Background on the ISS/SARPCCO Project on Organised Crime (EROC project) and a regional overview of Organised Crime

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Research context: Organised crime in southern Africa
Background
- The research project was developed jointly with SARPCCO and the project agreement was signed by both the ISS and the 2007/2008 Chairperson of SARPCCO, Inspector General Ephraim Mateyo of the Zambia Police Service.
- It was launched in Livingstone, Zambia, in April 2008 at a workshop attended by police representatives from SARPCCO member states.
- The project is undertaken from the Cape Town office of the ISS over a three-year period, from January 2008 to December 2010, with the support of the German government.

• What is organised crime?
• Is there an African context?
• Is there a specific southern African context?

Organized crime is:
- crime committed by two or more perpetrators, who are aware of each other’s existence and general role, and who are acting in concert
- serious crime – as determined by potential or actual harm
- crime committed repeatedly, and
- motivated by the prospect of material (usually financial) gain

Objectives of the Project
- Provide in-depth information on contemporary organised criminal activities in the sub-region to policy and decision makers
- Analyse the trans-national dynamics of organised criminal groups and networks
- Determine whether and to what extent, links exist between organised crime and terrorism
- Consider and document the role that corruption plays in organised crime
- Evaluate the capacity and effectiveness of law enforcement agencies in the sub-region to overcome organised crime
- Contribute to building the capacity of law enforcement agencies to combat organised crime, through providing research and analysis of crime trends, and regular sharing of information among SARPCCO member countries
## Research Methods

- SARPCCO member countries are grouped into clusters, each of which is assigned to a field researcher and a number of research assistants.
- A research co-ordinator is based between the offices of ISS and the field to coordinate research activities and verify findings, also responsible for liaison with EROC stakeholders.
- Mostly qualitative methodology - one on one interviews, focus groups, seminars, workshops, observations.
- Multitude of sources ranging from official sources of information (such as government departments and agencies), NGOs, CBOs to “informal” sources of information.
- Fieldwork is well on its way.
- Literature review and engagement with secondary sources such as media reports.
- Collation and analysis of court, customs and crime data.
- Interaction with business and banking associations such as BAC and SABRIC.

## Challenges

- Delays in commencing with field research in Angola and Zimbabwe in 2008. This was rectified during 2009 and fieldwork is well on its way.
- Lack of cooperation of one police agency which was attributed to preoccupation with the planning for successive sporting events.
- Changes in the composition of the research team.
- Impact of crime on field researchers.
- Difficulties of gaining access to some government departments due to lengthy bureaucratic procedures.
- Access to some branches of LEAs difficult - distrust of research/researchers.
- Crucial data and statistics not shared with researchers.

## Challenges to implementation

- Data and stats kept with different repositories of information.
- Stats on organised crime not separated from other forms of criminality.
- Rapid pace of change in criminal environment continues to stretch research team’s limited capacity.
- Exclusion of DRC and Madagascar from project proposal.
- Competition, animosity or plain distrust between different law enforcement bodies within countries.
- Uneasiness of certain respondents when it came to questions about corruption, collusion and cooperation with criminal elements.
- Policing agendas from abroad pushing local law enforcement to prioritise certain types of crime such as human trafficking.
- Geographical scope of research.
Top OC markets in southern Africa

- Smuggling and illegal importation of goods and counterfeit commodities
- Drug markets
- Smuggling of stolen motor vehicles
- Armed robberies
- Smuggling of endangered species and rare resources
- Financial crime and money laundering
- People smuggling and human trafficking
- Stock theft and cattle rustling
- Corruption

Most commonly smuggled commodities

- Drugs
- People
- Vehicles and vehicle parts
- Petrol and diesel
- Firearms
- Counterfeit bank notes
- Counterfeit audiovisual materials
- Electronics
- Alcoholic beverages
- Pharmaceutical and cosmetic products
- Sugar
- Cattle
- Flour
- Construction materials
- Meat
- Fruit and vegetables
- Cigarettes, tobacco and tobacco products

