

War, the State and  
Criminal Networks in  
West and Southern Africa

# Africa's Pablos and Political Entrepreneurs

By Gail Wannenburg

**Africa's Pablos and Political  
Entrepreneurs  
War, the State and Criminal Networks  
in West and Southern Africa**

**Africa's Pablos and Political  
Entrepreneurs  
War, the State and Criminal Networks  
in West and Southern Africa**

by  
Gail Wannenburg

This publication is funded by the Rockefeller Brothers' Fund (RBF), the Open Society Initiative of Southern Africa (OSISA), and the Austrian Embassy, Pretoria.

The South African Institute of International Affairs  
Johannesburg  
2006

Copyright © SAIIA, 2006

All rights reserved

While copyright in the volume as a whole is vested in the South African Institute of International Affairs (SAIIA), copyright in the text rests with the individual authors, and no chapter may be reproduced in whole or in part without the express permission, in writing, of both author and publisher. It should be noted that any opinions expressed are the responsibility of the individual authors and not of SAIIA.

Please note that all amounts are in US\$ unless otherwise indicated.

ISBN: 1-919969-41-1

Printed by Intrepid Printers (Pty) Ltd

Front cover design by Heather Botha

Published by  
The South African Institute of International Affairs

*www.saiia.org.za*

*info@saiia.org.za*

with the support of the Rockefeller Brothers' Fund (RBF), the Open Society Initiative of Southern Africa (OSISA) and the Austrian Embassy, Pretoria.



Rockefeller  
Brothers Fund  
Philanthropy for an Interdependent World



OSISA

Austrian Embassy

— Pretoria



## Table of Contents

<b>Acknowledgements</b>	vii
<b>Introduction</b>	ix
<b>Section I: The African State and Organised Crime</b>	
Chapter 1: Political Entrepreneurs or Organised Criminals?	3
Chapter 2: Criminal States, Conflict and Civil War	21
Chapter 3: Political Governance and Organised Crime	65
Chapter 4: Economic Governance and Organised Crime	83
Chapter 5: Social Governance and Organised Crime	105
Chapter 6: Types of Organised Crime and Transnational Networks	111
<b>Section II: Various African Case Studies</b>	
Chapter 7: Case Study: Sierra Leone	165
Chapter 8: War and Organised Crime in Southern Africa	217
Chapter 9: Case Study: Angola	229
Chapter 10: Case Study: Democratic Republic of Congo	263
Chapter 11: Case Study: Mozambique	309
Chapter 12: Case Study: Zimbabwe	347
Chapter 13: Conclusion and Recommendations	379
<b>Select Glossary</b>	411
<b>Index</b>	415

## Acknowledgements

The author is grateful to Jennifer Irish-Qhobosheane and Kevin Qhobosheane of Injobo nebandla, who assisted with the field research and writing case studies. She is also indebted to Gregory Mthembu-Salter, Daniel Ntoni-Nzinga, Salamao Mungoi and Daniel Brima for their help.

The Institute is grateful for assistance from the Rockefeller Brothers' Fund (RBF), the Open Society Initiative of Southern Africa (OSISA) and the Austrian Embassy in South Africa for their support of this project and for funding the publication of this book. RBF and OSISA funded the field studies on Southern Africa, while the Austrian Embassy financed the studies in West Africa. Thanks are also extended to Peter Gastrow for his invaluable assistance. The author is also grateful to her colleagues at SAIIA, in particular, the national director, Elizabeth Sidiropoulos; Anne Katz, the typesetter; Leanne Smith, the publications manager; and Pippa Lange and John Gaunt, the external editors.

## Introduction

There has been much debate on the nature and causes of conflict in sub-Saharan Africa in the post-Cold War period. Attention has focused, in particular, on the degree to which natural resources, such as diamonds, oil or hardwoods have been important in funding military activity. Such interpretations have assumed increasing significance in international policy debates, and among other interventions, a campaign against so-called 'blood diamonds' was influential in prompting a concerted policy response from business and governments to curtail the trade in diamonds from conflict zones. This led in November 2002 to the implementation of the Kimberley certification process.

Although the role of commodities in the financing of African wars is now widely accepted, few policy alternatives that look at the relationship between organised criminal networks and conflicts have been identified, analysed and debated. This includes a lack of focus on the extent to which criminal networks, and insurgency groups in particular, can be defined less as ideologically-driven organisations with clear political aims and more as criminal operations aimed at profit.

The connection between organised crime and conflict is of critical importance. Criminal networks have played a key role in linking combatants with suppliers, even though the parties seldom interact with their business partners because of the role of 'middle men'. The difficulty of understanding the connection between war and crime in Africa is compounded by the fact that those involved seldom structure their operations through hierarchical criminal groups, with clear leadership and ranking structures. Rather, it is increasingly recognised that the nature of organised crime on the continent more closely resembles that of complex networks of key individuals as opposed to structured hierarchies.

The importance of tracing such criminal networks and their connections to war in sub-Saharan Africa lies not only in the immediate requirement of undercutting supplies to insurgency groups, but in securing viable post-war societies.

It is clear that once conflicts have ended, criminal networks that were established to supply their requirements do not simply disappear, but turn to other activities in pursuit of profit. This is

particularly serious in that criminal networks have the ability to penetrate peacekeeping forces (the history of Ecomog in West Africa is a good example) and undermine attempts at rebuilding conflict-torn societies.

While Angola, the Democratic Republic of the Congo (DRC) and Sierra Leone have made substantial progress in rebuilding their societies since this project was first conceptualised in 2001, underlining state, societal and institutional fragility brought on by many years of conflict continues to pervade throughout the system. The same can be said of Mozambique, although it has experienced peace and considerable economic development since the end of the civil war in the early 1990s. In Zimbabwe organised criminality has flourished in a political, economic and social environment characterised by the breakdown of law and order.

In all these country cases a number of critical questions arise about the environment that provides a natural haven for the growth of criminal activity. This includes whether measures such as the imposition of sanctions to halt trade with a particular insurgency group might have the unintended effect of a systematic criminalisation of trade, forcing it from public view into the hands of individuals who secure high profits through illegal activities. It also requires a closer look at the policies proposed by development agencies to strengthen the macro-economic environment in post-conflict societies. The study points to a lack of capacity by governments to develop and implement effective counter measures to stem the growth in organised criminal activity. This inability to act against criminal networks is exacerbated by the overall weakness of state institutions, civil society and the media.

Thus, understanding the connection between criminal networks and war in sub-Saharan Africa is essential not only to put a halt to conflicts, but also to ensure that efforts at post-conflict governance and peacebuilding are successful.

This book is the culmination of a three-year research project at the South African Institute of International Affairs (SAIIA). The project examined the relationship between civil war and organised crime in West and Southern Africa, specifically focusing on Angola, the DRC, Mozambique, Sierra Leone and Zimbabwe. The research was made possible by the generous funding of the Rockefeller Brothers' Fund,

the Open Society Initiative for Southern Africa and the Austrian Embassy in Pretoria.

The project had two key dimensions:

- To trace the links between current conflicts and organised criminal networks and to identify possible policy options to reduce the impact on ongoing conflicts.
- To explore how past conflicts have affected the levels of crime, for example through the involvement of ex-combatants in criminal activity, and by so doing draw lessons for post-conflict peacebuilding in these regions.

## Research Methodology

Because of the nature of the subject, it is difficult to obtain information about organised crime. In countries in conflict, and those emerging from war, the task becomes even more challenging. Many people in these societies are reluctant to talk about sensitive issues such as corruption or crime, for fear of repercussions. Many governments regard these issues as extremely politically sensitive; in such cases researchers relied on information from civil society and former government officials within the country or in exile, and data or reports from international agencies, other governments, diplomatic sources and aid agencies.

A problem that hampers the investigation of the rise of organised crime in most countries that have begun their post-war recovery is a lack of reliable statistics on crime in the pre-transition period. Not only are state institutions weak or non-existent, civil organisations may also not have access to this kind of information. While some cases are widely reported in the media, non-governmental institutions seldom have the resources or the expertise to conduct extensive investigations. Some countries had no specialised police units or government agencies responsible for combating organised crime. In others, these functions were often concentrated in the executive arm of government or in a shadowy hierarchy of state structures apparently impenetrable to the observer. Government agencies also are often constrained by lack of national reach, poor skills and inadequate resources in detecting or prosecuting relatively sophisticated forms of crime. Few cases that reach the public's attention ever come to trial, especially in countries where the rule of law is weak and corruption is pervasive.

Hence this research has been facilitated by the expanding jurisdiction of courts such as the International Criminal Court, in countries where corrupt practices, bribery and human rights violations can be prosecuted.

In a country such as Mozambique, which is no exception, one of the problems identified during this study was that even after 1990 no reliable statistics on crime, and especially organised crime, were available. Thus, it was difficult to investigate the level or the nature of organised crime in the states included in this study. This was exacerbated by restricted access to certain areas or territories. In the case of Zimbabwe, the research team was refused permission by the Zimbabwean authorities to visit the country.

To overcome some of these obstacles the research team undertook a thorough literature review of the general theories of the causes, impact and nexus between conflict, civil war and organised crime. This was supplemented by a media review of alleged criminal activities of various individuals and groups in each of the countries included in the study. A thorough appraisal of court records and 'charge sheets', in each of these cases, further bolstered the findings of the researchers. The research team also consulted documentation produced through a number of sources, including non-governmental organisations working in the area, private security consultants and government.

In addition, substantial time was spent on gathering primary information through fieldwork. Field research was conducted in Angola, the DRC, Mozambique and South Africa in Southern Africa; and in Sierra Leone in West Africa. SAIIA worked together with associates and local partners in setting up numerous meetings with representatives from the police, army, customs, central banks, offices of auditors-general and anti-corruption agencies. Within civil society, the researchers interviewed specialist NGOs involved in governance, drug control and small arms management, and constituency-based organisations such as churches and trade unions. They also conducted extensive interviews with informal and small traders and large businesses throughout the region. Finally, international organisations and institutions such as the International Monetary Fund (IMF), the World Bank and the United Nations (UN) assisted the researchers.

The interviews took place in major urban centres in Southern and West Africa including Luanda, Johannesburg, Pretoria, Kinshasa, Lubumbashi, Maputo and Freetown. In addition, fieldwork was

conducted in South Africa's border areas with Mozambique and Zimbabwe. Although the team was unable to obtain the co-operation of the Zimbabwean authorities, they had worked extensively in Zimbabwe in the past and were able to interview a number of Zimbabweans knowledgeable about organised crime in that country. They also worked with a number of ex-combatant groups linked to conflicts in Angola, Mozambique, Sierra Leone, South Africa and Zimbabwe.

The final publication was informed by a SAIIA workshop held in Johannesburg that included members of civil society, government officials and independent investigative institutions such as anti-corruption commissions from Angola, the DRC, Mozambique, Sierra Leone, South Africa and Zimbabwe. Participants discussed the conclusions and recommendations of the research.

## **Overview of the Book**

This book is organised in two sections. The first section focuses on definitional issues and the theoretical background of the nexus between organised crime and conflict and its various manifestations. This is done mainly against the backdrop of the growth of organised crime in West Africa. The second section includes an in-depth discussion of the presence of organised crime in each of the individual case studies.

Chapter one asks whether there is not a case to be made that parties to conflict in Africa should be redefined as organised criminals rather than political interest groups. The new form of civil war that has emerged in the 21<sup>st</sup> century in countries such as the DRC is more complex in nature than conventional inter-state wars. Not only does it include a wider range of actors, it relies on exploitative forms of financing combined with the destruction of the state and the privatisation of security and violence. This chapter discusses definitions of organised crime and how it differs from conventional crime, as well as the relationship between civil war and organised crime.

Chapter two looks at the rise of the criminal state against the backdrop of historically weak governance and conflict in West Africa. The causes of the criminalisation of the state and the relationship

between state corruption and organised crime are fleshed out. A state typology drawn from the US National Intelligence Council is introduced identifying the so-called democratic consolidators; democratic aspirants; authoritarian states and those that are still under international supervision. The prevalence of organised crime is investigated in each of the four types with specific reference to individual country experiences in West Africa.

Chapter three investigates the relationship between political governance and organised crime. It looks at the prevalence of corruption in individual states in West Africa, in particular, grand corruption as found in countries endowed with rich natural resources such as oil, gas, diamonds and gold. It briefly discusses the *rentier*, *repression* and *modernisation* effects of the use of these resources which undermines government accountability to the broader population. It concludes by looking at the state of the criminal justice system in some African states and the inability of governments to exercise the rule of law over their national territories.

Chapter four examines the link between economic governance and organised crime. Although the introduction of poor economic policies, following independence, is credited with the surge in organised crime in the region, its roots are traced back to the pre-colonial and colonial period. This chapter also discusses the links between the informal sector and organised crime and further looks at the experience in dominant economic centres in West Africa such as Nigeria and Côte d'Ivoire. In conclusion, the chapter discusses the impact of post-1990 economic reform policies and trade liberalisation on the development of organised crime in West Africa.

Chapter five looks at the connection between social governance and organised crime. This chapter asks questions about how the social rupture of conflict-ridden societies provides the impetus for the growth of organised crime. The social legitimisation provided by certain communities to criminal warlords, in lieu of the government, is the result of the high levels of distrust in the authorities. The role of the diaspora in the establishment of criminal networks is also briefly discussed.

Chapter six investigates various types of organised crime and the emergence of transnational networks supporting these forms of criminal activity in West Africa. Trafficking in drugs, people, commodities (such as diamonds, oil, gold, timber and endangered



animals) and arms is discussed in-depth. The chapter also looks at the occurrence of hijackings and piracy; currency forgery; intellectual property theft; advance fee fraud ('419 scams') and money laundering in the region. The nature of West African criminal networks also comes under scrutiny.

Chapters seven to 12 discuss the genesis and development of organised crime in the context of the political and economic history of each of the individual case studies. The countries are examined in the following order: Sierra Leone, Angola, the DRC, Mozambique and Zimbabwe. The discussion of the latter four is preceded by an examination of the prevalence of organised crime in Southern Africa. This chapter (chapter eight) provides the regional context for the growth of organised crime from its historical roots in the pre-independence era to the present day in these countries.

Chapter 13 provides a summation of the key recommendations flowing from the study.

**Section I:**  
**The African State and**  
**Organised Crime**

# Chapter One

## Political Entrepreneurs or Organised Criminals?

### Introduction

The DRC is the scene of the one of the bloodiest and most protracted conflicts ever recorded. It is estimated that more than three million people have been killed in a civil war that involved indigenous rebel movements, the government of the DRC and (directly or indirectly) several African states. In several reports, UN panels of experts have charged that 'elite criminal networks' within governments, multinational corporations and militias have benefited from micro-conflicts in the DRC. In some cases, they have provoked ethnic conflict in order to facilitate the exploitation of natural resources and used some of the proceeds to fund their war effort. The panels predicted that given the formal troop withdrawals in terms of a DRC peace agreement, systematic plunder of the country's natural resources would continue in commercial and criminal guise.<sup>1</sup>

The DRC civil war exemplifies a type of conflict that has been characterised as a 'new form of warfare for the 21<sup>st</sup> century'. Unlike conventional inter-state wars, which were highly regulated, the so-called 'new war' involves a more complex set of circumstances:<sup>2</sup>

- It includes a *wider variety of actors* (regular troops, warlords, militias, rebels and civilians). Some of the military and quasi-military groups may enjoy considerable autonomy from their command centre and are prone to fragmentation.
- It largely relies on *exploitative forms of financing* (for example, illegal trading, informal taxation and the diversion of humanitarian assistance) rather than the political sponsorship common during the Cold War era. The protagonists may become reliant on insecurity, rather than their stated military objective of pacification, to ensure their economic viability.

---

<sup>1</sup> UN expert panel reports, available on the UN website at [www.un.org](http://www.un.org). A more detailed analysis of the civil war in the DRC is contained in Section 6.

<sup>2</sup> See Kaldor M, *New and Old Wars: Organised Violence in a Global Era*. Oxford and Cambridge: Polity Press, 1999.

- The outcome is the *partial destruction of the state* concurrent with the privatisation of security and violence, the impoverishment of the majority and increased disrespect for institutions of governance.

An international consensus is emerging that criminal networks are the major sources of finance for the new forms of civil war and state repression, and for governments failing to hold themselves accountable to their citizens. Crime networks have the capacity to overcome regulatory gaps and obstacles to both legal (albeit undesirable) and illicit trade in a manner that most legitimate law enforcement agencies, national or international, find difficult to counter. They may be involved at different links in the chain of extraction and sale of natural resources, commodities or services to the global market. Using a broad definition of organised crime, such groups may range from the artisanal miners found in Angola, Sierra Leone, the DRC and Zimbabwe to sophisticated international middlemen involved in large-scale trade in lucrative commodities such as weapons, diamonds and drugs. Legitimate multinational corporations may turn a blind eye to the origin of commodities that they sell mainly in developed countries. Government officials and members of the local political elite may also form corrupt relations with crime networks and divert tax revenues or participate in illicit trade for their own benefit. Because these phenomena are so diverse, it is necessary at the outset to consider whether they all fall within the rubric of organised crime.

### **What is organised crime?**

There is no universal definition of organised crime; different national and regional jurisdictions use divergent criteria. This book uses the definition of an organised criminal group outlined in the UN Convention against Transnational Organised Crime 2000 (the Palermo Convention):<sup>3</sup>

Organised criminal group shall mean 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 pursuant

---

<sup>3</sup> UN Convention against Transnational Organised Crime, 2000. Available online at [www.unodc.org/palermo](http://www.unodc.org/palermo).

to this Convention, in order to obtain, directly, or indirectly, a financial or other material benefit.

The Convention urges member states to legislate against organised crime activity aimed at obtaining a financial or material benefit.<sup>4</sup> The African Union (AU) has no legal instrument that defines organised crime per se. In many African countries legislation relating to organised crime does not define the underlying crime: security agencies use operational understandings of the phenomenon to investigate cases. The approach adopted by many security agencies incorporates the notion that organised crime activity may be motivated not only by profit but also by a desire for political power.

Using the Palermo Convention definition, most small-scale illicit mining and trading activity would not constitute organised crime. Even if the groups involved had some form of structured organisation, the activity itself may not be considered a serious offence: many people involved eke out a meagre living on the margins of society. In some countries rebel movements and warlords control the extraction of natural resources and illicit trade. Illegitimate governments may also fund their war machinery through the exploitation of natural resources or illegal trade. It is the latter groups and the middlemen who trade in contravention of national and international law who are the main focus of this study. The nature and impact of illicit mining and trade and the responses of authorities will also be considered.

### *Distinguishing between organised and conventional crime*

The main question in discussing the concept of organised crime is why and how it should be distinguished from ordinary criminal activity. The tacit assumption is that the more organised the crime, the greater the potential threat to the security and integrity of the nation-state and the global order. Organised crime groups engage in prohibited or illegal trade that causes social damage, undermines fair competition and distorts markets. Their wealth allows them to bribe civil servants or influence political processes at the highest levels of government. Where it is necessary for their survival or to enhance profits, they may establish alternative centres of power ('underworld government') or

---

<sup>4</sup> The Convention does not define organised crime per se, only an organised crime syndicate.

challenge the state's monopoly of violence and legitimacy. Given the technological revolution and increased global movement of people and goods, these groups are able to establish the linkages to build their economic, social and political influence internationally.

Earlier research on organised crime focused on the *structure* of crime groups and their relations to political and economic power structures. Profiles of specific groupings have shown, however, that not all organised crime groups pose the same level of threat to the society in which they operate. In the light of extensive research on groups such as the Cosa Nostra, the public frequently views organised crime groups as large, national bureaucratic organisations involved in vice-related trade, that conspire to corrupt politicians and law enforcement officials. It has become clear, however, that most organised crime groups (including the Cosa Nostra) operate in more flexible amorphous structures in a wide variety of legal and illegal business. They do not necessarily initiate or dominate relationships with the political elite or corrupt officials.

Consequently, many scholars have focused on the political, economic and social conditions that produce specific manifestations of organised crime.<sup>5</sup>

There are several approaches to understanding this broader context. Phil Williams and Roy Godson outline four broad approaches (respectively, the political, economic, social and risk management models<sup>6</sup>) to explain the conditions for the emergence of organised crime:

*Political* explanations suggest that poorly governed countries (weak states) and authoritarian regimes are most vulnerable to organised crime, the former because such states are incapable of effecting policy interventions to curb it, and the latter because they facilitate the nexus between political and criminal power. *Economic* models explain the growth of organised crime in terms of market demand and the supply of certain commodities and services. They focus on the economic regulatory controls that may increase or curtail it. *Social* models

---

<sup>5</sup> Williams P & R Godson, 'Anticipating organised and transnational crime', *Law and Social Change*, 37, 4, 2002, pp.311–355.

<sup>5</sup> Von Lampe K, 'The use of models in the study of organised crime'. Paper presented at the conference of the European Consortium for Political Research, Germany, 2003, [www.organised-crime.de](http://www.organised-crime.de).

<sup>6</sup> Williams P & R Godson, *op. cit.*

consider organised crime within a societal matrix, frequently emphasising ethnic, religious or cultural relationships. Finally, the *strategic* or *risk management* approach postulates that organised crime networks will locate themselves in countries where they can operate with minimal risk. Low-risk environments would include those with high levels of corruption of public officials and other enabling attributes.

Williams and Godson suggest that *hybrid* or *composite* models may promote understanding of the various factors that provide an explanation for the growth in organised crime in particular circumstances.

Klaus von Lampe has argued that because the concept of 'organised crime' is a sociological construct, it is not sufficient to define it in terms of the nature of the groups that are involved and their activities. He suggests that an analytical model of organised crime would consider the *criminal actors* and their *structures and activities*, but also the *influence of society, government and the media* on public discourse.<sup>7</sup> In this way, people seeking to understand the concept can explain not only specific manifestations of organised crime in a particular context but the broader phenomenon.

In this book we attempt to locate the organised crime phenomenon within the context of national, regional and international systems of political, economic and social governance. We consider the role of governmental and international institutions, and non-state actors, in promoting or curbing organised crime. On a national level, governance is defined as:<sup>8</sup>

...the process and institutions by which authority in a country is exercised: 1) the process by which governments are selected, held accountable, monitored, and replaced; 2) the capacity of government to manage resources and provide services efficiently, and to formulate and implement sound policies and regulations; and 3) the respect for institutions that govern economic and social interactions among them.

This definition is extrapolated to incorporate the moral norms and legal frameworks established at a regional and international level and the manner in which they are enforced. The founding documents of

---

<sup>7</sup> Von Lampe K, *op. cit.*

<sup>8</sup> Kaufmann D & A Kraay, *Governance Matters III: Governance Indicators for 1996-2002, the Empirical Challenge*, 2002, [www.worldbank.org/wbi](http://www.worldbank.org/wbi).

the UN and various treaties, protocols and action plans on matters ranging from trade to security are relevant to the field.

### Civil Wars and Organised Crime

There are three broad views about modern internal wars and organised crime. Because the 'new wars' frequently rely on violence for private gain, some scholars suggest that the traditional distinction between civil wars (usually defined as violence within states or organised political groups) and organised crime has become blurred, if not irrelevant.<sup>9</sup> Many of these wars, it is argued, are motivated by economic predation rather than political, ethnic or regional grievances,<sup>10</sup> a process facilitated by the increased integration of African countries into the illicit global economy. In this view, rebel movements are no different from bandits or war entrepreneurs. Collier and Hoeffler argue that rebellion is distinguishable from violent crime only in terms of the scale of the enterprise.<sup>11</sup> Armed groups may use narratives of grievance to justify their appropriation of resources.

Nicholas Sambanis questions the assumption that civil wars and other forms of political violence (for example, riots, gang violence, military coups and genocide) are the result of similar causal processes.<sup>12</sup> He argues that it is necessary to identify and explain the differences between different types of civil war and between civil wars and other forms of political violence. This raises the question as to how and why private motives for violence take the form of organised rebellion. Sambanis and Doyle suggest that rebellion may not be necessary if resource extraction can be achieved through other means (for example, criminal looting).<sup>13</sup>

---

<sup>9</sup> *Ibid.* See also, Collier P & A Hoeffler, *Justice-seeking and Loot-seeking in Civil War*, [www.worldbank.org](http://www.worldbank.org), pp.1-2.

<sup>10</sup> Bayart J, Ellis S & B Hibou, *The Criminalisation of the State in Africa*. Oxford: James Currey, 1999, p.18.

<sup>11</sup> Collier P & A Hoeffler, *ibid.*, pp.1-2.

<sup>12</sup> Sambanis N, *Using Case Studies to Expand Economic Models of Civil War*, CPR Working Paper, 5, May 2003, [www.yale.edu](http://www.yale.edu), p.260.

<sup>13</sup> Doyle M & N Sambanis, *International Peacebuilding: A Theoretical and Quantitative Analysis*, 2002, [www.worldbank.org](http://www.worldbank.org). Rebellions may be precipitated by factors such as



By contrast, other scholars suggest that while political and criminal violence may overlap, there is a clear normative distinction between, on the one hand, political contests considered legitimate by large sections of the population and, on the other, criminal conflicts, however they are justified.<sup>14</sup>

*Legal tools: The distinction between war and organised crime*

Jonathan Winer notes:<sup>15</sup>

Today's warlords, governments and non-state actors alike make use of global financial and commodity markets to transform control over natural resources into war fighting capacity. Under the cover of secrecy and unaccountability provided by war, legally or illegally produced commodities are traded on the legitimate, but highly unregulated, global markets to obtain financial resources, weapons and other materials needed to sustain the war. Private sector activity consists of a series of transactions, which often combine the perfectly legal and legitimate with the thoroughly illegal or illicit. More often than not, the borders between these categories are ill defined.

International law has yet to come to terms with this phenomenon. How does one distinguish between organised crime and corruption and war economies? Through its expert panels on the illegal exploitation of the resources of the DRC, the UN has arrived at the conclusion that private harvesting of 'conflict commodities' is unacceptable. It does not, however, offer guidelines on what might constitute illegal exploitation and there is still no consensus about how to define conflict commodities, with the result that few countries have any regulatory mechanisms to prevent this activity.

The Norwegian-based Institute for Applied International Studies research group (FAFO) has suggested three categories to help differentiate between forms of illegal or dubious economic activity that can all attract the label of 'conflict commodities':<sup>16</sup> they are,

---

the demand for loot, pursuit of political change and the opportunity structure and mechanism used for resource extraction.

<sup>14</sup> Chabal P & J Daloz, *Africa Works: Disorder as Political Instrument*. Oxford: James Currey, 2000, p.83.

<sup>15</sup> Winer JM, *Illicit Finance and Global Finance, Economies of Conflict: Private sector activity in Armed Conflict, Programme for International Co-operation and Conflict Resolution*, FAFO Report 380, March 2002, p.1.

<sup>16</sup> Conflict commodities are defined as goods traded at some point in the chain of custody by armed groups (rebel factions or regular soldiers or by a civilian

respectively, anarchic exploitation, criminalised transactions and militarised production.

*Anarchic exploitation* occurs when there is no domestic regulation or international public law against which the legality of economic activity can be measured. The nature of the resources will determine the extent to which private sector actors, in conjunction with the political and military elite, are able to exploit the legal vacuum. In armed conflicts it is usually only governments that can exploit resources such as oil, rutile and kimberlite, all of which require large investments and long-term security of tenure. On the other hand, the alluvial diamond-mining sector is ripe for anarchic exploitation in countries such as Sierra Leone and the DRC, where the business or investment regulatory environment is absent or largely unenforceable.

FAFO defines *criminalised transactions* as those that facilitate the following activities:

- trade in illicit (stolen) commodities;
- unregulated import or export practices (smuggling);
- the misrepresentation or blending of conflict commodities;
- the diversion of legally obtained revenues (theft);
- illicit financial dealings (arbitrage and money laundering); and
- the involvement of criminal organisation(s).

The boundaries between legal and illicit economic activity are blurred, due to the lack of regulation of exports and imports across jurisdictions. It is estimated that in 1999 about 50% of European imported timber was illegal and between 4% and 20% of diamond imports worldwide were illicit.<sup>17</sup> In the developed world few states have enacted legislation banning the import of illegal or 'conflict' items. Since the 2001 attack on the World Trade Centre in New York, financial controls have been improved and it is now coming to light that senior political figures in many countries, such as former

---

administration involved in conflict or its representatives) with the aim of perpetuating conflict or taking advantage of conflict situations for personal gain. This definition is broader than that used by governments within the Kimberley process which sought to prevent 'conflict diamonds' from entering the world market. They define 'conflict diamonds' as rough diamonds used by rebel movements or their allies to finance conflict aimed at undermining legitimate governments.

<sup>17</sup> Winer JM, *op. cit.*, p.15. See also De Beers estimates of the illicit trade in diamonds.

President Sani Abacha of Nigeria, have used prominent banks to launder the proceeds of illicit activity or corruption. Banks in Switzerland and the US have handed back funds, amounting to \$500 million and \$149 million<sup>18</sup>, respectively, illegally obtained by Abacha.<sup>19</sup> FAFO notes:<sup>20</sup>

Indeed, the regulation gaps represent an opportunity for dodgy middlemen willing to assume the higher risks of an environment in which contracts are unenforceable.

*Militarised production* associated with the control of territory for production of primary commodities is a feature of many conflicts. It may range from soldiers providing the labour for production or operating a protection racket for others.

The FAFO analysis attempts to provide a tentative international framework for the imposition of economic and other sanctions against rogue companies, rebel armies and repressive corrupt governments involved in the exploitation of resources to perpetuate conflict. It builds on the successful campaign by the London-based NGO Global Witness that led to sanctions against 'blood diamonds' sustaining conflicts in countries such as Sierra Leone and Liberia.

The effects of civil war vary across time and place and for international agencies and institutions it is well to begin with extensive contextual analysis of the dynamics of war. Without this, blunt instruments such as certain forms of sanctions may have unintended consequences. Survivalists may be deprived of their livelihoods while criminal entrepreneurs are driven underground; and it is worth remarking that such is the speed and nature of innovation among crime networks that few will be deterred by obstacles placed in their path, so long as markets for their goods remain. The long-term impact of civil war on economic welfare in the conflict-affected country and its neighbours should inform any reconstruction programme. Country-specific initiatives will not address the far-ranging impact of such processes on the structure of the regional economy.

More attention, too, should be placed on other forms of illicit (and even legal) trade. Drug trafficking, counterfeiting, piracy and other

---

<sup>18</sup> Unless otherwise stated, all references in this book are in US dollars.

<sup>19</sup> 'Switzerland hands back nearly \$500 million of Abacha's loot', *IRIN*, 19 August 2004.

<sup>20</sup> Winer M, *op. cit.*, p.16.

forms of organised crime fuel many conflicts (a striking example of this is Colombia, where rebel movements tax the cocaine trade to raise revenues for continued fighting). Legal trade can also play an indirect role in funding rebellions and war. Rebels in Côte d'Ivoire extract taxes on agricultural products in their zone of influence. These issues will be discussed in greater detail in the next chapters.

### **Political tools for understanding the relationship between civil wars and organised crime**

Within the discourse about the causes and nature of civil wars in Africa, several approaches to the relationship between civil wars and organised crime focus on the nature of the nation state, the rebel movement, civil society and globalisation.

Whether it is greed or grievance that causes civil war is a major question that has been explored by analysts and commentators throughout the world. The debate is spearheaded by the World Bank, the principal development partner of countries that have experienced violent conflict or war.

#### ***Causes of Civil Wars: Motive or Opportunity?***<sup>21</sup>

The outbreak of a civil war<sup>22</sup> is usually regarded as a response to political, social or economic injustice. This has frequently been associated with race, ethnicity or religious grievance. In 2000, influential economists working with the World Bank began to argue that it is the economic viability of rebellion, rather than the motive, that is the predominant causal factor in civil wars. This viewpoint focused attention on the roles that organised crime networks play in exploiting natural resources, participating in illicit trade and contributing to the war coffers of the belligerent parties.

---

<sup>21</sup> A seminar report on the economic roots of conflict, European International Policy Forum, Series of Advanced International Policy Seminars, 2001, [www. Eipf.org](http://www.Eipf.org). Ian Bank (Manager of the Conflict Prevention and Reconstruction Unit at the World Bank) suggests that the conceptual framework (See footnote 8) of Collier and Hoeffler's greed versus grievance theory is usually presented as a dichotomy, while a more appropriate analogy is a murder mystery, with the suspect having both the motive and the opportunity to commit a crime.

<sup>22</sup> Civil war is defined as an internal conflict with at least 1,000 combat deaths per year, with each side suffering at least 5% of these casualties.

Paul Collier and Anke Hoeffler have suggested that civil wars are more likely to occur if the protagonists have access to finance from primary commodities (such as oil or diamonds) or external funding from overseas-based members of a national diaspora, or from a foreign state. Favourable geography and terrain may also encourage a rebellion.<sup>23</sup> They found 'no evidence that the level of grievance is an important influence on civil war'.<sup>24</sup> By its nature, however, violent conflict will generate new subjective grievances.<sup>25</sup>

The Collier and Hoeffler study found that dependency on natural resources in countries producing primary commodities that accounted for up to 28% of GDP made the risk of conflict more than four times higher than in countries with a lower dependence.<sup>26</sup> By contrast, ethnic and religious diversity made civil war substantially more unlikely because it appeared to inhibit collective action.<sup>27</sup> Heterogeneity, according to this view, necessitates inter-group bargaining for political and economic representation. The authors argue that whether rebellion was prompted by greed, grievance or both, it was financial viability and the cost-benefit analysis of rebel groups that would determine whether they went to war.

Having used a consistent methodology for financial analysis of the available data, Collier and Hoeffler concluded that Africa would have the same (limited) risk of civil war as other regions were it not for its poor economic structure and performance.<sup>28</sup> If African states had experienced the same levels of growth as other developing countries and freed themselves from commodity dependence, the risk of conflict would have declined to less than 5% because of their social (that is, ethnic and religious) diversity.<sup>29</sup>

---

<sup>23</sup> Collier P & A Hoeffler, *Greed and Grievance in Civil War*, 2001, [www.worldbank.org](http://www.worldbank.org). The hypothesis was tested with data for 161 countries (178 civil wars) for the period 1960–1999.

<sup>24</sup> *Ibid.*, 1999, p.15. See also Walter B, *Does Conflict Beget Conflict? Explaining Recurring Civil War*, 2002, [www.worldbank.org](http://www.worldbank.org).

<sup>25</sup> Collier P, *Economic Causes of Civil Wars and Their Implications For Policy*, 2000, [www.worldbank.org](http://www.worldbank.org).

<sup>26</sup> Collier P & A Hoeffler, *Justice-seeking and Loot-seeking in Civil War*, [www.worldbank.org](http://www.worldbank.org), p.13.

<sup>27</sup> *Ibid.*

<sup>28</sup> Collier P & A Hoeffler, *On the Incidence of Civil War in Africa*, 2000, [www.worldbank.org](http://www.worldbank.org), p.1.

<sup>29</sup> *Ibid.*, p.16.

Other researchers writing for the World Bank have found that the degree of ethnic fragmentation, geography and ideology can all play significant roles in the recruitment of rebels and in determining military success.<sup>30</sup> External support for rebellions in Africa is frequently based on ethnic solidarity.<sup>31</sup>

Michael Ross points out that the nature of the natural resources available to protagonists in an African country also determines the feasibility of exploiting them to finance violent conflict.<sup>32</sup> A distinction can be drawn between resources such as oil, which require continuity and large investment (mainly from foreign sources), and those such as alluvial diamonds, which are easy to extract.

Although African leaders in countries richly endowed with natural resources enjoy the wealth arising from them, they may do little to protect those resources. Jeffrey Herbst notes that systematic underinvestment in the security infrastructure of the state not only presents a political risk, but also carries the danger that the very source of the country's prosperity will make it more vulnerable to attack. He considers some of the factors that may persuade those leaders wilfully to neglect geographical areas that may sustain the economy.<sup>33</sup> For James Fearon and David Laitin, state weakness is a compelling reason for the onset of civil wars.<sup>34</sup>

### *Democracy, the free market and civil war*

In the short term, it is argued, democratisation can increase the risk of civil war by 68%.<sup>35</sup> Transitional regimes are less stable than autocracies, which in turn are less stable than democracies over the long term.<sup>36</sup>

---

<sup>30</sup> Gates S, *Recruitment and Allegiance, The Microfoundations of Rebellions*, 2001, [www.worldbank.org](http://www.worldbank.org).

<sup>31</sup> Murdoch J & T Sandler, *Civil Wars and Economic Growth: A Regional Comparison*, 2001, [www.worldbank.org](http://www.worldbank.org), pp.4–5.

<sup>32</sup> This aspect will be discussed in greater detail below.

<sup>33</sup> Herbst J, *African Militaries and Rebellion: The Political Economy of the State and Combat Effectiveness*, 2002, [www.worldbank.org](http://www.worldbank.org).

<sup>34</sup> Fearon J & D Laitin, 'Ethnicity, insurgency and civil war', *American Political Science Review*, 97, 1, 2003, pp.75–90.

<sup>35</sup> *Ibid.*, 1999, p.13.

<sup>36</sup> Ellingsen T, Gates S, Petter Gleditsch N & H Hegre, *Towards a Democratic Civil Peace? Democracy, Political Change and Civil War*, American Political Science Association, 2001, [www.worldbank.org](http://www.worldbank.org).

Democracies are also more effective in managing ethnic and other differences.<sup>37</sup>

States that are economically open are associated with higher growth and therefore more stable political systems, despite evidence that free market policies increase inequality between the rich and the poor.<sup>38</sup> Explaining part of this anomaly, Amy Chua argues that conflict is frequently inevitable in countries where the economy benefits an ethnic minority while a democratic political system empowers an impoverished ethnic majority — a situation that has occurred throughout Asia and Africa. Many politicians find the temptation to use the minority group as a scapegoat overwhelming.<sup>39</sup> The implication of this argument is that *laissez faire* market economics should not be introduced at the same time as democratic structures, without social security safety nets and market intervention in favour of the majority. In the absence of support for the poor, the argument goes, the 'Chinese model' of economic openness tied to incremental democratic reform may be the safest option to avoid destabilising conflict.

#### *Duration of civil wars and third party interventions*

Many researchers have found that a civil war tends to be prolonged in cases where identity politics and opportunities to plunder national assets are involved. So-called 'sons of the soil' civil wars last longer, especially where protagonists have access to valuable contraband.<sup>40</sup>

Third party interventions (political, military and economic) also tend to extend the duration of the conflict, except when they are biased in favour of either the opposition or the government.<sup>41</sup> On the other hand, multilateral interventions such as those of the UN are usually

---

<sup>37</sup> Reynal-Querol M, *Ethnicity, Political Systems and War*, 2001, [www.worldbank.org](http://www.worldbank.org).

<sup>38</sup> Gissinger R, Petter Gleditsch N & H Hegre, *Globalisation and Internal Conflict*, 2002, [www.worldbank.org](http://www.worldbank.org).

<sup>39</sup> Chua A, *World on Fire, How Exporting Free-Market Democracy Breeds Ethnic Hatred and Global Instability*. Arrow Books, 2003.

<sup>40</sup> Fearon J, 'Why do some civil wars last so much longer than others?', *Journal of Peace Research*, 41, 3, 2004, pp.275–301, [www.jpr.sagepub.com](http://www.jpr.sagepub.com).

<sup>41</sup> Regan P, *Third Party Intervention and the Duration of Intra-state Conflict*, 2001, [www.worldbank.org](http://www.worldbank.org).

successful in ending the conflict and frequently lead to democratisation.<sup>42</sup>

While African countries recover more quickly from the adverse effects of war than other regions,<sup>43</sup> societies face greater risks of resumption of war in the first decade after a conflict has ended, as a result of their experience of conflict. Management of these risks should shift from a focus on war-related grievances to underlying causes such as ethnic dominance and poverty.<sup>44</sup>

### *Civil wars and organised crime*

Many prominent commentators and researchers from international institutions (for example, the UN) find a strong link between organised crime and civil war. Numerous reports by UN expert panels on war-torn African countries such as Angola, the DRC, Sierra Leone and Liberia suggest that a range of private and state actors who have established organised crime networks are exploiting the resources of these states. These criminal organisations may precipitate conflict or prolong its duration.<sup>45</sup>

In fact there are several schools of thought about the relationship between organised crime and civil wars. Scholars within and from different disciplines offer differing perspectives. As the major proponents of the 'greed' theory, economists suggest that civil war and organised crime are similar phenomena at different points on an imaginary continuum.

Historians have posited similar links between civil wars, organised crime and the formation of the modern state. Charles Tilley argues that the history of state-making in Europe illustrates that for the purposes of capital accumulation and protection, banditry and gangland rivalry belong on the same continuum as war. The formation of the European state and its peculiar nature were by-products of the interplay between the cost/resource ratios of these

---

<sup>42</sup> Doyle M & N Sambanis, *International Peacebuilding: A Theoretical and quantitative Analysis*, American Political Science Association, 2000, [www.worldbank.org](http://www.worldbank.org).

<sup>43</sup> Murdoch J & T Sandler, *Civil Wars and Economic Growth: A Regional Comparison*, 2001, [www.worldbank.org](http://www.worldbank.org).

<sup>44</sup> Collier P, *Policy for Post-conflict Societies, Reducing the Risks of Civil War*, 2000, [www.worldbank.org](http://www.worldbank.org).

<sup>45</sup> UN expert panel reports, available on [www.fataltransactions.org](http://www.fataltransactions.org).



processes, tempered only by the capacity of members of civil society to wring concessions from the ruling elite.<sup>46</sup> Successful national control of border perimeters sharpened the distinction between internal and external relations and consolidated the nation-state.

Scholars from the United States (US), the Balkans and the former Soviet Union have also argued that the activities of organised crime have been complementary to the evolution of the free market system, the mediation of conflicting social forces and the development of the state in those countries or regions.<sup>47</sup> This explains why organised crime may enjoy some functional effectiveness and a degree of legitimacy among poorer sectors of the population in the process of state formation.

