly address Jamaica’s political-criminal nexus and encourage pro-poor, sustainable development.

As long as the leading politicians of Jamaica’s two major political parties depend on gang-controlled seats it will be very difficult to undertake serious efforts to control these problems. Current arrangements leave politicians exposed to violent retaliation and as a result, they are often unable to establish constructive dialogues with members of the opposition. These connections severely limit the legitimacy and their ability to lead the country. Radical changes to the partisan arrangements of gang-controlled areas, however, could create conflict. Political leaders should, undertake a bipartisan effort to slowly unwind garrison arrangements. First, politicians need to seek to decrease the dependence of residents of these areas on criminal groups. Second, political leaders should make long term efforts to re-apportion Kingston constituencies so that gang controlled areas do not dominate significant parts of constituencies and dilute their overall impact on voting.

8. Finally, a key element that limits the long-term efficacy of the recommendations listed above is that they all involve the state, and its component political parties, undertaking long-term actions that would create sizable discomfort for many leading politicians. Overcoming this requires finding ways to strengthen Jamaica’s civil society. The centrality of the state in national political life and its domination over the past seventy years by two highly compromised political parties often locked in mortal battle with one another has led to Jamaica having an extremely weak civil society that has had little success in penetrating the poorer segments of society. Even among national civic groups partisanship prevents these groups from providing a real check on the political parties. Further, civil society does an extremely poor job penetrating the poorest neighborhoods. By far the most powerful civic actors in poor areas are politically connected criminal groups. With over 70 Jamaican’s murdered by security forces during the actions in Kingston Western, the only protests that took place were those organized by Coke prior to the security forces entering the area. The only other groups that penetrate of these areas are the churches but these groups often find themselves limited by partisanship. The emergence of a vigorous independent civil society is essential to breaking apart the political criminal nexus in Jamaica. Jamaican society would benefit considerably from outside support aimed at strengthening these types of organizations especially in poor and working class areas of the major cities.
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