Smuggling and illegal importation of goods and counterfeit commodities

- The smuggling and illegal importation of goods and counterfeit commodities is one of the most prevalent organized criminal activities.
- Smuggling of commodities involves the illegal transportation of such commodities across borders in order to evade taxes on these goods.
- Organised crime exploits the differential tax regimes of highly taxed goods such as cigarettes, alcohol and petroleum.
- This involves individuals and companies failing to declare their goods and either bribing officials or ingeniously transporting them through both official and illegal entry points.
- Most of it is achieved through bribing officials in very high places and on both sides of the affected borders.
- Cigarette smuggling is regarded as a priority crime by SARPCCO. The problem is twofold: on one hand, genuine quality/brand cigarettes are smuggled across national borders to avoid taxation; on the other hand, illicitly produced or counterfeit cigarettes are flooding regional markets.
Cigarette smuggling & counterfeit medicines and cosmetics

Cigarette smuggling
• The majority of counterfeit cigarettes come from China. These are hand packed and usually produced in sweatshops.
• Zimbabwean cigarettes are also common in the region. They are smuggled from Zimbabwe into Mozambique and South Africa.
• Cross-border operations in South Africa, Namibia, Swaziland and Lesotho have helped in combating the illicit trade but real-time information is needed.

Counterfeit medicines and cosmetics
• An emerging criminal market with serious health implications
• Counterfeit medicines are smuggled from the East, predominantly China and India
• Upon the ISS presentation of findings to the PCC, it was to be included as a new priority crime by SAPRCCO.

Drug markets
• In the last five years, the cultivation, smuggling and consumption of drugs has become the greatest organized crime concern to Southern Africa.
• Some of the most renowned and sought-after cannabis (worldwide) is cultivated in the region.
• Cannabis is cultivated in many African countries. It is smuggled and traded within Africa, but the majority is destined for the more lucrative markets of North America and Europe.
• South Africa, Lesotho, Swaziland, Mozambique, Tanzania, Malawi, Zimbabwe and Zambia are major cannabis-producing countries within the region.
• Smaller plantations for local use and distribution are found in Angola, Botswana, Namibia and Mauritius.
• African law enforcement officials have seized cannabis consignments second only to those made by US authorities. SA authorities were responsible for most seizures.
Drug markets

- The region used to be a transhipment point for drugs originating from Southeast Asia and South America en route to the markets of northern America and Europe.
- Domestic consumption of so-called hard drugs including heroin, cocaine and methamphetamines has escalated in the last decade.
- Heroin is brought in from India, Pakistan and Afghanistan, and China. Heroin has become the drug of choice of youths and adults in many southern African countries.
- Research findings of the last decade show that the sub-region is a key nodal point in the international transshipment of the Class A drug from the Far East to the drug markets of Europe and North America.
- Mauritius has seen an increasing trend of opiate addicts choosing 'subutex' for intravenous drug use.

Drug trafficking

Besides the use of 'bullets' by drug mules, concealment techniques to smuggle drugs:

- Duvets: the down/filling is removed and replaced with drugs
- Heels of shoes: the heels are hollowed out
- Surf boards: a square is cut into the board, filled with drugs and covered
- Curios and artefacts
- Clothing: double knitting around the edges of the piece of clothing is loosened, drugs are inserted, double stitched knitting is re-stitched
- Brief - and suitcases: false compartments
- Baby powder containers, cookies or chocolates: the drugs are mixed into foods
- Human hair or wigs: these are doused in drug concentrates
- Motor vehicles, haulage trucks, bicycles and motor bikes: false compartments, engines or hollowed out shells of car batteries
- Plasma televisions
- Furniture
- Appliances: stoves, washing machines, dishwashers, driers
- Greeting- and postcards: concealed under a layer of paper or under a stamp
- Air freighted parcels with fictitious names and addresses.