By extension, organised crime in Africa may be viewed as part of the consolidation of the African state in the post-colonial era. The intersection of the African state and organised crime depends on the interaction of various social forces within and outside the nation-state. The nature and extent of organised crime will depend on the degree to which the government can deter it through projecting a credible monopoly on violence, while providing disincentives to participate in such activity by making available an equitable share of public economic and social services. In the words of Boas,<sup>48</sup>

War does more than merely disrupt or destroy existing social systems; it also creates new systems. Although cruel, ugly and inhuman, war is also by nature an instrument for social restructuring. It is a site for innovation, which reorders social, economic and political life. This is an aspect overlooked by those who reduce the causes of war solely to economic profit.

Criminologists have pointed out that our understanding of crime has undergone major conceptual change in the past two decades. It was once articulated as a strategy of political resistance and survival

---

<sup>46</sup> Tilley C, 'War making and state making as organised crime', in Evans P, Rueschemeyer D & T Skocpol (eds.), *Bringing the State Back In*. Cambridge University Press, 1985.

<sup>47</sup> See for example, Woodiwiss M, *Organised Crime and American Power*. University of Toronto Press, 2001; Xenakis s, *The Challenge of Organised Crime to State Sovereignty in the Balkans: A Historical Approach*, 2001; Volkov V, *Violent Entrepreneurs: The Use of Force in the Making of Russian Capitalism*. Cornell University Press, 2002

<sup>48</sup> Boas M, 'Africa's young guerrillas: Rebels with a cause?', *Current History*. Norway: FAFO Institute for Applied International Studies, May 2004, p.212.

and particularly where such traditions existed, communities benefited or tolerated it.<sup>49</sup>

Much of the political and economic science research on the economic causes of civil war and violent crime is predicated on the rational cost-benefit model of choice. Some organised crime practitioners would question this assumption. For example, Professor RT Naylor suggests that:<sup>50</sup>

A criminal firm, too, operates within a social matrix in which all manner of other, not strictly economic criteria figure in its decision rules ... Even in profit-driven crimes, many other factors can be at play to determine actions — jealousy, ego enhancement, the search for prestige among peers, or the desire for increased status which in turn might be enhanced more by displays of generosity than cold-blooded pursuit of more wealth.

Many criminologists have studied the social matrix of organised crime, which frequently manifests itself in violence. Most research in Africa has been done in South Africa. It is estimated that in the Western Cape 80,000 people are employed by gangs, while in the absence of state social security nets, gang lords provide an extensive social welfare service to many others.

Added to the sense of disadvantage due to former apartheid social structures, these factors create bonds of loyalty and serve to legitimise organised crime activity such as drug trafficking. During the low-intensity civil war in South Africa crime structures took on political overtones, with gangs supporting different protagonists in the conflict (that is, the state security apparatus or the liberation movements). The distinction between crime and political activity became increasingly blurred.

---

<sup>49</sup> Lea J, *Social Crime Revisited*, [www.bunker8.pwp.blueyonder.co.uk](http://www.bunker8.pwp.blueyonder.co.uk), An updated version of this article appeared in *Theoretical Criminology*, 3, 3, August 1999.

<sup>50</sup> Naylor RT, *Economic and Organised Crime: Challenges for Criminal Justice*, Strategic Issues Series, Canadian Department of Justice, Research and Statistics Division, 2000, p.2.

### What causes crime?

Researchers associated with the World Bank and the UN have begun to explore the causes of crime, including violent and organised criminality. The most significant underlying cause of violent crime (that is, homicide and robbery) is inequality.<sup>51</sup> Most countries that have economically liberalised have increased inequality, which suggests that failing intervention, crime in turn will continue to increase. Measures may include a range of government-led programmes from education to social security safety nets.

This experience appears to be echoed in research on other countries. Edmund Cairns suggests:<sup>52</sup>

Modern conflict... challenges the very distinction between war and peace. It takes place typically not between armies, or even between the army of a state and its armed opposition in some easily defined guerrilla movement. The forces of both government and opposition, from Cambodia to Colombia, blend into illicit business and organised crime.

---

<sup>51</sup> Fajnzylber P, Lederman D & N Loayza, *Inequality and Violent Crime*, 2002, [www.worldbank.org](http://www.worldbank.org).

<sup>52</sup> Cairns E, *A Safer Future: Reducing the Human Cost of War*, Oxfam, Oxford, 1997, p.5

## **Chapter Two**

### **Criminal States, Conflicts and Civil Wars**

#### **Introduction**

West Africa has been at the centre of a contest of ideas, cultures and military power for generations. It was the site of the struggles of the old kingdoms of Ife, Oyo and Benin in Nigeria, the Dahomey nation in Benin, the Ashanti in Ghana and the Fante and Akwuma of the Guinea coast. Malian, Berber and European traders came to exploit the region's riches, including gold, ivory and slaves for the plantations of the Americas. Various parts of West Africa were colonised by the British, French, Belgians and Portuguese, although 'settler' colonialism, common in eastern and southern Africa, never took root in what was regarded by Europeans as an inhospitable region.

West Africa later became the intellectual home of African liberation movements and Pan-Africanism. The philosophy of President Kwame Nkrumah of Ghana, in particular, inspired nationalist revolutions that swept away European colonial empires in Africa (although Liberia had been autonomous since 1847). Ghana was the first country in the region to gain independence in 1957 and by 1962 most other countries in West Africa had followed suit.

Many countries in the region experienced civil wars or military coups soon after independence, and were involved in the proxy wars of the Cold War. Colonial administrations had been externally imposed and economically exploitative. Moreover, colonial governors had frequently promoted into the civil service and the military certain ethnic groups at the expense of others, a dangerous practice in an ethnically diverse continent.

After independence, dominant ethnic and social movements from the colonial era emerged as the leaders in the new dispensation. Some of these leaders, such as those of Sierra Leone and Côte d'Ivoire, initially were able to transcend existing ethnic and other social divisions, promote a sense of national unity and spur economic growth. Some West African countries, among them Ghana, Guinea, Mali and Senegal, began to experiment with 'African' socialism, and this ushered in one-party rule. Nigeria and Côte d'Ivoire remained pro-Western and capitalist. Côte d'Ivoire, however, was a one-party

state in which power was in effect personalised in the head of state: like many of his counterparts in the region, its President Felix Houphouet-Boigny asserted that the ethnic diversity of the population precluded open political competition, a viewpoint he maintained for 30 years.

Many non-socialist countries in West Africa increased state intervention in the economy, hoping to redistribute the spoils from the formerly dominant expatriate minority to indigenous entrepreneurs. Civil liberties were suppressed and human rights violations were flagrant. The vibrant civil society that had agitated for liberation was under threat and, increasingly, ruling groups in a number of countries began to rely on patronage to consolidate their power. The distribution of resources along ethnic lines became a further source of conflict in much of the region.

Soon after its independence, regional ethnic tensions in Nigeria resulted in the Biafran civil war, which lasted from 1967 to 1970. In the next 15 years nine of the 15 member states of the Economic Community of West African States (Ecowas) experienced conflict in the form of civil wars or violence, which affected 65% of the region's population.<sup>1</sup>

During this period, West Africa was the site of three-quarters of all the successful military coups that have taken place in Africa. Military dictatorships replaced civilian governments in many countries. In 1963, army officers toppled the government of Togolese President Sylvanus Olympio. Over the next decade most countries in West Africa, including Benin, Burkina Faso, Equatorial Guinea, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria and Sierra Leone experienced direct military rule. While a nominal multiparty framework was retained in Senegal and Côte d'Ivoire, the political parties in place at independence remained overwhelmingly dominant. In many cases, military juntas justified their intervention by citing economic decline and widespread corruption and nepotism. Many of these military leaders, such as President Samuel Doe of Liberia and General Sani Abacha of Nigeria, turned out to be more venal than

---

<sup>1</sup> Ecowas members include Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, The Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo. Mauritania withdrew from Ecowas in early 2000. Trends in Sao Tomé and Príncipe and Equatorial Guinea will also be considered in this section.

their predecessors. The latter's removal from power was greeted with such public relief that some Nigerians dubbed it 'the coup from heaven'.<sup>2</sup>

From the mid-1980s onward, most West Africa countries – notably the economic hegemons of the region (Nigeria and Côte d'Ivoire) – experienced economic recession. During the 1970s, much of the region had remained dependent on agricultural exports. Most countries followed urban-biased policies; state-led marketing boards paid low prices to farmers and failed to provide agricultural support services such as infrastructure, transport and agricultural inputs. While an industrial sector was established (at least in Nigeria and Côte d'Ivoire), it relied on the availability of foreign exchange (forex) to pay for manufactured imports. During the 1970s the price of oil increased fourfold and agricultural commodity prices fell sharply on international markets. With the exception of Nigeria, most countries in the region experienced a domestic and external debt crisis. Manufacturing concerns collapsed as governments were unable to pay for imports. While for a time Nigeria did benefit from increased oil prices, the oil boom collapsed in the 1980s and the country then experienced similar problems. Under pressure from aid donors, many countries adopted structural adjustment programmes. The size of the public sector was reduced; public spending curtailed and trade liberalisation and private initiative encouraged. These measures placed many countries on a sounder financial footing and spurred economic growth, but they also increased social inequality and left many civil servants unemployed.

The political and economic crisis provided fertile ground for a resurgence of civil society and popular agitation for democracy was changing the regional landscape. There were demands for constitutional reform in many parts of the region. In 1989 popular pressure ousted the military government of Benin. In the same year, Mali also held a national conference that restored constitutional democracy. In 1999 military rule ended in Nigeria. By that time, most of the other countries in West Africa had conceded to the principle of democracy and had held multiparty elections of varying degrees of credibility. Also in the 1990s, however, civil wars erupted in Sierra Leone, Liberia and Guinea-Bissau. In December 1999, Côte d'Ivoire

---

<sup>2</sup> Maier K, *This House has Fallen: Nigeria in Crisis*. Penguin Books, 2000, p.4.

experienced a *coup d'état*, which divided the country between the north, controlled by the rebel New Forces, and the south, held by the government.

Nevertheless, efforts to consolidate democracy and security in Ecowas states have paid dividends. In Nigeria (the most populous country in West Africa, accounting for half of the region's population), there has been renewed commitment to economic and political reform and poverty reduction, despite continued religious and ethnic tensions. Assertive action on the part of Ecowas and the international community has largely stabilised war-torn Sierra Leone and Liberia through the removal of Liberian President Charles Taylor and decisive military action against the Sierra Leonean Revolutionary United Front (RUF) rebels. Civil wars in the Mano River region common to Sierra Leone, Liberia and Guinea, however, still pose significant threats to peace-building in those countries as well as in Côte d'Ivoire and Burkina Faso. There are significant flows of armed mercenaries and refugees vulnerable to recruitment by various rebel movements, armed militias and governments. The impasse in the peace process in Côte d'Ivoire has had a particularly damaging economic impact on the entire region, as that country's ports service six of its land-locked neighbours. All these countries are still vulnerable to violent conflict and state disintegration.

Crises in countries such as Liberia and Côte d'Ivoire have tended to obscure the ills of many other West African nations such as Guinea, Equatorial Guinea and Togo, where human rights abuses, poor governance and lack of democratic institutions are rife. There is uncertainty as to whether such countries can make a successful transition to democracy and institute much-needed economic reforms; they are states characterised by institutional decay, vast socio-economic inequalities and in consequence, political volatility.

Conflict and poor political and economic governance have left a legacy of low levels of economic growth and human development in West Africa, although many countries in the region are endowed with rich natural resources. Civil wars have destroyed physical infrastructure, government institutional capacity and societal relationships. Investors withdrew and the most educated local people fled. The direct costs of conflict in West Africa have been estimated at \$800 million annually, a figure that excludes the costs of massive

population displacement.<sup>3</sup> Fifteen of the 50 least developed countries in the world are in West Africa (and 34 of them in Africa). Over 55% of West Africans live on less than the poverty datum line of \$1 a day.

The region faces profound economic challenges. West Africa comprises one-fifth of the African land mass and is home to about one-third of the continent's people.<sup>4</sup> The region's population is growing at 3% a year, which means that by 2020 its people will number 430 million.<sup>5</sup> Internal and cross-border population flows are large, and have contributed to regional instability. Urbanisation has been rapid, rising from 14% of the population in 1960 to 40% in 1990. This figure is expected to grow to 60% by 2020. Predictions are that these inflows will be concentrated in the southern coastal areas, which comprise only 8% of the regional land mass.<sup>6</sup> But annual economic growth in West Africa has averaged only 2.5% in the past three years. Adult illiteracy stands at 42%, with only 20% of those eligible entering secondary school. Life expectancy is 46 years and declining because of the incidence of HIV/Aids and other diseases.<sup>7</sup>

Writing in *Atlantic Monthly*, Robert Kaplan argued:<sup>8</sup>

West Africa is becoming the symbol of worldwide demographic, environmental, and societal stress, in which criminal anarchy emerges as the real strategic danger. Disease, overpopulation, unprovoked crime, scarcity of resources, refugee migrations, the increasing erosion of nation-states and international borders, and the empowerment of private armies, security firms, and international drug cartels are now most tellingly demonstrated through a West African prism.

West Africa's uniquely tumultuous political history, its economic decline and unplanned, frequently brutal, rural displacement of populations, along with the lack of public confidence in security

<sup>3</sup> *Can Africa Claim the 21<sup>st</sup> Century?* Washington DC: World Bank, 2000, [www.worldbank.org](http://www.worldbank.org).

<sup>4</sup> Wannenburg G & N Giralt, 'West Africa: A review of the region', in *South African Yearbook of International Affairs* 2003/4. Johannesburg: SAILA, 2004, p.83.

<sup>5</sup> Adebayo Olukoshi, *West Africa's Political Economy in the Next Millennium: Retrospect and Prospect*. Great Britain: Codesria and Oxfam, 2001, p.4.

<sup>6</sup> *Ibid.*, p.5.

<sup>7</sup> Adebayo Olukoshi, *West Africa: Facts and Figures*, The World Bank DevNews Media Centre, [www.worldbank.org](http://www.worldbank.org), undated.

<sup>8</sup> Kaplan RD, 'The coming anarchy: How scarcity, crime, overpopulation, tribalism and disease are rapidly destroying the social fabric of our planet', *Atlantic Monthly*, 273, 2, 1 February 1994, p.3.



agencies, make it susceptible to all forms of crime. The brutality associated with the civil wars in the region has broken the bonds of trust between ordinary people, and in their relationship with social and political systems. Few perpetrators of war crimes have been brought to justice, which in turn has engendered a sense of impunity from, and disrespect for, the law. In addition, factors generally associated with increases in crime such as poverty (particularly among young men), income inequality, high urbanisation rates and the proliferation of firearms are prevalent in many West African countries.<sup>9</sup> Homicides, banditry, rape and other forms of violent crime have reportedly increased since the 1990s.<sup>10</sup>

The United Nations Office on Drugs and Crime (UNODC) has suggested that Africa has become the continent most targeted by organised crime. Organised crime networks are involved in the extraction of natural resources such as oil, minerals, timber and wildlife and the supply of firearms and military equipment. They also use the continent as a transit hub for illicit commodities such as drugs destined for the developed world, profiting from its weak states and poor law enforcement capacity.<sup>11</sup> West Africa is particularly vulnerable to organised crime because of its mineral wealth and the collapse of state institutions in countries such as Sierra Leone and Liberia. Law enforcement agencies outside West Africa now view West African criminal syndicates as significant players in a variety of organised crime activities that have global reach.

In 2003, The New Partnership for Africa's Development (Nepad) established a voluntary peer review mechanism to counter negative perceptions of the continent's governance and human rights record. The first West African nation to submit to the review process was Ghana. Similar peer reviews will take place in Burkina Faso, Cameroon, Gabon, Mali, Nigeria and Senegal. These processes have been viewed as an opportunity by civil society in those countries to raise some key concerns in regard to repressive and undemocratic

---

<sup>9</sup> UN Office on Drugs and Crime, *Rule of Law and Protection of the Most Vulnerable*, May 2005, p.9. Available on [www.UNODC.org](http://www.UNODC.org).

<sup>10</sup> In West Africa, statistical data on levels of crime are seldom available. Where data is collated, the figures frequently reflect the crime situation in the capital or urban areas only. In the 1990s, many countries in West Africa experienced an upsurge in crime.

<sup>11</sup> UN Office on Drugs and Crime, *op. cit.*, p.26.

institutions, corruption and economic mismanagement and insecurity. All these issues have a direct bearing on the region's organised crime phenomenon.

Most West African countries that have undergone civil war experienced prolonged episodes of conflict beforehand. The causes included economic decline, inequitable distribution of resources, political repression and the exclusion of some groups from political processes. Many governments lacked both the commitment and the capacity to respond effectively to these concerns. Some political leaders used patronage and co-option to control popular dissent. Others looted state assets and staved off popular uprisings with repressive legislation and military force. Still others stand accused of cynically forestalling insurrection by denying people the basic amenities of life and education, on the argument that those preoccupied with simple survival struggles are less likely to engage in political struggles. Depending on whether they were allied with the West or the former Soviet Union, members of the international community tacitly or overtly supported these leaders. Multinational companies involved in primary commodity extraction or the arms trade also helped prop up these regimes and international financial institutions, though aware of the self-interest and extravagance of those in power, nevertheless provided finance.

Public grievances frequently followed urban or rural, regional or ethnic faultlines. Dissatisfaction was manifested in student protests, urban unrest, military coups and civil wars. The covert expression of popular dissent, however, took the form of disengagement by certain sectors of society from the formal economy and the institutions of government that would normally regulate economic, political and social conduct. Many on the margins of the society were either forced to leave or have opted out of the formal economy. Some of these people became criminals.

Organised crime networks took advantage of the gap thus created between government and civil society. In addition, in some countries crime, and the corruption related to it, became so pervasive within government that the state structures could themselves be regarded as criminal. Again, the fortunes of organised criminal syndicates were subject to the vagaries of political power: many of them met the same fate as their political patrons. The more successful and larger-scale organised criminal groupings profited from their control of

government contracts and loans, state monopolies in sectors of the economy and the privatisation of state assets. The eminent historian Basil Davidson likened their activities to those of the pirates of yesteryear.<sup>12</sup>

In subsequent decades West African rebels and militias increasingly used illegal economic activities to pay for arms and military supplies. They relied on sympathetic governments in the region and on transnational criminal networks to help them smuggle valuable commodities of all kinds out of the countries in which they operated, in return for cash, supplies and weapons. Some insurgent groups also took control of local or cross-border trade (formal, informal and illicit) or imposed taxes on producers or traders.

Criminal networks have continued to operate largely unchecked after the end of hostilities. Countries emerging from civil wars and violent upheaval face the challenges of remedying past wrongs and reconstructing the social and state regulatory institutions. Criminals are also able to exploit gaps in the international system intended to control illicit trade and finance. Legal instruments prohibiting the trade in illicit goods (such as drugs) and legal goods from questionable sources (such as diamonds mined from rebel-held areas) have not been completely effective.

In this section, we examine the criminalisation of the state and its intersection with organised crime and civil wars in West Africa. Several significant works were published on the subject in the late 1990s and early 2000s, and these are considered below. Most of them concluded that many West African governments were in essence criminal and that others were on the verge of becoming so. The prognosis was that, in the absence of countervailing forces, the region would experience continued conflict and an increase in organised crime. The criminal networks would also spread to other regions of the African continent and elsewhere. While this section considers some aspects of state corruption, a broader discussion of political and economic governance and organised crime in West Africa is provided in the sections that follow.

---

<sup>12</sup> Basil Davidson, *The Black Man's Burden*, New York Times Books, 1992

## **State Plunder and Organised Crime**

For generations, West Africans have lived in countries rich in natural resources, which have been appropriated to serve the interests of colonial powers, insurgents, the political elite and multinational companies. Very little of the profit has been used for the benefit of the local population. Since independence, state corruption has reportedly earned millions of dollars for the political and military elite, and some of this systematic looting of state assets would now fall squarely within the definition of organised crime, as outlined in the UN Convention against Transnational Organised Crime signed in November 2000.

State corruption took many forms, including:

- extortion of commission on foreign loans and large contracts (for example, arms contracts);
- over-invoicing on development projects to provide kickbacks for government officials;
- creation of state monopolies on exports and imported commodities, which allowed funds to be siphoned off by state officials and collaborators;
- the use of exchange rate differentials to bring funds into government or the central bank, which are then disbursed to the favoured;
- preferential rates for forex allowed for high-ranking officials;
- sale of state assets at low prices to private individuals, who then lease them back to government for a fee;
- waivers of tax and customs exemptions on imports and exports for well-connected individuals and companies;
- direct theft of government revenues; and
- registration of 'ghost' state workers, whose salaries would be paid into the accounts of state officials.

In 1985 a former president of Burkina Faso, Sangoule Lamizana, was charged with embezzling \$1 million but was acquitted. In Mali, it is alleged that former head of state Moussa Traore retired with an unexplained personal fortune of \$2 billion. In 1992 Sierra Leone police investigated the affairs of the foreign minister, Dr Abdul Karim Koromo, who had signed a loan contract on behalf of the state, after it was revealed that a private company that assisted him had not

received its commission, raising questions as to what had happened to the money. In 1986 in Liberia the manager, and other functionaries of the National Ports Authority, was dismissed for manipulating customs receipts, allegedly in collusion with high-ranking officials. In 1989 in Ghana, government officials allegedly bought fictional equipment for the state, received bribes and stole government funds. In Togo, it was alleged that the head of state, President Gnassingbe Eyadema, had diverted, for his own use, part of the funds intended for a dam project after increasing the budget required for it. He also reportedly appropriated monies from state companies that had monopolies on imports. In 1988, 115 high-ranking officials in Benin were arrested after it was found that \$1.3 million in state funds were missing.<sup>13</sup> It was also reported that General Sani Abacha of Nigeria had deposited at least \$3 billion from government revenues into his personal accounts.<sup>14</sup> In Nigeria, the practice of receiving kickbacks on loans was so common that people called the culprits 'ten percenters'.<sup>15</sup> Abacha's son used the country's prevailing two-tier exchange system to make an extortionate profit: he removed \$1 billion from Nigeria's central bank, sold it at N84 to the dollar on the black market and repatriated it to the bank at the official rate of N22.<sup>16</sup>

Most of Liberia's revenue came from timber, rubber and the shipping registry, which offered the use of the Liberian flag to any shipping business prepared to pay registration fees. Liberian President Charles Taylor had no mechanism for central revenue collection. Companies paid taxes directly to the government departments dealing with their sector and most of the money went to Taylor and his cohorts, who also held monopolies on the sale of commodities such as petroleum, rice and frozen food. For this reason, many analysts have described his government as 'Taylor Incorporated'. It is thought that Taylor became involved in assisting the faction opposed to President Laurent Gbagbo of Côte d'Ivoire in order to secure access to the port of San Pedro, through which Liberian, Guinean and Ivorian timber is exported to international markets. Taylor and his business associates

---

<sup>13</sup> Ayittey G, *Africa Betrayed*. Macmillan Press, 1992, p.122.

<sup>14</sup> Williams P & D Brooks, 'Captured, contested and criminals states, organized crime in Africa in the 21<sup>st</sup> century', *South African Journal of International Affairs*, 6, 2, Winter 1999, p.83.

<sup>15</sup> Maier K, *op. cit.*, p.xxii.

<sup>16</sup> Evans B, *The Cost of Corruption*. Tearfund, undated, [www.tearfund.org](http://www.tearfund.org), p.12.

may have as much as \$100 million in offshore bank accounts, a few of which have been frozen at the request of the Special Court for Sierra Leone.<sup>17</sup> Civil servants did not receive wages and relied on bribes (or looting in the case of the army) for remittances. It is estimated that the majority (80%) of Liberia's population is unemployed and that 80% lives on less than \$1 a day.

Similarly in Sierra Leone, former president Siaka Stevens offered political protection to a powerful group of Lebanese businessmen, who allegedly provided kickbacks to politicians. They controlled the marketing side of the diamond industry as well as owned most of the productive sectors of the economy. Since the transition process in Sierra Leone, politicians still stand accused of holding key mineral rights (to which they are not entitled by law) through the use of front companies and relatives. In both Sierra Leone and Liberia the Lebanese minority enjoys total domination of the economy and there has been little incentive for members of this group to invest in those countries or to change their business practices, as they have never enjoyed full rights of citizenship.

By contrast, several West African leaders, such as former president Thomas Sankara of Burkina Faso (aptly named 'the Land of Men of Integrity'), have preached austerity. Sankara, later assassinated, was the first West African leader to declare his assets and disclose the gifts he received in the course of his duties.

In the past, nations in the developed world have done little to regulate the vast amounts of money corrupt African dictators and others have stashed offshore. This situation has changed quite substantially in recent years, as banking secrecy has been rolled back in the light of measures taken after the World Trade Centre attacks of September 2001. In Nigeria, President Olusegun Obasanjo called for the cooperation of developed countries in returning misappropriated funds. He suggested that an international convention be drafted to facilitate this process. Nigeria has succeeded in obtaining some of the funds stolen by its sometime president Sani Abacha. Several bank accounts belonging to Abacha and his relatives were frozen and in November 2003 banks in Jersey returned \$149 million to Nigeria<sup>18</sup> and

---

<sup>17</sup> *Rebuilding Liberia: Prospects and Perils*, International Crisis Group, 30 January 2004, pp.21-23.

<sup>18</sup> 'Switzerland hands back nearly \$500 million of Abacha's funds', *IRIN*, 19 August 2004.

Swiss banks repatriated \$493 million. The Abacha case is a useful precedent for other governments and civil society groups in affected countries. The World Bank has established mechanisms to monitor the way in which the Nigerian government spends this money, which had been included in the national budget.<sup>19</sup>

## The Criminal State in West Africa

In a seminal work, Jean-Francois Bayart, Stephen Ellis and Beatrice Hibou claimed that some governments in Africa, notably West Africa, have become criminal enterprises. Their hypothesis is as follows:<sup>20</sup>

In material terms [this evolution] if it were indeed to be confirmed, appears to be based on the occupation of the most dubious niches of international criminal activity (various forms of trafficking, including drugs; and the dumping of toxic waste, for example) and on the unregulated exploitation of ... minerals, oil and wildlife resources ... [P]olitically, it seems to take the form of the radical privatisation of the state, criminalisation of the behaviour of power-holders, and even the transformation of factional struggle... into armed conflict, as has happened in Chad, Uganda, Angola and Liberia. In cultural terms, it appears to be connected with the re-emergence of representations of the invisible world of spiritual power, often connected with the art of the making war. Socially, such a movement appears to be resulting in massive population movements and offering to young school drop-outs, subject in time of peace to adult authority, the possibility of securing access to wealth through means which they themselves see as legitimate, a prospect even more enticing than that offered by petty crime.

The authors outline several indicators of the criminalisation of politics:<sup>21</sup>

- private use of the state's instruments of coercion in the pursuit of wealth;
- existence of a covert collective structure of power which controls the official incumbents, and has recourse to a private and illegitimate 'apparatus of violence';

<sup>19</sup> 'Nigeria accuses Swiss of blackmail over looted funds', *SABC News*, 29 May 2005

<sup>20</sup> Bayart J, Ellis S & B Hibou, *The Criminalisation of the State in Africa*. Oxford: James Curry, 1999, pp.111-31.

<sup>21</sup> *Ibid.*, pp.25-26.

- participation of this *côterie* in criminal activity, as defined by international law;
- insertion of these economic activities into international crime networks;
- merging of historical and transnational cultural repertoires as 'vehicles for the processes of globalisation'; and
- placing of these activities in the 'overall architecture' of a given society.

Using these criteria, the link between political office and the opportunity to accumulate wealth found its fullest expression in the 'kleptocracies' of Nigeria, Sierra Leone and Liberia. Equatorial Guinea too is a classic example of the criminal state. According to Bayart *et al*, other West African states (Senegal, Côte d'Ivoire and Gabon) show symptoms of what they call the 'politics of the belly.'<sup>22</sup> Still others (for example, The Gambia, Benin, Ghana, Mali and Burkina Faso) may be involved in smuggling and similar activities but cannot be labelled criminal states. In other West African countries, most notably Côte d'Ivoire, Togo and Gabon, political leaders have responded to popular demands for a more democratic dispensation by making superficial institutional reforms that do not effectively lessen their power or privilege.

Phil Williams and Doug Brooks have coined the terms 'captured', 'contested' and 'criminal' states to indicate the progressive criminalisation of politics.<sup>23</sup> If organised crime groups are able to neutralise or co-opt law enforcement agencies in a country, that state can be regarded as *captured*. At this point, lower-ranking public officials may solicit or accept isolated or continuous bribes from the criminal group. Officials in the criminal justice system may be bribed or blackmailed to allow the criminal group to evade detection.

The state is *contested* if the competing political factions use criminal activities to pay for their political and military campaigns. This form of criminalisation is common in countries that are, for example, experiencing civil wars or low-level separatist or ethnic and religious regional conflicts.

---

<sup>22</sup> *Ibid.*, pp.111–31. In this book, the authors refer to this Cameroonian expression that means the accumulation of wealth through politics.

<sup>23</sup> Williams P & D Brooks, *op. cit.*, pp.81–99.



If organised crime is entrenched in the political system and high-ranking state officials are involved, the state becomes a *criminal* enterprise. In this scenario organised crime groups and corrupt officials control political decisions and policy-making. Those in the latter group may become so powerful that they are able to manipulate the electoral process to ensure that their preferred candidates assume power.

In this lexicon, not only Equatorial Guinea but also Nigeria and Liberia at one time could have been considered criminal states because government officials 'initiated and controlled a variety of organised crime activities' and 'looted the state'.<sup>24</sup>

According to these commentators, control of the state was the ultimate prize that politics in Africa had to offer. Consequently, organised crime became more closely connected with the political and economic systems. Williams and Brooks note that:<sup>25</sup>

organised crime in countries such as the United States and Britain is marginal to political and economic systems, but in Africa it is sometimes run by government and is closely related to the exercise of power.

Bayart, Ellis and Hibou argue that at certain stages of their history, states in Western Europe, Asia, the Middle East and Latin America have experienced corruption on a scale comparable with that experienced in West Africa. Control of the state, however, is no longer as easy for corrupt regimes. Economic decline, erosion of state sovereignty and the proliferation of conflicts have eroded their power bases. This issue will be discussed further below.

### **Causes of the Criminalisation of the State**

Broadly speaking, there are three main views of the factors leading to the criminalisation of politics and the state in West Africa. The first strand of opinion attributes it to poor leadership and the nature of the political systems that developed in the region.

The novelist, Chinua Achebe, speaking of Nigeria, noted:<sup>26</sup>

---

<sup>24</sup> *Ibid.*, p.83.

<sup>25</sup> *Ibid.*, p.84.

<sup>26</sup> Achebe C, *The Trouble with Nigeria*. Oxford: Heinemann, 1983, p.1.

It is totally false to suggest, as we are apt to do, that Nigerians are fundamentally different from any other people in the world. Nigerians are corrupt because the system under which they live today makes corruption easy and profitable; they will cease to be corrupt when corruption is made difficult and inconvenient.

The trouble with Nigeria is simply and squarely a failure of leadership. There is nothing basically wrong with the Nigerian character. There is nothing wrong with the Nigerian land or climate or water or anything else. Nigeria can change today if she discovers leaders who have the will, the ability and the vision.

For George Ayittey, oligarchic rule (whether under military junta or dictatorship) heralded the development of grand corruption in West Africa.<sup>27</sup>

The ruling elite also smuggled, embezzled funds, plundered state treasuries and illegally transferred their funds abroad. But when corrupt ministers were caught — if at all — the sentences tended to be lenient or nonexistent: forfeiture of the booty or dismissals or transfers from posts.

Ayittey suggests that after independence, leaders aiming to break away from a past of imperialism and neo-colonialism adopted ideologies inconsistent with indigenous political values, political processes and economic traditions. Alien forms of capitalism and socialism were imposed on a reluctant citizenry, and traditional mechanisms for unseating unpopular and corrupt leaders were denied them.

The second strand of opinion focuses on the nature of the state as an explanation for the nexus between politics and crime. The problem is twofold. Weak and authoritarian states may each exhibit criminal tendencies. The elite in repressive authoritarian governments is able to establish criminal networks and engage in corrupt practices because it is not accountable to the citizens. It also controls the coercive apparatus of the state. In a patrimonial state, politicians are best placed to exercise or restrain coercion, as carried out by legitimate security agencies and private militias. Because they have this power they are able to sponsor and benefit from illicit economic activities by helping participants evade official regulations and so to avoid detection. In some countries, warlords or the leaders of rebel factions play a similar role: they are able to use the threat of coercion to impose taxes on the

---

<sup>27</sup> Ayittey G, *op. cit.*, p.122.

population and to control trade. This has occurred in Liberia, Sierra Leone and Nigeria at different stages in their recent history.

In some countries, coercive power may rest with a 'shadow government'. This secretive cabal may be able to control the official incumbents,<sup>28</sup> which is how William Reno describes the situation in Sierra Leone during the tenure of former prime minister and president Siaka Stevens. In that country, prominent Lebanese businessmen were said to control government policy to their own advantage. Reno suggests that the political elite may actively promote the collapse of state institutions to ensure that their patronage networks prosper in the vacuum thus created. These kinds of government may cloak their activity with political rhetoric based on ethnic or other divisions in society.

Patrick Chabal and Jean-Pascal Daloz suggest that in a weak state with a failing economy, the management of violence becomes a resource — an instrument for economic and political gain.<sup>29</sup> Control of the state may be contested by numerous groupings: indigenous social and political movements, the armies of neighbouring states, international corporations and military adventurers.

A third strand of theory propounds the view that the reason for state corruption lies in Africa's dependent position in the global political economy. Bayart, Ellis and Hobo argue that because of Africa's marginal share (currently 2%) of world trade, the African elite's access to resources depends on diplomatic and military alliances, the control of imports and exports and external loans and aid. They suggest that criminality of state officials is likely to increase as conditions imposed by foreign donors of funds cut off sources of profit. Conversely, global trends towards the deregulation of markets and the opening up of trade provide better opportunities for criminal dealings. New alliances can be forged with other governments within West Africa, or governments may form relations with Asian countries such as China that do not place conditions on their aid and trade agreements. Further, they can make use of transnational organised crime groups across the globe.

---

<sup>28</sup> Reno W, *Warlord Politics and African States*. Boulder, 1998.

<sup>29</sup> Chabal P & J Daloz, *Africa Works: Disorder as Political Instrument*. Oxford, James Currey, 2000, pp.77–91.

This congruence of circumstances makes it likely that organised crime will grow at unprecedented levels and has meant that organised crime networks will exercise greater influence within certain West African states. They will also use these countries as staging posts for transnational crime. As evidence of this trend the writers point to the dominance of West African crime networks, particularly Nigerian groups, in drug trafficking. Although Nigeria does not itself produce heroin and cocaine, its nationals use decentralised and flexible transnational networks to buy and sell these products in several continents.

### **Politics, Crime and Civil Wars**

The relationship between politics, corruption and violence in West Africa offers a compelling explanation for the outbreaks, and sustained duration, of civil wars in the region. The failure of the patrimonial state and its political structures, and the breakdown in civil order that follows it, may hasten the advent of war. Crime and violence become more widespread as criminal politicians, warlords and rebels compete among themselves for increasingly limited resources. The former regimes in Liberia and Sierra Leone provide examples of how organised crime, corruption and violence combine to create conditions for civil war.

Other factors that may precipitate an outbreak of civil war include external financial support, as provided by Liberia to the rebels in Sierra Leone. Further, if the state and the rebels have access to 'lootable' natural resources, such as alluvial diamonds, the war that follows may be prolonged; it is widely believed that high-value primary commodities have provided the main source of finance for rebel wars and internecine conflict in West Africa.

In some West African countries the existence of such resources not only prolongs rebellions or civil wars but is also the cause of criminal violence. A focus on the economic motivations of organised crime networks and rebel groups has resulted in analysts tending to conflate the two: rebel organisations are viewed as quasi-criminal groups. But there are some differences. Scholars such as RT Naylor, who makes a special study of organised crime, point out that insurgents generally create parallel economies that seek to exclude the state and its

supporters.<sup>30</sup> They may also provide welfare services both to their recruits and to civilians under their control. In this respect at least they may share attributes with territorial street gangs and warlords elsewhere in the world.

There are also hybrid rebel organisations that, arguably, have not built a significant indigenous support base. Instead they have recruited civilians (particularly young people) by force, looted homes and businesses and terrorised the local population. Within these kinds of movements, political, military and criminal objectives may not easily be distinguishable and often depend on the degree of control exercised by rebel commanders. The case study on trade in 'conflict diamonds' during the civil war in Sierra Leone (see chapter on Sierra Leone) considers, among other topics, whether the Revolutionary United Front (RUF) can properly be considered a purely criminal organisation, as many analysts have claimed. Entrepreneurs may use conflict and disorder for personal profit; their interests may also be served by exporting violence across borders.

### **State Corruption and Organised Crime in West Africa**

Many West African states recently emerged from civil wars have committed themselves to democratic and economic reforms. Civil society is again playing an active role in shaping the discourse and politics of the region. Ecowas leaders are showing more determination than before to resolve conflict and to improve the accountability of government. These developments have, however, resulted in an increased differentiation between individual countries in West Africa.

There are four broad trends among states, defined here according to terminology drawn from a 2005 US National Intelligence Council Report. First, there are states that are in the process of consolidating democratic gains ('democratic consolidators').<sup>31</sup> These governments show higher degrees of public accountability and in them, civil society is relatively strong and a range of instruments is used to control corruption and organised crime. In West Africa this group would include Cape Verde and Ghana.

---

<sup>30</sup> Naylor RT, *Wages of Crime: Black Markets, Illegal Finance and the Underworld Economy*. Cornell University Press, 2002, p.336.

<sup>31</sup> US National Intelligence Council, 'Mapping sub-Saharan Africa's future'. Discussion Paper, CR 2005-02, March 2005.

A second group is defined as 'democratic aspirants'. Such countries hold regular elections, but the legitimacy of the electoral process continues to be questionable, posing a risk both to the political system and to the institutions of government. In these nations, efforts may have been made to control corruption and organised crime, but the tide has not yet turned decisively in favour of the reformers. This group of countries includes Nigeria.

The third category comprises states that are semi-authoritarian and authoritarian; movement towards democracy has stalled, or the results of elections are frequently a foregone conclusion. In these circumstances, efforts to control corruption and organised crime are unlikely to succeed, due to the prevalence of patronage and the silencing of critics. Countries within this classification are Côte d'Ivoire, Equatorial Guinea, Togo and Guinea.

The fourth and last group consists of countries that are under the supervision of various UN missions. In these, the process towards peace has yet to be consolidated, at the time of writing. These countries include Sierra Leone and Liberia.

Even within these categories, however, there can be a degree of ambiguity: for example, some countries may have a vibrant civil society but lack the institutions to effectively control corruption and organised crime.

### **Authoritarian States: Corruption and Organised Crime**

Semi-authoritarian and authoritarian states in West Africa continue to show signs of the criminalisation of politics, where corruption and involvement in organised crime prevail at the highest levels of government. The prediction by Bayart and his co-authors that some governments may diversify, rather than cease, their criminal activity appears increasingly accurate, especially in countries such Equatorial Guinea, Côte d'Ivoire<sup>32</sup> and Guinea.

---

<sup>32</sup> After the death of Felix Houphouët-Boigny, Henri Konan Bédié became president of Côte d'Ivoire. In 1999, General Guei, who promised elections, overthrew him in a bloodless coup. In 2000, however, the courts disqualified candidates from the two major parties, the *Parti Democratique de la Côte d'Ivoire* (PDCI) and the *Rassemblement des Republicaines* (RDR). Guei stopped the process when it became clear that the *Front Populaire* candidate, Laurent Gbagbo, was winning. After mass protests, Gbagbo was installed as president. In 2002, elements of the military and others

### *Equatorial Guinea: Rule by a small family elite*

Equatorial Guinea is a small but oil-rich country that has been increasingly plagued by social unrest and failed military coups. The main reasons for this are widespread corruption and the concentration of wealth in the hands of a small family-based elite. From 1992 to 2002, GDP grew at 24.2% a year, a direct result of the exploitation of oil reserves. In spite of this massive increase in wealth, the country was ranked 116<sup>th</sup> out of 177 on the UN human development index.<sup>33</sup>

In 1979 President Teodoro Obiang Nguema came to power after overthrowing his uncle in a military coup. He remained in office in a nominally multiparty system, consistently winning elections with 97% of the vote, though the polls are reportedly characterised by intimidation and fraud.

Geoffrey Woods suggests that the oil windfall has led to 'the emergence of a monoculture of accumulation; the inflow of substantial petro-dollars seems to have done little to diminish the elite's appetite for petty trafficking and extortion'.<sup>34</sup> According to Woods, Equatorial Guinea is the quintessential criminal state. It relies on 'extreme personalisation of authority and the relationship between the government and a range of supporting legal, quasi-legal and criminal enterprises'.<sup>35</sup>

President Nguema's sons and close relatives not only hold most government ministries but also have private companies that own or control key economic sectors (oil, forestry and fishing) or the land from which they operate. The country, like Liberia in the past, also provides flags of convenience for ships and aircraft involved in dubious activities. High-ranking government ministers and diplomats have been implicated in drug trafficking. Private sector companies have to pay 'protection fees' to members of the elite. Ironically,

---

staged a failed coup attempt. A rebel group, the *Patriotic Movement of Côte d'Ivoire* (MPCI), took control of the mainly Muslim north of the country, the home of many immigrants. Two further rebel groups emerged allying themselves with the MPCI and calling themselves the *Forces Nouvelle*. A peace accord has been signed but implementation has been hampered by alleged *mala fides* on the part of the parties.

<sup>33</sup> Country data profiles, 'Equatorial Guinea', World Bank, [www.worldbank.org](http://www.worldbank.org) and UNDP Human Development Index 2003, [www.undp.org](http://www.undp.org).

<sup>34</sup> Wood G, *Business and Politics in a Criminal State: The Case of Equatorial Guinea*. Middlesex University Business School, p.18.

<sup>35</sup> *Ibid.*, p.7.

however, the repressive nature of the regime in Equatorial Guinea has resulted in low levels of petty and violent crime. Private media, which could assist in exposing corruption, are not tolerated (the president and his son own the television and radio stations).

A US Senate investigation into money laundering at Riggs Bank in Washington revealed misappropriation of large sums of money by President Nguema and other government officials since 1995. Bank accounts linked to Equatorial Guinea contained \$750 million. Some of the transactions included:

- the transfer of \$35 million in oil revenues by Exxon Mobil, Amerada Hess and Marathon into 60 private accounts, some belonging to the president;
- secret shares held by Nguema and others in joint ventures between the oil companies and Equatorial Guinea;
- payment of millions of dollars to senior politicians and members of their families, including a 14-year-old nephew of the president, for land, accommodation, rental and security services; and
- the use of payments from oil companies to meet the education costs of students related to members of the elite.<sup>36</sup>

The international watchdog organisation *Global Witness* suggests that amounts channelled to the private bank accounts of the Equatorial Guinea elite comprise a significant portion of the country's oil revenue.<sup>37</sup> US authorities have fined Riggs Bank \$25 million for failing to report suspicious transactions.<sup>38</sup> Other banks such as the British HSBC assisted in transferring the funds from Riggs accounts to companies such as Kalunga and Apexside, through Luxembourg and Cyprus. HSBC refused to disclose the ownership of these companies, justifying this stance by referring to local banking secrecy legislation.<sup>39</sup>

---

<sup>36</sup> *IRIN*, 16 July 2004, pp.1–4.

<sup>37</sup> 'US must now act on corruption allegations centred on Equatorial Guinea's oil accounts', *Global Witness* press release, 15 July 2004.

<sup>38</sup> Riggs Bank has been under investigation by the US attorney's office for its alleged failure to monitor and report suspicious transactions involving Chilean, Equatorial Guinea and Saudi Arabian governments. The Bank was fined \$25 million for failing to report suspicious dealings with Equatorial Guinea and the Saudi Embassy. See, 'Riggs negotiating settlement with justice department', *Washington Post*, 5 January 2005.

<sup>39</sup> Leigh D, 'A rich country being stripped of its wealth', *The Guardian*, 2 June 2005.



Members of the Nguema elite also own properties and spend lavishly in countries such as South Africa, where the origin of the funds does not appear to have been investigated. In November 2004, the South African state-owned black empowerment oil company, Petro SA, obtained concessions in Equatorial Guinea.

Oil wealth, however, appears to have exacerbated tensions within the Nguema clan as a succession battle for the leadership of the country looms. There have been two attempted coups in 2004 (Mark Thatcher was arrested in August 2004 over the alleged coup plot in March of that year. Three months after the arrest, Miguel Mifuno, a special adviser to Obiang, accused the Spanish government of having sent a warship with 500 marines to the country to provide resources for foreign mercenaries). Both were attributed to the exiled opposition leader Severo Moto and a Lebanese entrepreneur, Ely Calil.<sup>40</sup> The Equatorial Guinea information minister claimed that Calil had paid Simon Mann, one of the founders of the private military company Executive Outcomes, to hire mercenaries to overthrow the president. In return, Calil and others would receive lucrative oil concessions under Moto.<sup>41</sup> The providence of the second coup, allegedly masterminded by British and South African financiers and mercenaries, is still not confirmed. The South African commander apprehended in Equatorial Guinea, Nick du Toit, acting with security chief (and brother of the president) Armengol Nguema, had established a company called Triple Option Trading in December 2003.<sup>42</sup> It is not clear whether he infiltrated the coup on behalf of the government or was part of the in-fighting common in the Nguema clan. Du Toit admitted that he was part of a coup attempt, a confession he now says was extracted under torture, and has been sentenced to 34 years in prison in Equatorial Guinea. In South Africa, former British Prime Minister Baroness Thatcher's son, Mark, admitted to financing equipment for the attempted coup and received a fine under the

---

<sup>40</sup> In France, Nigeria and the US have launched investigations into the payment of over \$180 million in illegal commissions paid in Nigeria's Liquefied Natural Gas complex. France's Technip consortium along with US Kellogg Brown and Root and the Japanese Gas Corporation are under investigation. Calil was allegedly Technip's agent in this deal. See, 'Gas leak', *Africa Confidential*, 45, 13, [www.africa-confidential.com](http://www.africa-confidential.com).

<sup>41</sup> Barnett A & P Smith, 'Did African coup begin in Chelsea', *Guardian*, 14 March 2004, [www.guardian.co.uk](http://www.guardian.co.uk).

<sup>42</sup> Wood G, *op. cit.*, p.6.

South African Foreign Military Assistance Act. It has not been established whether governments such as those of the United Kingdom (UK), US and Spain, which allegedly were tipped off about the attempted coup, were actively involved in preventing it.

In October 2004 the US reopened its embassy in Equatorial Guinea claiming that it was a 'democratising' state, while US Senator Carl Levin criticised US oil companies for irregular financial dealings with Equatorial Guinea.<sup>43</sup> Petro SA retained its oil concessions in the country.

British oil and gas company BP plc has bought the rights to the output of liquefied natural gas (LNG) in Equatorial Guinea. British media questioned why in Equatorial Guinea the government would receive only 15–30% in royalties, when other West African countries have obtained larger percentages. They reported that payments to President Nguema for the land on which BP is to build its LNG plant might explain the unusually low prices paid by international companies.<sup>44</sup>

Some oil and gas companies concerned have allied themselves to the British Extractive Industries Transparency Initiative, but have still refused to disclose payments made to the Equatorial Guinean government. BP claims that it is not obliged to disclose this information as the intermediary for the LNG deal is a private Equatorial Guinean company and not the government. The government and the US firm Marathon Oil, however, both own shares in the beneficiary company.<sup>45</sup>

The Senate report on the affairs of Riggs Bank has recommended that the Congress amend the Foreign Corrupt Practices Act to compel greater disclosure of payments by US-listed oil companies.

### *Côte d'Ivoire: A stalled democratic transition*

Côte d'Ivoire was once regarded as a model of stability in West Africa and became the main sea hub for trade from its land-locked neighbours in the region.

In 2000 President Laurent Gbagbo came to power, winning elections against former coup leader General Robert Guei and thereby ending a

---

<sup>43</sup> IRIN, *op. cit.*, p.2.

<sup>44</sup> Leigh D, *op. cit.*

<sup>45</sup> *Ibid.*

short period of military rule. In September 2002, however, a failed uprising in Abidjan developed into a rebellion that divided the country. The rebels, known as the *Nouvelle Forces*, continue to occupy the (mainly Muslim) north of the country while the government holds the south.<sup>46</sup> Côte d'Ivoire's GDP has fallen by more than one and a half percentage points a year since the conflict erupted.<sup>47</sup>

The Ivorian government accused Burkina Faso of supporting the rebels and closed its borders with that country. A series of attacks by Ivorian government supporters on immigrants from Burkina Faso and other West African countries led to an exodus of more than 500,000 people from Côte d'Ivoire, comprising foreign migrants instrumental in the country's economy, including an estimated 350,000 Burkinabe nationals.<sup>48</sup> Measures against them have included Zimbabwe-style 'cleansing' of slum areas, deemed a security threat by the authorities.

In January 2003 a French-brokered peace accord, the Linas-Marcoussis agreement, provided for the establishment of a power-sharing government that would include parties loyal to President Gbagbo, opposition groups and rebels, the latter forming a coalition of three rebel groups and four opposition parties known as the G7. Ecowas, French and Ivorian government and rebel forces were deployed to end the violence. Ecowas peacekeepers have now been absorbed into the UN operation in Côte d'Ivoire.

The peace accord provided for a process of disarmament and amnesty, a security sector, democratic reform and the end of divisive policies on citizenship and land tenure. In September 2003, however, ministers of the former rebel groups resigned after President Gbagbo failed to delegate executive powers to the prime minister and the coalition government, and appointed key security ministers in contravention of the accord. Rebel groups alleged that Gbagbo was delaying the implementation of the accord in the hope that the rebel forces would fragment and disintegrate before planned elections in 2005. The disarmament process that was due to begin in October 2003, faltered. Opposition parties left the government in March 2004 when 100 of their supporters were killed by security forces and pro-

---

<sup>46</sup> For a detailed history of the conflict, see *Côte d'Ivoire: No Peace in Sight*, *op. cit.*

<sup>47</sup> 'Côte d'Ivoire: 2005 Investment Climate Statement', US Department of State.

<sup>48</sup> *IRIN*, 6 July 2004 and Anatomy of a humanitarian disaster in the making: 'The case of Côte d'Ivoire' *Environment and Development Challenges News*, Swedish International Development Co-operation Agency, 12 December 2002, p.2.

government urban militias while participating in a peace demonstration. In November 2004, the government bombed rebel-held areas in the north, including a French military installation, killing French peacekeepers. The French retaliated by destroying Côte d'Ivoire's air force and anti-French riots erupted in Abidjan.<sup>49</sup>

South African President Thabo Mbeki, under the auspices of the African Union (AU), is now mediating the conflict. He brokered the Pretoria Agreement of April 2005, which provides for disarmament, the return of the *Nouvelle Forces* to government and the reorganisation of the Independent Electoral Commission.

Côte d'Ivoire was one of West Africa's strongest economies, but the conflict has had a negative impact on foreign investment and employment. Falling commodity prices for agricultural products, government corruption and mismanagement have compounded the problem. In Côte d'Ivoire, it is claimed, government officials launder ill-gotten gains through state institutions by means of sophisticated schemes unlike those found elsewhere in West Africa. According to the Brussels-based conflict-resolution organisation International Crisis Group (ICG), the cocoa marketing board and its associated structures form a structure analogous to that of the failed US energy group Enron, with front companies, secret bank accounts and complex laundering schemes. ICG provides the following examples:

- a private front company, with the patronage of government officials, obtained a contract to construct infrastructure, and secured tax exemptions. Fictional investments in this company generated tax credits in another country and were used to launder illegal funds;
- foreign and Ivorian companies established a bank, providing loans to the government. Government officials siphoned money off these loans while the foreign investors allegedly used the mint to launder money;
- more than \$100 million that disappeared from the cocoa marketing system used to support prices offered to farmers was later found in a 'phantom' bank and used to buy weaponry; and
- Côte d'Ivoire paid a neighbouring government's wage bill allegedly in return for funds stolen by an Abidjan military leader. This freed

---

<sup>49</sup> There is much anti-French sentiment in Abidjan: the President accuses France of tacitly supporting the rebels, due to his government's intention to privatise many economic concerns, which may affect French interests.

up funds in the recipient's budget for other purposes, escaping donor control.<sup>50</sup>

The cocoa sector contributes 30% of export revenues and 20% of government tax revenues annually.<sup>51</sup> Independent investigators established that funds missing from the cocoa system ended up as gifts of \$2.22 million and soft loans of \$185 million to two front companies.<sup>52</sup> It is also alleged that European Union (EU) donations for Aids prevention programmes and money intended as bonuses for the army have disappeared. Some of these monies allegedly have funded arms deals with Israeli and eastern European middlemen and mercenaries from West Africa, Israel, South Africa and France. For this reason, ICG recommends that post-conflict investigations into human rights violations should include specialists in financial fraud and organised crime.<sup>53</sup>

At the request of the Bretton Woods institutions, the Côte d'Ivoire government has dismantled its cocoa and coffee marketing boards and established a market-orientated system involving public and private companies. The new agency has been accused of obscuring transactions and mismanaging the sector. A review is under way that will make recommendations for reforms. The International Monetary Fund (IMF) has recommended procurement measures designed to avoid conflict of interests and corruption, including independent auditing.<sup>54</sup> It has also advised greater efforts to formulate a credible budget and strengthen procedures for collecting oil and gas revenues.

There are an estimated 150,000 government-backed militia members in Côte d'Ivoire. Leaders of the Young Patriots militia reportedly receive \$80,000 a month from the state and, in turn, they are used to protect the interests of politicians and businessmen.<sup>55</sup> Other militia groups include Movement for Democracy in Liberia fighters and indigenous groups that were used by the present government when it was an opposition party. Some members of the security forces regard

---

<sup>50</sup> *Côte d'Ivoire: No Peace in Sight, op. cit.*, p.5. This article outlines the criminal networks involved in various forms of corruption and organised crime.

<sup>51</sup> *Côte d'Ivoire, 2005 Investment Climate Statement, op. cit.*, p.2.

<sup>52</sup> *Ibid.*, p.5.

<sup>53</sup> *Ibid.*, p.13 and p.26.

<sup>54</sup> *Côte D'Ivoire: Country Procurement Assessment Report, 2*, 10 June 2004 .

<sup>55</sup> *Côte d'Ivoire: No Peace in Sight, op. cit.*

these groups as a potential threat to the future stability of the country: in other parts of West Africa similar forces, once abandoned by their political patrons, have turned to criminal activity or armed opposition. This process is now under way with militias in Liberia and Côte d'Ivoire active in the extraction and illicit trade in timber, rubber and gold (see below). The creation of so-called 'ethno-territories' has hastened the warlord culture taking root in the country while members of the armed forces, numbering about 20,000 members of the army and gendarmerie, extort money from civilians at checkpoints and receive protection money from businesses.

The *Forces Nouvelle* has an armed complement of some 25,000. Although no substantial evidence has been forthcoming there are allegations that the Force has funded its activities by breaking into branches of the *Banque Centrale des États de l'Afrique de l'Ouest* in Bouake and attempting to rob branches in Korhogo and Man. The bank is a subsidiary of the Dakar-based central bank that issues the CFA franc used by eight countries in West Africa (originally pegged to the French franc, it is now equivalent to 656 to the euro.) The first bank robbery, in which the criminals escaped with \$3.5 million, occurred three weeks before the rebel uprising on 19 September 2002. Since then many banks in this area have closed. Several French peacekeepers, guarding a bank in rebel-held territory, faced courts martial for the theft respectively of \$70,000 and \$120,000 in two incidents after heists at banks.<sup>56</sup>

In September 2004, the *Banque Centrale des États de l'Afrique de l'Ouest* launched a campaign to exchange old bank notes throughout Côte d'Ivoire, which accounts for 40% of the money supply in the CFA zone. While the stated intention of this campaign was to prevent forgery, it may also have the effect of curtailing laundering of funds stolen in the armed robberies. People in the north were able to exchange notes in the urban areas for only a limited period and individuals could change a maximum of \$8,300.<sup>57</sup>

In territory controlled by the *Forces Nouvelle* rebel group, agricultural crops such as cotton, cocoa and coffee, manioc, corn and millet are cultivated. Some of these crops are sold in Mali and Burkina Faso

---

<sup>56</sup> 'French peacekeepers arrested for stealing money from bank', *The African Independent*, 21 September 2003.

<sup>57</sup> 'Côte d'Ivoire: Long queues in last-minute drive to change bank notes in rebel zone', *IRIN*, 30 December 2004.

without payment of customs duties. Cocoa crops are exported through Guinea or Burkina Faso (via Togo and Ghana). It is estimated that in 2004 at least half of the country's cotton crop was exported illegally. Middlemen buy cotton from small growers at \$0.24/kg and sell it in neighbouring countries, where the price is controlled, at \$0.44.<sup>58</sup> This diversion of trade has had a negative impact on downstream industries such as the transport sector.

Traditional trading routes have been disrupted by the partition of the country and by the fees extorted by rebels and government officials at checkpoints. Illicit cross-border trade has flourished in this environment. Not only do cheaper goods find their way into the north, but also some of the more profitable goods (such as cigarettes) make their way to government-controlled areas despite the barriers to such traffic.

Rebels in the north levy informal customs duties on trucks carrying cotton, coffee and cocoa, frequently at roadblocks.<sup>59</sup> They banned the export of state-owned cotton to the south and also announced an import ban on certain types of food and drink, arguing that this will increase economic activity in the north.<sup>60</sup> It is unlikely that this effort will succeed, however, as these goods can be provided at cheaper prices from neighbouring countries.

The ICG suggested that criminal interests would hamper a political solution in Côte d'Ivoire and the holding of elections later in 2005. An attempt to hold elections in October 2005 failed due to a deadlock in talks between the factions, forcing the UN to extend President Gbagbo's mandate for 12 months by special resolution. The UN Security Council has threatened to impose targeted sanctions (a travel ban and freezing of financial assets) on recalcitrant parties,<sup>61</sup> a measure that will complement an embargo on non-humanitarian aid that became effective in 1999. The UN Security Council unanimously approved a new resolution to ban imports of rough diamonds from Côte d'Ivoire on 16 December 2005. Individual sanctions, repeatedly

---

<sup>58</sup> Côte d'Ivoire: 'Corruption and crime flourish amid political crisis', *IRIN*, 12 July 2005.

<sup>59</sup> Côte d'Ivoire: *No Peace in Sight*, *op. cit.*

<sup>60</sup> 'Côte d'Ivoire: Rebels impose ban on imported products', *IRIN*, 29 July 2004.

<sup>61</sup> 'UNSC threatens curbs on parties thwarting Ivorian peace', *The International News*, Pakistan, 7 July 2005.

threatened by the UN, were not implemented. Instead, the UN reiterated its commitment to imposing travel bans and freezing assets on individuals.

The situation in Côte d'Ivoire is tri-polar, linking the political elite, the security forces and militias, and the business sector, which is in turn connected to economic, often criminal, interests which work in conjunction with the political elite and are quick to take advantage of the services of security forces or militias. The political impasse is lucrative for almost everyone except ordinary citizens. Low-level insecurity can be good for business.<sup>62</sup>

### *Guinea: A leadership succession battle looms*

In Guinea, President Lansana Conté has ruled the country since coming to power in a military coup in 1984. Conté was unopposed in an election in 2003, as the opposition party coalition, the Republican Front for Democratic Change, believed conditions were not conducive for a fair poll. He won the election with a majority of 95.2%, but the actual poll turnout was contested. Opposition leaders such as Sidya Touré have been accused of plotting a coup and harassed by security officials.<sup>63</sup> A succession battle is anticipated as the president is terminally ill and he has no obvious successor. Guinea has been enmeshed in the conflicts that have plagued the region, allegedly providing support to Liberians United for Reconciliation and Democracy (LURD) rebels in Liberia and fighting incursions by pro-Taylor Liberian forces and Sierra Leonean Revolutionary United Front (RUF) insurgents. It is alleged that mercenaries from the region are being recruited for various factions in the looming succession battle in Guinea. Some illicit trade in natural resources from other countries, such as Sierra Leone diamonds, transits the country on the way to international markets.

Guinea has reserves of bauxite, diamonds, gold and iron ore. Its official revenue from the mining industry, however, fell from \$894 million in 2003 to \$586 million in 2004. The International Development Assistance Association (IDA) suspended disbursements to Guinea after it failed to service its debt of \$2.4 million in June 2004. The IMF has also suspended debt relief originally offered under the Heavily

---

<sup>62</sup> 'Côte d'Ivoire: Rebels impose ban on imported products', *op. cit.* p.1.

<sup>63</sup> IRIN, 3 May 2004 and 29 June 2004.



Indebted Poor Countries Initiative to Guinea, owing to concerns over excessive defence expenditure and revenue shortfalls.<sup>64</sup> North American, Russian and Chinese private companies have invested in bauxite mining, logging and road construction projects. No sanctions have been imposed against the country, although it has been implicated in supplying false end-user certificates for weaponry destined for the LURD rebels, in contravention of the UN arms embargo on Liberia and the Ecomog moratorium on small arms.

In 2004, Francois Fall was appointed prime minister to introduce political and economic reforms. He resigned within two months, however, suggesting that his efforts were being hampered by the presidency. It is thought that he had been employed to put a more acceptable face on the regime, which had been under pressure from the opposition and foreign donors to institute democratic and economic reforms. President Conté has allegedly managed dissent by pitting various economic and political factions against one another. This has meant that while he has personalised the state, no single potential political contender has been able to gain ascendancy. For this reason, it is speculated that an investigation would reveal that some of the ostensibly private companies may be tightly controlled by the presidency.

The main sources of patronage in Guinea are monopolies on the export of coffee and cocoa, and state contracts. On his resignation, Fall told the Guinea news services that 50% of imported goods were tax-exempt. He suggested that his efforts to end this racket had been stalled by the president, owing to the latter's close relationships with the businessmen involved.<sup>65</sup> Fall was replaced by Cellou Dalein Diallo who, with the apparent support of the presidency, formally terminated the export monopolies. The IMF has made any further loans to the country conditional on the removal of tax and customs exemptions. However, as ICG notes, Guinea is a post-socialist country, experiencing problems in changing the nature of the economy similar to those experienced by former Soviet bloc countries in eastern Europe.

The parallel networks that allowed people to acquire goods they needed but clunky state structures could not provide have come to

---

<sup>64</sup> *IRIN*, 29 June 2004.

<sup>65</sup> 'Guinea: Economic crisis and Liberian gunmen threaten stability', *IRIN*, 15 July 2004.

dominate the country. Smuggling, evasion of customs and taxes and counterfeiting are commonplace. Formerly state-owned companies (water, electricity, import-export) have been sold to oligarchs close to the regime who use them for self-enrichment without providing reliable services to customers.<sup>66</sup>

It is worth remarking that in many countries where the state has relied on exemptions on duties to fund its patronage networks, the pre-shipment companies involved in the inspection of goods may have been compromised. Some of them have been implicated in paying bribes to politicians to secure contracts.

With the decline in Guinea's export earnings and the suspension of foreign aid, the government has experienced a foreign currency shortage. In consequence, a black market for foreign currency has developed with the US dollar now trading at a 40% premium to the official exchange rate.<sup>67</sup> It is claimed that the government has resorted to supplying excessive money, while also using the black market to source foreign currency.<sup>68</sup> A parallel economy for currency encourages widespread smuggling and jeopardises regional integration efforts towards economic convergence.

Civil unrest is brewing, as civil servants have not received their salaries and the general population has experienced sharp price increases in staple foods. Per capita income is \$350 a year. After riots in the capital Conakry, the government introduced price subsidies on rice, which now sells at \$14 for a 50kg bag. These developments have aggravated widespread smuggling of commodities hitherto common in the country. Members of the army are reportedly involved in extortion at roadblocks and in extensive cross-border trade — including supplying ammunition — at the borders with Côte d'Ivoire, Liberia and Mali.

### **Aspirant Democracies and Democratic Consolidators: Corruption and Organised Crime**

A number of West African countries have committed themselves to the control of corruption and restoration of the rule of law. Some are

---

<sup>66</sup> 'Stopping Guinea's slide', ICG, *Africa Report No 94*, 14 June 2005.

<sup>67</sup> 'Guinea: Economic crisis and Liberian gunmen threaten stability', *op. cit.*

<sup>68</sup> *Ibid.*

signatories to the 2003 AU Convention on Combating Corruption and Related Offences. Others have passed laws, established independent investigation and oversight institutions to combat domestic corruption and economic crimes.

In Nigeria, this process includes extensive legislation providing for investigation of public officials' assets, various anti-corruption mechanisms, advance fee fraud exchange control regulation and money laundering. Nigeria has also submitted a plan to implement the recommendations of the Paris-based inter-governmental Financial Action Task Force to detect economic crime. Ghana has legislated ethical guidelines for public officials and introduced general anti-corruption legislation. Nevertheless, the entrenched nature of corruption and the organised crime activities of some in the elite continue to plague many countries.

#### *Nigeria: Relations of raw power?*

Claude Ake writes:<sup>69</sup>

We have essentially relations of raw power in which right tends to be coextensive with power and security depends on the control of power. The struggle for power, then, is everything and is pursued by every means.

Nigeria still faces challenges in overcoming its reputation as a criminal state. State authority is itself contested in parts of the country and while there are clearly signs of renewed commitment to eliminating those elements within the state that perpetuate negative perceptions it is not clear whether the anti-corruption lobby within government and civil society will be able to gain the support necessary to root out the problem.

During 2005 Nigeria was wracked by high-profile political scandals. The Economic and Financial Crimes Commission arrested the Inspector General of Police on charges of theft of state monies and money laundering. In March, the minister of education was charged with corruption for paying members of the National Assembly to pass his annual budget (the money for the payment allegedly came from institutions of higher learning, which may have anticipated lucrative

---

<sup>69</sup> Quoted in Maier K, *This House has Fallen: Nigeria in Crisis*. Penguin Books, 2000, 'Preface', p.xv.

tenders and contracts from the ministry).<sup>70</sup> In April the minister of housing and urban development was dismissed when it emerged that highly desirable state housing was to be sold to high-ranking politicians at less than market prices. The governor of Plateau State was arrested in the UK for money laundering, although no action against him has been instituted in Nigeria.<sup>71</sup> Two members of the senate resigned over allegations of corruption but neither has been charged with any offence. The trial of labour minister Hussein Akwanga, over allegations that he took bribes from the French company Sagem for a contract to produce new identity cards, has not been concluded. To date, no high-ranking politician has been convicted on corruption-related charges.<sup>72</sup> Critics of the Obasanjo government suggest that anti-corruption campaigns are selectively applied against political opponents and are not aimed at addressing institutional problems.

Investigations are also under way in France, the UK and Nigeria into alleged illegal commissions paid by contractors to senior government officials in the construction of a LNG complex, the contract for which was awarded when Sani Abacha was head of state in 1994. The successful consortium includes France's Technip, Italy's Snamprogetti, US-based Kellogg Brown and Root, and the Japanese Gas Corporation.<sup>73</sup> The US Securities and Exchange Commission has charged ABB, a Swiss corporation that provides power and automation technology, under the US's Foreign Corrupt Practices Act. Through its subsidiary ABB Vetco Gray Nigeria Ltd, the corporation reportedly provided cash and gifts amounting to \$1.1 million to officials of the state-owned National Petroleum Investment Management Service to influence bids for oil and gas projects. The company received the contract to provide undersea drilling equipment for the Bonga oilfield and through an intermediary made payments to officials, disguised as false invoices for consulting services. Payments to other officials for the award of other contracts

---

<sup>70</sup> 'Nigeria sacks corrupt minister', *BBC News*, 22 March 2005.

<sup>71</sup> Madunagu E, *Engaging Corruption at the Roots*, 21 April 2005, [www.dawodu.com](http://www.dawodu.com).

<sup>72</sup> 'Obasanjo fires Education Minister for bribing senate leader', *IRIN*, 23 June 2005.

<sup>73</sup> 'Gas leak', *Africa Confidential*, 45, 13, 25 June 2004.

were made directly in the US, using ABB's corporate credit card and cash advances and recorded as ordinary business expenses.<sup>74</sup>

While the arrest and prosecution of politicians may signal a commitment to clean government, Nigeria's central government appears to be hamstrung by political tensions between it and the federal states, where competing ethnic groups dominate the political landscape. State governors enjoy constitutional immunity from prosecution. In Nigeria, it is alleged that political leaders have frequently armed and funded youth militia during election campaigns to shore up their political support. These groups were initially funded by previous military regimes.

In an amnesty campaign in October 2004, militia leaders in the oil-rich Niger Delta revealed that politicians contracted them to secure areas during the 2003 elections, to fight rival militias and their patrons and to intimidate voters.<sup>75</sup> These youth organisations may be abandoned in the aftermath of elections and it is alleged that some of the militias then offer their protection to criminal gangs. Some turn to criminal activity, including illegal oil bunkering, piracy and looting villages. Oil provides 90% of Nigeria's foreign income but an estimated 10% is lost to criminal and political gangs each year.<sup>76</sup> In April 2003 one third of oil production was lost after violence erupted in the Niger Delta.<sup>77</sup> Gangs also kidnap oil workers for ransom and are allegedly involved in piracy. Law enforcement agencies and judicial officials, it is claimed, are in collusion with criminals, rendering ineffective any attempts to stop oil bunkering and other illegal activities.

To conduct large-scale illegal oil exports demands a sophisticated criminal organisation. It requires not only control of oil pipelines and

---

<sup>74</sup> US Securities and Exchange Commission v ABB Ltd, United States District Court for the District of Columbia, Case Number 1: 04CV01141, 7 June 2004.

<sup>75</sup> Davis S & J Asuni, 'Conflict in the Niger Delta'. Conference Paper, Safer Africa Conference on the Management of Natural Resources, South Africa, 2005. It is alleged that this type of activity occurs in other Niger Delta states at all levels of government.

<sup>76</sup> *Ibid.*, p.2. See also Tran M, 'Shell may have to leave Nigeria', *Guardian*, 11 June 2004, [www.guardian.co.uk](http://www.guardian.co.uk), p.1.

<sup>77</sup> Statement of Deputy Assistant Secretary for Energy, Sanctions and Commodity Policy, P Simon, Testimony before the Senate Foreign Relations Committee, Sub-Committee on International Economic Policy, 15 July 2004, available on [www.japan.usembassy.gov](http://www.japan.usembassy.gov).

the collusion of security agencies, but also extensive contacts with international syndicates. For these reasons it seems likely that some politicians are involved in such activities. In addition, it is suspected that Niger Delta politicians may have benefited from the security budget vote, for which they do not have to render an account. In Rivers State it is alleged that state and local governments directly support vigilante groups, which support the political incumbents.<sup>78</sup> Corruption within government has hampered the delivery of services to local communities in the Delta region, which is one of the underlying causes of continued conflict there.

All these factors have contributed to the development of an incipient warlord culture, where independent operators are able to exert a monopoly of force over certain areas, extort protection fees and conduct illegal economic activity.

The Niger Delta's People's Volunteer Force is one such militia. Its leader, Asari Dokubo, is fighting for the independence of the Delta and for a greater share of oil revenues. As has been noted,<sup>79</sup>

"Dokubo's supporters see him as a Robin Hood-style robber hero, taking on the might of Nigeria's federal government on behalf of local people who have derived little benefit from the nation's oil bonanza. But opponents of the 40-year-old militia commander say he is little more than a gangster who finances his operations by tapping crude oil from the pipelines of multinationals in the Delta and reselling it on the black market."

A Nigerian human rights group, Civil Liberties Organisation, claims that Dokubo was supported and armed by the Rivers State authorities. He has now turned against both them and other rival militias that retain their influence with the state, the resulting conflict accounting for about 1,000 deaths annually in the region.<sup>80</sup>

Funds from the sale of stolen petroleum resulted in Dokubo's group increasing from about 150 to 500 core members between 2003 and 2004. This militia is allegedly fighting another similar group, the Niger

---

<sup>78</sup> Davis S & J Asuni, *op. cit.*, p.3.

<sup>79</sup> 'Self-styled rebel seeks independence for oil-producing Niger Delta', *IRIN*, 16 July 2004, pp.1-2.

<sup>80</sup> *Ibid.*, p.4.

Delta Vigilante led by Ateke Tom, for control of illegal oil supplies. The US-based observer group Human Rights Watch notes,<sup>81</sup>

“Underlying the conflict are several key issues that fuel the violence, including: the manipulation of frustrated youth by political leaders, traditional elites, and organised crime syndicates involved in oil theft; the impact of oil money on community politics; crushing poverty and youth unemployment; and the widespread availability of small arms and other lethal weapons. Human Rights Watch found strong evidence to suggest that senior members of the state government at one time gave financial and logistical support to Asari and Tom, laying the foundations for a later conflict that would spin out of control.”

A demobilisation process has stanching the growth of the militias, but they remain vulnerable to recruitment or criminality if their economic prospects remain bleak.

Royal Dutch Shell subsidiary Shell Nigeria commissioned a study from independent consultants WAC Global Services that concluded that if the conflict continues the company would be obliged to withdraw from Nigeria by 2009. The report alleged that Shell fed the violence in the area by the manner in which it awarded contracts, gained access to land and dealt with communities.<sup>82</sup> The company's programmes pit desperate communities, mobilised on ethnic lines, against one another in competition for jobs and social amenities such as hospitals. In addition, Shell and other oil multinationals are under pressure from several governments and from international non-governmental organisations (NGOs) such as the *Open Society Initiative* and *Global Witness*, to disclose fees, taxes and royalties paid to oil-producing governments in order to establish whether money has been misappropriated.

In Nigeria, the government has appointed external consultants to audit, for the first time, the state-owned Nigerian National Petroleum Corporation and multinational oil corporations. This will ensure greater transparency concerning the way in which the contractors registered to sell crude oil spend their revenues. In addition, the government agreed to hold a National Constitutional Conference to address long-standing ethnic grievances related to the distribution of resources.

---

<sup>81</sup> 'Violence in Nigeria's oil rich rivers state in 2004', *Human Rights Watch*, January 2005, [www.hrw.org](http://www.hrw.org).

<sup>82</sup> Tran M, *op. cit.*, p.1.

The conference began in February 2005 with the aim of crafting a new constitution for the country, but one of the key issues for discussion is the proportion of oil revenue to be allocated to 11 oil-producing regions. At present, each region receives 13% of the revenue earned from oil produced in its area. Delegates from the south-eastern Delta region are demanding a 25% share with a progressive increase to 50% over five years. Conference delegates have voted to return only 17% of revenues to the regions, precipitating an impasse in the conference proceedings.<sup>83</sup>

The National Political Reform Conference reconvened briefly on 12 July 2005 after a three-week break. The chairman, Nikki Tobi, declared the conference closed after just two hours. Without the delegates from the Niger Delta, a region that produces the bulk of Nigeria's oil, the conference was unable to achieve a resolution. The delegates refused to return to the talks because of the 'paltry efforts' by the federal government to give them a bigger share of oil revenues. The 11 oil-producing states get 13%. The rest goes to the federal government, and part of it is redistributed through budget allocations to all 36 states.<sup>84</sup>

### *Senegal: The resurrection of the Maquis*

While Nigeria has some unique political problems, there are other countries in the region where it might also be argued that the state is under threat of capture, as defined earlier. One such state is Senegal.

In administering the southern region of Casamance, French colonial authorities favoured northern Senegalese over the dominant Diola ethnic group (comprising 5% of the population) when establishing local administration systems. While the Diola were drawn into government after independence, the area was neglected in development projects. (At 26.3%, poverty rates are lower in Senegal than in many other countries in West Africa, notably its closest neighbours — Guinea, Guinea-Bissau, Mali, Mauritania and The Gambia.) In the 1970s a land reform programme began that once again advantaged northern Senegalese.

---

<sup>83</sup> 'Nigeria: Constitutional change conference deadlocks over oil dispute', *IRIN*, 30 June 2005.

<sup>84</sup> *IRIN*, 'Row over oil money delivers killer blow to constitutional reform conference', 12 July 2005. [www.irinnews.org/](http://www.irinnews.org/)



There then emerged an armed resistance movement, the Movement of the Democratic Forces of Casamance (MFDC), known as the *Maquis*, to fight for secession. Several ceasefire agreements followed and the MFDC became divided between those that continue to support military action (*Front Sud*) and others who believe a negotiated settlement is possible (*Front Nord*). The political leader of the MFDC, Augustin Diamacoune Senghor, has encouraged former combatants to demobilise, and assisted in the creation of rehabilitation projects. While crime levels in Senegal are low compared with those of other countries in the region, armed banditry by local criminals, those from neighbouring countries and dissident MFDC factions has plagued Casamance and the regions bordering Guinea-Bissau and The Gambia. The MFDC used Guinea-Bissau as a base for its operations until the 2003 coup in that country. The Senegalese government has drawn up a development plan for Casamance, hoping to reinforce attempts to bring peace to the region.

It is believed that the MFDC has funded its low-intensity secessionist rebellion through cannabis production in the region, a trade pre-dating the conflict in the area and for which the main local markets are in Senegal and The Gambia. Cannabis may be shipped in fishing boats to Ghana and elsewhere in the region. The *Fronts Nord* and *Sud* each benefit from the cannabis trade. It has been suggested that the rebels not only tax growers but also receive 60–70% of their revenue from cannabis trafficking or the exchange of drugs for weapons.<sup>85</sup> These figures could be realistic only if this trade (accompanied by other illicit activity) extended to larger markets in West Africa. The Senegalese government has arrested people shipping drugs and arms on fishing boats near The Gambia, but its efforts to eradicate cannabis crops in the main have been unsuccessful.

Illicit timber is exploited by the *Front Nord*, the Senegalese armed forces and to a lesser degree, the *Front Sud*, most of it sold to The Gambia (which has sawmills) and in northern Senegal. All these parties are also involved in harvesting cashew nuts, which are sold through legitimate channels to buyers from India, where the nuts are processed. This traffic appears to be the main source of funds for the *Front Sud*.<sup>86</sup>

---

<sup>85</sup> World Geopolitics of Drugs, *op. cit.*, p.3.

<sup>86</sup> Evans M, 'NI Paix Ni Guerre: The political economy of low-level conflict in the Casamance', in Collins S (ed.), *Power, Livelihoods and Conflict: Case Studies in Political*

All these forms of illicit trade rely to some extent on collusion with elements within the Senegalese establishment and with military forces in neighbouring countries. (It should be noted that there are other sources of drugs such as cannabis, which also enter the country from The Gambia or transit from Morocco and other West African countries.<sup>87</sup> Consumption of drugs in Senegal is still low but likely to increase as cannabis is exchanged for other drugs entering the local market.)<sup>88</sup>

It is believed that members of the Mouride Muslim Brotherhood, which support the ruling party, are also involved in smuggling cars, drugs, arms and psychotropic substances. The trade, it appears, may be tolerated as this group provides consumer goods for local markets.

## Conclusion

Despite the apparent links between the state and crime in West Africa, few countries are comparable to the 'narco-states' of Latin America and Asia. But this may change, depending on political and economic developments in the region. Several states may be regarded as criminal, captured or contested by corruption and organised crime networks.

Conflict and civil wars in West Africa have contributed to the growth of organised crime and the corruption attendant on it, and in most countries it is all but impossible to separate domestic organised crime from the transnational kind. Given their far-ranging connections in the region, crime networks can exhibit remarkable mobility and flexibility.

The criminalisation of the state has implications for international public policy.

Many states that succumb to criminal networks and corruption disintegrate and undergo civil wars. The economy becomes increasingly unregulated and vulnerable to capture by criminal interests. Where the international community responds to the crisis by instituting peacekeeping and reconstruction measures, such efforts

---

*Economy Analysis for Humanitarian Action*, Humanitarian Policy Group, No. 13, February 2003, pp.37-49

<sup>87</sup> 'Senegal: Government changes, trafficking continues', *GDN*, p.1.

<sup>88</sup> 'Dakar: Authorities alarmed at rise in drug trafficking', *IRIN*, 4 March 2004.

seldom have adequate funds, personnel and expertise to overcome the entrenched power structures. The situation is complicated by the way in which peace processes unfold. Frequently, all the armed protagonists, irrespective of their involvement in crime, are drawn into the negotiation and transitional phases of new governments. Indeed, they may acquire their standing as political players from their illegal activities. Hence vestiges of the dysfunctional state and the economy are replicated in the new dispensation, which may account for the higher probability that the country will suffer further civil wars.

The contradictory aims of negotiating an inclusive peace process while removing criminal elements within existing power structures present policy makers with a dilemma. There are several options available to them. The first strategic choice is military intervention on behalf of one of the parties to the conflict. This is usually effective in restoring peace in the short term and also allows the country to rebuild its structures from a *tabula rasa*. The risk of this approach, however, is that the new government and economic elite will adopt exclusionist political and economic policies that will once again create the conditions necessary for widespread dissent.

While UN and AU protocols allow for intervention in situations where war crimes and crimes against humanity are occurring, there appears to be little political will to embark upon such a course in Africa. The 2003 US and UK-led attack on Iraq has reinforced a perception that interventionist strategy carries high risks, involving substantial financial resources and the possibility of greater instability through emerging struggles between different groups and factions. Christopher Deliso has noted that for American troops involved in initiatives such as the US anti-terror Pan-Sahel operation, West Africa might prove an 'Afghanistan and Iraq to the power of ten'.<sup>89</sup>

A second strategic option is to embark on UN-style peacekeeping missions. These aim at maintaining the peace and building the basic foundations of a credible election process with the involvement of armed protagonists, together with reform of civil society, criminal justice and the security sector. This approach has been adopted in countries such as Sierra Leone and Liberia. It is too early to conclude

---

<sup>89</sup> Deliso C, *West Africa, Where the Empire Will Come to Ruin*, 27 September 2004, [www.antiwar.com](http://www.antiwar.com).

whether successes in achieving these aims. There are, however, some indications that such a process requires greater commitment, takes longer and is more expensive than has been envisaged. In Sierra Leone, there is scepticism as to whether the government, comprising many of the elite from the previous government, is committed to rooting out the corruption that created an environment conducive for war. Although the institutional framework is largely in place to check abuses of power, there have been few indications that the government intends to act against political allies in high-ranking positions. For this reason, expatriate judges have been brought in to bolster efforts by the Sierra Leone Anti-Corruption Commission (which can investigate cases but does not have prosecutorial powers).<sup>90</sup>

The ICG suggests that in countries such as Sierra Leone and Liberia, 15-25 years will be needed to rebuild the state: that is, to restore the rule of law, create a professional law enforcement and judicial capacity, ensure the loyalty of the military and protect the rights of citizens. This implies enormous financial and other costs. In Sierra Leone the elected government is unlikely to cede further control to the international community. In Liberia, however, ICG suggests that the international community should assume responsibility for all revenue collection agencies in ports, airports, customs, the maritime registry and timber and diamond exports. Such a project would entail placing foreign experts in each of these national departments, which have been tainted by irregular financial dealings under the Taylor presidency,<sup>91</sup> while international donors appear to have little faith in the integrity of combatants from either the government or the rebels, who are contesting positions within the new government at the expense of the peace process. The transitional government in Liberia rejected the ICG suggestion, claiming that it would compromise national sovereignty. Ellen Johnson-Sirleaf was confirmed the first female elected head of state in Africa, after being pronounced president of Liberia on 23 November 2005. It remains to be seen what stance her government will take regarding this suggestion.

African countries also fear that this kind of arrangement would set a precedent for an unacceptable degree of interference in their affairs. The problem appears to lie in the fact that in the absence of a strong

---

<sup>90</sup> The situation in Sierra Leone is discussed in a detailed case study in this book.

<sup>91</sup> 'Liberia and Sierra Leone: Rebuilding failed states', *Africa Report No 87*, ICG, December 2004.

and vibrant opposition, community and NGOs and an established business sector, there is insufficient critical mass to breathe life even into a model legislative and policy framework. Once the international community withdraws, there is no guarantee that any gains will not be reversed, at great cost to the country and to the international community.