Change in the use of amphetamines
The US TIP reports

• In the last decade, there has been a growing interest and concern around ‘human trafficking’
• The US Congress passed an amended Trafficking Victims Protection Reauthorisation Act in 2003, which affords victims of trafficking various types of services and assistance.
• The US government also launched close monitoring operations around the globe, which result in an annual report listing the activity of each country in fighting human trafficking.
• The so-called Trafficking in Persons (TIP) Report has been published on an annual basis since 2001. Aid sanctions or a curtailing of development funds is then imposed on those countries that show very little interest and progress in combating the phenomenon
• One of the controversial aspect of the TIP reports is the categorisation of countries into one of three tiers.
• Placement into a tier is largely based on the extent of government action to combat trafficking in persons.

The US TIP reports

• The department evaluates whether countries comply with the minimum standards for the elimination of trafficking.
• Governments that comply fully are placed in Tier 1, while others are assessed on the degree of compliance.
• According to the latest TIP Report for 2009, Mauritius is the only country in southern Africa that received a Tier 1 rating.
• Most southern African countries including South Africa, Mozambique, Zambia, Malawi, Tanzania, Namibia and Botswana were placed in Tier 2, suggesting that they are making an effort to achieve compliance.
• Lesotho and Angola were on the Tier 2 Watch list due to showing little efforts to address trafficking on a year on year basis, while the total number of victims of trafficking appears to be significant or increasing.
• Swaziland and Zimbabwe are Tier 3 countries due to a perceived lack of effort to combat trafficking.
• The department discloses little information as to the methodological procedures for arriving at these estimates
Human trafficking and people smuggling

- Various intergovernmental bodies warn that human trafficking is spiraling out of control in our region. It is suggested that thousands of people will be trafficked to South Africa in the run up to the 2010 Soccer World Cup.
- ERC fieldwork and a previous ISS study on human trafficking in southern Africa has noted that law enforcement agencies and others conflate the concepts of ‘human trafficking’, ‘prostitution’ and ‘people smuggling’.
- Although it is common knowledge that there is continuous movement across the national borders until fairly recent little was known about human trafficking.
- A few isolated cases of human trafficking were identified but this constitutes a far cry from a worrisome regional trend of massive cross border trafficking in persons.
- People smuggling and immigration offences are of much greater concern.

Violent crimes

- Robberies and armed robberies on the increase across SADC
- Robbery with aggravating circumstances and cash-in-transit heists pose the single largest organized crime threat to South Africa.
- Cash-in-transit heists (CITs) and bank robberies were major problem in South Africa in 2005 and 2009 but ATM bombings seem to have taken over as the new phenomena.
- Copycats have been identified in Botswana and Zimbabwe.
- Well-organised gangs with access to weapons usually perpetrate this form of criminality. SA criminals also export Armed robberies.

- Many forms of business are affected by robberies including banks, electronics shops, clothing stores and small businesses.
- The structure of syndicates is such that splinter groups may develop if not all gang members are arrested for a robbery.
- The size of syndicates involved in bank robberies depends on various factors such as the number of security guards on duty that day.
- Gangs that hit electronic stores/clothing stores are big groups of 10 to 15 men.
- Gangs hitting petrol stations are thought to be smaller (the same size as groups involved in business robberies or groups that hit shopping centres during the day.
- Gangs that target the fast moving goods sector where the target is cash (e.g. cigarettes) usually consist of 5 to 10 men.
Economic and commercial crimes

- Banks, government institutions, financial institutions, insurance companies and commercial premises were the preferred targeted of criminals.
- Falsification, fraud by false promise, check forgery, electronic money transfer, opening of fictitious accounts, submission of fraudulent claims, checks of accounts, false pretences and counterfeit currency are methods used by criminals to perpetrate economic and commercial crimes.
- Commercial crimes usually involve trade based crime and fraud targeted at the public sector both of which are underpinned by corruption.