Sierra Leone and Liberia are regarded as test cases for contemporary multilateral peacekeeping and reconstruction initiatives. Conditions in those countries are, however, unique. Both are small and relatively easily contained by a significant and credible international presence, provided that diplomatic pressure is maintained on spoilers in neighbouring countries. The nationalist sentiment of the population has been dulled by the extreme brutality of the conflicts and international intervention has been greeted with almost universal relief. This situation is very different from that of many other countries in the region and elsewhere, where the position may prove more complex, as appears to be the unfolding case in the Democratic Republic of Congo. The formula devised for these types of interventions has yet to be tested under more onerous conditions.

Under such circumstances, preventive diplomacy assumes increasing importance. In this aspect, Ecowas and the AU have played a significant role and the deployment of regional African observers and standby forces may bolster their efforts. These institutions, however, appear to lack the institutional base to provide the support structures (for example, credible public service administration, management of natural resources and revenue collection) necessary to help countries uproot organised crime and corruption. Nepad committees are beginning the process of establishing possible norms for the transparent management of natural resources but they do not have the clout of the major international financial institutions. Some countries, such as South Africa, have begun to offer this type of assistance on a bilateral basis, although co-operation between African anti-corruption agencies has not been extensive. Nevertheless, deployment of this kind of expertise, as well as civilian policing, is likely to become more acceptable to many African countries. This is an area that requires greater attention and support from the AU and from international donors, an aspect to be considered in more detail in the recommendations set out in a later section.

The extent of non-state related organised crime in West Africa is little known. It is frequently asserted, however, that because of its weak and failed states and rich natural resources the region would be expected to attract the attention of organised crime networks. West Africa is a difficult place in which to do business, largely due to widespread political instability. Legitimate economic enterprises and criminal networks alike are risk averse and prefer a stable operating environment. This generally means a relatively sophisticated infrastructure, modern economic systems and an environment that offers good cost-benefit ratios, where the risk of prosecution is low. In failed states, the costs of doing business – legitimate or not – are generally prohibitive, owing to high transportation costs, general lawlessness and the possibility that numerous actors along the trading chain will demand bribes. The degree of state dysfunction, therefore, may be a key determinant of an attractive destination for transnational crime groups.

The costs of doing business in dysfunctional or failed states may be ameliorated, if some of the following conditions exist:

- there is a logistical supply network that can circumvent degradation of infrastructure;
- if there are no financial institutions, the commodity traded must be easily exchanged for cash, or there must be an enforceable system of promissory notes (for example, the hawala system of informal funds transfer through service providers known as 'hawaladars');
- corruption must be centralised to a degree where costs are relatively predictable;
- countries in which transactions of transit take place must be accessible to target markets; and
- the risks of detection and apprehension must be relatively low in relation to the benefits anticipated from illicit trade.

The weakness of a state may make it unattractive to organised crime, unless local 'warlords' assume control over specific communities and geographic entities. This has clearly been the case in dysfunctional states such as Sierra Leone.

Several other global factors, not unique to West Africa, may contribute to the growth in organised crime activity. These would include:

- geographical location;
- in developed and increasingly developing countries, increased demand for illicit commodities (such as drugs) that creates opportunities for criminal networks;
- privatisation of state assets, especially state-owned transportation and border control entities; and
- the explosion in information technology and ease of travel in the global economy.

Organised crime and its stepchildren, corruption and money laundering, are phenomena that have to merge into the economic, political and social governance systems prevailing in particular countries, and must take account of the regional dynamics that nourish them. The sections that follow consider these factors and how they have contributed to conflict and civil war.

## Chapter Three

### Political Governance and Organised Crime

Poor standards of economic, political and social governance have shaped the growth of organised crime in West Africa. This discussion is based on the definition of governance used by the World Bank:<sup>1</sup>

Governance is the process and institutions by which authority in a country is exercised: 1) the process by which governments are selected, held accountable, monitored and replaced; 2) the capacity of government to manage resources and provide services efficiently, and to formulate and implement sound policies and regulations; and 3) the respect for institutions that govern economic and social interactions among them.

The colonial era left a legacy in West Africa of artificial borders that did not respect kinship ties, had little indigenous capacity to govern, and economies reliant mainly on extractive industries. Diverse ethnic groups were compelled to live within alien borders and to negotiate for access to central governments' resources. After independence, many countries adopted economic policies and a regulatory environment that provided opportunities for large corporate concerns to exploit their resources and for criminal networks to flourish. Governance was often poor and corruption became widespread. This in turn had a deleterious effect on the rule of law and the accountability of governments to their citizens. In many countries the indigenous social institutions that were the last haven for those impoverished and brutalised by war, were damaged. Some people survived by returning to subsistence agriculture, informal trade or illicit mining and extraction of resources. In this way, civilians became dependent on an economy that was frequently used by combatants to fund their wars. Economic decline, political instability, civil wars and repressive governments caused some people to take flight to other parts of the region and the larger continent. The entrepreneurs among them established transnational businesses, often linked to their countries of origin. The legitimate income thus generated has become a source of foreign investment and of remittances that have sustained many of those left behind. Such success stories, however, have been

---

<sup>1</sup> Kaufmann D & A Kraay, *Governance Matters III: Governance Indicators for 1996-2002, The Empirical Challenge*, 2002, [www.worldbank.org/wbi](http://www.worldbank.org/wbi).



somewhat overshadowed by the activities of transnational networks that ventured into illicit trade.

West African governments have themselves contributed to instability by providing neighbouring countries and rebel movements with financial or logistical support to prosecute armed conflict. Similarly, organised crime networks across the region have used neighbouring countries to establish domestic markets and transit routes to global markets, and to obtain support from corrupt governments or officials.

### **Political Governance**

In the past, many countries in West Africa had undemocratic governments that were neither accountable nor responsive to the needs and wishes of the people. Poor governance, which marginalised significant sectors of the population, resulted in conflict and civil war. These factors also contributed to the growth of organised crime. Such tendencies are difficult to reverse and continue to play a role in encouraging the operations of criminal networks.

There are several features of many political systems in West Africa that contributed to increased corruption and crime. The main ones are as follows:

**Unstable and unrepresentative political systems.** Given the ethnic diversity of many states, it was difficult to build stable and inclusive systems of representation. Most countries did not develop a constitutional framework that would provide a mechanism for non-violent dispute resolution, including credible election processes. Few political parties had adequate campaign resources; hence political campaigns often depended on patronage. This also enhanced the possibility of capture of state instruments by elite and criminal groups, initiated either by government officials or criminals.

**Public sector patronage and corruption.** Some ethnic groups benefited from favoured access to political appointments, civil servant positions, government procurement and other economic opportunities. This undermined the delivery of public services. Public service corruption increased with the squeeze on wages in the sector following on structural adjustment programmes, making it necessary for officials to turn to 'moonlighting' to survive.

**Concentration of power in the executive.** Power was largely concentrated in the executive branch of government. While nominal authority may have rested in the parliament and judiciary, systems of patronage subverted the independence of those institutions. The rule of law and control of corruption were weakened and public confidence in the legal system dwindled. Such an environment was not conducive to domestic or foreign investment.

**Weak civil society.** While civil society was often at the forefront of efforts to combat corruption and mismanagement, many organisations reflected the divisions apparent in the broader society. In some countries, repressive legislation curtailed access to information and silenced dissenters.

### *Political governance in flux*

The most important attributes of governments that are capable of countering organised crime and corruption are respectively political participation and accountability, control of public standards and rule of law. The form of government in place has clear implications for the reduction of organised crime and corruption. Countries with a more open political environment control corruption and maintain the integrity of the system of government (including the criminal justice system) considerably better than those without a responsive system. The authoritative 'Afrobarometer' surveys, conducted in 15 countries on the African continent, provide an assessment of the types of government now found in West Africa. Half these countries cannot be regarded as democracies.<sup>2</sup>

---

<sup>2</sup> Bratton M, *op. cit.*, p.6.

<i>Regime type</i>	<i>Sub-type</i>	<i>Country</i>
Democracy	Liberal democracy	Cape Verde
		Sao Tome & Principe
	Electoral democracy	Ghana
		Mali
		Senegal
		Benin
		Niger
Semi-democracy	Ambiguous hybrid	Nigeria
		Sierra Leone
Autocracy	Competitive autocracy	Guinea Bissau
		Gambia
		Togo
	Hegemonic autocracy	Burkina Faso
		Guinea
		Côte d'Ivoire
		Liberia
		Equatorial Guinea

### *Political Participation and Government Accountability*

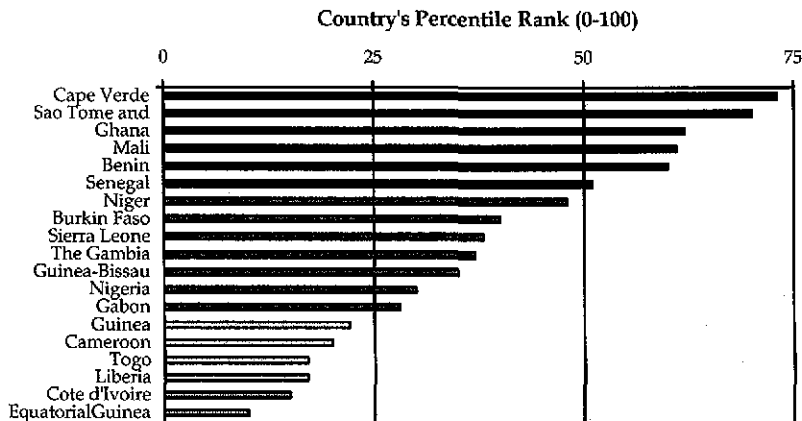
Political governance in West Africa is in flux. Some countries have held credible elections and have begun the difficult task of building consensus among different sectors of society about how to structure and distribute political and economic profits and advantages. Some have yet to institute systems of participatory government to serve the interests of all their citizens. While most have paid lip service to democratic principles, in many the best way towards their implementation is still in dispute.

Some governments have yet to set up constitutional mechanisms and independent institutions to provide oversight over electoral processes, abuses of power and the rule of law, and human rights violations. Civil society has flourished in the relatively more open environment sweeping the region, but civil institutions such as the media and NGOs are often weak, poorly funded or too cowed by government to articulate the public interests or to hold government accountable. Even where such organisations are active they may not be able to acquire the information necessary to hold government to account — few countries have enacted freedom of information legislation. Influential NGOs are based disproportionately in urban

and coastal areas. The business sector is generally underdeveloped, or it may be so closely aligned with the political leadership that it has an interest in maintaining the status quo.

The public service frequently is hampered by lack of resources and struggles to institute the reforms necessary to provide services such as education and health, housing, water and sanitation. Few countries have a professional, merit-based and efficient public service. Civil servants often do not receive wages for long periods, leading to mutinies among the military and to urban unrest. The civil service battles to attract skilled people because wages are low. In some West African countries real governance is confined to the capital and sometimes to other urban areas. Elsewhere, government institutions are fragile and find it hard to implement reforms and win public acceptance.

**Graph 1: Voice and accountability (West Africa region, 2004)**



Source: Kaufman D, Kraay A & M Mastruzzi, 'Governance Matters IV: Governance Indicators for 1996-2004', <http://www.worldbank.org/wbi/governance/pubs/govmatters.html>, 2005.

Researchers from the World Bank Institute have measured the degree of participation and accountability in West African countries. Comparatively, these countries enjoy fewer civil liberties and mechanisms to hold government accountable than do other countries on the continent.

### *The war against Pajeros: Corruption in West Africa*

Many West African states suffer from a weak rule of law and endemic corruption. The World Bank has conservatively estimated that countries with widespread corruption have economic growth rates between 0.5% and 1% lower than would otherwise be the case and are consequently more likely to experience civil conflict and instability.<sup>3</sup> Corruption flourishes where institutions and the regulatory environment are weak and where the rule of law is flouted.

While conceding that governance is improving across the African continent, the UN Economic Commission for Africa found in a survey of 28 countries that citizens still regard corruption, poor tax systems, and a lack of accountability and transparency among civil servants as serious problems.<sup>4</sup>

The reasons for corruption may include low wages, the perception that corruption is a victimless crime, a lack of deterrence and resources, a perception among foreign companies that bribery is the norm and the absence of political will to address the problem. In West Africa it is argued that the high level of state involvement in the economy, a history of corruption and nepotism, and strong ethnic loyalties may also exacerbate corruption.<sup>5</sup>

As mentioned in the previous section, Ecowas adopted a protocol against corruption in 2001. Anti-corruption laws have been adopted and institutions established to combat the problem in most West African countries. A report by the Berlin-based international NGO Transparency International (TI) suggests that these institutions are seen as toothless in many countries because they are established to appease donors, and politicians are reluctant to prosecute their political allies.<sup>6</sup>

West African countries such as Nigeria, Côte d'Ivoire, Senegal and Ghana rank badly in corruption perception surveys conducted by TI, all scoring less than five against a clean score of 10. Except for Benin, Mali and Senegal, most countries score lower than three out of 10, which indicates rampant corruption. In TI's Corruption Perceptions

---

<sup>3</sup> Harsch E, *Africa Recovery*, 13, 4, December 1999.

<sup>4</sup> 'Governance improving across the continent', *IRIN*, UNECA, 11 October 2004..

<sup>5</sup> Price WaterHouse Cooper, *The Hidden Cost, An Economic Crime Survey in Ghana*, 2003, p.6.

<sup>6</sup> Alabi N, 'West Africa', *Global Corruption Report 2003*, [www.globalcorruptionreport](http://www.globalcorruptionreport) p.1.

Index for 2004, some West African countries rank among the most corrupt in the world: out of 146 countries evaluated, Benin and Mali rank 77, Senegal 85, The Gambia 90, Sierra Leone 114, Niger 122, Côte d'Ivoire 133 and Nigeria third worst at 144.<sup>7</sup> Nigeria claims the dubious distinction of sharing the bottom ranks with Myanmar, Bangladesh and Haiti. Côte d'Ivoire, Ghana and Sierra Leone have, however, instituted some reforms to strengthen government controls.<sup>8</sup>

The World Bank also conducts extensive surveys, the results of which are shown below, with a variety of private and public sector groups in many West African countries. These surveys cover a larger range of countries and confirm that corruption is rife in Côte d'Ivoire, Equatorial Guinea, Guinea, Liberia, Nigeria, Sierra Leone and Togo.

Grand corruption is still alleged to take place in countries endowed with natural resources, including oil, gas, diamonds and gold. This is the case in Equatorial Guinea, Nigeria and other oil-producing countries and in diamond-rich countries such as Sierra Leone. Neighbouring countries have also been accused of benefiting from illicit trade in such commodities. Some donors, for example, cut their aid programmes to Burkina Faso after it was alleged that it had sold illicit diamonds from Sierra Leone. Indeed, most countries in the region provide transit routes for illicit commodities or participate more actively in illegal trade. As Human Rights Watch notes:<sup>9</sup>

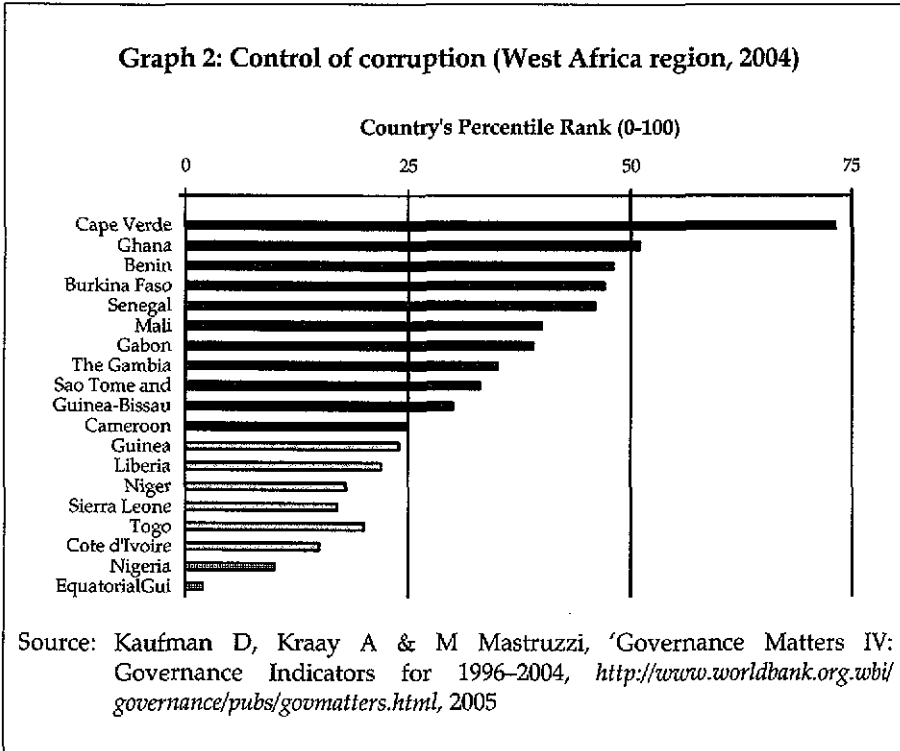
Several governments derived considerable economic benefit from their support of insurgent groups in neighbouring countries. From at least 1989, the Ivorian government, which provided logistical support to the NPFL, exported large quantities of Liberian timber through Côte d'Ivoire. Throughout Sierra Leone's war ... and following the 1997 elections, the Liberian government benefited enormously from the export and sale of Sierra Leonean diamonds.

---

<sup>7</sup> Transparency International Corruption Perceptions Index 2004, [www.transparency.org](http://www.transparency.org).

<sup>8</sup> *Ibid.*, p.1.

<sup>9</sup> 'Youth, blood and poverty: The lethal legacy of West Africa's regional warriors', *Human Rights Watch*, Chapter 3, 13 April 2005.



Michael Ross<sup>10</sup> discusses how oil wealth can harm democracy and good governance in three main ways. First is the *rentier* effect whereby oil revenues are used to provide social services to the public, which in turn reduces the pressure for greater transparency and accountability. (If the government does not need much tax revenue, it is less likely to face demands for political participation and good governance.) Oil revenues increase the likelihood that rulers will use patronage or largesse to prevent the formation of independent social groups and subvert opposition. Second, Ross cites the *repression* effect. If the government is oil-rich it will be able to spend more on internal security and repress any democratic formations or conflict over the distribution of resources, especially when natural resources are geographically dispersed. Third is the *modernisation* effect: when a government has oil riches and fails to diversify its exports, the population tends to stay in rural areas rather than move into the

<sup>10</sup> Ross M, *op. cit.*, pp.332-357.

industrial and service sectors — a move that might precipitate increased education and demands for democracy.

In some countries in West Africa, the corruption malaise has permeated even the lower levels of the civil service. Civil servants demand bribes for services such as electricity and education. Throughout the region, police and customs officials are usually regarded as the most corrupt of officials.

In addition to notable corruption at high government levels in Nigeria, the incidence of corruption is also high at lower levels of authority. In the Nigerian capital Lagos, 44% of all respondents in a victimisation survey indicated that they had been asked to pay a bribe in 2003. Officials most likely to be involved in this included National Electric Power Authority employees (58%), police (29%), local government officials and elected councillors (3% each), revenue officials and teachers (2% each) and customs officers (1%).<sup>11</sup> Clearly, the level of contact with the public influences the degree to which various officials are seen as corrupt. Nigeria has anti-corruption bodies in all federal ministries and an anti-corruption commission and, although it has been criticised for failing to prosecute any high-profile figure, it has arrested large numbers of police officials on corruption charges.

Côte d'Ivoire has extensive legislation penalising private and public sector corruption and several anti-corruption initiatives are in place, including auditing bodies and a General Secretariat for Good Governance. The IMF has, however, concluded that there is no coherent anti-corruption policy framework.<sup>12</sup> Corruption is regarded as a major obstacle to investment in Côte d'Ivoire, with extensive incidence in the security forces, judiciary and other arms of government. The problem in the armed forces led to the establishment of a Regulation of Traffic Unit to oversee the activities of security agencies at roadblocks. The prevailing conflict in the country has, however, led to a proliferation of unofficial checkpoints.

The government of Niger has admitted that corruption is a major concern and indeed the Economist Intelligence Unit (EIU) argues that it is one of the factors bringing the country to its knees, rife at all levels

---

<sup>11</sup> 'Criminal victimisation and fear of crime in Lagos', A Report of the Lagos Crime Victimisation Survey, *op. cit.*, p.7.

<sup>12</sup> 'Côte d'Ivoire', Country Procurement Assessment Report, *op. cit.*



of government. In Togo, there are no statistics available on levels of corruption. Recently, allegedly fraudulent elections brought into power the son of former president Gnassingbe Eyadema. Donors have suspended aid to the country owing to its failure to institute democratic reform and enhance accountability.<sup>13</sup> International organisations have criticised the governments of Burkina Faso, Guinea and Guinea-Bissau for failing to provide adequate controls on public spending.

In Sierra Leone, donors have warned that if systematic corruption is not rooted out they will withdraw funding for reconstruction. The country has a strong anti-corruption commission but it lacks the power to prosecute offenders and the judiciary is prone to political influence. A similar trend is already apparent in Liberia, where the transitional government is resisting external efforts to monitor revenues from natural resources in its infant reconstruction process.

Cape Verde, São Tome and Príncipe, Benin, Mali, Ghana and Senegal score higher on surveys for control of corruption, but there are still problems in implementing these measures. In Benin, it is estimated that corruption may cost the country about \$75 million a year.<sup>14</sup> An anti-corruption commission in Cape Verde was closed and its functions transferred to the public prosecutor's office. In São Tome in 2003 a mercenary force of former members of the South African Defence Force's special forces seized power in a coup but later withdrew under pressure from Ecowas. The plotters claimed that corruption was rampant in the small nation, which had earlier signed concessions with major US oil companies to exploit its offshore oil reserves (there is no legislation requiring public tender processes). São Tomean government ministers are alleged to have acquired leases on state-owned agricultural enterprises.<sup>15</sup>

In a survey of large companies operating in Ghana, 54% of respondents said that corruption was the most common form of economic crime: 18% had been asked to pay a bribe or a commission.<sup>16</sup> It appears that corruption affects smaller concerns more adversely

---

<sup>13</sup> 'Togo: Index of economic freedom 2005, The Heritage Foundation, [www.heritage.org](http://www.heritage.org).

<sup>14</sup> Alabi N, *op. cit.*, p.5.

<sup>15</sup> 'Mercenaries, corruption and poverty complicate the road to an oil boom', *IRIN*, 16 May 2005.

<sup>16</sup> *Ibid.*, p.13.

than bigger firms.<sup>17</sup> The Ghanaian Commission for Human Rights and Administrative Justice has indicated that one of the issues of concern is conflict of interest among public officials, for which there is currently no legislation or code of conduct regulating behaviour; nor do the agencies tasked with fighting corruption have prosecutorial powers.

In Senegal, forensic audits of state-owned enterprises established that public funds had been diverted, contractors had been over-invoiced and payments made to fictitious entities. In addition, some government procurement contracts were not put out to tender. The Dakar section of TI conducted a survey in which it found that close to 90% of those interviewed believed that corruption was widespread in the public sector and among politicians. President Abdoulaye Wade acknowledged that corruption was a problem but questioned the credibility of the survey.<sup>18</sup> Civil society groups, however, expressed the view that anti-corruption prosecutions had been selective.<sup>19</sup> In Mali also, criticism centres on the fact that few senior figures have been brought to trial, despite a World Bank report finding that vote-buying and public sector corruption were rife.<sup>20</sup>

In a study of petty corruption in Benin, Niger and Senegal, anthropologists from the Paris-based *École des Hautes Études en Sciences Sociales* found that corruption was fuelled by the employment of a range of middlemen in various parts of the administration of transport, customs, health care and justice, their role being to facilitate payment of bribes from the public to government officials.<sup>21</sup> The root cause of the existence of such a system, as is discussed below, is the cumbersome nature of economic regulation and its associated bureaucracy, with attendant high levels of discretion on the part of government officials.

The level of private sector corruption in West Africa has not been the subject of much research. The World Bank Institute publishes indices of corporate governance for some countries in the region. This index measures the percentage of firms that give satisfactory ratings to

---

<sup>17</sup> Besada H, 'Glimpses of hope in West Africa: The experience of South African firms doing business in Ghana', *Business in Africa Research Project Report*, 4, 2005. Johannesburg: South African Institute of International Affairs, p.65.

<sup>18</sup> 'Senegal discusses new steps against corruption', *IRIN*, 17 November 2004.

<sup>19</sup> Alabi N, *op. cit.*, p.4.

<sup>20</sup> *Ibid.*, p.5,

<sup>21</sup> Alabi N, *op. cit.*, p.7.

companies on a range of governance indicators (the index ranges from one to 100: the higher the value the better the corporate governance).<sup>22</sup>

<i>Country</i>	<i>Corporate Governance Index</i>
The Gambia	47.7
Ghana	52.9
Mali	31.5
Nigeria	45.7

These figures compare well with the ratings given to some other countries, such as Angola (15.4%), but are much lower than South Africa's rating (80.9%).

Research in Ghana indicates that corporate fraud and corruption reflect, to some degree, the country's broader social problems.<sup>23</sup> For many companies in this operating environment, payment of bribes or at least the employment of a 'fixer' to arrange a variety of transactions may seem necessary to doing business. Some larger companies stand accused of exercising an insidious influence on government policies. In West Africa, corruption between businesses and government officials at all levels is widespread. Where large firms are able to influence the laws, regulations and policies of the state for their private interest, organised crime and corruption can be difficult to detect or prevent.

### **The Criminal Justice System and the Rule of Law**

In many West African countries the criminal justice system is weak, due to civil wars, progressive erosion of the legitimacy of the institution and lack of resources.

An Afrobarometer survey established that security agencies generally do not have adequate coverage of their countries.<sup>24</sup> Police are concentrated in urban areas and even there the level of police visibility is low. UNODC reports that there are far fewer police and judicial officers per criminal in Africa than elsewhere, and much lower

<sup>22</sup> Corporate and Public Ethics Indices, World Bank Institute, [www.worldbank.org/wbi](http://www.worldbank.org/wbi).

<sup>23</sup> Price WaterHouse Cooper, *op. cit.*, p.6.

<sup>24</sup> Bratton M, *op. cit.*, p.10.

conviction rates.<sup>25</sup> Defence and security expenditure has fallen, often at the behest of the Bretton Woods institutions.<sup>26</sup>

During the civil wars in Sierra Leone and Liberia, rebel movements destroyed police stations and courts — symbols of the state's authority. Post-war, progress in rebuilding the criminal justice system is slow: as part of the task, governments facing major challenges in providing food and basic services to the population must also replace physical infrastructure. Police work is poorly remunerated and it is therefore difficult to attract qualified people to it. Corruption was rife in the public service before the wars and relations between the police and other criminal justice officials are characterised by mistrust.

According to the Sierra Leone National Forum for Human Rights:<sup>27</sup>

Magistrate's courts seldom operate. Local courts are non-functional and dysfunctional. The SLP [Sierra Leone Police] has largely unfettered discretion with crime and punishment. The chieftom structure seems to be infected with political manipulation. Everywhere, trained personnel are scarce, records are lost, and buildings are destroyed. And everywhere, corruption runs rampant.

Successive leaders of Liberia, including presidents Samuel Doe and Charles Taylor, replaced the army and the police with loyalists from their parties. Most of these agencies, if put under scrutiny, would be dismissed for human rights violations. There is no policing in rural areas. Officials in the justice system, like other civil servants, have not received salaries for two years.

Many West African states are emerging from authoritarian rule, where security agencies and the courts may have been used to subvert justice and repress dissent. While ordinary criminal cases may have been dealt with relatively impartially, cases involving national security or politically sensitive matters were hampered by the influence of the executive branch of government. In countries such as Côte d'Ivoire there have been reports of the military intervening in court cases and intimidating judges. In Niger, the leader of the professional body *Syndicat Autonome des Magistrats du Niger* has complained that political

<sup>25</sup> UN Office on Drugs and Crime, 'Rule of law and protection of the most vulnerable', *op. cit.*, pp.20–21.

<sup>26</sup> *Ecowas Social Economic Indicators*, p.15. The share of expenditure varies between about 1.24% and 5.35% of total expenditure.

<sup>27</sup> Alterman O *et al*, *The Law People See: The Status of Dispute Resolution in the Provinces of Sierra Leone in 2002*, National Forum for Human Rights, 2003, p.41.

interference in the judiciary is rife and that corruption has plagued the institution, owing to low salaries and lack of training.<sup>28</sup> In Equatorial Guinea, the ruling party controls the judiciary. Investors complain that regulations are unclear and that the law is enforced arbitrarily.<sup>29</sup> In Côte d'Ivoire, corruption in the judiciary reportedly influences legal matters, with officials deciding cases in favour of those who have paid bribes. Lack of integrity within the legal system is the main reason cited for the exclusion of Côte d'Ivoire from the benefits offered by the US African Growth and Opportunity Act of 2004. Many governments have, however, committed themselves to decentralisation of power and less interference in the judiciary.<sup>30</sup>

The World Bank Institute, on the basis of surveys, has concluded that the rule of law is still weak in many countries in West Africa.

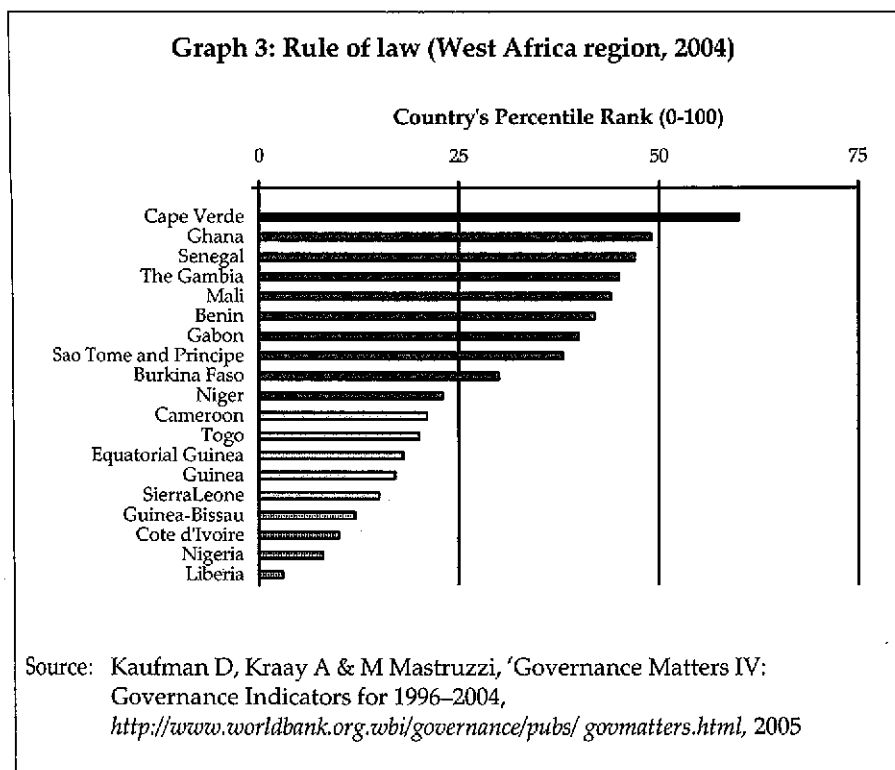
In those sectors of society and geographical areas that are marginalised from the centres of power and influence, alternative political and governance systems have arisen, making it difficult for governments to exert authority over their entire territory. In some countries, traditional institutions have played a far more significant role in administering justice in rural areas than have the courts. In others, political party militias and vigilante groups have been established in response to the widespread insecurity that has arisen, in part through disillusionment with the criminal justice system. In many instances these groups have degenerated into criminal gangs or have been used by government or insurgents against their political opponents. This has escalated conflict and exacerbated criminal violence. The trend is apparent in Nigeria, Côte d'Ivoire, Sierra Leone, Liberia, and several other countries in the region. In addition, these groups have been contiguous with, and enjoyed the support of, neighbouring states, thus extending instability into the region.

---

<sup>28</sup> 'Niger: Index of economic freedom, 2005', The Heritage Foundation, [www.heritage.org](http://www.heritage.org).

<sup>29</sup> 'Equatorial Guinea: Index of economic freedom, 2005', The Heritage Foundation, [www.heritage.org](http://www.heritage.org).

<sup>30</sup> 'Background Note: Côte d'Ivoire', Bureau of African Affairs, US Department of State, June 2005, p.6.



**'Parallel comrades':  
Case studies in Côte d'Ivoire, Nigeria and Sierra Leone<sup>31</sup>**

**The Kamajors and the Donzo ton**

After an attempted coup in the 1960s in Côte d'Ivoire, President Houphouët-Boigny formed a political party militia, composed mainly of ethnic Baoule groups, to maintain order in Abidjan. After a crime wave in the late 1980s and 1990s, quasi-militia forces known as the *Kamajors*, the *Cosa Nostra*, *Cobra* and *Red Brigade* also sprang up to defend communities, often executing crime suspects.

<sup>31</sup> President Gbagbo called the rebels, *Forces Nouvelle*, 'kids with pistols' and 'houseboys turned rebels'. See, 'Côte d'Ivoire: The war is not yet over', International Crisis Group, *Africa Report*, No 72, 28 November 2003, [www.crisisweb.org](http://www.crisisweb.org).

**'Parallel comrades':****Case studies in Côte d'Ivoire, Nigeria and Sierra Leone (continued)**

Specialised police units, including the PC Crise and an anti-gang unit, were established to address the crime problem.<sup>32</sup> Young rural traditional hunter associations, called the *donzo ton*, were recruited to patrol communities and assist in apprehending criminals. The success of these groups led to a boom in private security with most of the employees comprising young men from rural areas. They were said to have mystical powers. In 2000 President Gbagbo disbanded these groups, but others like the *Donzo ton* operated in the north of the country. In 2002, during the armed rebellion in Côte d'Ivoire, many of these hunter groups took up arms against the government; a frequent pattern for similar groups in other West African countries. Pro-government militias re-emerged after the failed uprising in 2002, when rebel forces took control of the north of the country. They were said to be responsible for violence against West African immigrants and French nationals in the wake of the political crisis. Commentators have argued that political leaders actively recreated 'ethno-territories' to gain political office.<sup>33</sup>

**'Area boys'**

In a survey of crime victims in Lagos, a large number (81%) of respondents said that vigilante groups operated in their area and were paid for their services. About a quarter of the people used private security companies. Levels of trust in the police are relatively low (58%) but higher than in many other cities in Africa. In Nigeria, so called 'area boys' provide security (and sometimes contribute to crime) in many areas.

**The 'Rarah boys'**

In the late 1960s in Sierra Leone the government, concerned with growing opposition to its policies, recruited informal youth militias (known as the 'rarah boys') to intimidate and terrorise opposition supporters. They were often associated with the excessive use of cannabis and petty crime. When harder drugs, such as cocaine and heroin, entered African cities in the 1980s, this drug sub-culture contributed to the extreme brutality of the wars that followed.

<sup>32</sup> The Economic Intelligence Unit suggests that there are 4,400 members in the Gendarmerie, 6,800 in the army and 1,100 in the Presidential Guard. However, the US State Department suggests that there are 20,000 members in the Gendarmerie at present.

<sup>33</sup> Bassett T, 'Containing the Donzow: The politics of scale in Côte d'Ivoire', *Africa Today*, p.1.

The task of rebuilding areas of conflict – in which rebels and militias have held sway, bringing them under central government control and establishing civilian structures such as local administrations, policing and a criminal justice system – is enormous.

As mentioned earlier, the ICG argues that UN interventions, planned to last for two to five years, are not creating effective states. The underlying political causes of the state's failure in these countries have not been addressed. Instead, peacekeeping missions are merely implementing a series of superficial measures that cannot guarantee the emergence of a new political and institutional fabric.<sup>34</sup>

Recent surveys show that disillusionment with the criminal justice system can destroy faith in democracy, which in turn can provoke further conflict, political and criminal violence. The Afrobarometer surveys on the continent indicate that Africans consider law enforcement the most important capacity of a democratic state. It trumps all other considerations such as access to public services and the provisions of material needs.<sup>35</sup>

## Conclusion

Putting into place political mechanisms to enhance citizen participation and government accountability is a *sine qua non* for dealing with corruption and organised crime. While governments with good political systems nonetheless experience such activities, they are far better placed to address them.

The interaction between various elements with a bearing on the incidence and nature of organised crime (control of corruption, rule of law and accountability) is complex. Each country may have particular

---

<sup>34</sup> 'Liberia and Sierra Leone: Rebuilding failed states', *Africa Report Number 87*, ICG, 8 December 2004.

<sup>35</sup> Bratton M, 'State building and democratisation in sub-Saharan Africa: Forwards, backwards or together?', *Afrobarometer Working Papers*, Number 43, September 2004, p.21.



weaknesses that can explain some of the forms of crime it experiences. For example, very authoritarian countries such as Equatorial Guinea may experience high levels of corruption but very little non-state related organised crime, especially domestically. The criminalisation of politics, however, may make such countries ideal transit points for illicit trade such as drug trafficking.

## Chapter Four

### Economic Governance and Organised Crime

#### Introduction

In the 1960s some West African countries were richer than the Asian giants of today. In 1965, Ghana had higher exports and income per capita than South Korea, but while Korea's exports increased four hundred times between 1965 and 1995, Ghana experienced only a fourfold increase.<sup>1</sup> Explanations for the poor performance of African economies include exogenous factors such as geography, small or large states, high ethnic diversity and climate, and internal factors such as economic policies.

Steven Freeman argues that there are three economies in Africa: the informal economy, the formal economy and the global economy. Only the formal economy coheres with the boundaries of nation states.<sup>2</sup> The informal economy falls outside the official system and is not taken into account in calculating GDP or taxable revenue.<sup>3</sup> It consists of legal and illegal activities and may include traders who merely evade taxes and regulations, as well as organised crime syndicates. The formal economy, on the other hand, incorporates those entities captured in official data on trade, investment and foreign assistance. The global economy captures those transactions that take place in the world market, including the operations of stock exchanges, offshore banking (including capital flight) and remittances. The dark side of this economy would include the operation of transnational criminal groups and the remittances that fund conflict in Africa.

The informal and global economies in West Africa are extensive. The informal economy currently employs 65% of the population and

---

<sup>1</sup> 'Can Africa claim the 21<sup>st</sup> century?', *op. cit.*, p.19.

<sup>2</sup> Freeman S, 'The three economies of Africa', *African Security Review*, 9, 4, 2000. Pretoria: Institute for Security Studies, [www.iss.org.za](http://www.iss.org.za).

<sup>3</sup> West African Banker's Association, Report of the seminar on the theme 'Financing Regional Trade', September 2001, [www.wabaop.org/waba/conakry\\_seminar](http://www.wabaop.org/waba/conakry_seminar), p.3. The WABA classifies the informal sector into the following categories: services induced by the use of durable goods; small-scale manufacture of trade commodities including the processing of raw materials; the tertiary sector including retail trade, small scale transportation and tourism; and large scale manufacturing that is not included in the national accounting system.

contributes 60% of the GDP of Ecowas countries; it constitutes 50% of intra-regional trade.<sup>4</sup> As will be further discussed, global remittances from the West African diaspora may conservatively amount to 4% of GDP in some countries. How much of this is the proceeds of crime is not known.

Economic factors that have contributed to the growth of organised crime in West Africa include a history of poor economic policies (including the management of natural resources), the economic dominance of certain countries, demographics, poverty, inequality and ineffective economic reforms. Many West African nations made the transition from colonialism to one-party or military rule. Those states embarked on economic policies that would drive many people into the informal or illicit economy and provide opportunities for organised crime. Poverty and inequality increased, which made these countries more vulnerable to armed conflict and all forms of crime. Such states were often associated with increased corruption, patronage or mere mismanagement.

### **The Growth of Informal and Criminal Trade<sup>5</sup>**

Organised crime, as we now define it, has been prevalent in West Africa for centuries. Malian, Berber and European traders went there to exploit the riches of the region, such as gold and ivory. Trade in human beings for the plantations in the Americas, in which an estimated 13 million people were enslaved, came to represent the ugly face of imperialism. Parts of West Africa subsequently were colonised by Britain, France, Belgium and Portugal and those territories were systematically stripped of their natural resources, with few benefits accruing to the local population. The colonial governments sanctioned the entry of a brand of 'middleman' who linked European companies in the capitals with producers in the hinterland. In West Africa these middlemen were mainly Lebanese nationals, who became a market-

---

<sup>4</sup> Bah I (Governor of the Central Bank of Guinea), Keynote address at the seminar: Financing regional trade and the informal sector, September 2001, *The West African Banker*, 7, January 2002, [www.wbao.org](http://www.wbao.org).

<sup>5</sup> Nicholl C, *The Fruit Palace*. William Heinemann Ltd., 1985. Nicholl writes that in Colombia, narco-dollars are now the biggest part of that country's economy with the black market and contraband interests so widespread that it is known as *la otra economia* (the other economy).

dominant minority that owned most of the productive sectors of the economy.<sup>6</sup> Owing to their position, members of this group were frequently accused of involvement in illicit trade (for example, diamond trading). After World War II demand for high value minerals rose sharply and many West African countries experienced a proliferation of illegal mining, which brought with it an increase in crime and violence, with large bands of men attacking caravans of goods. Such bandits were regarded as heroes in local communities, who had come to see commercial mining as exploitative.

At independence, most West African countries had under-developed economies reliant on extraction of natural resources or on agriculture. While many countries experienced economic growth after independence, urban-biased economic policies and exogenous commodity shocks culminated in a severe economic recession in the 1970s. West African countries experienced a domestic and external debt crisis. Manufacturing concerns collapsed as governments were unable to pay for imports. While Nigeria had benefited from increases in oil prices, it too experienced similar problems after the oil boom ended in the 1980s.

Many governments relied on patronage to co-opt and emasculate dissenters, which frequently involved gaining control over the natural resources or the agricultural sectors. Others formed alliances with dominant minority groups or multinational corporations, which had more extensive international business networks. In exchange for political protection, these groups generated large profits that bolstered failing economies and enriched a small indigenous elite. The illegal trade in gold, diamonds and other natural resources continued. Alluvial miners, frequently an important constituency for these governments, were licensed and some encroached on large corporate mining concessions. In some countries, the natural resources trade was eventually nationalised. Multinationals and entrepreneurs countered such setbacks by venturing into the marketing of these commodities and establishing price cartels. Because countries in the region imposed differential tariffs on these goods or sanctioned the use of foreign currency (a hedge against unstable local currencies), there were still strong incentives to smuggle these goods out of the country of origin into the international market.