Most common forms the region:

- Cheque fraud
- Credit card fraud
- ATM crimes
- Electronic crime
- Asset based financial crimes
- Identity theft

Stolen motor vehicles

- During the 1990s the theft of motor vehicles was regarded as the greatest organised crime threat to the region. While it is still considered a priority crime by SARPCCO, its incidence and impact on society has been overtaken by drug trafficking in the region.
- Local and transnational networks are involved
- Members of such networks fulfill different functions, eg locksmiths, panel beaters, technicians, painters, electricians, drivers, etc
- Ad hoc alliances, network members are easily replaced or swapped around

- Vehicles are stolen or hijacked from owners or agents sent to collect them from Durban. This happens on account of owners having purchased the vehicles directly from Singapore to reduce costs by cutting out handling fees.
- Vehicles are stolen from warehouses while waiting to be picked by owners, agents or while warehoused for registration by South African syndicates.
- Syndicates import vehicles for the South African market and marketing is done by word of mouth – network marketing. These vehicles land in Durban and are warehoused there while the registration process is done.
Trade in endangered species and rare resources

- The illicit trade in wildlife and bush meat is a highly profitable organized crime market in many parts of the region.
- Poaching of protected species in game reserves and waters is prevalent.
- Marine resources targeted include abalone, rock lobster and sharks.
- There also exists illegal fishing were licensed people willfully exceed prescribed limits.
- Illegal exports of precious wood have been a growing concern in Mozambique, Zambia and Tanzania.
- Irregular migrants are engaged in illicit mining activities in Mozambique, Zimbabwe, South Africa and Zambia.
- Diamond smuggling, tanzanite, gold, other precious stones occurs in many parts of the region.
- Stock theft and cattle rustling only occurs in some parts of southern Africa.
- Stock theft is a significant problem in Botswana, Lesotho, Swaziland, Namibia, Tanzania and Zimbabwe because of the large number of people who rely on stock for subsistence.
- The thieves steal the cattle from local communities and sell them to butcheries, use or sell them for ceremonies or re-brand them for rearing.

Preliminary findings (EROC)

- Organised forms of crime do exist in the region and an upward trend in occurrence and impact was observed. There are a number of similarities between countries and many forms of organised crime occur at a transnational (regional and international) level.
- There is an evolutionary trend of drug trafficking being increasingly connected to other forms of crime.
- Corruption influences decisions made at critical and senior levels, and impedes the detection and investigation of organised crime.
- Law enforcement lacks capacity, resources and integration.
- There is a divergence of legal and social morality in that some crimes are not seen as such in the relevant community. This deprives law enforcement of legitimacy and support from civil, political and social structures.
- The growing and trafficking of cannabis occurs throughout the region. Spraying of crops leaves farmers without an alternative to livelihood and other options must be considered.
Preliminary findings (EROC)

- There is also a growth in the trafficking and consumption of narcotics. South Africa, Namibia, Mozambique, Tanzania are majorly affected, elsewhere a growing trend has been registered.
- Armed robbery is a problem in most countries including Botswana, Lesotho, Mozambique, South Africa, Tanzania and Zimbabwe.
- Theft of motor vehicles is also a growing problem and occurs in countries including Botswana, Lesotho, Malawi, Mauritius, South Africa, Tanzania and Zimbabwe.
- People smuggling and illegal migration is of increasing concern throughout the region but these terms are often confused. These crimes were highlighted in Botswana, Lesotho, Malawi, Mozambique, South Africa, Tanzania and Zimbabwe.
- Smuggling (of goods such as cigarettes and alcohol) is a common problem – often because communities do not see this as an illicit activity. Smuggling was reported in Malawi, Mozambique, South Africa, Zambia and Zimbabwe.
- Environmental crimes, from logging to the poaching of rhino and elephant, were reported in most countries including Botswana, Malawi, Mauritius, Mozambique, South Africa, Tanzania, Zambia and Zimbabwe.
- Stock theft remains an issue in Botswana, Lesotho, South Africa and Zimbabwe.
- Counterfeit medicines and cosmetics are a growing problem.