---

<sup>6</sup> Chua A, *World on Fire*. Arrow Books, 2004.

While the illicit trade in natural resources has deservedly received widespread attention because of the role it has played in fuelling conflict in West Africa, there is in fact a wide range of commodities involved. The mining and manufacturing industries in West African countries are outlined below. These are natural resources and commodities that are traded legally and illegally within West Africa and elsewhere.

Crude petroleum	Benin, Côte d'Ivoire, Nigeria
Gold	Benin, Côte d'Ivoire, Ghana, Guinea, Liberia, Mali, Niger, Nigeria, Sierra Leone
Limestone	Benin, Niger, Nigeria
Salt	Ghana, Senegal, Sierra Leone, Niger
Manganese	Ghana, Niger
Bauxite	Ghana, Guinea, Sierra Leone
Diamonds	Côte d'Ivoire, Ghana, Guinea, Liberia, Sierra Leone
Iron ore	Benin, Nigeria
Phosphate	Benin, Mali, Senegal, Togo
Coal	Niger, Nigeria
Uranium	Niger
Cassiterite	Niger, Nigeria, Sierra Leone
Gas	Côte d'Ivoire, Nigeria
Gypsum, plaster	Benin, Niger
Rubber	Côte d'Ivoire, Liberia
Wheat flour	Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Ghana, Mali, Senegal, Sierra Leone, Togo
Sugar	Burkina Faso, Côte d'Ivoire, Mali, Nigeria, Senegal
Vegetable oil	Burkina Faso, Ghana, Mali, Niger, Senegal
Soft drinks	Benin, Burkina Faso, Cape Verde, Ghana, Liberia, Mali, Niger, Nigeria, Sierra Leone, Togo
Cotton yarn	Benin, Burkina Faso, Côte d'Ivoire, Mali, Senegal
Cigarettes	Benin, Burkina Faso, Cape Verde, Ghana, Mali, Senegal, Sierra Leone
Motorcycles	Burkina Faso, Mali

A criminalisation process also took place in the consumer goods market. Governments were concerned that higher food prices in urban areas would precipitate urban unrest and opposition to

<sup>7</sup> Ecowas Social and Economic Indicators, *op. cit.*, pp.29-34.

government. Price controls were instituted and marketing boards established to buy agricultural products, with much of the surplus going into government coffers. Private farmers and traders received very low prices for their produce and either cut their output or smuggled their goods to more attractive markets (often in neighbouring countries). In some countries such as Guinea and Ghana, 'unauthorised trading' or exports attracted stiff penalties. In spite of this, many countries experienced food shortages. Where governments responded by imposing rationing or other controls, as in Ghana, the black market expanded. Government officials could be bribed for additional rations or could augment their salaries by selling restricted goods on the black market.<sup>8</sup> Barter trade in consumer products, which enjoyed a comparative advantage in different parts of West Africa, became prevalent and in turn promoted tax evasion. In Guinea, 80% of urban goods were provided by the black market.<sup>9</sup> In Ghana, 60% of imports of essential goods were smuggled.<sup>10</sup>

The great majority of people in West Africa engage in subsistence agriculture but produce insufficient surplus for trade and have little access to the credit that might enable them to farm on a larger scale. Many have uncertain property rights; and trade or exchanges are based on family or kinship ties because parties cannot rely on the law or the courts to enforce contracts. Their poverty makes even local markets, legal or illegal, inaccessible.

By contrast, cross-border trade flourishes throughout West Africa. Because of the arbitrariness of colonial boundaries, many people living along the boundaries of neighbouring countries share kinship ties or long-term associations with one another. This facilitates trade in scarce commodities that may be regulated in one country but not the other, or with goods that enjoy a comparative advantage. For example, Hausa communities on each side of the Niger–Nigeria border have been involved in cross-border trade, frequently evading customs

---

<sup>8</sup> Ayittey GB, *Africa Betrayed*. MacMillan Press, 1992.

<sup>9</sup> Barry A, Salinger B & S Pandolfi, 'Sahelian West Africa: Impact of structural adjustment programmes on agricultural competitiveness and regional trade', African Economic Policy, Discussion Paper Number 37, December 2000, USAID, [www.eagerproject.com](http://www.eagerproject.com), p.8.

<sup>10</sup> Hardy C, 'The prospects for intra-regional trade growth in Africa' in Stewart F, Lall S & S Wangwe, *Alternative Development Strategies in Sub-Saharan Africa*. London: Macmillan Press, 1992.

duties, for decades. This is typical of most border communities throughout West Africa. Certain indigenous entrepreneurial groups have developed more wide-ranging connections with other countries due to ethnic, language and religious ties, such as the Igbo and Hausa in Nigeria and Suame Magazine, the cluster of informal micro-enterprises in Ghana.<sup>11</sup> Minorities such as the Lebanese and Asians also used their own international links to penetrate markets for both illicit and legal goods.

After the collapse of the West African Currency Board in the 1960s, many Anglophone countries in the region experienced increased economic crime. The governments supplied foreign currency at a set, but constantly increasing, official exchange rate. This led to the development of a black market in foreign currency. Black market premiums averaged 300% during this period.<sup>12</sup> Governments benefited from this environment through manipulating exchange rates with the assistance of central banks, but smuggling also increased, as producers preferred to sell both currency and goods on the black market, which offered better exchange rates. During the economic recession, some countries laundered their revenue from natural resources through the black market to purchase petroleum and other essentials. Black markets in foreign currency are still common in the region, except in Francophone countries that use the CFA pegged at a fixed rate to the euro.<sup>13</sup>

As the economies of most West African countries became increasingly informal, they came to be dominated by criminal networks. The formal sector employed few indigenous people, and many educated people emigrated. Small and medium enterprises and small traders within the system found it difficult to compete in an environment where inflation was high and their prices were undercut by competitors from the informal sector. Most informal traders, on the other hand, eked out a subsistence livelihood. The main beneficiaries of the national underground economy were criminal networks located

---

<sup>11</sup> Brautigam D, *Local Entrepreneurship in Southeast Asia and Sub-Saharan Africa: Networks and Linkages to the Global Economy*. American University: School of International Service, 1998, [www.unu.edu](http://www.unu.edu).

<sup>12</sup> *Ibid.*, p.4.

<sup>13</sup> The French government guarantees the CFA franc's stability and convertibility. In return, the regional central banks in West Africa lodge a minimum of 65% of their reserves in euro with the French treasury.

within government, the political or military elite, or minority communities. Transnational companies were able to set the prices of goods in the international market, without having to cater for the welfare of workers. In their domestic operations losses due to corruption were sufficiently centralised and predictable to ensure high returns, at least in the case of large corporations. Other private sector organisations did not fare so well.

Civil wars in West Africa have also contributed to the growth of organised crime. Large population flows, the destruction of road and bridge access to capital cities, the capture of trade by armed groups and the disruption of traditional trading routes, have all encouraged smuggling. Armed combatants frequently expropriated or displaced older criminal networks or came to agreements with them about the payment of informal taxes or profit sharing. Big corporate concerns involved in large-scale extraction of natural resources were compelled to stop production.

Civil war has changed the structure and hierarchies of society and the distribution and rewards of economic activity. In some countries, extensive criminalisation of key sectors of the economy continues to plague governments attempting to institute better governance. Criminal trading networks are mobile and flexible. They illustrate the resilience and ingenuity of many West African communities, faced with official indifference and seemingly insurmountable obstacles to their own welfare.

### **The Economic Dominance of the Gulf of Guinea, Unviable States and Organised Crime**

Organised crime, as will be discussed later, has been concentrated in the economic centres of the region — Nigeria, Côte d'Ivoire and later Senegal and Ghana. Oil discoveries and related development in the countries of the Gulf of Guinea, along with poor governance, may provide a fertile environment for criminal groups. Some countries in Sahelian West Africa are, however, so disadvantaged by their geography and extreme climate that they may have no viable path out of mass poverty. For the population, this means that small-scale smuggling of commodities — criminal activity — is the only way to earn a living. In turn, more organised forms of crime are cloaked by general lawlessness.



The countries of the Gulf of Guinea, including Nigeria, include 70% of West Africa's population and produce 80% of its economic output (as the world's sixth largest oil producer, Nigeria alone accounts for 50% of each). The landlocked countries, including Burkina Faso and Mali, have 17% of the region's population and contribute 9% to its economy. The Atlantic coastal countries, including those of the Mano River Union (Guinea, Liberia and Sierra Leone) and Senegal, are home to 12% of the region's population while generating only 10% of its economy. This group of countries is relatively disconnected from West African markets and largely dependent on imports from Europe and other international markets. The major trading partners of countries in West Africa are the former colonial powers such as France and the UK. Formal intra-regional trade within Ecowas accounts for only 10% of official exports, lower than in many other regions of the African continent.

<i>Regional organisation</i>	<i>Percent</i>
EAC	18.1
IGAD	13.5
SADC	12.8
UEMOA	11.2
ECOWAS	10.2
COMESA	6.0

**Source:** UN Africa Recovery, from Economic Commission for Africa data

From 1970 to 1997 Benin, Burkina Faso, Gabon, The Gambia and Mali were the only countries in West Africa to record increases in GDP; Nigeria, Senegal, Togo, Côte d'Ivoire, Ghana and Sierra Leone all experienced negative economic growth.<sup>15</sup> Civil wars in Guinea-Bissau, Liberia and Sierra Leone have led to poor economic growth and the destruction of economic infrastructure and markets.<sup>16</sup> The major exporters in West Africa are Côte d'Ivoire, Ghana and Nigeria.

<sup>14</sup> Mutume G, 'How to boost trade within Africa', *Africa Recovery*, 116, 2, United Nations, [www.un.org/ecosocdev/geninfo/afrec/vol116no2/p21gr.htm](http://www.un.org/ecosocdev/geninfo/afrec/vol116no2/p21gr.htm).

<sup>15</sup> *Ibid.*, p.9.

<sup>16</sup> Mano River Union: Sahel and West Africa Club's Proposed Work Programme, June 2002, p.5.

Political stalemate and conflict in Côte d'Ivoire have had a wider negative impact on export trade, crippling exports that passed through Abidjan from countries such as Mali (43%) and Burkina Faso (77%). Economic growth in the West African Economic and Monetary Union (WAEMU), of which Côte d'Ivoire is part, fell from 3.7% to 1.2% in 2003.<sup>17</sup>

### Demographics and Poor Government Services

Conventional crime is largely the preserve of males between the ages of 12 and 30.<sup>18</sup> There have been no major studies on the profile of organised crime offenders, but it is known that organised crime syndicates recruit many young unemployed men. Similarly, a disproportionately youthful male population, facing poor economic prospects, is a strong predictor of civil war.

The West African region is the most populous on the continent, accounting for two out of every four Africans. One in every five Africans lives in Nigeria.<sup>19</sup> In West Africa, fertility rates have generally not declined, with the result that not only is the general population growing, but so also is the proportion of young people in the region. The average West African woman has six extant children.<sup>20</sup> With high rates of unemployment and no social security, this means that the ratio of workers to dependants is 1:6, while in other developing regions such as Asia the ratio stands at between 1:1.4 and 1:2.

Lower fertility rates are closely associated with levels of female education, but this is still proving a challenge for many West African countries. While in Ghana more than 50% of children go to primary school, the figure drops to less than 10% in The Gambia, Guinea, Mali and Niger. Many more African children have been enrolled in school in the past decade, but it is estimated that one-third do not complete primary school. Poor nutrition, health problems, poverty and other factors affect the success rate of pupils. Secondary school enrolment is

---

<sup>17</sup> 'West new challenge: Making peace pay', *DevNews* Media Centre, 21 March 2004, [www.worldbank.org](http://www.worldbank.org).

<sup>18</sup> UN Office on Drugs and Crime, 'Rule of law and protection of the most vulnerable', *op. cit.*, p.18.

<sup>19</sup> Wannenburg G & N Giralt, *op. cit.*, p.83.

<sup>20</sup> 'West Africa's political economy in the next millennium: Retrospect and prospect', *op. cit.*, p.4.

calculated at an average of 7% overall with just under half of children attending school in urban and higher income areas. It is not, therefore, surprising that unemployment is much higher among young people.<sup>21</sup> Many countries in the region are increasing their education, notably in Francophone West Africa, where the education budget now stands at 5.5% of GDP.<sup>22</sup> This level of public spending is significantly higher than in Asia or Latin America.

### The crime wave in Côte d'Ivoire<sup>23</sup>

In Côte d'Ivoire, young males are the most frequent criminal offenders. They are drawn largely from the country's underclass and an estimated two million West African migrants. Informal settlement dwellers make up 20% of Abidjan's population. Six out of every 10 of those in informal settlements are from other countries, mainly Burkina Faso (20%), Mali (9%), Ghana (9%), Togo and Benin (12%).<sup>24</sup> In the early 1990s, Côte d'Ivoire, once the region's most successful economy, experienced a major recession. Economic growth was negative and World Bank structural adjustment programmes reduced subsidies on education, health and housing. The devaluation of the currency in 1994 also contributed to higher levels of poverty. Abidjan experienced a crime wave with armed robberies, car hijackings and burglaries, some of which may be associated with organised crime. During a mutiny in July 2000, soldiers were responsible for a rash of robberies, car hijackings and looting.

Year/Crime	1991	1992	1993	1994
Burglary	1,210	507	875	1,117
Armed robbery	4,574	3,875	5,198	7,078

<sup>21</sup> 'Can Africa claim the 21<sup>st</sup> century', *op. cit.*, pp.105-106 and 88.

<sup>22</sup> *Ibid.*, p.113.

<sup>23</sup> Bassett T, *op. cit.*, p.34.

<sup>24</sup> 'State of the world's cities: Trends in sub-Saharan Africa', *op. cit.*

Urbanisation has been rapid in West Africa, rising from 14% of the population in 1960 to 40% in 1990,<sup>25</sup> a figure expected to grow to 60% by 2020. These inflows probably will be concentrated in the southern coastal areas, which comprise only 8% of the region's land mass.<sup>26</sup>

Robert Kaplan suggests that demographic changes may re-draw the maps of West Africa:<sup>27</sup>

Although its population belts are horizontal, with habitation densities increasing as one travels south away from the Sahara and towards the tropical abundance of the Atlantic littoral, the borders erected by European colonialists are vertical, and therefore at cross-purposes with demography and topography. Satellite photos depict the same reality I experienced in the bush taxi: the Lomé–Abidjan coastal corridor — indeed, the entire stretch of coast from Abidjan eastward to Lagos — is one burgeoning megalopolis that by any rational economic and geographical standard should constitute a single sovereignty rather than [the] five (the Ivory Coast [*sic*], Ghana, Togo, Benin and Nigeria) into which it is currently divided.

Civil wars and conflict have compounded the region's problems, driving many to the cities in their own or other countries in search of security. One-third of the rural population has moved into urban areas and 12% of non-Nigerians do not live in their country of birth. West Africa has the world's highest number of migrants (4.7% of the population).<sup>28</sup>

Between 1989 and 1996 an estimated 80% of the Liberian population was displaced. In 1991, civil war in Sierra Leone precipitated a flow of refugees into Guinea (which hosted 650,000 refugees), Côte d'Ivoire and other countries in the region. This sparked off instability in Guinea, with military incursions into that country in 2000 and 2001 that were frequently blamed on the refugees, who were then displaced for a second time. Since the political crisis in Côte d'Ivoire, many immigrants from West Africa have been expelled or forced to flee the violence. Fighters have used refugee camps to re-group and re-arm. These camps have also become crime hot-spots, with refugees

<sup>25</sup> 'West Africa's political economy in the next millennium: Retrospect and prospect', *op. cit.*, p.5.

<sup>26</sup> Codesria and Oxfam, *op. cit.*, p.5.

<sup>27</sup> Kaplan RD, *op. cit.*, p.8.

<sup>28</sup> 'State of the world's cities: Trends in sub-Saharan Africa', Urbanisation and Metropolitanisation, UN Habitat Globalisation and Urban Culture, SOWC/04/RB/4.

or combatants preying on the local population or on other refugees.<sup>29</sup> The refugees and displaced people are also vulnerable to crime networks involved in human trafficking.

Relatively high population density can help governments to industrialise and to provide better services. In West Africa, however, most countries have not been able to provide enough employment and housing for the large numbers of new urban migrants. This is starkly apparent in cities such as Lagos and Freetown, where shack settlements have proliferated. In many African countries, despairing young people living in terrible conditions constitute the 'shock troops' of crime and political instability.<sup>30</sup> In the worst-case scenario, demographers suggest that many cities in West Africa will have more than 80% of their urban populations, two-thirds of them young people, in informal settlements in the next 15 years.<sup>31</sup>

### **The margins of society and the law: Predators and 'roving warriors'**

The UN Office on Drugs and Crime has found that income inequality is the most significant contributor to crime. Both Latin America and Africa have higher rates of inequality, and consequently higher levels of crime, than other regions of the world.<sup>32</sup> It is assumed that poorer individuals have lower opportunity costs in committing crime — expected earnings outweigh the probability of apprehension and punishment. In the US, for example, it has been established that the relationship between inequality and crimes such as robbery, theft, burglary and rape is particularly strong.<sup>33</sup> There have been no studies of crime rates and how they relate to levels of poverty and inequality in West Africa, but sociological and political research suggest a compelling link. As later sections will reveal, however, organised crime

<sup>29</sup> 'Supporting refugee protection in West Africa', International Human Rights Policy, Human Rights First, [www.humanrightsfirst.org](http://www.humanrightsfirst.org). See also, UN Office on Drugs and Crime, 'Rule of law and protection of the most vulnerable', *op. cit.*, p.25.

<sup>30</sup> 'State of the world's cities: Trends in sub-Saharan Africa', *op. cit.*

<sup>31</sup> *Ibid.*

<sup>32</sup> UN Office on Drugs and Crime, 'Rule of law and protection of the most vulnerable', *op. cit.*, p.17.

<sup>33</sup> Lee D, *Income Inequality and Crime: Co-integration Analyses and Causality Tests*. Shippensburg University, undated, [www.grove.ship.edu](http://www.grove.ship.edu).

offenders at the more sophisticated end of the criminal chain may have a higher economic status and educational background.

The World Bank has noted that poverty plays a role in rising crime.<sup>34</sup>

Poverty on the African scale is more than an individual phenomenon. It is also a social and political one, entering into the workings of economies and societies in a multitude of ways that differentiate the initial conditions of poor countries from rich ones. The poor are not simply the rich with less money. They often live in different areas, frequently in the most degraded environments. Poverty also makes it harder to avoid further environmental degradation. At the margin of existence, concern for security can inhibit the adoption of new, potentially advantageous cropping patterns or technology, reducing growth potential. Failing to address growing poverty in Africa risks rising violence and crime and imperils the peaceful development of viable states.

Table 6: African development indicators 2003<sup>35</sup>

Country	GDP per capita 2001 in \$	Percentage of population living under \$1 per day 1985-1999	National poverty headcount as percentage of population 1984-2000
Benin	1,041	-	33
Burkina Faso	1,025	61	45
Cape Verde	4,902	-	-
Côte d'Ivoire	1,568	12	37
Equatorial Guinea	22,901	-	-
The Gambia	1,730	59	64
Ghana	2,054	45	31
Guinea	2,052	-	40
Guinea-Bissau	771	-	49
Liberia	-	-	-
Mali	935	73	-
Niger	776	61	63
Nigeria	898	70	34
Senegal	1,583	26	33
Sierra Leone	474	57	68
Togo	1,449	-	32

<sup>34</sup> *Ibid.*, p.84.

<sup>35</sup> *African Development Indicators*. Washington DC: The World Bank, 2003, p. 310.

African rural and urban poverty is high, with rural and urban per capita annual earnings on average \$163 and \$352, respectively. In West Africa, there are significant national differences in poverty. Ghana, for example, has lower levels of poverty than an economic giant such as Nigeria, owing to its government-led poverty alleviation reforms.

West African nations are among the bottom 25% of the 173 countries ranked on the UN Development Programme's human development index, which measures health and education variables along with poverty. Only Mali, Cape Verde and Benin have made substantial improvements.<sup>36</sup>

Inequality is also very high in West African countries, with an average Gini co-efficient (a standard measure of income distribution) of 45% (South Africa, with its legacy of apartheid and racially biased distribution policies has a ratio of 58%). It is estimated that the poorest 20% of households in West Africa may consume less than 4% of GDP.<sup>37</sup> Data are not available for all countries, but inequality is high in Sierra Leone (62.9%), Togo (62.9%), Burkina Faso (55.1%), Niger (50.5%) and Nigeria (50.5%). It is lower in Côte d'Ivoire (36.7%), Guinea (40.3%) and Ghana (40.7%).<sup>38</sup>

### **Crime in Nigeria<sup>39</sup>**

Income inequality may explain the spread of crime and its manifestations.

Lagos is one of the largest cities in the world, with 10 million inhabitants. In a criminal victimisation survey conducted in the city in 2004, most (74%) respondents said that government spending on social and economic development would reduce crime, although more people felt that offenders were motivated to commit crime by greed (45%) rather than financial need (28%) and other non-financial motives (11%). The survey showed that those areas with higher economic activity, including large markets and trading centres, were

---

<sup>36</sup> Oduro A & I Aryee, 'Investigating chronic poverty in West Africa', Chronic Poverty Research Centre, Working Paper Number 28, April 2003, p.13.

<sup>37</sup> 'Can Africa claim the 21<sup>st</sup> century?', *op. cit.*, p.90.

<sup>38</sup> *African Development Indicators*, *op. cit.*, p.310.

<sup>39</sup> 'Criminal victimisation and fear of crime in Lagos', *A Report of the Lagos Crime Victimisation Survey*, CLEEN Foundation, 2004.

most affected by robbery and theft whereas other crime trends were spread across a variety of neighbourhoods.

Wealthier West Africans, like their African compatriots, have responded to insecurity by moving a major proportion of their funds (an estimated 39% of all profits) offshore. In Nigeria it is estimated that 60% of funds in banks leave the country each month.<sup>40</sup>

In a recent study, Human Rights Watch found that many former combatants in West Africa were being re-recruited to participate in the region's emerging conflicts. They had already fought in Sierra Leone, Liberia, Guinea and Côte d'Ivoire and may have first become involved through forcible abductions. For many, the motives for their involvement were financial compensation and opportunities for looting. Many had not received demobilisation packages offered in their own countries, owing to corruption in the higher ranks of the command structures of the group for which they had fought and the dire economic conditions in the region. They benefited from access to civilian assets, hard currency and the protection fees levied on businessmen. Some planned to use these funds to establish small businesses or in employing illicit miners. They perceive themselves also as an elite guard, the 'Special Forces', which may offer them a more attractive identity than what they enjoy at home.<sup>41</sup>

### **Economic Reform and Trade Liberalisation**

Most West African countries have instituted regional and macro-economic reforms, liberalised trade regimes and made some attempts to reduce their dependence on primary commodities. Nevertheless, the informal sector of the economy (and perhaps the illicit sector) is growing. Such trends are apparent in eastern Europe, which is undergoing similar political and economic transition processes.

The management of natural resources has improved dramatically in many countries in West Africa. As noted previously, many countries are discussing the distribution of revenue from natural resources and allowing independent audits of income and allocations. Tender procedures in natural resources sectors have become more open. There remain, however, regulatory gaps in the management of

---

<sup>40</sup> Iwori J, 'Deputy Governor clarifies statement on money siphoning', *This Day* (Lagos), 1 November 2004.

<sup>41</sup> *Youth, Blood and Poverty, op. cit.*, Chapter 4.



parastatal organisations, which many governments claim should not be subject to the same scrutiny as wholly state-owned entities. Other governments (for example, that of Equatorial Guinea) still refuse outright to disclose any information related to revenues from natural resource sectors.

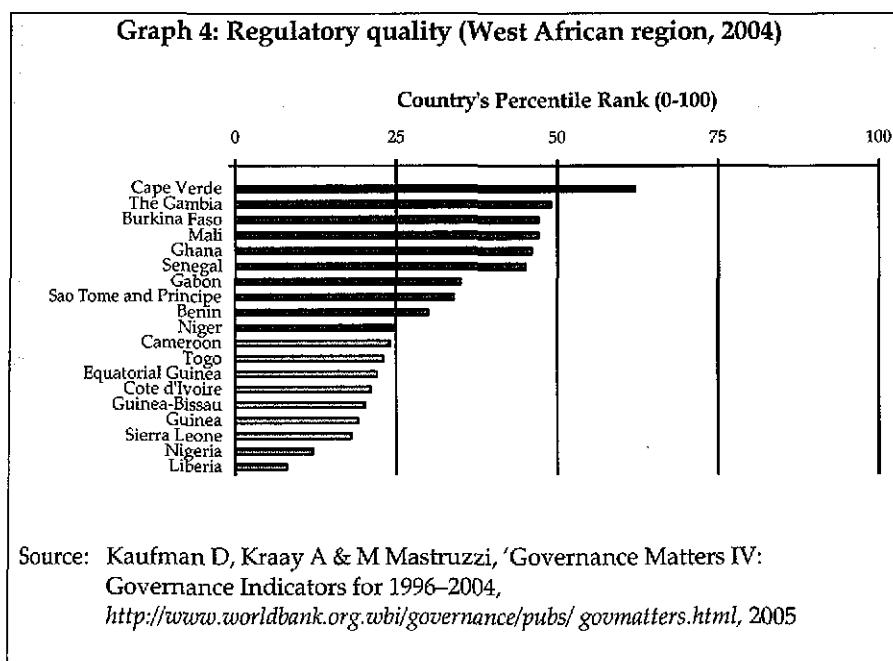
Country	1999–2000	2000–01	2002–03
Benin	47.3	48.2	49.1
Burkina Faso	41.4	42.6	43.3
Côte d'Ivoire	43.2	44.3	45.2
Ghana	41.9	42.7	43.6
Guinea	39.6	40.8	41.3
Mali	42.3	43.9	44.7
Niger	41.9	42.6	43.8
Nigeria	57.9	58.6	59.4
Senegal	45.1	46.8	47.5
Sierra Leone	41.7	42.8	43.9
Togo	35.1	39.2	40.4

World Bank surveys on the quality of economic regulation and its enforcement indicate that West African countries still face many challenges.

The absence of any mechanisms to regulate economic activity in Liberia, which has been run as a private fiefdom, accounts for its low scores on this measure. Similarly, while new investment codes have been introduced in Sierra Leone, some of these institutions are not operating at an optimal level. The complexity of doing business in Nigeria, with different regulatory regimes at national and state level, hampers that country's performance. Studies by the South African Institute of International Affairs indicate that corporate governance and regulatory predictability are areas of concern for investors.<sup>43</sup>

<sup>42</sup> Schneider F, *The Size of Shadow Economies in 145 Countries from 1999 to 2003*. Johannes Kepler University of Linz: Department of Economics, [www.econ.jku.at](http://www.econ.jku.at), p.7.

<sup>43</sup> Games D, 'An oil giant reforms: The experience of South African firms doing business in Nigeria', *Business in Africa Report*, 3. Johannesburg: South African Institute of International Affairs, 2004, pp.67–83.



In Equatorial Guinea, business codes are theoretically in place and friendly for investors. In practice, however, large kickbacks have been made by corporates to the president and his coterie (see chapter two). It is also alleged that other senior government officials extort money from large foreign companies, under threat that their concessions (for example, for timber extraction) will be withdrawn.<sup>44</sup> In Côte d'Ivoire, foreign residents or companies have been threatened with expropriation of their assets to compel them to settle contractual or investment disputes, and enforcement of investor rights is poor. In response to complaints, the government has established an arbitration tribunal, which provides third party mediation and arbitration. Companies are also faced with arbitrary tax demands unrelated to any legislation or standard accounting practices.<sup>45</sup>

Many countries have witnessed corruption scandals, owing to ineffective control of privatisation schemes. In Ghana, the sale of the state telecommunications network to Telecom Malaysia was suspended following concerns that high-ranking politicians had received free shares in the company. The Ghanaian government has

<sup>44</sup> *Equatorial Guinea: Index of Economic Freedom 2004, op. cit.*

<sup>45</sup> *Côte d'Ivoire: 2005 Investment Climate Statement, US Department of State, p.2.*

also investigated kickbacks paid to politicians by the French company *Société Internationale de Plantations d'Heveas*, which bought the Ghana rubber estate.<sup>46</sup> As has been mentioned previously, liquefied natural gas privatisation bids in Nigeria are also under scrutiny. The 1999 Convention against Bribery of Foreign Officials of the Organisation for Economic Co-operation and Development (OECD) prohibits such behaviour, but there are insufficient sanctions available for use against companies involved in dubious practices. Transparency International has suggested that companies should be penalised by forfeiture of contracts and be blacklisted from future projects. TI argues that tenders should be open and monitored by independent oversight agencies and civil society.

Money laundering through the financial system is more likely to occur when the economic regulatory system is inadequate and poorly enforced. In addition, various interests within government may compromise the independence of the financial sector. Consequently, many countries have experienced banking solvency problems. For example, from 1988 to 1991 Côte d'Ivoire experienced a solvency crisis in three banks. This was partly due to excessive taxation, inadequate banking supervision and politically motivated non-performing loans.<sup>47</sup> But in most cases, taxpayers' money has been used to inject funds into the system and bail out the banks. In this way, ordinary citizens have subsidised the excesses of the elite.

Trade liberalisation has also helped provide opportunities for economic crime. Many West African countries have a proliferation of new banks and non-financial institutions such as forex bureaux, insurance companies, leasing companies and independent brokers. In an environment of weak financial governance, these channels may be used for laundering the proceeds of crime. For this reason, financial sector governance is necessary before further liberalisation can take place.

By contrast, complicated regulations facilitate corruption at police roadblocks and customs posts, where traders are delayed and compelled to pay unofficial taxes on goods. This also provides

---

<sup>46</sup> Alabi N, *op. cit.*, p.11.

<sup>47</sup> Bekaert G & C Harvey, *Côte d'Ivoire: Chronology of Economic, Political and Financial Events in Emerging Markets*, [www.duke.edu](http://www.duke.edu).

disincentives to use official channels to declare goods and the payment of taxes.

Efforts to liberalise trade and harmonise tariffs through regional economic unions such as Ecowas, Waemu and the Mano River Union have not been uniformly applied. In 1994, Ecowas states agreed to a phased economic integration process with the aim of lifting all barriers on the movement of people and goods. In the first phase, member states were obliged to suspend all tariffs on goods traded within the region, with a common external tariff. Non-tariff barriers to trade would also be resolved. Ecowas aimed to institute a single monetary zone by 2004, but it is now revising this target. Waemu operates four common external tariffs, ranging from zero to 20%.

Strengthening the economic harmonisation process will demand further, related measures. They include:

- harmonisation of monetary and fiscal policy, banking laws and practices, public accounting and macroeconomic convergence;
- implementation of the Ecowas trade liberalisation scheme;
- strengthening the West African interbank payment system; and
- contracting the private sector to manage the Ecowas Travellers' Cheque system.<sup>48</sup>

The *Union Économique et Monétaire Ouest Africaine* (UEMOA) incorporates former Francophone countries and aims to extend economic integration between Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo. This union shares the CFA franc as a common currency and has been more successful than other regional trade organisations. Common external tariff ranges have been implemented, except in sensitive sectors of the economy. Member countries are attempting to strengthen their domestic fiscal policy and business and taxation laws, but instability in Côte d'Ivoire may hamper these efforts.

Tariffs in Africa average 19%, while in other parts of the world they are 12%.<sup>49</sup> Concerned about the possible impact on their national economy and tax base of a reduction in this differential, many West

---

<sup>48</sup> Seminar on Monetary Co-operation in West Africa, *The West African Banker*, 7, January 2002, p.1, [www.wabao.org](http://www.wabao.org).

<sup>49</sup> Mutume G, 'How to boost trade within Africa', *Africa Recovery*, 116, 2, United Nations, [www.un.org/ecosocdev/geninfo/afrec/vol116no2/p21gr.htm](http://www.un.org/ecosocdev/geninfo/afrec/vol116no2/p21gr.htm), p.3.

African states have been slow to implement changes. The evidence suggests that they are right to be concerned. In sub-Saharan Africa, international trade taxes accounted for 30.5% of revenue.<sup>50</sup> Most of the African countries that made the most progress on trade liberalisation in the past decade have experienced decreased revenues, which have not been offset by increased trade flows. Trade liberalisation, in line with IMF structural adjustment programmes, has also had a negative impact on industrialisation and employment. In Ghana, for example, the manufacturing sector has been hit hard by the removal of tariffs and state subsidies, as it has been unable to compete effectively with cheap imports from outside Africa.<sup>51</sup>

African trading blocs in World Trade Organisation (WTO) negotiations have argued that economic liberalisation cannot take place until developed nations lower their subsidies on agricultural, textiles and other products where African countries could enjoy a comparative advantage. In West Africa, one result of restrictive tariff policies is that West African goods are subject to lower tariffs when entering the US and Europe than if they were to be exported to other countries in the region. Within the region, therefore, smuggling becomes more viable for many people who do not have the capital and expertise to compete legitimately.

Small traders and crime networks continue to exploit tariff differentials and other competitive advantages across borders in West Africa, where many countries such as Guinea and Equatorial Guinea still apply price fixing.

Indeed, a large number of quite legitimate traders evade all or many customs duties because accurate information on preferential tariffs is difficult to access (also, when customs tariffs have been abolished or reduced, corrupt customs officials continue to charge the old rates). This uncertainty promotes corruption because business people are unable to plan effectively.<sup>52</sup> Recent studies in Ghana have suggested

---

<sup>50</sup> 'Unlocking Africa's trade potential in the global economy overview, *Economic Report on Africa 2004*, 23<sup>rd</sup> Meeting of the Committee of Experts of the African Ministers of Finance, May 2004, [www.uneca.org/cfm/2004/overview.htm](http://www.uneca.org/cfm/2004/overview.htm), p.12.

<sup>51</sup> Mutume, *op. cit.*, p.4. Employment in the manufacturing sector fell from 78,700 in 1987 to 28,000 in 1993.

<sup>52</sup> Peberdy S, *Hurdles to Trade? South Africa's Immigration and Informal Sector Cross-border Traders in SADC*, Lawyer's for Human Rights, Pretoria, Refugee Rights Project, [www.http://www.lhr.org.za/refugee/publics/sem0204/seminar%20contents.dwt](http://www.lhr.org.za/refugee/publics/sem0204/seminar%20contents.dwt).

that trade, financial services liberalisation and better infrastructure have led to a growth in cross-border trade, but more than half of the traders lose eight or more days' wages a month due to government inspections and police and customs roadblocks.<sup>53</sup>

World Bank research in 49 countries shows that the unofficial economy accounts for a larger share of GDP in countries where taxation, regulatory burdens and bureaucratic discretion, along with corruption, are at high levels. This, it is claimed, in turn leads to slower economic growth because productive energy is diverted from official channels.<sup>54</sup>

## Conclusion

The profound economic challenge facing West Africa means that the incidence and nature of organised crime and related corruption is unlikely to be reduced in the short term. The benefits of better economic regulation will take time to make an impact on society in general. Economic crime is pervasive in the region. Many ordinary civilians are reliant on criminal economies and cross-border trade for their livelihood. Some interpret this to mean that regional economic integration will occur from the 'bottom up' through the informal economy, irrespective of individual governments' policies. For Bruno Stry, the drivers of this integration process are ethnic ties, ecological synergies, economic policy and monetary disparities.<sup>55</sup> Daniel Bach, however, believes that because this process is driven by market distortions, not the opening of trade, it will contribute to the preservation of boundaries. It may also have the effect of weakening the state. It is for this reason, he argues, that the Ecowas economic convergence plan has largely been unsuccessful.<sup>56</sup> West African regional organisations have suggested that spatial economic mapping

<sup>53</sup> Morris Dr J & Dr J Dodson, 'Ghana, cross-border trade issues', African Economic Policy Paper, Discussion Paper No 22, March 2000, [www.eagerproject.com](http://www.eagerproject.com).

<sup>54</sup> Johnson S, Kaufmann D & P Zoido-Lobaton, 'Corruption, public finance, and the unofficial economy, 1999'; and 'Regulatory discretion and the unofficial economy', *The American Economic Review*, May 1998, both available on [www.worldbank.org/wbi/governance](http://www.worldbank.org/wbi/governance).

<sup>55</sup> Stry B, *Devaluation du CFA et Flux Transfrontalières en Afrique De L'Ouest: Exemple de la Frontière entre la Côte-d'Ivoire et la Ghana*, [www.cean.u-bordeaux.fr](http://www.cean.u-bordeaux.fr).

<sup>56</sup> Bach D (ed.), *Regionalisation in Africa, Integration and Disintegration*. Oxford: James Curry Ltd, 1999, p.10.

exercises be conducted in the region. This could lead to more effective and targeted action against the organised crime and corruption networks involved, which are largely located in the more affluent and influential sectors of society.

## Chapter Five

### Social Governance and Organised Crime

#### Introduction

Recent literature indicates that social factors may play a role in the development of organised crime. It is known that the elusive concept of 'social capital' (which is largely a function of trust between people and their institutions) contributes to the success of development projects. At a local level, legitimate social organisations can also limit criminality, using traditional and informal mechanisms for resolving disputes and ostracising offenders. Similar dynamics may apply to some transnational communities. Some diaspora communities, however, may use their international contacts to conduct criminal activity. The authors did not conduct extensive research into this issue, hence the discussion that follows is brief.

#### Social disintegration

The UN Office on Drugs and Crime has suggested that countries in the aftermath of civil war experience an exponential increase in crime. *One of the reasons for this is that civil wars, aimed largely at the civilian population, rupture the fabric of society and its institutions.* UN agencies and other international institutions have documented the inter-generational impact on levels of crime in Africa of widespread psychological trauma, humanitarian disaster and 'displacement' (for example, use by ex-combatants of the skills of war in criminal activity).<sup>1</sup> Those communities and individuals that experienced extreme violence and psychological trauma frequently suffer post-war social problems, such as drug and alcohol abuse and other inappropriate behaviour. This is compounded by the return to society of ex-combatants who have been inured to violence and have few employment prospects.

In West Africa, displacement has had an impact on the way in which people earn a living, the social rituals that order their lives and the manner in which norms and values are imparted to the young. Many

---

<sup>1</sup> UN Office on Drugs and Crime, 'Rule of law and protection of the most vulnerable', *op. cit.*, p.24. For example, homicide rates have been found to increase by 25% in the five years following a civil war.



small-scale farmers for example, who find themselves living in refugee camps and informal dwellings in cities, have been compelled to find new ways of making a living, which could include resorting to petty crime or the theft or sale of aid supplies to build up capital to start small service businesses. The anonymity of cities and refugee camps weakens the social norms prevalent in tight-knit rural communities or well-planned urban settlements. The socialisation of children and youths, often carried out through traditional hunting and other social mechanisms, may not occupy the primacy it enjoys in more normal circumstances. The informal mediation of social and economic relations carried out by traditional authorities in rural areas or urban associations, no longer regulate daily social intercourse. In these circumstances new social hierarchies may arise.

There is much damage to social bonds in areas such as the Niger Delta where communal violence continues; this manifests itself in violent conflict and crime and engenders feelings of hate, intolerance and anger.<sup>2</sup>

In many African countries, poor communities express a high level of distrust in government, which is perceived as corrupt, ineffective and out of touch with the people, and place their faith in religious, indigenous or local institutions.

World Bank researchers note:<sup>3</sup>

Finally, there is a fundamental distrust of state institutions. Almost universally, poor communities expressed more trust in church organisations and indigenous or local institutions... Government services rarely work, and even when they do, government servants are corrupt, rude, and exclusive. Poor people encountered corruption on a daily basis. The 'us versus them' attitude towards the state is a serious problem that will take time to fix. It takes just days to destroy trust, but decades to rebuild it.

In West Africa, churches and local organisations have provided protection and sustenance to the population during civil wars. In doing so, they became targets for retribution. Local leadership and social hierarchies were weakened or destroyed. The damage to these institutions diluted ethical values and social control over offenders.

---

<sup>2</sup> Davis S & J Asuni, *op. cit.*, p.6.

<sup>3</sup> 'Can Africa claim the 21<sup>st</sup> century?', *op. cit.*, p.85.

In countries such as Sierra Leone and Liberia, local chiefdoms have lost the faith of the community. Hereditary leadership is contested owing to enduring grievances related to the promotion of certain chiefs during the colonial period. Chiefs formed part of a rural elite that dispensed patronage, creating conditions for disaffection. In addition, in Sierra Leone, local chiefs are accused of corruption in the management of access to aid supplies and job opportunities. The reinstatement of the chiefdom system in that country, as part of the process of re-establishing local government, may replicate some of the conditions that precipitated the war. Similar dynamics may arise in Liberia in its transition phase.

Massive human rights violations characteristic of civil wars in West Africa have also created a sense of impunity. This creates an environment conducive for organised crime and corruption.

### **The warlord culture**

Reference was made earlier to the proliferation of warlords and alternative forms of social governance in West Africa. While observers tend to focus on the negative part such groups may play in displacing the authority of the state, and their degeneration into criminal groups, it is also clear that they sometimes offer benefits. A local 'strong man' can offer basic necessities including employment, and in some circumstances can provide better access to foreign aid than formal government structures can.

### **Transnational communities:**

#### **Diaspora networks and organised crime**

Owing to political and economic circumstances in West Africa, large numbers of people have emigrated to other countries, in the region and elsewhere. During the 1970s many West Africans emigrated to Côte d'Ivoire and Nigeria. In turn, Nigerians left their country to avoid the economic hardship that followed the end of the oil boom there. These migrants were often highly educated but unable to find work. Others were semi-skilled workers looking for jobs on agricultural plantations.

According to UNODC, many West African police services attribute the introduction of organised crime in their countries to the spread of

Nigerian criminal networks. Their movement was encouraged by the Ecowas protocol of 1975 that allowed the free movement of people within the region.<sup>4</sup> The crime networks were frequently composed of disaffected ethnic groups who saw themselves as marginalised within their country.<sup>5</sup>

For UNODC, the political crises in West Africa have created a 'febrile political atmosphere' in which economically productive activities are eschewed in favour of the instant riches that can be acquired through crime.<sup>6</sup> For some, earning a living in this way is articulated as a legitimate activity. For example, a South African Institute of International Affairs study of West African crime networks in Southern Africa found that drug traffickers considered their activity a justifiable mechanism for redistributing wealth.<sup>7</sup> Karl Maier notes the impact of corruption and organised crime in Nigerian society, and its international manifestations.

"Nigerians spend a good part of their lives trying to get the better of government for their own benefit or for that of their family, their village or their region. Rare is the head of state who acts on behalf of the entire nation. The people are not so much governed as ruled. It is as if they live in a criminally mismanaged corporation where the bosses are armed and have barricaded themselves inside the company safe. Nigeria's leaders, like the colonialists before them, have sucked out billions of dollars and stashed them in Western banks. Millions of Nigerians, including much of the ... educated and business elite, have fled their country to escape impoverishment and political repression. Most live in the United States (US) and Europe, although every country has a Nigerian community. Nigerian drug syndicates, aided in part by the large Nigerian diaspora, have carved out a dominant share of the world market. Nigeria does not itself produce such drugs, but Nigerians, brilliant traders, have stepped in to fulfil the world demand."<sup>8</sup>

UNODC suggests that the project-orientated structure of West African crime networks is based on the techniques used by legitimate businesses and is typical of lineage-based societies. The crime network usually comprises an individual who then recruits junior relatives or

---

<sup>4</sup> UN Office on Drugs and Crime, 'Transnational organised crime in the West African region', UN, 2004, p.11.

<sup>5</sup> *Crime as Business, Business as Crime*, *op. cit.*, 2002, pp.9-19.

<sup>6</sup> 'Trans-national organised crime in the West African region', *op. cit.*, p.14.

<sup>7</sup> *Crime as Business, Business as Crime*, *op. cit.*, p.7.

<sup>8</sup> Maier K, *op. cit.*, p.xxiii.

dependants to participate in the criminal activity. This form of organisation creates strong associations between particular families and ethnic groups and particular forms of organised crime.<sup>9</sup>

This explanation for the growth of organised crime networks is supported by arrest records, which indicate that certain West African ethnic and religious groups participate together in particular forms of organised crime between certain countries. For example, the human trafficking criminal networks from Nigeria to Italy originate almost exclusively in Edo State in Nigeria. Other examples are discussed in later sections. The reason certain West African crime groups operate in particular countries rests on historical ties, the ease of obtaining rights to residency, common language and the presence of diaspora communities.

West African informal and cross-border trade has become increasingly transnational. The diaspora community is involved in commercial trade, exporting goods from North America, Asia and Europe to their countries of origin. In the past, much of this trade was conducted through entrepôt economies. This meant that traders (and possibly criminals) had to use middlemen, often Lebanese suppliers. Increasing trade liberalisation has made this less necessary, and in turn opens a number of transit routes for illegal goods that can be disguised by legitimate shipments of merchandise.

## Conclusion

It is frequently assumed that poverty and inequality is the sole cause of organised crime. Because this assumption informs crime-combating strategies, virtually to the exclusion of other approaches, its validity should be tested. It cannot, however, account for the phenomenon of 'white collar crime'. It also excludes the social context in which organised crime flourishes. In some communities, organised crime figures may provide an alternative sub-state system of status, organisation and social assistance. These actors (distinct from the 'foot-soldiers') may have an ideology that attempts to legitimise their harmful activity. The relationship between organised crime networks,

---

<sup>9</sup> 'Trans-national organised crime in the West African region', *op. cit.*, p.26.

the state and society in general is key to understanding the motivations for criminal actions. Further research is required on what could be called the 'social economy' of organised crime, to open up this aspect of the organised crime problem.

## Chapter Six

# Types of Organised Crime and Transnational Networks

### Introduction

Most people in West Africa date the start of organised crime to the 1970s, when the economic situation deteriorated after the sharp rise in oil prices. The UN Office on Drugs and Crime notes that economic crime was then common in Nigeria, a situation that presaged the economic frauds that became associated with West African criminal networks. The criminals over-invoiced import receipts and in this way were able to transfer money out of the country and avoid foreign currency regulations.<sup>1</sup>

Organised crime became more visible in the region in the 1980s and early 1990s. While the most common crimes were theft, burglaries and assault, the cities of West Africa experienced an increase in predatory organised crime, such as armed robberies and car hijackings. Unlike economic organised crime, which relied on voluntary exchange, this 'social' crime was violent and resulted in a proliferation of private militias, security companies and vigilante groups. The trend pre-dated most civil wars in the region but may be attributed to prolonged political and economic decline. The crime wave was most evident in the dominant economic centres of the region, such as Lagos, Abidjan and later Accra and Dakar.

Coinciding with the increase in violent organised crime, markets for firearms and drugs (mainly cocaine and heroin) developed in the 1980s. Weapons used in the internal and liberation wars in Nigeria, Cape Verde and Guinea-Bissau did not circulate widely in the region, but with the emergence of civilian political armed movements in Senegal, Mali, Niger, Liberia and Sierra Leone, which procured shipments of weapons, this situation changed. Later, Charles Taylor's National Patriotic Front of Liberia received weapons from various countries through Côte d'Ivoire, as did Tuareg groups in Mali and Niger. Many countries armed the civil defence structures formed from the Kamajors, a traditional hunting group, which was fighting rebels in southern Sierra Leone. Between 1983 and 1987 the government of

---

<sup>1</sup> 'Trans-national organised crime in the West African region', *op. cit.*, p.12.

Burkina Faso issued automatic weapons without maintaining records and was later unable to trace them.<sup>2</sup>

Civil wars in West Africa have not only exacted a heavy toll on the people and economies of the region but have had a severe impact on rates of crime. Studies in South Africa and Namibia, eastern Europe and the former Soviet Union suggest that crime increases markedly in societies that have experienced violent conflict and are embarking on a negotiated process of political change.<sup>3</sup> The roots of the crime wave may be found in the political and economic conditions that precipitated the war, but weakened social controls combined with ineffective and illegitimate law enforcement agencies may exacerbate it in the war's aftermath.

While there are some general trends discernible in the growth of organised crime in West Africa, the phenomenon is complex. It has its roots in specific historical conditions and has been shaped by the response of civil society, the state and the international community.

Crime statistics are not available for many countries in West Africa and where they are, they may not be accurate, due to low levels of reporting to the police and the problems that the authorities encounter in capturing the information.<sup>4</sup> In a recent report, however, the UN found that West, Central and Southern African police recorded more cases of murder, assault and rape per capita than most parts of the world (although Caribbean countries have similar rates). African countries experience rates of robbery second only to those in South and Central America. In victimisation surveys, Africans reported twice the international average of burglaries. One-third of Africans reported incidences of fraud — a similar rate to that experienced in eastern Europe.<sup>5</sup>

---

<sup>2</sup> 'The proliferation of illegal small arms and its impact on violence and security: Subregional perspectives in controlling small arms proliferation and reversing cultures of violence in Africa and the Indian Ocean', *Monograph No 30*. Pretoria: Institute for Security Studies, [www.iss.org.za](http://www.iss.org.za), p.6.

<sup>3</sup> Shaw M, 'Crime and policing in transitions: Comparative perspectives', *Report 17*, South African Institute of International Affairs, 2000.

<sup>4</sup> UN surveys in 13 countries indicated that less than half of the victims of crime reported the offence to the police. UN Office on Drugs and Crime, 'Rule of law and protection of the most vulnerable, *op. cit.*', p.9. Available on [www.UNODC.org](http://www.UNODC.org).

<sup>5</sup> *Ibid.*, pp.9–16.

Within West Africa, the incidence and nature of organised crime is poorly understood. Few police agencies in the region record crime statistics and where they do, they seldom distinguish between conventional and organised crime. Activist civil society organisations recognise the links between organised crime and corruption but find it difficult to access information on such sensitive matters. For most people, organised crime may seem to be of little immediate personal relevance. Varying forms of organised crime differ in their impact on society and may assume significance and enter public discourse only when they affect more powerful interest groups (for example, predatory armed robberies targeted at an urban elite, which may be vocal in demanding that the police provide adequate counter-measures). A powerful elite within the country may trade in prohibited, restricted or regulated commodities. These market offences are based on consensual exchange and may provide benefit to sections of the community who are unlikely to jeopardise their livelihood by revealing its source. Other legitimate businesses may maximise their profits by trading in legal goods in an illicit manner. Such commercial offences are frequently regarded as acceptable business practice if widespread corruption, excessive regulation and generally high costs pose obstacles to the sustainability of large companies and smaller traders.<sup>6</sup>

### West African Criminal Networks and Drug Trafficking

Drug trafficking is the most profitable form of organised crime worldwide, increasingly involving cross-cultural and ethnic groups.<sup>7</sup> Studies from all over the world indicate that drug use is associated with crime and violence, urban decay and youthful disaffection. Interpol has stated that drug production and trafficking is financing rebellions in West Africa. In Côte d'Ivoire, Liberia and Senegal it is

---

<sup>6</sup> The distinction between various forms of organised crime is drawn from the work of RT Naylor. See, for example, Naylor RT, *Economic and Organised Crime: Challenges for Criminal Justice*, Strategic Issues Series, Canadian Department of Justice, Research and Statistics Division, 2000, pp.2–12.

<sup>7</sup> Estimates of the global illicit trade in drugs vary from \$100 to \$500 billion.



alleged that cannabis production may provide finance for arms, with the trade increasing since the conflict started in Côte d'Ivoire.<sup>8</sup>

Some African countries have experienced an influx of hard drugs, such as heroin and cocaine and West Africa, Côte d'Ivoire, Ghana and Senegal have experienced an increase in drug seizures.<sup>9</sup> Heroin and cocaine are used in cities in Liberia, Sierra Leone, Côte d'Ivoire, Ghana, Togo, Benin and Nigeria. These drugs have been used by combatants in civil wars, as is discussed in the case study of Sierra Leone. Indigenous cannabis, however, remains the primary substance of abuse in Africa.<sup>10</sup> Cannabis production largely serves local and regional drug markets, but EU police agencies have found that cannabis from Nigeria is being shipped into member countries.<sup>11</sup> In March 2003, 2.5 tonnes of Moroccan cannabis was found in Hamburg on board a camper van shipped from Dakar.<sup>12</sup> Moroccan crime networks, Italian police claim, also began to deal in other drugs such as cocaine, heroin, amphetamines and barbiturates. In Côte d'Ivoire it is claimed that cannabis is grown in limited quantities in the cocoa fields, largely for the local market. It may be transported with agricultural crops to markets. Cocaine and heroin allegedly transit the country through the airport, seaports (Abidjan and San Pedro) and the lagoon route between Ghana and Côte d'Ivoire.

In an early study undertaken in five West African countries, the France-based Geopolitical Drug Watch (OGD) found that farmers were growing cannabis as an alternative to other crops, such as cocoa, because world market prices for the latter had fallen. It suggested that the leading producers were Nigeria, Ghana, Senegal and Côte d'Ivoire. Youthful urban dwellers sell this cannabis in the cities.<sup>13</sup> While Nigeria may be a source for cannabis sold in the EU, there are no recent figures on the extent of cannabis farming in that country.

---

<sup>8</sup> Colombant N, *Drugs Seen as Root of Instability in West Africa*, Grand Bassam (Côte d'Ivoire), [www.quickstart.clari.net](http://www.quickstart.clari.net).

<sup>9</sup> Neal R, 'Merchants of death target Africa', *Africa Recovery*, 112, 1, [www.un.org/ecosocdev/geninfo/afrec/vol112no1/drugs02.htm](http://www.un.org/ecosocdev/geninfo/afrec/vol112no1/drugs02.htm), p.1.

<sup>10</sup> UN World Drug Report, 2004, [www.unisvienna.org](http://www.unisvienna.org).

<sup>11</sup> Europol, 'Drugs', January 2004, p4, [www.europol.org](http://www.europol.org).

<sup>12</sup> 'Dakar: Authorities alarmed at rise in drug trafficking', *IRIN*, 4 March 2004.

<sup>13</sup> Labrousse A, *Sub-Saharan Africa and the Challenges of the Drugs Problem*, pp.1-10.

West African law enforcement agents confirm that their region is a transit point for cocaine, heroin and hashish destined for Europe or the US. UNODC notes:<sup>14</sup>

[It] was pioneered in this region by Nigerians, soon joined by others, and police forces in Ghana and Sierra Leone both allege that drug trafficking was introduced to their countries largely by Nigerian criminals seeking new operating locations.

UNODC indicates that 92% of intercepted international drug couriers using West Africa as a staging post are themselves West African (56% of them Nigerian); many non-West African nationals were born in the region but have acquired a foreign passport.<sup>15</sup>

In the late 1990s the Armed Forces Ruling Council in Sierra Leone encouraged the use of that country as a transit point for drugs. Ecomog peacekeepers were reportedly also involved in the trade. Since the end of the conflict in Sierra Leone, Nigerians have been arrested for possession of cocaine intended for export to Europe.

In July 2004 Togolese police arrested several foreign nationals from Venezuela on a ship carrying 374kg of cocaine. Togolese police officials say that West Africans, mainly Nigerians, are paid \$4,000 to take the drugs from Lomé to Europe or the US. In April 2004 a joint West African police operation seized 93.5 kilograms of cocaine in Benin.<sup>16</sup> In Ghana, officials claim that cocaine is being flown in from South America, then offloaded and brought into Accra by fishing boat. In one raid, 675kg of cocaine worth \$145 million was seized<sup>17</sup> from a syndicate including British, German and Ghanaian nationals. The suspects were released on \$200,000 bail. UNODC researchers have noted that this has reinforced the perception, articulated by the former head of the Vienna-based monitoring body International Narcotics Control Board, that drug traffickers may enjoy some protection from high-ranking political figures. UNODC also suggests that Nigerian networks may use Casablanca, Bamako and Accra as transit points for cocaine trafficking.<sup>18</sup>

---

<sup>14</sup> 'Trans-national organised crime in the West African region', *op. cit.*, p.33.

<sup>15</sup> *Ibid.*

<sup>16</sup> Colombant N, *op. cit.*

<sup>17</sup> Gbagba J, 'Togo: Authorities arrest eight in cocaine ship drug swoop' *World News*, July 2004.

<sup>18</sup> 'Trans-national organised crime in the West African region', *op. cit.*, p.15.

Law enforcement agents claim that other transit areas in West Africa include Côte d'Ivoire and Senegal.<sup>19</sup> Italian police analysts say that in the past Côte d'Ivoire and Senegal were transit points for hashish shipments from Morocco. UNODC claims that heroin is now shipped through Côte d'Ivoire, although this trade may have been affected by the political crisis in that country.<sup>20</sup> Senegal is known to be a consumption and transit centre for cannabis, cocaine, heroin and hashish. While English-speaking West Africans supply Senegal's own market, it is believed that French-speaking Senegalese immigrants have taken over the supply of cocaine to France. Cocaine is shipped through Cape Verde or The Gambia from South America and through Morocco to western Europe. In October 2003 the Spanish navy intercepted a Senegalese-flagged ship with 7.5 tonnes of cocaine on board.<sup>21</sup> UNODC notes that many seizures of Brazilian cocaine have been traced to Cape Verde; members of one of the syndicates involved have been arrested in Spain and Cape Verde. The latter country is the main entry point for South American cocaine destined for Europe.<sup>22</sup>

Nigerian and Ghanaian groups, working together, allegedly also ship heroin in freight from Asia to Ghana, destined for Europe. When Nigerian flights to the US were suspended, alternative routes through other West African countries were developed.<sup>23</sup> Heroin from Asia is smuggled through Mumbai and Ethiopia to Dakar or through East Africa. Hashish from Morocco also allegedly transits Mauritania to Dakar.<sup>24</sup> Suspects frequently use multiple passports to hide their travels to source countries and change their routes easily, making it difficult to assess which countries are favoured transit hubs at any particular time. UNODC suggests that the common feature of this trade is its reliance on commercial flights, notably by Ethiopian, Kenyan, Gabonese and Middle East airlines that carry passengers from Asia (Bangkok, Mumbai and Karachi), often through Dubai. The organisation suggests that the entry points are Ethiopia, Kenya and

---

<sup>19</sup> South African Police Service, 'Groups involved in international organised crime', p.3, [www.saps.gov.za/8\\_crimeinfo/297/organized.htm](http://www.saps.gov.za/8_crimeinfo/297/organized.htm).

<sup>20</sup> 'Trans-national organised crime in the West African region', *op. cit.*, p.22.

<sup>21</sup> 'Dakar: Authorities alarmed at rise in drug trafficking', *IRIN*, *op. cit.*

<sup>22</sup> 'Trans-national organised crime in the West African region', *op. cit.*, p.22.

<sup>23</sup> Marotta E, *Seminario Europeo 'Falcon One' Criminalita Organizzata*, Roma, 26-27 April 1995.

<sup>24</sup> World Geopolitics of Drugs, Senegal, 1997, [www.nisat.org](http://www.nisat.org), p.2.

Egypt. The drugs are then shipped, frequently through Côte d'Ivoire, from East to West Africa (in Abidjan 22 couriers were arrested in four years).<sup>25</sup>

In Equatorial Guinea little is known of the drug trade owing to the repressive nature of the state. Former minister of information, Santos Pascal Bikoma, has, however, alleged that the country is a staging post for drugs to Europe — a trade personally directed by the political elite. Drugs are allegedly shipped from Malabo and Bata in containers of hardwood, cocoa and coffee.<sup>26</sup>

West African criminal networks are regarded as the secondary distributors of cocaine and heroin in many countries.<sup>27</sup> They have a presence in the major source countries for cocaine and heroin, such as Brazil, Colombia, Thailand and Pakistan. West Africans have made a very rapid transition from being couriers to managers in the drug networks. Some West African police officials take a different view. Detective Superintendent Awunah Donald Ngor Ngor of Nigeria's Crime Investigation Division, noted at a seminar:

"The participation of Nigerians in organised crime whether as passive members of the group or active main stream members must be seen within the context of Nigeria as the most populous black nation in the world. Nigeria is neither a producer nor consumer nation in the illicit drug trade. Most persons with Nigerian international passports that are arrested, prosecuted and convicted in connection with drug trafficking are couriers working for drug barons in other countries."<sup>28</sup>

UNODC notes that West African crime groups have become vertically integrated, in that members of the same network are able to operate at every stage of the supply chain, co-existing with the South American and Asian international crime syndicates that dominate the trade. While West African groups may transport smaller amounts of drugs than do the latter, they may also be useful to these networks because of their knowledge and connections in West Africa. UNODC information suggests that West African networks may be sub-contracted by the major drug operators to exploit their niche markets.

---

<sup>25</sup> 'Trans-national organised crime in the West African region', *op. cit.*, p.29.

<sup>26</sup> Woods G, *op. cit.*, p.10.

<sup>27</sup> Europol, 'Drugs', *op. cit.*

<sup>28</sup> Ngor Ngor AD, 'Effective methods to combat trans-national organised crime in criminal justice processes: The Nigerian perspective', *Resource Material Series Number 58*, p.172, [www.unafei.or.jp](http://www.unafei.or.jp).

International syndicates are more likely to be involved in the large shipments that pass through West Africa. Consequently, many of the West Africans involved are couriers who transport the drugs on their persons, perhaps swallowing up to 80 packages.<sup>29</sup>

In the mid-1990s Nigeria, aware of its growing reputation as a hub for drug traffickers, established a National Drug Law Enforcement Administration headed by a former army general, Musa Bamaiyi. So successful has this agency been that the UN African Regional Representative, Christiane D'Almeida, has suggested that:<sup>30</sup>

Nigerian Authorities are doing a lot to strengthen their capacity to deal with this issue. Now you have very few arrests of Nigerians in their country. But you have an increase of drug seizures and arrests in neighbouring countries.

In 1990 the Nigerian government introduced Decree 33, which provides that drug traffickers convicted abroad face a five-year custodial sentence in Nigeria on their return. Corruption within Nigeria, however, is still regarded as facilitating an organised crime process where senior government figures may be located within the country but are protected from scrutiny by their links to high-level government officials or politicians.<sup>31</sup>

### *The United States*

US authorities claim that West African drug trafficking networks operate in 80 countries, selling largely heroin and cocaine.<sup>32</sup> The US Federal Bureau of Investigations (FBI) notes that these networks have direct access to heroin supplies in India, Pakistan and Thailand, areas responsible for 90% of worldwide heroin production. Between 1993 and 1996 Nigerian-controlled couriers were arrested and convicted with 272kg of heroin in, or en route to, Chicago alone.<sup>33</sup>

<sup>29</sup> 'Trans-national organised crime in the West African region', *op. cit.*, p.28.

<sup>30</sup> Neal R, 'Merchants of death target Africa', *Africa Recovery*, 112, 1, [www.un.org/ecosocdev/geninfo/afrec/vol112no1/drugs02.htm](http://www.un.org/ecosocdev/geninfo/afrec/vol112no1/drugs02.htm), p.3.

<sup>31</sup> Combating International Crime in Africa, Hearing before the Sub-Committee on Africa of the Committee on International Relations, Second Session, 15 July 1998, p.13, <http://commdocs.house.gov/committees>.

<sup>32</sup> African criminal enterprises, Organised crime section, FBI, [www.fbi.gov/hq/cid/orgcrime/aace/african crim.htm](http://www.fbi.gov/hq/cid/orgcrime/aace/african crim.htm).

<sup>33</sup> *Ibid.*, p.17.

### FBI operations

Between 1997 and 2001 the FBI and other agencies investigated an international heroin trafficking organisation made up of nationals mainly of Nigerian origin. The network was importing heroin from Bangkok and Thailand through West Africa and Europe to the US. Syndicate members were also involved in other forms of organised crime, including bank and credit card fraud and the large-scale sale of identification documents. A network of 23 individuals was using package courier services and express shipping companies to bring in heroin and pay their wholesalers through the Western Union wire service. The leaders of the network all came from Mushin in Nigeria. The FBI seized 100kg of heroin when the network was shut down.<sup>34</sup>

### *The UK and Europe*

Studies of offenders prosecuted for drug trafficking were conducted in the UK from September 1991 to July 1997, aimed at profiling the social and demographic characteristics of the offenders and to establish if these factors played a role in sentencing.

It was established that 58% of offenders were foreign nationals, a fifth of them resident in the UK at the time of arrest. Foreign nationals were more likely to smuggle cocaine and heroin, and higher value quantities of these drugs, as compared with UK and European nationals. This attracted higher sentences than did the smuggling of cannabis, which was the main substance sold by UK nationals. In several studies it was found that West African nationals were in the majority among foreign nationals imprisoned for importing drugs. There were larger numbers of drug importers from Nigeria and Ghana than Colombia and Asia, where cocaine and heroin are produced. Women were more likely to be imprisoned as couriers. West African traffickers were older than the average UK national, with many over 30.<sup>35</sup>

In Europe, West African crime networks are largely involved in the heroin trade and allegedly assist in the distribution of this drug in France, Spain, Hungary and Luxembourg.<sup>36</sup>

<sup>34</sup> Operation Shadow Towers, Organised crime section, FBI, [www.fbi.gov/hq/cid/orgcrime/casestudies/shadtower.htm](http://www.fbi.gov/hq/cid/orgcrime/casestudies/shadtower.htm).

<sup>35</sup> Harper R & R Murphy, *Drug Smuggling: An Analysis of the Traffickers 1991-1997*, Middlesex Probation Service, 1999, p.14.

<sup>36</sup> *Europol Organised Crime Report 2004*, pp.1-38, [www.europol.eu.int](http://www.europol.eu.int).

*South Africa*

In South Africa a study conducted on the involvement of West African nationals in criminal activity between June 1996 and May 1998 revealed that of the 162 individuals involved in criminal activity, the great majority (86%) were Nigerians, followed by Cameroonians (16%) and a small group of Ghanaians, Guineans and Beninois nationals. They were allegedly involved in drug trafficking (75.6%), 'black dollar fraud' (called '419' fraud from the relevant provision in the Nigerian penal code), whereby victims are duped into accepting worthless black or coated paper as dollars (24.4%), credit card or bank fraud, counterfeiting money,<sup>37</sup> and falsification of documents. Other suspects have been arrested for fraud related to abuse of telephone facilities.<sup>38</sup> Most (57.4%) of the suspects were males between the ages of 25 and 30 years who had got into South Africa as political asylum-seekers (in recent years many Nigerian nationals are entering South Africa on the pretext of being Liberian refugees).<sup>39</sup> It should be noted that asylum-seekers in South Africa cannot work until their applications are processed, which is a lengthy procedure, and there is little financial support in the interim. In this sample, 50.6% of suspects were convicted, 8% acquitted while other cases were withdrawn or pending. Of 41 suspects released on bail, 19 absconded.<sup>40</sup>

The South African Police Service (SAPS) has stated that 80% of the cocaine trade in South Africa is in the hands of Nigerian and Ghanaian drug traffickers. West African nationals are also involved in the heroin trade from South-West Asia. The SAPS notes:<sup>41</sup>

In the year 1993 more than 90% of all cocaine seizures were taking place in Nigeria. Police information shows a strong correlation between the migration of Nigerian nationals into South Africa starting in 1992 and the

---

<sup>37</sup> A Nigerian national was apprehended with counterfeit South African and US currency of R80,000 and \$30,000 in one incident alone in 1997. South African Police Service, 'Groups involved in international organized crime', p.3, [www.saps.gov.za/8\\_crimeinfo/297/organized.htm](http://www.saps.gov.za/8_crimeinfo/297/organized.htm).

<sup>38</sup> South African Police Service, *ibid.*, p.3. [www.saps.gov.za/8\\_crimeinfo/297/organized.htm](http://www.saps.gov.za/8_crimeinfo/297/organized.htm).

<sup>39</sup> *Ibid.*

<sup>40</sup> The South African Police Service (SAPS), *The Role of West Africans in South African Organised Crime*, [www.saps.gov.za/8\\_crimeinfo/12000/wafricans.htm](http://www.saps.gov.za/8_crimeinfo/12000/wafricans.htm).

<sup>41</sup> South African Police Service, 'Briefing to the Portfolio Committee for Safety and Security', 14 November 2001, p.9, [www.pmg.org.za](http://www.pmg.org.za).

introduction of high quality cocaine into the country. The immediate result was a dramatic price fall within a short space of time.

West African criminal networks also use South African passports to gain easier access to other destinations. Increasingly, West African networks are recruiting South African nationals as couriers to avert suspicion by the authorities. They have been arrested in South America and elsewhere in possession of drugs.

Within South Africa, West African crime networks may control much of the drug trade but they seldom use their own product and have not contributed to an increase in violent crime. Territorial local drug gangs, on the other hand, are known for their violent criminal activity, which affects large sections of the communities in which they operate.

### **The New Slave Trade:**

#### **Human Trafficking in West Africa and Elsewhere**

The Supplementary Protocol of the UN Palermo Convention defines trafficking as:<sup>42</sup>

Trafficking in persons shall mean the recruitment, transportation, transfer, harbouring or receipt of persons, by means of threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power, or of a position of vulnerability or the giving or receiving of payments or benefits to achieve the consent of the person having control of another person for the purpose of exploitation. Exploitation shall include as a minimum, the exploitation of the prostitution of others, or other forms of sexual exploitation, forced or services, slavery or practices similar to slavery, servitude or the removal labour of organs.

The Protocol also recommends the criminalisation of child exploitation, even if it does not involve force, fraud or coercion.

Organised crime groups are infiltrating networks that smuggle women and children for labour or sexual exploitation, and undocumented persons.<sup>43</sup>

---

<sup>42</sup> Article 3 of the UN Protocol.

<sup>43</sup> Trafficking of humans is defined as a phenomenon where an intermediary, who for a fee or violence or persuasion, displaces an individual within or outside the national boundaries of a state or commercial exploitation with the assent of parents.



This trade appears to be one of the more lucrative: traffickers are estimated to return five to 20 times the amount paid for the victims.<sup>44</sup> Demand for the services of syndicates involved in falsification of documents and facilitation of illegal border crossings has increased, as many countries impose tighter controls on legal migration and adopt restrictive interpretations of what constitutes grounds for political asylum.

In 2002 the Greece-based Hippokrates Foundation surveyed 100 European experts from law enforcement and other agencies. It found that 25 of the participants had direct experience of organised crime infiltration into human trafficking, while 37 had heard of it.<sup>45</sup> It is believed that organised crime groups transport approximately 700,000 women and children across international borders each year.<sup>46</sup>

In West Africa, civil wars, refugees and displacement, the recruitment of child soldiers and deteriorating economic conditions exacerbate the situation, but there are no reliable statistics available as to the extent of the trade. Children have been abducted as combatants in the conflicts and to provide labour and sexual services to armies and militias in many countries in West Africa, notably Sierra Leone and Liberia. They receive little or no remuneration.

Within West Africa, established trafficking routes involve Benin, Côte d'Ivoire, Gabon, Ghana, Mali, Nigeria, Togo, Cameroon, Burkina Faso, Guinea, Niger and Sierra Leone.<sup>47</sup> Victims may also be transported to Chad and Senegal.<sup>48</sup> Women and children are reportedly trafficked from Nigeria, Benin and Cameroon to Equatorial Guinea.<sup>49</sup>

*IRIN*, 'West and Central Africa, *IRIN* focus on regional efforts against child trafficking, 21 January 2002.

<sup>44</sup> 'Trafficking of Nigerian girls to Italy', *UNICRI*, July 2003, p.25.

<sup>45</sup> 'Eye on human trafficking: A bulletin of news, information and analysis on trafficking in persons in Southern Africa, *International Organisation for Migration*, Issue 2, May 2004, p.3.

<sup>46</sup> 'Trafficking of Nigerian girls to Italy', *op. cit.*, p.25.

<sup>47</sup> Salah Dr R, 'Child trafficking in West and Central Africa: An overview', UNICEF, Paper presented at the First Conference on Human Trafficking, WOTCLEF, Abuja, February 2001 p.3.

<sup>48</sup> 'Trafficking of Nigerian girls to Italy', *op. cit.*, p.51.

<sup>49</sup> Wood G, *op. cit.*, p.12.

Trafficking victims are frequently from rural areas near the highways between Côte d'Ivoire, Togo, Benin and Nigeria. In West Africa, experts suggest that prior to its political crisis, Côte d'Ivoire was a receiving state for Malian and Burkinabe children. Cameroon is a transit state for Togolese, Nigerian and Beninois children going to Gabon.<sup>50</sup> The problem is not confined to these areas. In Benin, children and women are frequently sent away to work or study with relatives or others and become vulnerable to trafficking or exploitation. In Burkina Faso, children have been trafficked to Saudi Arabia, Nigeria, Germany and Côte d'Ivoire. In Sierra Leone, women and children have been taken to Lebanon for prostitution. In the region between Nigeria and Chad there is a so-called 'triangle of shame' where traditional nomads enslave young women. Gao in Mali is another reported transit point for human trafficking. People may be conveyed to Algeria, through Mauritania, Western Sahara and Morocco to Spain or through Mali, Algeria and Tunisia to Italy and Malta.<sup>51</sup>

The International Labour Organisation (ILO) estimates that 200,000 to 300,000 children are trafficked within West Africa each year for forced labour and sexual exploitation. In Nigeria there are 15 million child labourers, but how many have been trafficked is unknown.<sup>52</sup> An ILO survey reportedly found that 40% of all street children and hawkers have been trafficked. The UN Children's Fund (UNICEF) estimates that 10,000–15,000 West African children working in cocoa plantations were sold by middlemen to farmers for \$340 each and suggests that 7,000 of the 25,000 children working in Gabon are trafficking victims. The ILO notes that child prostitution is also a problem, notably in The Gambia.<sup>53</sup>

West African women and children are trafficked to Europe and the US for sexual exploitation. In Nigeria there appears to be a regional segmentation as to where trafficking victims will find themselves.

---

<sup>50</sup> IRIN, 'West and Central Africa, IRIN focus on regional efforts against child trafficking', *op. cit.*

<sup>51</sup> *Islamist Terrorism in the Sahel: Fact or Fiction?*, ICG, *op. cit.*, p.8. It is claimed Malian traffickers receive \$90 for a Sahara crossing.

<sup>52</sup> 'Network against human trafficking in West Africa', Country Report: Benin, Burkina Faso, Côte d'Ivoire, The Gambia, Niger, Nigeria and Togo. [www.nahtiwa.virtualactivism.net](http://www.nahtiwa.virtualactivism.net).

<sup>53</sup> Fitzgibbon K, 'Modern day slavery? The scope of trafficking in persons in Africa', *African Security Review*, 12, 1, 2003, [www.iss.org.za](http://www.iss.org.za). The term 'fireflies' is used to describe African sex workers in Italy.

Women from Edo State usually find their way to the Schengen countries (such as Italy, Spain and the Netherlands), while members of the ethnic Yoruba and Ibo groups frequently go to the UK and the US. Northern Nigerian women are trafficked to Saudi Arabia.<sup>54</sup> West African women are now increasingly transported to South Africa, allegedly by Nigerian organised criminal networks based in that country.<sup>55</sup>

Nigerian groups dominate organised human trafficking networks. It is reported that they have expanded their operations into Benin, Togo, Ghana, Mali and South Africa. They have established safe houses, for use when moving victims overland to West and Southern Africa and Europe. It has been reported that traffickers may receive \$10,000–\$20,000 for a child and \$12,000–\$50,000 for a woman, depending on the purpose they will serve and the going rate in a particular country.<sup>56</sup> In Sierra Leone, Nigerian syndicates are reportedly helping people to travel to the UK posing as refugees.<sup>57</sup> Human trafficking may be only one of the criminal activities carried out by these networks — they are able to use similar methods for human and material contraband.

Ecowas has taken steps to outlaw this trade by adopting a Declaration and Plan of Action on Trafficking in Persons (2001). Most countries have legislated or are in the process of passing bills to deal with trafficking in humans, but the relatively low sanctions in some countries (three-month jail sentences or fines), when set against potential profits, may scupper such efforts to stop the trade.

---

<sup>54</sup> 'Trafficking of Nigerian girls to Italy', *op. cit.*, p.49.

<sup>55</sup> 'The trafficking of women into the South African sex industry'. A report of Molo Songololo, South Africa, 2001, p.1.

<sup>56</sup> Fitzgibbon K, *op. cit.*, p.4. See also, Ngor Ngor AD, *op. cit.*, p.175.

<sup>57</sup> 'Trans-national organised crime in the West African region', *op. cit.*, p.40.

**Trafficking in women between Edo State (Nigeria) and Italy<sup>58</sup>**

Africans (mainly Nigerians) probably make up 60% of the foreign population of sex workers in Italy.<sup>59</sup> It is claimed that victims have been trafficked to Italy since the late 1980s. Some researchers link the trafficking in Nigerian women to economic difficulties caused by structural adjustment programmes. Most of the women trafficked come from Edo State in Nigeria (while this is not the poorest state in Nigeria, the incidence of poverty stands at 53.3%). Females may not receive the same educational opportunities and treatment as males, owing to patriarchal social structures. In the 1990s, stringent immigration regulations made it difficult for young, uneducated people to leave the country. This created a market for the sale of illegal documents, the facilitation of clandestine border crossings and labour brokering services.

A study of victims trafficked from Nigeria to Italy found that they were mainly recruited by family or acquaintances but were deceived about the nature or the conditions of the work they would be doing in Italy. The victims came from poor families who believed that the victim's work in Italy would benefit them. Many of the victims had finished secondary school and travelled to Italy voluntarily, on false permits, by land, sea and air. Some crossed the Sahara desert to North Africa, and then made their way to Europe by air. Others travelled by sea from Morocco to Spain. Representatives of the Brussels-based International Organisation for Migration (IOM) suggest that traffickers may charge as much as \$4,000 for false documents and \$2,000 for the sea voyage to the EU.

Those travelling by air may transit a number of West African countries before travelling through Europe by air or train. The traffickers used Ghanaian, Beninese, Togolese and Senegalese passports or false Nigerian documents. The victims are frequently in debt bondage to their traffickers, compelled to pay them roughly \$40,000-\$55,000 in return for the costs of transport to Italy. Individual traffickers (40-80% of cases) were involved more commonly than were organised groups of recruiters. Many of the victims, however, travelled in a group with their traffickers.

Earlier trafficking victims to Italy have established themselves as madams, who benefit from the sexual exploitation of victims. The trafficking rings are said to include recruiters, 'trolleys' (those who transport the victims), dealers in and forgers of false passports, traditional priests and corrupt law enforcement agents. Victims may be involved in prostitution (78.6%) but also in menial jobs (25%) or drug trafficking (10%). Many victims are captive because their travel papers are withheld and they receive no money until their debt to the trafficker is paid.

<sup>58</sup> 'Trafficking of Nigerian girls to Italy', *op. cit.*, pp.1-87.

<sup>59</sup> Fitzgibbon K, *op. cit.*, p.2.

### Trafficking in women between Edo State (Nigeria) and Italy (continued)

Nigeria has enacted The Trafficking in Persons (Prohibition) Law Enforcement and Administration Act 2003, which adopts the UN definition of trafficking. It, therefore, no longer criminalises the victim. Previously, criminal offences aimed at outlawing abduction, rape and prostitution were directed largely at the victim and the sponsor, not at traffickers.

Legislation is also required in destination countries. For many countries education is critical to reducing the trade because many victims do not appreciate its dangers, and some members of the community appear to support it. For example, in an interview the Human Trafficking Unit of the Edo State Police suggested:<sup>60</sup>

[T]he human trafficking syndrome has eaten deep into the fabric of society as a result of the financial gains accruing to human traffickers and their victims, who send money to parents and relations, buy cars, build mansions and so on. Their apparent wealth serves as an incentive to others to join the train. Those at the apex of the trade are said to be rich and influential Nigerians ... who employ the services of others. Members of the public have generally been uncooperative towards the Human Trafficking Unit and are not willing to provide information.

Many countries in West Africa have signed co-operation agreements to investigate and repatriate victims of human trafficking. International and local NGOs in West Africa suggest that the following measures are required to stop the trade:<sup>61</sup>

- advocacy;
- adequate policing of borders;
- improved job availability, skills acquisition, provision of basic amenities and fair wages;
- information dissemination and awareness campaigns;
- education for females;
- cessation of patronage by destination countries;
- concerted international efforts;
- workable legislation;

<sup>60</sup> 'Trafficking of Nigerian girls to Italy', *op. cit.*, p.84.

<sup>61</sup> *Ibid.*, p.83.

- seizure of assets of traffickers; and
- assistance for girls to travel legally.

### Trafficking in 'Conflict Commodities' and Natural Resources

The involvement of governments in corruption and the trafficking of natural resources has already been discussed. Organised criminal networks involved in this trade exploit 'lootable' commodities, such as alluvial diamonds and artisanal gold. Illicit mining is normally the task of small-scale miners, or sometimes military and militia personnel, while criminal networks usually become involved at the marketing stage. Some of the illicit trade, particularly in oil and rubber, requires greater investment and better organisation due to the need for processing facilities, which are usually not available near the site of extraction: indeed, few are available in West Africa. Hence the likelihood of extensive government involvement in illicit trade, and the presence of international crime syndicates, is greater.

#### *Diamonds*

International attention has been centred on the smuggling of alluvial diamonds on to the world market from Sierra Leone, largely through Liberia and Guinea. The illicit diamond trade funded the armed rebellion of the Revolutionary United Front (RUF). It has also been reported that West African-based Lebanese diamond dealers have provided extensive support to the Lebanese armed group Hezbollah. The international al-Qaeda organisation is said to have bought illicit diamonds as a form of hard currency, under pressure from increased international monitoring of the bank accounts of known members. Diamond expert Christian Dietrich argues that such diamond sales are more consistent with money laundering, as the diamonds are bought above market value.

While official exports from Sierra Leone have increased with the creation of the certificate of origin scheme (the Kimberley process), criminal networks can still smuggle diamonds, given the complicity of neighbouring countries and the resources of international crime syndicates based in the world's cutting, polishing and marketing centres. UNODC suggests that some of the Lebanese diamond dealers that dominate the export trade in Sierra Leone use diamonds to pay

their bills for imported merchandise, through the hawala system. In this way, they also avoid tax.<sup>62</sup>

### *Oil bunkering*

Nigeria is Africa's largest oil producer and holds almost 3% of the world's known oil reserves. It is the fifth largest supplier of oil to the US. Communal violence in oil-producing regions has sparked a growth in organised crime. The illegal export of oil, known locally as 'oil bunkering', is very lucrative. Criminal gangs steal entire sections of oil pipelines and it is conservatively estimated that 100,000 barrels of oil are stolen daily in the Niger Delta, with a value of \$15 per barrel<sup>63</sup> against an official oil price three or four times higher.<sup>64</sup> Significant elements of the population earn a living from selling cheap stolen oil.

Oil subsidies within Nigeria have contributed to the problem. Because subsidised fuel is cheaper in Nigeria, crime syndicates and smaller traders sell on the black market to neighbouring countries, where the official US dollar-based world oil price is paid for official supplies.

Karl Maier notes that in the late 1990s,<sup>65</sup>

The only places certain to have supplies of Nigerian gasoline were outside Nigeria. Large amounts of domestic fuel disappeared across Nigeria's borders with Chad, Niger, Benin and Cameroon, whose people paid four times as much for a gallon as did Nigerian motorists ... All along the coastal highway from Nigeria to neighbouring Benin and beyond that Togo, black marketeers [*sic*] set out litre bottles filled with Nigerian gasoline for sale.

Illegal fuel dealers in Benin currently sell Nigerian oil for as little as \$0.38 a litre<sup>66</sup> and Beninois nationals exchange goods for oil products. Benin's National Commission to Combat Petrol Smuggling was established to curtail this trade, but action against illegal fuel sellers

<sup>62</sup> 'Trans-national organised crime in the West African region', *op. cit.*, p.42.

<sup>63</sup> Davis S & J Asuni, *op. cit.*, pp.2-6. The Nigerian media put the figure of stolen oil at 200,000 barrels a day. They suggest that the oil is being sold at between \$5-8 a barrel. Shell officials indicate that the trade is worth \$1 billion a year. See 'EFCC now to prosecute oil thieves', *This Day*, 19 July 2004. UNODC suggests that the figure of stolen oil may be 300,000 barrels a day.

<sup>64</sup> Games D, *op. cit.*, p.29.

<sup>65</sup> Maier K, *op. cit.*, p.42.