Early trend analysis for 2010

1. Shift or increasing linkages to less well known areas of crime
   - From drug trafficking to trafficking in precious resources
   - Growth of the market in counterfeit medicines and cosmetics
   - Illegal fishing and poaching on the increase

2. New opportunities
   - Stockpiling of drugs ahead of the FIFA Soccer World Cup
   - Islands used as transit point for drugs, counterfeit medicines and other smuggled commodities

3. Composition of organised crime units
   - Collaborative multi-national networks more prominent than single nationality groups
   - Networks instead of mafia-type structures
   - More visible role of Chinese and other Asian nationals in some criminal activities

Triangulating organized crime
Vulnerabilities

- Long and porous borders: Due to a lack of personnel, limited resources or large stretches of inaccessible landscape, border control is often inadequate.
- Major maritime and aviation infrastructures in South Africa that are both regional and sub-regional hubs.
- Modern infrastructure
- Emerging markets:

Prior to the world financial crisis, southern Africa saw a major growth spurt. International investors were lured by major tax breaks and limited red tape to kick start new business and industry ventures.
- Transformation processes and rampant corruption within the public and private sectors
- The existence of well-organised local criminals and gangs
- Widespread poverty and high levels of unemployment amongst large sectors
- Discordant Criminal Laws: Laws in neighbouring countries would be more effective if they were similar. For examples, abalone poachers smuggle consignments to Lesotho or Swaziland where the laws do not prohibit their export. They consignments are then re-packaged for export with South African as a transit country circumventing intrusive search procedures because of jurisdiction issues.

Impact of organised crime

Violent crime
- Escalation in the demand for instruments of violence, by both criminals and potential victims
- Rise in levels of fear
- Loss of confidence in the capacity of governments to secure life and property
- Migration of skills
- Escalation of costs of containing crime
- Xenophobic and racist responses in some countries

Predatory non-violent crime
- Escalation in levels of fraud, with a notable proliferation of pyramid schemes
- Loss of confidence in financial intermediaries
- Loss of confidence in regulatory institutions of the state
- Migration of skills
- Escalation of cost of insurance
- Xenophobia in some countries

Market-based crime
- Erosion of revenue base through schemes of trade-facilitated money laundering
- Erosion of revenue base through smuggling
- Influx of counterfeit commodities raises risks to health
- Distortions in the market/economy weaken state capacity to plan
- Aggravates corruption, and weakens the capacity to respond
- Crime syndicates operating in Southern Africa have been linked with grand corruption of government officials
- There is evidence of money laundering of proceeds of organised crime, notably in real estate and in the purchase of luxury commodities
Preliminary observations on responses to organised crime

• Responses to drug trafficking

1. Cultivation of dagga – destruction of plants limited effectiveness, as some plantations not easy to reach and the resources required for the volumes involved concerned are quite substantial. Agent Orange chemicals destroy livelihood of thousands of subsistence farmers with no other recourse to income
2. Destruction of drug labs – substantial success in SA, but the picture in other countries not so positive
3. Interception of drug mules and consignments – entry points into the region are too numerous and routes are constantly changing; premature arrest of mules with no follow up to arrest kingpins
4. More interventions to reduce demand required
5. Corruption at airports is a major factor in drug exports

• South Africa is the hub on which much organised crime depends, in terms of infrastructure, personnel and markets
• The responses to organised crime in general should pay attention to each of those constituent components of the legitimate economy.
• Responses to market based crime less well developed, e.g. the regulation of financial intermediaries is generally weak

• There is general consensus that law enforcement agencies do not have the required capacity
• Ratio of police personnel to the population is not ideal or the personnel lack the necessary skill sets
• The major deficiency is the prevalence of responses to crime that are not adequately informed, not integrated, and not well resourced
• Ports of entry in the region are a particular source of weakness.
• A divergence between legal morality and social morality has been noted - in that certain forms of crime, such as trafficking in counterfeit commodities, are not so perceived in the relevant communities.
• This deprives law enforcement of legitimacy and the necessary political and civil support.
• No evidence has been found that organized crime in southern Africa is linked to terrorism
Interim recommendations

- Legislation to define organized crime and allocate investigation mandate is necessary, as in its absence there is room for confusion, in some cases unhealthy competition among agencies, and gaps in this area.
- The establishment of specialized units to investigate organized crime in the absence of dedicated legislation to stipulate mandates and structures to harmonize operations can be counterproductive.
- Legislation to define organized crime and allocate investigation mandate should address the issue of information gathering to improve the quality and quantity of information on trends and impact of organized crime.

Thank You!

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