<sup>66</sup> 'Four killed as police crack down on illegal fuel sellers', *IRIN*, 19 August 2004.

sparked riots in the city of Port Novo. In August 2003 Nigeria closed its border with Benin for a week to register its disapproval of the trade in oil and stolen Nigerian goods.<sup>67</sup> Tensions between the two countries are exacerbated by a territorial dispute over the Bakassi peninsula. Nigerian petroleum is also sold on the black market in Niger.

Former Nigerian head of state Sani Abacha, like many of his predecessors and successors, allegedly benefited from illicit trade in oil. Crude oil supply contracts were awarded to his relatives and friends. He also exploited the price differential by loading oil onto tankers supposedly bound for foreign markets, the ships then returning to port where their cargo was resold in Nigeria at the higher international import prices.<sup>68</sup> Organised crime practitioners call this kind of crime 'round-tripping'; it is a common economic crime practised with a wide range of commodities subject to differential tariffs. UNODC suggests that the authorities at a very high level facilitate the illegal export of oil.<sup>69</sup> It has been reported that between 2001 and 2004 the Nigerian Navy apprehended 17 ships and 56 badges involved in oil bunkering.<sup>70</sup> The Nigerian government has now mandated the Nigerian Economic and Financial Crimes Commission to investigate these crimes.

Criminal groups involved in the illicit oil trade include Moroccan, Lebanese, French, Russian and Venezuelan syndicates.<sup>71</sup> Since the last two countries have very large oil reserves of their own, involvement of their nationals in Nigeria's illicit trade raises the question of whether it is used as a means of laundering their own illegal oil products.

### *Gold*

In Ghana, as in many other countries in Africa, miners operating illegally in large-scale mining shafts provide gold to the illicit market. They frequently operate in underground shafts or at old levels where mining no longer takes place.<sup>72</sup> It is suspected that employees of

---

<sup>67</sup> *Ibid.*

<sup>68</sup> *Ibid.*, p.42.

<sup>69</sup> 'Trans-national Organised Crime in the West African region', *op. cit.*, p.15.

<sup>70</sup> Moses T, 'Navy command arrests 17 ships, 56 badges for illegal bunkering', *Daily Champion*, 24 October 2004.

<sup>71</sup> Davis S & J Asuni, *op. cit.*

<sup>72</sup> 'Two AngloGold Ashanti workers arrested for 'Galamsey' operations', *Ghana Home*, June 2005, p.16.



legitimate operators help illicit miners to enter such high security areas.

In Liberia, militia groups are now involved in organising the extraction and sale of artisanal gold. This gold transits Côte d'Ivoire before being sold on world markets. In Côte d'Ivoire itself, government-backed militias are mining gold in the west of the country and allegedly have prohibited rice planting by small farmers.<sup>73</sup> They also control the border crossings with Liberia.

### *Timber and rubber*

Former fighters of the Movement for Democracy in Liberia are involved in tapping rubber in eastern Liberia. The rubber is then transported to Côte d'Ivoire for processing and shipment.<sup>74</sup> Also in Liberia, illegal logging has continued despite the imposition of international sanctions. Some logs reportedly have been stockpiled for shipment once sanctions are lifted and others are transported to militias operating in Côte d'Ivoire.<sup>75</sup> Illicit trade in timber is said to be extensive in Equatorial Guinea.<sup>76</sup>

### *Animals, plants and their by-products*

The global trade in animals, plants and their by-products (including specialist specimen-collecting, skins and furs and illegal timber), frequently originating in Africa, is reported to be worth \$159 billion a year.<sup>77</sup> There is little information on the extent of this trade in West Africa, but experts suggest that, as in other forms of illicit trade, there is considerable overlap between these activities and other forms of organised crime such as drug trafficking. Such products may be used in barter transactions for drugs or may be transported over the same routes as other illicit commodities.<sup>78</sup> In Equatorial Guinea, the ivory

---

<sup>73</sup> Côte d'Ivoire: *No Peace in Sight*, *op. cit.*, p.21.

<sup>74</sup> *Ibid.*, p.21.

<sup>75</sup> *Ibid.*, p.21.

<sup>76</sup> Equatorial Guinea: *Index of Economic Freedom 2005*, *op. cit.*

<sup>77</sup> Cook D, Roberts M & J Lowther, *The International Wildlife Trade and Organized Crime: A Review of the Evidence and the Role of the UK*. Regional Research Institute, University of Woverhampton, June 2002, p.31.

<sup>78</sup> *Ibid.*

trade is still active despite controls instituted in many parts of the continent, and lower consumer demand.

### *Fish*

Another sector targeted by organised crime groups is the fishing industry. Many coastal countries of West Africa rely on fishing as a key source of forex and subsistence. In Senegal, fishing accounted for 23.6% of foreign exports in 2002 and employed 15% of the population.<sup>79</sup> Over-fishing by large trawlers from Europe, Asia and Russia (which may have legal concessions) has undermined this industry and representatives of the Mano River Union in Sierra Leone believe that it is these ships that catch much of the fishing stock available.<sup>80</sup> With this in mind, Senegal has negotiated an accord with the EU specifying the maximum catches allowed by EU vessels. The British-based NGO Greenpeace has reported that illegal tuna fishing takes place under the auspices of Equatorial Guinea, the government of which provides registration to trawlers for a fee and is, therefore, responsible for this illegal activity. The country provides similar services to aircraft companies. The notorious Russian arms merchant Viktor Bout used this service.<sup>81</sup>

### **Trafficking in Commodities, and Customs and Tax Evasion**

Commodity smuggling within West Africa touches all countries in the region. There are few statistics from which to gauge its extent, but the trade may be regarded as vital to the economy, based on consensual exchange and possibly providing benefits to parts of the population unlikely to jeopardise their livelihood by revealing its extent. Other legitimate businesses may maximise their profits by trading in legal goods in an illicit manner. A powerful elite within the country may trade in prohibited, restricted or regulated commodities. Such commercial offences are frequently perceived as acceptable business practice where widespread corruption, excessive regulation and tariffs

---

<sup>79</sup> Senegal Country Profile, 2004, Economic Intelligence Unit, [www.eiu.com](http://www.eiu.com), p.43.

<sup>80</sup> This subject is discussed further in the case study on Sierra Leone.

<sup>81</sup> Wood C, *op. cit.*, p.11.

and generally high costs pose obstacles to the sustainability (albeit to different degrees) of both large companies and smaller traders.<sup>82</sup>

There has been a shift in consumption from locally manufactured and officially imported goods to cheaper products, from West Africa and Asia. These goods are cheap due to the comparative advantage of low production costs and the evasion of duties. Nigerian goods, particularly prized in the region as they have become more affordable with the devaluation of the naira, include building materials, textiles, soap and pharmaceuticals. Nigerian agricultural products, which are subsidised, are also sold in the region. Wheat and rice, by contrast, are often imported from Asia. Most economists suggest that there has been an increase in cross-border trade and that it reaches further than in the past, frequently undermining the development of agricultural initiatives and local manufacturing and industry. Nigerian organised crime syndicates are known to re-invest their profits in this very vibrant trade.

Some crime experts describe Benin as the smuggling hub of West Africa owing to its proximity to the economically dominant Nigeria and its status as a transit point for a wide variety of goods. Smugglers export commodities such as tobacco, alcohol, second-hand cars and textiles to Nigeria, in exchange for petrol, cocoa and palm oil, at the borders between Nigeria and Benin and through the ports.<sup>83</sup> The situation in Benin is replicated in other countries in the region (for example, Togo and The Gambia) where governments instituted liberal import regimes, intending to benefit from transit trade to their more protectionist neighbours (Mali, Senegal and Nigeria).

Côte d'Ivoire is also a dominant economic power among its neighbours. Smuggling from and to countries on its borders has increased since the partition of the country. In effect, the northern area of Côte d'Ivoire has become a free trade zone. Cigarettes produced in Guinea ('London' brand) are sold extensively in the north and those produced in the large tobacco factory in the north of Côte d'Ivoire, which are more expensive, are sold to consumers in the south. Cotton is illegally exported from the north to Burkina Faso and Mali, while

---

<sup>82</sup> The distinction between various forms of organised crime is drawn from the work of RT Naylor. See, for example, Naylor RT, *op. cit.*, pp.2-12.

<sup>83</sup> Perouse de Montclos MA, *op. cit.*, p.3.

illegal imports such as sugar are being sold in Côte d'Ivoire.<sup>84</sup> Cotton farmers in the north of the country sell their crop to Burkinabe dealers, who in turn export cheap motorcycles on which no duties are payable.<sup>85</sup> Cigarette smuggling is said to date from as early as the 1960s in Côte d'Ivoire, when Corsican criminal groups initiated the trade.<sup>86</sup>

In Mali and Niger, the Sahelian countries that form part of Ecowas, drought and famine have compelled many people to resort to smuggling to earn a livelihood.

The 2005 US National Intelligence Council Report notes:<sup>87</sup>

Indeed, there is a class of African countries — which includes Burkina Faso, Central African Republic, Chad, Mali, Mauritania and Niger — that are so burdened by their extreme climate, related problems of health and disease, and poor geographic position that it is not clear that any economic model offers them a path towards development.

Cigarette smuggling is among the most common forms of illicit trafficking in this sub-region, transiting through Kidal in Mali. Other kinds, such as the trade in diesel fuel and other goods originating in Algeria, occur because of shortages in Mali and the absence of border controls between the two countries. Kidal was the site of Tuareg rebellions in the 1960s and 1990s, when army patrols ceased and customs posts were dismantled as part of a peace accord with the Tuareg population.

It is reported that cigarettes come in trucks and containers from Zerouate in Mauritania to Kidal. At this point, they are split into smaller packages and transported to Burkina Faso, Mali and Algeria. Their ultimate destination is Europe, where high taxes on the genuine product make smuggled cigarettes more affordable. The alleged kingpin of this trade is Mokhtar bin Mokhtar, an Algerian national once involved in the war against his government. Some analysts link this illicit trade to the Algerian Islamic Salafi Group for Preaching and Combat, and possibly other Islamist groups, which reportedly claim allegiance to al-Qaeda. In 2003, the Salafi group captured 32 tourists in

---

<sup>84</sup> 'Côte d'Ivoire: Crime and corruption flourish amid political crisis', *IRIN*, 12 July 2005.

<sup>85</sup> 'No hope, no money, no life, in the war-scarred rebel North', *IRIN*, 16 February 2005.

<sup>86</sup> 'Trans-national organised crime in the West African region', *op. cit.*, p.10.

<sup>87</sup> US National Intelligence Council, *op. cit.*, p.4.

the Sahara. They were released after the German government offered a ransom. It was based in northern Mali until its members were arrested or killed in an operation in Chad conducted by troops from Chad and Niger, with the backing of US forces. This group may, however, be involved only in the taxation of the cigarette trade.<sup>88</sup>

Another suspected smuggling route is between Cotonou, Gaya, Agadez and Sirte. It is thought that well-connected Nigerian businessmen smuggle cigarettes and other goods in containers. The Algerian and Libyan governments have taken a hard stance on this trade: the Algerian army uses helicopters to attack vehicles suspected of conveying cigarettes.<sup>89</sup>

Cigarettes are also smuggled from Sierra Leone to Guinea, where prices for them are higher. UNODC notes that the head of one of the syndicates is a Fula businessman who smuggles the goods in boats and has distributors in all major centres. Fula traders are involved in extensive legitimate trade with Sierra Leone and are able to conceal their activities.<sup>90</sup>

The scale of informal and illicit trade across borders would suggest that some governments are aware of it and may even encourage it, informally or by default. Many of the major networks involved in the trade are key constituencies of government, including the Mouride Brotherhood of Senegal, the Lebanese traders of Côte d'Ivoire and the Hausa and Lebanese communities of Nigeria. These groups, reliant on price differentials in cross-border trade, may resist efforts to harmonise tariffs and regulation and may exert pressure on government officials to curtail the operation of other trading networks.

In many West African countries, legitimate and criminal enterprises alike evade corporate and customs taxes. Some companies bribe revenue officials to reduce their tax bill. Others receive exemptions on customs duties.

In Equatorial Guinea members of the political elite are not required to pay duties.

The finance ministry of Côte d'Ivoire sometimes changes tax regimes without reference to parliament; high tax bills levied on companies are

---

<sup>88</sup> 'Islamist terrorism in the Sahel: Fact or fiction?', *Africa Report Number 92*, International Crisis Group, 31 March 2005, pp.7-9.

<sup>89</sup> *Ibid.*, p.11.

<sup>90</sup> 'Trans-national organised crime in the West African region', *op. cit.*, p.43.

then lowered in negotiation with the affected business. The Côte d'Ivoire government has also announced tax exemptions that contradict its obligations in terms of WAEMU harmonisation requirements.<sup>91</sup> It is common for revenue officials in Sierra Leone to fail to bill companies and then solicit bribes to lower tax payments once asked to invoice them.<sup>92</sup> In Nigeria, it is claimed that affluent Nigerian businessmen, in collusion with large companies, submit false customs receipts enabling them to transfer money abroad.<sup>93</sup>

#### **'Bank note rippers' in Benin**

In Benin, informal middlemen known as '*klebes*' (bank note rippers) are used to help customs officers control customs fraud. They receive a 10% commission on all illicit goods they detect. This also means, however, that they can extort bribes from businesses, which they may share with customs officials. This serves to shield customs officers from public scrutiny. Due to excessive regulation, businesses frequently pay higher charges to clear their goods more expeditiously. Similarly, transit agents who are familiar with the customs officers at border crossings, facilitate the transport of commodities. At the border with Nigeria, there are reportedly four times as many *klebes* as there are customs officers and in some places they have taken over the latter's role. Importing a used car may cost the owner 17 separate bribes at the borders.<sup>94</sup>

In Senegal corruption at the borders is common, even though the country's tariffs are relatively low, with a weighted average of 8.4%. Businesses under-value and under-invoice their goods, and officials are amenable to bribes for clearance of goods.<sup>95</sup> In Benin, average weighted tariffs are 15.5%, with special taxes applicable to protected goods such as cigarettes, rice and sugar. In Equatorial Guinea, businesses claim that because of endemic corruption, extensive negotiations with customs officers over the value of imported goods

<sup>91</sup> Public Information Notice: IMF Concludes 2003 Article IV Consultation with Côte d'Ivoire, 21 April 2004, [www.imf.org](http://www.imf.org), pp.1-5.

<sup>92</sup> For more details see Sierra Leone case study, Section 7.

<sup>93</sup> 'Trans-national organised crime in the West African region', *op. cit.*, p.23.

<sup>94</sup> Alabi N, *op. cit.*, p.7.

<sup>95</sup> *Senegal: Index of Economic Freedom 2005*, The Heritage Foundation, [www.heritage.org](http://www.heritage.org).

make for long delays.<sup>96</sup> Similar trends are apparent in other West African countries.

A study of customs agencies in Senegal and Mali found that it was not the actual rate of duties that determined incidence of corruption but the complexity and variability of the tariffs. Some products and some types of enterprise were exempt from duties, owing to the influence of powerful business lobbies with the government. To restructure the customs system and thus deter organised crime and corruption would involve extensive political lobbying, underscoring the difficulties involved in addressing this problem.<sup>97</sup> The study concluded that tackling corruption within the customs service or any other single administrative body would be inadequate; a broader anti-corruption initiative is required with high-level political support.

The official number of ships and air flights arriving and departing the region is low, as may be expected in countries with a small share of international trade. Some of these shipments may, however, be undocumented and escape official notice.<sup>98</sup>

### **Deadly Cargoes: Arms Proliferation and Trafficking**

Earlier estimates suggested that eight million small firearms were circulating in West Africa as a result of civil wars and political conflict in the region. The regional nature of the conflicts in Sierra Leone and Liberia has contributed to the widespread ownership of both legal and illegal firearms. In 1993, a UN mission concluded that the proliferation of firearms had to be addressed on a regional level because in West Africa weapons trading takes place over very long distances.<sup>99</sup>

In the mid-1990s the UN Mission in Liberia (UNOMIL) concluded that small arms proliferation in the region had been overstated. It

---

<sup>96</sup> *Equatorial Guinea: Index of Economic Freedom 2005*, The Heritage Foundation, [www.heritage.org](http://www.heritage.org).

<sup>97</sup> Hors I, 'Rent-seeking behaviour and public corruption', OECD Development Centre, Paper presented at 8<sup>th</sup> International Anti-Corruption Conference, p.3.

<sup>98</sup> *Ecowas Social and Economic Indicators*, *op. cit.*, pp.39–41. The number of ships arriving and leaving Nigeria, for example, was 5,157 in 2000.

<sup>99</sup> 'The proliferation of illegal small arms and its impact on violence and security: Sub-regional perspectives in controlling small arms proliferation and reversing cultures of violence in Africa and the Indian Ocean', *Monograph No 30*, Institute for Security Studies, [www.iss.org.za](http://www.iss.org.za)

found that the ratio of fighters to functioning weapons was 2.6:1 in Liberia, with 80,000–100,000 weapons circulating in the country;<sup>100</sup> the figure arising from the recent disarmament process in that country is similar. This number cannot be extrapolated to calculate the number of weapons available throughout the region, as the regional conflicts have taken different forms. But it suggests that the pool of available weapons may be smaller than previously thought.

Wars in Nigeria, Cape Verde and Guinea-Bissau led to a glut of weapons in those countries, but these did not circulate widely in the region. Stephen Ellis dates the arms market in West Africa to the 1980s. During that period, civilian political armed movements in Senegal, Mali, Niger, Liberia and Sierra Leone procured shipments of weapons. Most major cities in West Africa experienced criminal violence from the 1980s. This corresponds with the opening of the market for small arms and the circulation of these weapons across contiguous and porous borders.

The civil wars in Sierra Leone and Liberia have contributed to the proliferation of firearms and the recycling of weaponry within the region. The Special Court for Sierra Leone indicted Charles Taylor for arming and supplying the RUF. The government of Burkina Faso was also implicated in camouflaging the destination of these arms by providing false end-user certificates. In 2003 Guinea ordered mortar rounds and ammunition from Iran for use by the rebels in Liberia, including the Liberians United for Reconciliation and Democracy.<sup>101</sup> In Côte d'Ivoire civilians, militias and rebels are arming themselves, owing to their fear of crime and political instability.

UN-sanctioned arms embargoes were imposed on the government of Liberia on 19 November 1992, on RUF rebels in Sierra Leone on 5 June 1998 and on Côte d'Ivoire on 15 November 2004. A number of countries, including some in West Africa, allegedly breached these embargoes.<sup>102</sup> Burkina Faso and Guinea have reportedly provided false end-user certificates and provided aircraft landing rights to European

---

<sup>100</sup> *Ibid.*, p.6.

<sup>101</sup> Misol L, 'Small arms and conflict in West Africa'. Testimony before the US Congressional Human Rights Caucus, 20 May 2004, Human Rights Watch, [www.hrw.org](http://www.hrw.org), pp.1–5.

<sup>102</sup> The legal-illicit link: Global small arms transfers, *Small Arms Survey: Counting the Human Cost*. Geneva: Graduate Institute of International Studies; and Oxford University Press, 2002, Chapter 3, p.133.



companies involved in supplying armaments for combatants in Liberia and Sierra Leone. It is alleged that Guinea may have assisted the government of Côte d'Ivoire with transshipment of weapons.<sup>103</sup> UNODC suggests that from 2002 to 2003, Côte d'Ivoire and Liberia received 64 and 74 shipments of weapons, respectively.<sup>104</sup>

Country	Violations
Liberia	Burkina Faso, Central African Republic, Congo-Brazzaville, Côte d'Ivoire, Egypt, Guinea, Kyrgystan, Libya, Moldova, Niger, Portugal, Russia, Slovakia, Uganda, Ukraine, UK
Sierra Leone	Belgium, Bulgaria, Burkina Faso, The Gambia, Ghana, Lebanon, Liberia, Niger, Russia, Slovakia, Ukraine, UK

Ecowas has actively addressed the problem of proliferation in small arms. In 1998 its member states agreed to a moratorium on the import, export and manufacture of light weapons, but this has proved ineffective, for several reasons. Supplier countries have weak arms export controls. Some West African countries that finance or support armed groups in neighbouring countries have flouted its provisions. Transnational arms dealers have continued to supply weapons to countries and rebel movements affected by the embargoes, frequently in exchange for commodities such as diamonds or timber.<sup>105</sup> Widespread insecurity, whether due to civil war, low-intensity violence or crime, fuels demand for firearms, and, in turn, their proliferation escalates the level, and perpetuates the cycle, of violence.

Small arms circulate in the Sahel region where pastoral societies are experiencing extreme environmental stress and conflict related to food security. This was compounded by the proliferation of firearms during the Tuareg rebellions in the 1960s and 1990s. Arms are reportedly trafficked between Niger and its neighbours while weapons are also readily available in conflict-ridden regions such as the Niger Delta. Communities have large stocks of automatic rifles and small arms,

<sup>103</sup>'Stopping Guinea's slide', *op. cit.*, p.18.

<sup>104</sup>'Trans-national organised crime in the West African region', *op. cit.*, p.46.

<sup>105</sup>This subject will be discussed in further detail below.

which are used in communal violence, piracy and other crimes.<sup>106</sup> Weapons also circulate between Mali and Côte d'Ivoire, notably in the territory held by *Forces Nouvelle* rebels (see Section 2). It is reported that Kalashnikov assault rifles can be bought for \$70.<sup>107</sup>

Senegal, Ghana, Guinea and Nigeria also manufacture weapons, which could be sold in the region. In 2001 it was estimated that 35,000–40,000 guns were illegally produced in five regions of Ghana, owing to increased demand for weaponry in countries such as Nigeria, Togo and Côte d'Ivoire.<sup>108</sup> UNODC suggests that weapons may also be made in Senegal, Guinea, Mali and Togo.<sup>109</sup>

Well-armed private security companies have burgeoned in the region and are alleged to hire out their weapons to criminals. There are also allegations that Ecomog peacekeepers are responsible for selling some of their weapons.<sup>110</sup>

In the cities of West Africa firearms are used in a high proportion of crimes such as murders, armed robberies and vehicle hijackings. UNODC estimates that firearms are used in 12.9% of all robberies and 8.7% of assaults in Africa.<sup>111</sup> A crime survey in Lagos found that handguns and 'long' guns were used in 75% and 18% of vehicle robberies, respectively, and in 72% of non-automobile robberies, 33% of sexual offences and 23% of assaults.

In some countries, in particular Sierra Leone, private security companies are not allowed to arm their guards and only specialised police units are authorised to use weapons. This measure appears to have curtailed levels of violent crime, a situation that may change if significant flows of armed groups enter the country or sell their weapons in Sierra Leone.

---

<sup>106</sup>Davis S & J Asuni, *op. cit.*, p.1. These weapons allegedly come from dealers, oil bunkering tankers and members of the security forces. They emanate from Turkey, Liberia, Cameroon, South Africa and Côte d'Ivoire.

<sup>107</sup>*Côte d'Ivoire: No Peace in Sight*, *op. cit.*, p.23

<sup>108</sup>'Media sensitized on proliferation of arms', *Ghana, General News*, Home Page, 18 October 2004.

<sup>109</sup>'Trans-national organised crime in the West African region', *op. cit.*, 45.

<sup>110</sup>Ngor Ngor AD, 'Effective methods to combat trans-national organised crime in criminal justice processes: The Nigerian perspective', *Resource Material Series Number 58*, p.173, [www.unafei.org.jp](http://www.unafei.org.jp).

<sup>111</sup>UN Office on Drugs and Crime, *Rule of Law and Protection of the Most Vulnerable*, *op. cit.*, p.23.

A relatively new trend is the sale of armaments to several West African governments by China (which has allegedly provided weapons to Côte d'Ivoire). These sales are reportedly in exchange for trade agreements and that are not subject to restrictive conditions.

Experts in small arms control argue that the existing moratoriums on small arms should be made binding and extended to all categories of weapons. In addition, efforts to establish a regional information database on disarmament and small arms flows should be renewed. Internationally, controls over the export of small arms to countries in which human rights violations take place should be strengthened, and more controls instituted to regulate the activities of arms brokers.<sup>112</sup> These measures should be combined with wider reforms in the areas of security, criminal justice and the rule of law (see below). Ecowas has agreed to address these concerns by upgrading the moratorium to the status of a protocol.

## **Highway and High Seas Robbers: Armed Robberies, Car and Ship Hijackings**

### *Armed robbery*

In the aftermath of conflict, many West African countries have experienced increased levels of banditry and armed robbery. Most people in crime surveys express greater fear of this form of crime than of any other, due to its random and violent nature. In a crime survey in Lagos, those interviewed were more afraid of being the victim of robbery (36.6%) than any other crime, including murder (23.8%).<sup>113</sup>

In Lagos there were more than three offenders taking part in 28% of car robberies and 57% of other robberies. In most such cases assault rifles or handguns were used, suggesting a degree of organisation consistent with organised crime.<sup>114</sup> A notorious car hijacking gang operated out of Benin, into several West African countries. The kingpin of the gang escaped Benin, thanks to bribes paid to senior

---

<sup>112</sup>Misol L, *op. cit.*, p.4.

<sup>113</sup>Farah D, *Salafists, China and West Africa's Growing Anarchy*, International Assessment and Strategy Centre, 7 December 2004, p.3.

<sup>114</sup>*Criminal Victimization and Fear of Crime in Lagos*. A report of the Lagos crime victimisation survey, *op. cit.*, pp.5-7.

Benin security officials, and eventually had to be extradited from Mali.<sup>115</sup>

In the Ghanaian capital Accra armed robberies have reportedly increased, as they have on the border between Ghana and Togo. Ghanaians attribute the crime wave to large numbers of refugees and undocumented migrants, notably ex-combatants from Liberia, Togo and Côte d'Ivoire. In Ghana, the police have a high arrest rate for armed robbery suspects, while in Togo police have used random police checkpoints to reduce the number of the car hijackings.

On the borders of Côte d'Ivoire with Mali and Burkina Faso, banditry is common. In Côte d'Ivoire itself, vehicles get stolen and dismantled for spare parts.<sup>116</sup>

The low-level intensity conflict in Casamance, on the borders between Senegal, The Gambia and Guinea-Bissau, has contributed to an increase in banditry and armed robberies. UNODC notes that bandit groups of up to 15 people comprise Guinea-Bissauans, Liberians and Sierra Leoneans, using automatic weaponry.<sup>117</sup> Such groups also operate on the southern borders of Mali and Mauritania. In the Sahel, northern Mali and Niger, armed robberies and kidnappings for ransom may be on the increase, whether for financial or other, perhaps political, motives.<sup>118</sup>

### *Vehicle theft*

In the Niger delta criminal groups steal vehicles and conduct other criminal activity. In northern Nigeria, UNODC claims, criminal gangs specialising in such activity have been identified as ex-combatants.<sup>119</sup>

Since 2004 car hijacking, a crime previously uncommon, has also occurred in Freetown. The reasons for this probably include the substantial presence of expatriates working for international organisations and NGOs, the gradual withdrawal of UN Mission in

---

<sup>115</sup>'Trans-national organised crime in the West African region', *op. cit.* p47

<sup>116</sup>'Côte d'Ivoire: Crime and corruption flourish amid political crisis', *IRIN*, 12 July 2005.

<sup>117</sup>'Trans-national organised crime in the West African region', *op. cit.* p45

<sup>118</sup>'Islamist terrorism in the Sahel: Fact or fiction?', *op. cit.*, p.8.

<sup>119</sup>*Ibid.*

Sierra Leone (UNAMSIL) troops and the perception that the Sierra Leone Police Force (SLP) is not equipped to deal with this crime.

Although still low, vehicle ownership is rising in many countries in Africa<sup>120</sup> and localised and transnational crime groups are increasingly involved in robbery from, or theft of, vehicles. Some of the stolen vehicles recovered in West and Central Africa are of Japanese, European and American origin and it is believed that organised crime groups in the source countries are involved with African syndicates. Stolen vehicles are usually shipped as second-hand units, with expertly forged documentation. Cars stolen in West Africa are driven across borders to other syndicates or customers. The Ecowas Protocol on the Free Movement of Persons has allegedly facilitated this process.<sup>121</sup>

These vehicles may be very well used indeed, but are still much in demand due to the high cost of new cars. Some West African countries operate restrictions on the age of vehicles legally permitted into the country, which encourages the smuggling of older vehicles through unofficial channels.<sup>122</sup>

In some countries emerging from civil war, many ex-combatants have established themselves in the transport industry. They may work as taxi operators or hire out bicycles or scooters. If they are criminally inclined, the industry offers opportunities for involvement in armed vehicle robberies and trade in stolen vehicles. In West Africa combatants may have fought with government forces or various rebel movements in Liberia, Côte d'Ivoire, Guinea and Sierra Leone. The US-based NGO Human Rights Watch has called these fighters 'roving warriors'.<sup>123</sup> Ex-combatants may already have established networks that can assist in sourcing and transporting vehicles, owing to their connections with former colleagues in other countries and their

---

<sup>120</sup> *Ecowas Social and Economic Indicators, op. cit.*, p.43. Vehicle ownership ranges from 13,800 in Sierra Leone to 1,486,000 in Nigeria in 2000.

<sup>121</sup> 'Current situation of organised crimes in trafficking stolen vehicles, card fraud, money laundering and major trans-national organised criminal groups'. Report from the 116<sup>th</sup> International Training Course Resource Material Series No 58, p.2-3. [www.Unafei.or.jp](http://www.Unafei.or.jp).

<sup>122</sup> Interview with Taxi Driver, Freetown, Sierra Leone, November 2003.

<sup>123</sup> *Youth, Poverty and Blood: The Lethal Legacy of West Africa's Regional Warriors*, April 2005, [www.hrw.org](http://www.hrw.org).

familiarity with clandestine border crossings. They may, and indeed have, become involved in many forms of illicit commodity trading.<sup>124</sup>

There is also a thriving market in spare vehicle parts, many of which originate in Nigeria, but purport to be coming from the original car manufacturers.<sup>125</sup>

### *Piracy*

As regards piracy and armed robberies against ships, a feature of the 3,000 riverine waterways of Nigeria as well as in other parts of West and East Africa, the International Maritime Bureau recorded 55 incidents of piracy in West Africa in 2004. Twenty-eight of the incidents took place in Nigeria, while others occurred in the Gulf of Guinea, Senegal and Mauritania.<sup>126</sup>

The Nigerian government is gradually phasing out oil subsidies, which may reduce some forms of illicit oil bunkering (see above), but corruption within law enforcement agencies sabotages attempts to reduce this trade: officials stand accused of diverting oil to the illicit market. The police and army have arrested numbers of vessels involved in this trade, but the Nigerian Economic and Financial Commission (EFCC) has now taken over these investigations from the police.

### **Currency Forgery and Illicit Forex**

The true extent of currency forgery in West Africa is not known. In Nigeria, police recorded the following statistics for currency forgery:<sup>127</sup>

1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
63	113	80	38	70	36	124	101	70	74

Studies suggest that this type of criminal activity started in the 1970s, coinciding with the oil boom in Nigeria and the development of black

<sup>124</sup> *Ibid.*

<sup>125</sup> Maier K, *op. cit.*, p.280.

<sup>126</sup> *Piracy and Armed Robbery: 1 January–31 December 2004, Attacks in Africa*, International Maritime Bureau, [www.icc-ccs.org](http://www.icc-ccs.org).

<sup>127</sup> 'Crime statistics, Nigeria', available on CLEEN Foundation website, [www.cleen.org](http://www.cleen.org).

markets. By the 1980s currency forgery and fraud had increased fourfold.<sup>128</sup> Figures are not readily available for other West African states.

Black markets for foreign currency are common in all countries, except those that use the CFA pegged at a fixed rate to the euro. The French government guarantees the CFA franc's stability and convertibility. In return, central banks in West Africa lodge a minimum amount of 65% of their reserves in euro with the French treasury. The semi-legalisation of parallel currency regimes has promoted informal (and in some cases illicit) trade, as forex has become more easily available. This means that businesses do not have to conduct barter trade in which they must export goods to fund the purchase of imports. Barter is, however, likely to continue in areas where people lack access to the mainly urban parallel currency markets, affecting border communities, small traders and perhaps rebel groups.

In 1994 eight members of Ecowas established UEMOA (West African Economic and Monetary Union) in order to promote economic convergence through legislation and policy on customs and tariffs. Members' common currency is the CFA franc.<sup>129</sup> In 2000, other Ecowas members signed an agreement to establish a second monetary union, the West African Monetary Zone, which will eventually also use a common currency. The process has been slow because many of the countries do not meet convergence criteria related to budget deficits, inflation and foreign currency reserves.<sup>130</sup>

As has been noted, foreign currency fraud is prevalent in West Africa, where people submit false invoices to be able to transfer funds overseas.

---

<sup>128</sup>Perouse de Montclos MA, 'Diasporas, remittances and Africa south of the Sahara: A strategic assessment', published in 'The dark side of diaspora networking, organised crime and terrorism', *Monograph No 112*, Institute of Security Studies, March 2005, p.4.

<sup>129</sup>The members of UEMOA are Benin, Burkina Faso, Côte d'Ivoire, Guinea- Bissau, Mali, Niger, Senegal and Togo.

<sup>130</sup>The members of the WAMZ are The Gambia, Ghana, Guinea, Liberia, Nigeria and Sierra Leone.

## Intellectual Property Theft and Brand Piracy

Product piracy is growing in some parts of Africa, usually in the more successful economies. The trade involves counterfeiting, or the sale of goods without the consent of the intellectual property rights holder. This form of organised crime is low-risk and lucrative. Most people do not consider it an offence and for many governments it is a low priority crime. Some West African countries do not protect intellectual property rights at all. In others, most offenders receive short periods in prison or a fine that is insignificant when set against potential profits. (A 2003 Interpol report suggested that product piracy might provide the same if not higher returns than drug trafficking in some countries. The crime networks involved may make a 90% profit.<sup>131</sup>)

Most counterfeiting involves music and movie DVDs and other consumer goods. In many West African countries, informal markets have been flooded with counterfeit goods from East and South Asia. Fifteen percent of Ghana's major companies had experienced this type of crime.<sup>132</sup> In Nigeria, piracy is known to be rampant but there are no studies on its extent.

A potentially more serious problem, common throughout West Africa, is the sale of expired and counterfeit medicines, which may harm the consumer or promote drug resistance. The drugs may include stores stolen from hospitals as well as medicines from Europe and elsewhere. In Sierra Leone 4,000 private pharmacies selling such drugs were established soon after peace came to the country. In Nigeria, a specialised agency has been established to investigate the trade.

## 'Crimes of Persuasion' and Fraud

The 'advance fee' or '419 scam' has been targeted mainly at developed countries by way of paper-based and electronic letters. Victims are asked to help transfer large sums of fictional money from a particular country or account. The confidence tricksters frequently purport to be

---

<sup>131</sup>Noble R, Secretary General (Interpol), 'The links between intellectual property crime and terrorist financing'. Report before the US House Committee on International Relations, 108<sup>th</sup> Conference, 16 July 2003.

<sup>132</sup>Price WaterHouse Cooper, *The Hidden Cost, An Economic Crime Survey in Ghana*, 2003, p.17.



a deposed government or guerrilla leader fallen on hard times, or a relative of such a person, and weave in the known personal history of these figures to convince potential victims that the money is available. If the victim agrees to be involved in the transaction, the fraudsters request payments of various 'advance fees', such as administration costs or bribes.

Originally these kinds of fraud were strongly associated with West African criminal networks and are thought to have begun in Nigeria in the 1970s. Since then, other African nationals linked to these syndicates or imitating them have become involved. A Nigerian crime investigation officer notes that:<sup>133</sup>

'419' scams have had a negative impact on the country's reputation: 'The Nigerian international image has [been] so ... battered that most business proposals from Nigeria are seen as deceptive and fraudulent.

Marc-Antoinette Perouse de Montclos notes, however, that this perception may not be widely shared by Nigerians:<sup>134</sup>

Today, many Nigerians consider that they are not responsible for 419ers [sic] who, they argue, are a product of capitalism and neo-liberalism. To them, foreigners are as guilty and greedy as the Nigerian conmen when they agree to transfer over-budgeted money and so deprive developing countries of their resources. Such frauds are 'moral' because they punish corruption on all sides.

These supposedly 'moral' transactions may include any of the following:

- disbursement of money from wills;
- transfer of funds from over-invoiced contracts;
- conversion of hard currency;
- sale of crude oil at low prices;
- sale of diamonds or gold at lower than market prices;
- contract fraud (cash on delivery of goods and services);
- purchase of real estate;
- threats, scams and extortion;<sup>135</sup>
- lotteries;

<sup>133</sup> Ngor Ngor AD, *op. cit.*, p.176.

<sup>134</sup> Perouse de Montclos MA, *op. cit.*, p.4.

<sup>135</sup> *Crime as Business, Business as Crime, op. cit.*, p.58.

- sale of cut-price cruise ship holidays; and
- work-from-home job offers.

It is thought that the West African diaspora around the world is involved in these scams. Locals may be recruited to help in prosecuting the fraud, by opening bank accounts and obtaining various documents. Many culprits are well educated and conversant with technological advances.

It appears that the perpetrators carry out some market research before sending these letters and emails. They may use trade journals or internet lists to target the victims. In some versions of the scheme, the victim is lured into what appears to be the money-making opportunity of a lifetime. Some victims do not report the crime to the police owing to their own perceived culpability in an underhand venture. For this reason, such activities are regarded as 'crimes of persuasion'.

They have become increasingly sophisticated and perpetrators may, for example, use letterheads of legitimate or non-existent financial institutions to convince prospective 'clients' of their standing.

In some countries, prospective victims have been kidnapped after succumbing to the lure of visiting another country to complete the deal. This has occurred in Nigeria and South Africa.

Variations on these scams are becoming more common in West Africa and other parts of Africa. Between 1998 and 2002 Nigerian police recorded complaints from victims of '419' scams from Nigeria (113), Germany (24), US (16), Japan (6), Italy (5), Canada (5), Iran (5), South Africa (2), Egypt (2), Australia (2) and New Zealand (2). Single complaints were received from Taiwan, Israel, Portugal, Syria, Philippines, Saudi Arabia and Korea.<sup>136</sup>

---

<sup>136</sup>Ngor Ngor AD, *op. cit.*, p.176.

### Case studies: Netherlands, UK and US

In 2004 Dutch police arrested 52 Nigerian email scammers at 23 different locations in Amsterdam. They reported that the network had sent 100,000 messages to people in Japan and the US. The Unusual Transaction Reporting Centre of the Netherlands said that money earned through advance fee fraud was being used to buy cocaine. The drug is smuggled from Colombia to the Netherlands through the Dutch Antilles.<sup>137</sup>

In an operation called 'Tidalwave', the UK police intercepted packages containing false cashier cheques. The suspect was an American Nigerian citizen, who targeted internet auction sites. The suspect approached victims to buy goods from them. He then sent a false cheque for a higher amount to the victim. The victims were then asked to wire the extra funds to members of the crime network.<sup>138</sup> UK police suggest that fraud perpetrated by West African groups have had a significant impact on industrialised countries: it is estimated that this fraud costs the UK £3.5 billion annually.<sup>139</sup>

In the US a Nigerian national was convicted after defrauding \$400,000 in a scam where he claimed that he needed assistance in getting a box containing \$22 million through customs. He persuaded the victims to provide him with shipping costs, handling fees and other expenses for a 15% share of the money. This scam attracts heavy sentences in the US with suspects facing 20 years in prison for each wire fraud conviction.<sup>140</sup> It is calculated that the US loses about \$100 million per year to '419' scams.<sup>141</sup>

<sup>137</sup> Libbenga J, *Dutch Police Arrest 52 Email Scammers*, 29 January 2004, [www.crimes-of-persuasion.com](http://www.crimes-of-persuasion.com), p.2.

<sup>138</sup> Ove T, 'Man indicted in Nigerian scam', *Pittsburgh Post-Gazette*, [www.crimes-of-persuasion.com](http://www.crimes-of-persuasion.com), p.8.

<sup>139</sup> Jackson S, *op. cit.*

<sup>140</sup> 'Nigerian busts in 2004', *op. cit.*, p.7.

<sup>141</sup> Perouse de Montclos MA, 'Diasporas, remittances and Africa South of the Sahara', *op. cit.*, p.4.

### Case studies: Ghana, Nigeria and South Africa

Police in Ghana arrested a syndicate of Nigerian nationals with forged letterheads and documents of the Bank of Ghana and other financial institutions in Ghana, Nigeria and South Africa. Some of these documents authorised syndicate members to carry large sums of money in cash out of these countries. The group allegedly used these letters to lure foreigners into the country in order to defraud them. The accused reportedly sent a letter to a British businessman indicating that he had a sealed box at the Bank of Ghana containing a precious item. In a similar case, a Canadian businessman was defrauded of \$170,000 when he travelled to Ghana to buy gold and jewellery offered to him by another criminal group. He paid an additional \$17,000 for the fictitious goods that he was persuaded were in a vault in Togo.<sup>142</sup> Some of the suspects have reportedly confessed to being part of Nigerian-based crime networks. They allegedly direct some of the victims to their colleagues in exchange for a proportion of the profits. These criminals may conclude the deal after convincing victims to travel to Ghana and paying all their expenses.<sup>143</sup>

In Senegal, a Nigerian syndicate allegedly extorted money from European nationals who believed that they would receive a share of an inheritance from the late Democratic Republic of Congo (DRC) president Laurent Kabila if they assisted in transferring the money to their own account.<sup>144</sup>

Nigeria's Economic and Financial Crimes Commission (EFCC) is prosecuting five suspects for what is believed to be the highest value '419' scam to date. The accused convinced a Brazilian employee of Banco Noereste Brazil to transfer \$242 million to them after claiming they had won a tender to build an international airport at Abuja. The Brazilian bank went into liquidation. The accused included a former chairman of the Nigerian Bar Association and a director of the reputable Union Bank of Nigeria plc. They claimed to represent the Central Bank of Nigeria and used four corporate accounts to receive the money. The accused have been charged under the Advance Fee Fraud and Other Related Offences Decree and also with attempting to bribe members of the EFCC. At the time of writing the trial was still going on.<sup>145</sup>

<sup>142</sup>Sarpong S, 'Ecowas Protocol breeds insecurity', *News From Africa*, January 2003, [www.newsfromafrica.org](http://www.newsfromafrica.org); and 'Nigerian busts in 2004 for advance fee fraud scams', [www.crimes-of-persuasion.com](http://www.crimes-of-persuasion.com).

<sup>143</sup>'Man of God in '419' scam', *Ghana General News*, Home Page, 25 April 2005.

<sup>144</sup>Sy T, 'Senegal swoop on e-mail scammers', *BBC News*, 3 May 2005.

<sup>145</sup>Okenwa L, '\$242m scam: Suspects arraigned, deny 86-count charge', *All Africa*, 2 June 2004, [www.allafrica.com](http://www.allafrica.com).

**Case studies: Ghana, Nigeria and South Africa (continued)**

UNODC notes that the suspects were closely aligned with the ruling Popular Democratic Party: one of them was standing as a candidate for the position of governor, while another was a member of the Nigerian Federal House of Representatives and served on the sub-committee for police affairs.<sup>146</sup> The EFCC has reportedly arrested 200 suspects (including '419' fraudsters), frozen bank accounts and seized \$100 million worth of assets.<sup>147</sup> Some of the suspects had received funds from the victims on the pretext of supplying them with cheap crude oil.

In South Africa it is thought West African crime networks use newspapers to advertise work-from-home schemes. These scams attract job seekers who pay in advance for the materials to be used (for example, direct marketing mailing lists, stamps and pro-forma letters). These materials never arrive and the perpetrators keep the administration fees, which have been deposited in bank accounts.<sup>148</sup>

In Nigeria, the incidence of crimes under the rubric of false pretence, cheating and fraud (which includes a broader range of offences than merely '419' scams) declined from 13,546 to 9,508 between 1994 and 2003.<sup>149</sup> A Nigerian syndicate linked to other groups in Ghana, The Gambia, Côte d'Ivoire and Nigeria was involved in '419' scams involving fictional gold and diamond deals in Sierra Leone.<sup>150</sup> The syndicate invested its profits in Nigerian consumer goods that were then sold in Freetown. At the time, Sierra Leone had no legislation that could be used to prosecute computer fraud.

In many African countries scam artists conduct these frauds in person. They may approach a prospective client on the street or at a busy market, offering the victim precious stones at lower than market prices. The prospective client is asked to assist the fraudster by giving him the funds to buy a further consignment of stones, with the profits to be shared equally. The perpetrator may be working with a jeweller or a purported expert who values the stones in front of the victim.

<sup>146</sup>'Trans-national organised crime in the West African region', *op. cit.* p.40.

<sup>147</sup>'Nigerian busts in 2004', *op. cit.*

<sup>148</sup>The perpetrators may find it difficult to conduct these scams, as banks are now required to ask for proof of the origin of funds in terms of the Financial Intelligence Act.

<sup>149</sup>Crime statistics, Nigeria, available on Cleen Foundation website, [www.cleen.org](http://www.cleen.org).

<sup>150</sup>'Trans-national organised crime in the West African region', *op. cit.*, p.24.

Once the victim has handed over the money, the perpetrator disappears, perhaps leaving the victim with a fake precious stone. This type of crime is known to have taken place in several mineral-rich African countries, including Sierra Leone.

In the so-called 'black dollar' fraud, a potential customer is persuaded to buy blackened bank notes (purportedly US dollars), with a special cleaning fluid that will clean these notes and make them usable. Dealers on the currency black market in West African countries use a similar technique. The client is shown large sums of money in a suitcase, the first layer of which may consist of real bank notes while the rest is newspaper cut into note-sized pieces.

All these forms of crime are known to have taken place in Senegal, Nigeria, Côte d'Ivoire, The Gambia, Ghana, Togo, and Sierra Leone. It is widely, if wrongly, believed in Ghana that the term '419' for the scam refers to Philippians 4:19 ('But my God shall supply all your needs according to his riches in glory by Jesus Christ').<sup>151</sup>

Financial fraud and identity theft is becoming more common in the economic centres of West Africa. This may include intrusions into credit card processors (although credit card use is not yet widespread in the region), theft of cheques from the postal mail, pre-approved credit card offers, credit card skimming and other bank fraud. One such scheme in which West African crime networks are alleged to be involved is reshipment fraud: the networks recruit people internationally, to purchase goods from on-line vendors with fraudulent or stolen credit cards. The recruits use their domestic addresses to receive the goods and re-ship the merchandise to other countries. They may be paid with merchandise or counterfeit financial instruments. In 2004, in co-operation with Ghanaian and Nigerian authorities, US law enforcement agencies arrested 31 people involved in a West African scheme to steal merchandise worth an estimated \$1 million.<sup>152</sup>

In countries such as the US, West African networks are involved in cheque and traveller's cheque forgeries and in the manufacture or theft of credit cards. The credit cards are used to buy goods for export

---

<sup>151</sup> Sarpong S, 'Ecowas Protocol breeds insecurity', *op. cit.*

<sup>152</sup> Testimony of the Deputy Assistant Director of the FBI, S Martinez, House Government Reform Committee's Subcommittee on Technology, Information Policy, Intergovernmental Relations and the Census, 22 September 2004, p.8.

and the line of credit may be paid with cheques that will be dishonoured. Similar frauds are perpetrated with telephone cards, where international calls are sold to people at cheaper rates.

UNODC argues that the perpetrators of financial frauds are generally well-educated and may 'contract in' outside expertise, such as lawyers and accountants. They usually operate in small groups of two to five, except when they need more people for 'special operations'.<sup>153</sup>

International law enforcement agencies suggest a mix of pre-emptive and reactive measures:

### Tackling fraud

**Prevention:**

Education of potential fraud victims, private and public sector institutions (for example, travel advisories for business people) and warnings to vulnerable groups such as public record agencies, banks, credit card and insurance companies.

**Detection:**

- Central point of contact in each contract for information exchange.
- Interception of communications and exchange of telephonic billing data for '419' scams with the possibility of blocking certain telephone lines (as has been done in the UK with 'sex chat' lines).
- Undercover operations including controlled deliveries and the recruitment of human sources (for example, couriers, spouses and travel agents).
  - ❖ Rapid transfer of fingerprints and other identity information;
  - ❖ Fast-tracking financial disclosures by banking institutions; and
  - ❖ Monitoring cash transactions and shipments to West Africa.

**Disruption:**

- Increased scrutiny of identity documents at ports of enquiry and more rigorous visa applications.
- Use of Interpol International 'green' notices that serve as a warning.

<sup>153</sup> 'Trans-national organised crime in the West African region', *op. cit.*, p.39.

### Tackling fraud (continued)

**Prevention:**

- Because some crime may fall below the level of what is recognised as organised crime, individuals who are prosecuted frequently receive low sentences and return to the illicit trade thereafter. Countries with racketeering and similar legislation may prevent this.
- In many countries, organised crime operators are illegal migrants; hence they escape prosecution because prosecution services believe it is less costly to deport them. Frequently these individuals return to continue their activities under a new identity.

### The Silent Crime: Money Laundering

Money laundering, while often considered a 'silent' crime, has a major impact on society: it is the one organised crime activity that signals to everyone that crime pays. The success of a criminal (or indeed a terrorist) organisation rests on its ability to sanitise its financial gains.

Activities that may give rise to money laundering include illicit political party finance, corruption by politicians or public officials, bribe payments by private companies, tax evasion and transfer pricing, and criminal and terrorist activity.

Relatively few people in West Africa have bank accounts, so only a small proportion of the proceeds of crime can be laundered through the formal financial sector. Economic liberalisation has, however, brought a rapid increase in the number of formal institutions.

Money may be laundered through a variety of mechanisms in West Africa, including private clinics, forex bureaux, hotels and casinos and other legitimate businesses. Legitimate businesses could range from small import-export companies and cellular telephone shops to diamond dealerships. Some crime networks may launder their money by buying items such as jewellery and electronic goods while abroad and selling them in West Africa on their return, investing the proceeds in fixed assets. Many poor countries receive little foreign investment and may not wish to question the origin of the funds of prospective investors in the economy. Throughout West Africa, it is claimed, transnational crime networks, whether of West African or foreign origin, may invest the proceeds of crime in this way. There is little evidence of this trend in official documentation: few asset forfeiture



cases in countries where this legislation is available have been concluded.

<i>Country</i>	<i>Commercial banks</i>	<i>Non-monetary credit institutions</i>
Benin	5	3
Burkina Faso	6	3
Cape Verde	-	-
Côte d'Ivoire	17	5
Gambia	6	9
Ghana	18	8
Guinea	7	-
Guinea-Bissau	-	-
Liberia	4	-
Mali	9	4
Niger	6	-
Nigeria	89	5
Senegal	9	5
Sierra Leone	5	-
Togo	7	4

Many Africans emigrate to developed countries in search of better economic prospects. They frequently establish trade networks in the export and tourism sectors that assist their countries of origin and provide foreign direct investment. They also remit large sums of money to their families in the home country. Nigeria receives 30–60% of all recorded remittances to sub-Saharan Africa, valued at \$4.1 billion in 2003; the remittances may amount to 4% of Nigeria's GDP. Senegal reportedly earns 2% of its national income from this source.<sup>155</sup> For other countries in the region, remittances may contribute even higher percentages of GDP, outstripping foreign investment.<sup>156</sup> Remittances may, however, also finance civil wars and criminal activity.

The funds may be transferred through formal or informal mechanisms. The most commonly used formal means of transferring funds is through institutions such as Western Union. West African crime groups typically use international money transfers to repatriate

<sup>154</sup> Adapted from *Ecowas Social and Economic Indicators*, Table 4.1.2.

<sup>155</sup> Winter W, 'African migrant's elusive dream', *BBC News Online*, 26 April 2004.

<sup>156</sup> 'The need to slow Africa's crippling brain drain', *Business in Africa Online*, 29 March 2005, [www.businessin africa.net](http://www.businessin africa.net).

the proceeds of crime. One syndicate remitted \$5–6 million out of Australia in three years.<sup>157</sup>

Remittances in kind, through systems such as hawala, may also provide a secure means of funds transmission. It is thought that funds transferred in this way may be significantly greater than formal remittances. It is estimated that 16% of funds remitted to Senegal come through informal channels. During the era of military rule, Nigerians also remitted monies informally through friends and relatives, even after the government relaxed exchange controls. In Cameroon, credit clubs were used to remit money. Money is sent home to Mali in the form of food coupons.<sup>158</sup>

As Marc-Antoine Perouse de Montclos notes in an article for the Institute for Security Studies, an informal channel has many advantages:<sup>159</sup>

First, it is quicker, cheaper, more efficient and more inconspicuous than any service provided by financial institutions or companies like Western Union. Second, it is supported by people who do not trust banks, work largely outside the formal economy, and are used to avoiding state regulations. Third, exchange controls, lack of hard currency, poor access to credit, bureaucratic procedure, heavy taxation and the risk of confiscation of foreign assets prevent migrants from investing officially in their homelands, and therefore underground transfers present an attractive alternative.

Certain countries in Southern Africa, such as Mauritius and Seychelles, have established free trade zones and offshore banking centres. This strategy has brought major economic benefits to the population. In West Africa, Cape Verde is positioning itself to offer similar incentives and opportunities. The process may, however, also provide opportunities for money laundering, if not adequately controlled.

Countries in West Africa have either passed or are currently drafting legislation outlawing criminal and terrorist financing and money laundering. Some of them expect problems in implementing these laws. Their major concern is the cash-orientated nature of these

---

<sup>157</sup>Jackson S, 'West African organised crime in focus', *Platypus Magazine*, No 74, March 2002.

<sup>158</sup>Perouse de Montclos MA, *op. cit.*, pp.1–3.

<sup>159</sup>*Ibid.*, p.2.

economies, which makes them difficult to control. Law enforcement agencies, regulators and financial institutions lack technical capacity. Also, there are generally limited funds available to implement the costly measures necessary to detect, report and follow up on suspicious transactions. Inadequate communication networks among different agencies and the private sectors compounds the difficulty. Finally, international co-operation on matters such as '419' fraud has often been hampered by a lack of urgency in developed countries, which may not view these crimes as priorities because of the culpability of the victims.

Under the auspices of Ecowas, West African countries have together established the Group for Inter-Governmental Action against Money Laundering, with support from Interpol, the African Development Bank and other international institutions. In a rare international initiative, which could be replicated elsewhere, legislation creating the Special Court for Sierra Leone makes money laundering an offence. Charles Taylor has been indicted on charges of money laundering and some of his assets frozen pending trial. To date, he has not been extradited from Nigeria to face these charges. As mentioned above, return to Nigeria of Sani Abacha's illicit funds may facilitate future repatriation of the proceeds of corruption.

Indeed Nigeria, which has been blacklisted by the Financial Action Task Force (FATF) for several years, has been at the forefront of anti-money laundering initiatives in West Africa. Among other pieces of legislation, the Nigerian government has introduced the Money Laundering (Prohibition) Act 2004 and the Economic and Financial Crimes Commission Act, essential steps for the removal of the country from the FATF list. There have been raids on car dealers and forex bureaux, asset seizures and publication of the names of Nigerians convicted for money laundering offences. Nigeria has also established a money-laundering surveillance unit, an inter-departmental committee on money laundering, advance fee fraud and other financial crimes, and an independent corrupt practices commission. Independent civilian auditors also aid the National Drug Law Enforcement Agency.<sup>160</sup> Other West African countries have suggested

---

<sup>160</sup>'Anti-money laundering and combating the financing of terrorism', Regional Videoconference: Anglophone West Africa — The Gambia, Ghana, Nigeria and Sierra Leone, World Bank and IMF Global Series, The International Bank for Reconstruction and Development, 2003, pp.26-28.

that national financial sector assessments are necessary to shape appropriate responses to combating such crimes.

World Bank studies of 80 countries suggest that the correlation between money laundering and corruption is strong.<sup>161</sup> For many African countries and civil societies the main significance of the anti-money laundering initiative will be in its capacity to address broader governance issues.

Mohamed Bourenane of the African Development Bank emphasises:<sup>162</sup>

Money laundering has to be seen as a problem of governance. It is essential to put it into this framework. And, when we talk about governance, it is partly a problem of corporate governance. The fight against money laundering is also a development program [*sic*]. [Therefore] anti-money laundering efforts should be shared by whole societies, or they will not go far.

Money laundering may undermine the economy in several ways:

- Corrupt leaders and officials or private individuals may use various tools to siphon off state assets and funds, pay premiums for government contracts to finance political parties and campaigns, or personally enrich themselves at the expense of the public.
- Banks and other financial institutions may face economic instability when accepting illegal funds easily transferable elsewhere, which threatens their liquidity.
- When businesses are used as front companies for organised crime, legitimate businesses cannot compete with them. Rogue businesses may offer their goods and services at low market rates, sustainable only because the main purpose of the activity is to launder funds, not make a profit. It is known that illicit traffickers do not always follow economic logic when introducing funds into the legal economy, merely using the easier channels for laundering funds; popular mechanisms could include investment in small and medium scale businesses. This could have a negative impact at the local level, where legitimate businesses are put at a competitive disadvantage. Diversion of funds from one economic sector to another without any real return can also be damaging.

---

<sup>161</sup> *Ibid.*, p.16.

<sup>162</sup> *Ibid.*, p.36.

- Currencies and interest rates can be distorted by money laundering investments.
- The integrity of a country and its financial sector depends on investor confidence, which may be absent if money laundering continues unhindered.<sup>163</sup> The IMF and the World Bank will clearly use this as a criterion in lending in the future.<sup>164</sup>

It is still too early to tell what impact anti-money laundering legislation has had internationally. Commentators point to the small amounts of money seized by the international community around the world since the World Trade Centre attack of 11 September 2001 as an indicator of poor performance. The World Bank has, however, claimed that strict implementation of anti-money laundering provisions in the US has led to an increase in the costs of professional money launderers from 6% to 25% of the transaction.<sup>165</sup>

#### **Challenges in combating money laundering in West Africa**

- Raising awareness of the importance of money laundering and its relation to governance, especially corruption.
- Assessment of financial sector risks, identifying the causes and sources behind money laundering, which may differ between countries and regions.
- Liberalisation of financial infrastructure and regional integration has brought with it a change to the financial infrastructure and the proliferation of new financial institutions such as forex bureaux.
- Informal and cash economies, which are resistant or immune to regulation.
- Lack of institutional capacity and technical expertise.
- Expansion of the informal remittance sector, which is largely unregulated.
- Lack of funds.
- Corruption barriers.
- Failures in enhanced international co-operation.

---

<sup>163</sup> *Ibid.*, p.viii.

<sup>164</sup> *Ibid.*, p.41.

<sup>165</sup> *Ibid.*, p.17.

## The Organisation of West African Criminal Networks

Phil Williams notes:<sup>166</sup>

I would also emphasise that even countries where we do have effective government (like Britain and the United States) can still have a significant Nigerian crime problem. So even where there is a lot of intelligence capacity, a lot of law enforcement effort devoted to the problem, it doesn't always seem to be a winning battle.

Many law enforcement agencies around the world now have specialist West African organised crime desks that meet regularly to discuss the type of criminality, modus operandi and international linkages of organised crime groupings. West African syndicates have become associated with several kinds of criminal activity throughout the world, including:

- fraud, which includes advance fee fraud or '419' scams;
- drug trafficking;
- theft; and
- prostitution and human trafficking.<sup>167</sup>

The specialised desks may be useful in identifying conspirators (who are frequently bound to each other by kinship or familial ties) and the mechanisms used to launder money, such as immigrant remittance networks. It mistakenly implies, however, that West African organised crime groups are homogenous. In practice, there is significant variation in their nature and extent throughout the world.

West African fraud networks may provide false information or enter sham marriages to obtain visas or claim citizenship of other countries. They may have forged identity documents, birth certificates, social security cards and driver's licences. With those documents they are able to apply for loans, student grants or, in some countries, welfare privileges. Networks have established offices solely to verify these credentials. Funds can be raised from such frauds to diversify the criminal operation into more lucrative illicit trades.

---

<sup>166</sup>'Combating international crime in Africa'. Hearing before the Sub-Committee on Africa of the Committee on International Relations, Second Session, 15 July 1998, p.18. <http://commdocs.house.gov/committees>.

<sup>167</sup>See, for example, *Crime as Business, Business as Crime*, *op. cit.* Also, J.M Abbott (Director of the United Kingdom National Crime Intelligence Service), Report on West African Organised Crime Subgroup Meeting, Washington, April 1997, p.3.

In some countries in Europe, such as France and Germany, syndicates are also allegedly involved in human trafficking (illegal immigration and prostitution) and vehicle crime.<sup>168</sup> West African groups are most active in the UK and the US, among the developed countries.<sup>169</sup> West African criminal networks are regarded as the most significant international African crime group operating in America.<sup>170</sup> In Australia, they are allegedly involved in fraud and drug trafficking.<sup>171</sup>

Organised crime expert Williams notes that Nigerian criminal groups, in particular, are '[more] pervasive around the globe than those of any other nation'.<sup>172</sup> In Africa they are involved in similar forms of criminal activity including trafficking in illicit gold and precious stones and the kidnapping of victims of '419' scams.

As the Deputy Assistant Director of the FBI noted:<sup>173</sup>

Nigerian criminal enterprises are seldom if ever engaged in drug trafficking to the exclusion of other crimes. A typical Nigerian criminal enterprise or organisation in the United States will operate in a small inter-related cell and have international contacts of Nigerian criminal enterprises operating in other foreign countries.

Throughout the world, criminal organisations have adopted business structures to conduct their activities. They employ highly skilled people and use increasingly sophisticated methods to generate and conceal their profits. Many countries have experienced an increase in certain types of crime, especially those involving high technology. Like business corporations, organised crime networks diversify their activities to ameliorate risk, a process that may involve obtaining their income from a range of illicit and licit enterprises.

In 1998, Williams suggested that West African, particularly Nigerian, criminal enterprises have three kinds of structure.<sup>174</sup>

---

<sup>168</sup> Report to the P8 Experts Group on Trans-national Organised Crime (Lyons Group) Meeting in Washington, 16–18 April 1997, pp.2–3. *Europol Organised Crime Report 2004*, p.14, [www.europol.eu.int](http://www.europol.eu.int).

<sup>169</sup> *Ibid.*, p.3.

<sup>170</sup> 'Combating international crime in Africa', *op. cit.*, p.12.

<sup>171</sup> Jackson S, 'West African organised crime in focus', *op. cit.*

<sup>172</sup> *Ibid.*, p.14.

<sup>173</sup> 'Combating international crime in Africa', *op. cit.*, p.7.

<sup>174</sup> *Ibid.*, p.15.

"The first is the old-fashioned *pyramid* or *hierarchy*. These are crime barons, often members of the elite and members of government, who benefit from activities that they coordinate or support. They are also among the beneficiaries of the proceeds of crime that come back to Nigeria. They protect those proceeds from seizure under Nigeria's very poorly implemented money laundering laws. The second type of structure is the *flexible network*. Many Nigerian criminal organisations are relatively small, and they are based around bonds created by family membership, tribal affinity, or personal friendship. These groups operate within a larger network that resembles trade associations rather than traditional Mafia hierarchies. The fluid network provides support, structure and potential connections. The third type of group is the *self-contained cell* in which there are few people with specific responsibilities and a clear-cut division of labour. These cells are independent entities and take the initiative in generating and exploiting criminal opportunities."

This view is still relevant. Law enforcement agents claim that West African drug enterprises vary from organised crime alliances to freelance entrepreneurs. As UNODC notes, the nature of the criminal enterprise will determine the type of organisation necessary. For example, the network required for international drug trafficking will differ from that used to carry out '419' frauds.<sup>175</sup>

The EU police intelligence-gathering organisation, Europol, has noted that a crime group wishing to export large quantities of drugs frequently establishes joint venture networks, a form of organisation now more common than cartel-like networks. Such groups comprise various nationalities and payment is made through barter of different types of drugs.<sup>176</sup> West African drug trade networks employ large numbers of couriers of all nationalities and demographic characteristics, each of which may be involved in only one stage of the criminal enterprise. They also employ nationals from the destination country. This helps to ensure that law enforcement agencies are not alerted to suspicious nationals or particular locations from which drug trafficking is common. It also insulates the core criminal group from detection. At some levels of the organised crime operation, such as the drugs network in Sierra Leone (discussed in Section 7), there may be hierarchical forms of organisation. This may be used when control of a particular territory is important for the trade (for example, up-market

---

<sup>175</sup>'Trans-national organised crime in the West African region', *op. cit.*, pp.5-7.

<sup>176</sup>Europol, Drugs — January 2004, p.4, [www.europol.org](http://www.europol.org).



tourist areas). In addition, it may be necessary to maintain this structure when government officials are implicated and the organisers wish to disguise their involvement by establishing one key liaison point, at a distance from the street distributors.

Law enforcement agents agree that in other criminal enterprises, West African organised crime groups largely operate in flexible networks rather than rigid hierarchical structures. They tend to depend on illegal documentation, corruption and persuasion rather than violence. This poses difficulties for law enforcement agents because the crimes committed are frequently low profile and may fall below the threshold of what is considered to be organised crime. While Nigerian crime networks may have set the trend, it is apparent that other West African and African crime groups have begun to imitate them.

The flexibility and adaptability of West African crime networks poses challenges for law enforcement agencies, which for the most part are somewhat cumbersome bureaucracies. Australian and US law enforcement agencies say that West African cells conduct meetings in control-room situations and hold debriefings to establish their mistakes in past ventures. This allows them to take advantage of up to date information on freight routes, poor border controls and inventories, such as drugs. In Thailand, where they buy heroin, they allegedly form consortiums and shift alliances and positions constantly to avoid detection.<sup>177</sup> UK police claim that syndicates that suspect they are under scrutiny switch to different types of drugs and use a diversity of nationals to courier the product.<sup>178</sup>

Intelligence and criminal investigation agencies are often neglected in countries where the emphasis is on the strength of the military and visible security forces. By their nature, West African crime networks are difficult to detect and investigate.

---

<sup>177</sup>Jackson S, *op. cit.*

<sup>178</sup>*Ibid.*

**Section II:**  
**Various African Case Studies**

## Chapter Seven

### Case Study: Sierra Leone

#### Introduction

After gaining independence in 1961, Sierra Leone experienced a series of military coups and a brutal 11-year civil war. The war claimed more than 20,000 lives, destroyed thousands of homes and displaced half the population.<sup>1</sup> The north and east suffered the most damage: there, 55% of the population was displaced and an estimated 80% of the infrastructure destroyed.<sup>2</sup>

Combatants on all sides systematically looted the assets of civilians, including livestock and crops, and the diamond riches of Sierra Leone. International organised crime middlemen bartered diamonds for weapons and military equipment, or sold them on the international market. International non-governmental organisations, such as the London-based Global Witness, campaigned against the trade in 'conflict diamonds'<sup>3</sup> that was fuelling the war. As a result, the UN Security Council imposed sanctions on the export and import of diamonds from Sierra Leone and Liberia.<sup>4</sup> The role of organised crime networks in the illegal exploitation of natural resources and war-related trade received international attention in reports prepared by UN panels monitoring the implementation of sanctions.

Alarmed by these developments, many legitimate companies decided not to invest further capital in developing their businesses. Some left the country entirely. Speculators, along with corrupt government officials, were given free rein to strip Sierra Leone's assets and to deposit the proceeds in offshore bank accounts. During the civil war in the 1990s, industries such as rutile mining that had enjoyed a measure of government protection were compelled to cancel their contracts, due to the advance of rebel troops into their areas of

---

<sup>1</sup> *National Recovery Strategy Sierra Leone 2002-2003*, p.6. Available at [www.sierraleoneweb.com](http://www.sierraleoneweb.com).

<sup>2</sup> *Ibid.*, p.27.

<sup>3</sup> UN resolutions define 'conflict diamonds' as rough diamonds used by rebel movements or their allies to finance conflict aimed at undermining legitimate governments.

<sup>4</sup> This required a certification regime, known as the 'Kimberley process', which identifies the origin of rough diamonds.

operation. War-related trade in armaments and equipment increased. At this time, drugs such as cocaine became more widely available in African cities. Demand for drugs, frequently used as an aid to recruitment and control of combatants, escalated. A significant proportion of the civilian population, under siege from rebels, militias and the armed forces, was compelled to flee to the capital Freetown, and to neighbouring countries. Crime in Freetown soared, with people living on the peripheries of urban settlements scavenging for a living. Cross-border smuggling also increased, commensurate with the large-scale displacement of people and the accompanying disruption of food and other supplies. A small cadre of foreign mercenaries made themselves available to fight in Sierra Leone, Liberia and elsewhere in West Africa.

### **Sierra Leone**

Sierra Leone is endowed with fertile soil, good rainfall and rich and diverse mineral resources. It is a little smaller than Scotland, covering 71,620km<sup>2</sup> with most of the country no more than 300km from the sea. Sierra Leone shares borders with Guinea in the north and north-east and Liberia in the south-east. It has 958km of land borders and 402km of coastline.<sup>5</sup>

In 2001 the population was estimated at 5.6 million with an annual growth rate of 2.6%.<sup>6</sup> In 2004 a provisional census calculated the population at 4,963,298.<sup>7</sup> Approximately 44% of the country's inhabitants are aged under 14 and 80% of the population lives below the poverty datum line of \$1 a day.<sup>8</sup> Sierra Leone ranks at the bottom of the UN Human Development Index because of its high rates of poverty and illiteracy and limited access to basic services such as education, health and sanitation.

There are 20 ethnic groups in Sierra Leone, but all share similar social and cultural practices. The Mende in the east and south and the Temne in the north are the two largest ethnic groups, each comprising 30% of the population. The descendants of freed slaves, who are

---

<sup>5</sup> *National Recovery Strategy, op. cit.*, p.8.

<sup>6</sup> *Ibid.*, p.8.

<sup>7</sup> *Provisional Population Census 2004*. Available online at [www.statistics-sierra-leone.org](http://www.statistics-sierra-leone.org). Further demographic details are not available.

<sup>8</sup> *National Human Development Report for Sierra Leone, 1998*.

known as Creoles and make up a tenth of the country's inhabitants, are largely concentrated in the western region and the capital Freetown. There are small settlements of Liberian, European, Lebanese, Pakistani and Indian nationals. English is the official language, but most people speak their local vernacular or *Krio* (an English-based Creole). The majority of the population follow Islam, but 30% hold to traditional animist beliefs. A small (10%) minority practises Christianity.

## Colonisation and early independence

### *A smooth transition to independence*

In 1808 the western area of Sierra Leone became a Crown Colony under direct British rule. Africans from the Creole grouping were given representation in government and Creoles occupied posts in the colonial administration. The rural hinterland, where indigenous groups such as the Mende and Temne lived, became a British protectorate in 1896 under the rule of traditional chiefs and these groups received political representation in the colonial legislature only much later. They also had limited access to education: only 10% of the population was literate when the country became independent in 1961. Most of the population worked in the large informal urban or the rural sectors, largely in subsistence agriculture. The unequal treatment of Creoles vis-à-vis the indigenous people became a source of political tension.

The Sierra Leone People's Party (SLPP), dominated by the Mende group in the south-east, won post-independence elections. The opposition All People's Congress gained the support of the Temne group in the north. The first prime minister, Milton Margai of the SLPP, had been chief minister in the colonial government, which made for a relatively smooth transition from British rule to multiparty democracy and independent governance. Christopher Clapham notes that there was no unbridgeable ethnic divide in Sierra Leone, as all the political parties and the Creoles were obliged to build alliances across the ethnic divide in order to form a government.<sup>9</sup> Even though the British had relinquished formal political control over the country,

---

<sup>9</sup> Clapham C, 'Sierra Leone: The political economy of internal conflict', *Working Paper* 20. Netherlands Institute of International Relations (Clingendael), July 2003.

British, Syrian and Lebanese business interests still exerted effective control over Sierra Leone's economy.

### *The economy is in 'foreign' hands*

Sierra Leone experienced moderate economic growth after independence (2.5% from 1961–70 and 0.6% for 1971–79), but growth was reversed and GDP per capita fell sharply (by 8%) during the civil war that lasted from 1991 to 1997.<sup>10</sup>

At independence Sierra Leone had an under-developed economy that under colonial rule had been wholly dependent on the extraction of natural resources such as diamonds, which also constituted its major exports. Diamond exports were at their highest level from the 1960s to the mid-1970s, accounting for 15% of GDP and 60% of forex earnings. Iron ore, gold, bauxite and rutile mining represented 3% of GDP and 15% of export earnings.<sup>11</sup> Since most of the diamonds were alluvial and, therefore, high-value and easy to recover, smuggling was a problem from the outset of major mining operations in the 'diamond rush' of the 1950s.

Subsistence agriculture has traditionally been, and continues to be, the mainstay of the Sierra Leone economy. In the first decade after independence, 79% of the population worked in agriculture. The contribution of that sector increased from 26% of GDP in the period 1944 to 1970, to 39% between 1982 and 1990.<sup>12</sup> The manufacturing sector was much smaller and in 1960 contributed only 6% of GDP. Manufactured goods were imported. Educational and other social facilities were available only in urban areas, mainly Freetown, and served a mere 5% of the population. The Sierra Leone elite was comprised mainly of Creoles, although they accounted for only 10% of the population.

A government-initiated import substitution programme led to the establishment of some large foreign-owned manufacturing concerns, but 60% of local businesses operated in the informal sector. The formal sector employed few indigenous people. This set a trend still apparent today, in that ownership of the economy is in 'foreign' hands.

---

<sup>10</sup> Davies V, *Will Sierra Leone Grow Again?* African Economic Research Consortium Collaborative Research Project, May 2002, p.3.

<sup>11</sup> *Ibid.*, p.15.

<sup>12</sup> *Ibid.*, pp.10–11.

*Lebanese middlemen*

According to journalist and academic Lansana Gberie, Lebanese immigrants first arrived in Sierra Leone as refugees, following the collapse of the Ottoman Empire. The first groups to arrive were mainly Maronite Christians, but in 1903 Shi'ite Muslims from Lebanon began arriving, escaping poor crop yields and population pressure in south Lebanon.<sup>13</sup>

In tracking the Lebanese involvement in the economy, Gberie holds that the British colonial government saw the influx of Lebanese as a means to create 'a new brand of middlemen', who posed no political threat to the colonial administration. Thus, the British set about encouraging Lebanese businessmen and traders to engage in commerce, often offering them incentives to do so.<sup>14</sup>

Almost immediately this created tensions between Sierra Leonean nationals and the Lebanese. In 1919 riots broke out when local Sierra Leoneans accused Lebanese of smuggling and hoarding rice, which was in short supply at the time.

Amy Chua describes the Lebanese as the pre-eminent market-dominant minority in West Africa. She writes of the Lebanese in Sierra Leone:<sup>15</sup>

By the 1920s, the Lebanese had established themselves as indispensable middlemen, linking European firms located in Freetown with African consumers and producers in the interior. By the 1930s, the Lebanese controlled the country's road transport industry. By the late 1950s ... Lebanese middlemen dominated the two most lucrative sectors of the economy: agriculture and diamond dealing ... [B]y the early 1990s, on the eve of the civil war, the Lebanese — not even 1% of the population — dominated all the most productive sectors of the economy, including diamonds and gold, finance, retail, construction, and real estate.

Their economic dominance and access to international markets meant that Lebanese traders were regarded as the main actors in diamond smuggling. The growth of crime can be linked to a

---

<sup>13</sup> Gberie L, 'War and peace in Sierra Leone: Diamonds, corruption and the Lebanese connection', The Diamonds and Human Security Project, *Occasional Paper 6*, November 2002, p.10.

<sup>14</sup> *Ibid.*, p.10.

<sup>15</sup> Chua A, *World on Fire*. Arrow Books, 2004, p.116.

combination of factors, including a decline in agriculture in Sierra Leone and the increased demand for diamonds on world markets.

### *The first 'Diamond War'*

Sierra Leone's diamond fields include kimberlite and alluvial deposits in the south-east and east of the country (Kono, Kenema and Bo). Alluvial diamonds are to be found in river-channels, flood plains and terrace gravels. In 1948, kimberlite pipes were discovered in Koidu.

The commercial exploitation of diamonds had begun in 1931. Even then smuggling in diamonds was known to be rife. During World War II, agents of Vichy France were suspected of smuggling high-quality diamonds through French Guinea to help fund the war effort against the western allies. The novelist Graham Greene, who was at the British Foreign Office, was posted to Sierra Leone to investigate this illicit trade. In his novel, *The Heart of the Matter*, he described the illicit traffic in diamonds by Lebanese middlemen whom he referred to as 'Syrians'.<sup>16</sup> At the same time, low consumer demand and the disruption of markets during World War II had undermined the legal diamond trade.

In the 1950s there was a 'rush' in the alluvial diamond fields of Kono district and Tongo Field. There was a proliferation of illicit diamond mining, conducted by indigenous groups and Lebanese and Madingo traders. It is estimated that illicit mining accounted for half of domestic production at that time.<sup>17</sup> This jeopardised the large-scale corporate mining monopoly enjoyed by the Sierra Leone Selection Trust (SLST), which sold 50% of its output to the Government Diamond Office (GDO) and the remainder to three licensed buyers through the GDO, which then sold on its diamonds to the De Beers Central Selling Organisation in London.

The diamond rush precipitated the migration of one in 10 farmers to the diamond mining areas. As a result, Sierra Leone switched from a net exporter to an importer of rice. In the 1960s, state corporations bought and marketed agricultural exports such as cocoa, coffee and palm kernels and established a monopoly on rice imports. The Sierra Leone Produce Marketing Board paid low prices to farmers, reducing

---

<sup>16</sup> Llewellyn Smith J, *Travels Without my Aunt: In the Footsteps of Graham Greene*. Penguin Books Ltd., 2000, Chapter 70.

<sup>17</sup> Davies V, *op. cit.*, p.16.



the incentive for them to produce crops. Agricultural development programmes failed due to inadequate government provision of resources such as credit and extension services. Transport systems giving farmers access to agricultural markets were not maintained and were phased out in the 1970s, making the costs of production unsustainable. At this time, foreign immigrants to Sierra Leone constituted 6% of borrowers but received 80% of all commercial loans.<sup>18</sup> Foreigners and locals alike were, however, prevented from investing in agriculture by the difficulty of obtaining land tenure and property rights. Outsider groups who did not have political connections were not allowed access to land, title to it being founded on traditional chieftainship and kinship. The consequent decline in the ability of rural people to earn a livelihood led to migration to urban areas, which experienced an increase in crime.

The migration of farmers to the diamond mining areas also heralded an increase in crime and violence. Writing of this period, Cartwright said that armed bands of 400–500 men would raid SLST areas, sometimes doing battle with the police and mine security officials.<sup>19</sup>

While large-scale corporate mining was easier to police and tax in the early 1970s, the illicit trade continued.<sup>20</sup> In 1956 the SLST monopoly was officially terminated and the government licensed indigenous miners in terms of the Alluvial Mining Scheme of 1956.<sup>21</sup> The monopolies had benefited from the diamond trade but few if any social services were provided for the indigenous communities living in the area of the mines, or to employees in the mining operations. As a result the local population saw commercial mining initiatives as attempts to exploit the inhabitants and in consequence, people involved in the smuggling of diamonds were seen as heroes, not criminals.

---

<sup>18</sup> *Ibid.*, p.15.

<sup>19</sup> Cartwright J, *Politics in Sierra Leone 1947–1967*. Toronto: University Press, 1970. See also, Epstein J, *The Diamond Invention*, Chapter 14. Available online at [www.edwardjayeepstein.com](http://www.edwardjayeepstein.com).

<sup>20</sup> Davies V, *op. cit.*, p.15. SLST was paying 70% of its profits in taxes in the early 1970s.

<sup>21</sup> During 1956 a colonial panel of inquiry was established to address and investigate the widespread trade in illicitly mined diamonds.

**Table 11: Sierra Leone diamond output and exports 1963–1968<sup>22</sup>**

Year	Total official diamond output ('000 carats)	SLST/DIMINC output ('000 carats)	Official diamond export value (\$ million)	Real diamond export revenues (\$ million)
1963	1,408			
1964	1,489			
1965	1,487		52.0	217
1966	1,455		44.0	177
1967	1,430	671	41.3	162
1968	1,522	658	56.5	212

While the Alluvial Diamond Scheme brought some order to the diamond fields, it also made possible the formation of a Lebanese diamond cartel. Lebanese traders, unable to gain mining licences or even citizenship in Sierra Leone, came to dominate the trade in rough diamonds, whether or not illicit. They provided the licence fees and the capital for indigenous diamond diggers.

Illicit diamond sales continued because higher prices could be obtained for diamonds in Liberia and other countries than in Sierra Leone, owing to lower taxes in these countries: in Sierra Leone there was a 10% *ad valorem* export tax levied on diamonds. It is alleged that mining companies tried to deter this trade by employing private mercenaries to ambush parties of smugglers and retrieve smuggled diamonds.<sup>23</sup> The Sierra Leone government, for its part, reduced the tax rate to 7.5% to encourage diamond traders to sell their stones in Sierra Leone.

### *Smuggling of commodities*

Despite negative trends in the economy in the 1960s, government budget deficits were stable at 1.1%, inflation was controlled and there was no black market for foreign currency. Until 1964, Sierra Leone was a member of the West African Currency Board and foreign currency was readily available.

<sup>22</sup> Davies V, *op. cit.*, p.40.

<sup>23</sup> Epstein J, *op. cit.*

Period	Budget deficits (percent of GDP)	Inflation	Blackmarket premium	Real exchange rate over- valuation
1965-69	1.1	3.7	0	194
1970-74	2.7	6.1	0	171

Black market premium = (black market rate/official exchange rate) x 100%  
 Real exchange rate over-valuation: Above 100 implies over-valuation, below 100 implies under-valuation.

There was no black market for foreign currency or goods, even though the local currency was over-valued. This hampered the development of some forms of organised crime during this period but illicit diamond mining remained lucrative because diamonds are portable and easily exchanged for hard currency. Since Liberia maintained the US dollar as its national currency, contraband trading of other commodities to Liberia continued to be viable but was limited by the poor condition of the roads.

#### *The use of drugs*

Like many African countries, Sierra Leone has a cultural tradition that condones the use of marijuana and alcohol. In the public perception, marijuana is associated with musicians, such as the traditional drummers or Gumbay groups, and with people involved in hard physical labour. There is little evidence that any trafficking of traditional or prescription drugs took place in the period between the 1950s and the mid-1960s.

#### *Conclusions*

Organised criminal activity pre-dates the war in Sierra Leone and illicit trade in alluvial diamonds has been a feature since the gold rush of the 1950s. After independence, the government introduced policies that curtailed illicit diamond trading and official diamond output increased. Smuggling of commodities occurred but was limited, owing to market distortions at the time. Poor economic policies of successive governments in Sierra Leone and widespread corruption, however,

<sup>24</sup> Davies V, *op. cit.*, p.8.

led to the creation of smuggling networks that traded in a wide variety of commodities.

## **Cows graze where they're tethered: Siaka Stevens 1968–91**

### *The first military coup and the reinstatement of Siaka Stevens*

The results of the 1967 general election in Sierra Leone were contested. The opposition All People's Congress (APC), under the leadership of Siaka Stevens, won the election with support from disaffected Creoles, the Temne grouping in the north and those living in the Kono district in the east, who comprised a large immigrant mining community.

It is alleged, however, that the British together with the British-trained officer corps within the Republic of Sierra Leone Military Forces wished to restore the ethnic and ideological balance of power within the country. The country's traditional leaders and conservative Creole elements were also reluctant to accept Stevens as president.<sup>25</sup> They, therefore, backed a coup by a group of army officers that forced Stevens into exile in Guinea. This group, in turn, was removed by another military junta calling itself the National Reformation Council. In April 1968, however, a group of low-ranking army personnel took power in a 'sergeants' revolt' and immediately reinstated Stevens as prime minister; he held that office until 1985. The army commander, Joseph Momoh, whose candidacy was supported by Stevens, became president and head of state until he was overthrown in a coup in April 1992.

### *Kleptocracy and repression*

The Stevens era was characterised by kleptocracy and political repression. Christopher Clapham suggests that Sierra Leone's politicians, particularly Stevens, used strategies of political management that undermined the structures and effectiveness of the state,<sup>26</sup> including the institutionalisation of corruption, patronage and nepotism to secure political loyalties and to self-enrich the members of

---

<sup>25</sup> Musah A, 'A country under siege: State decay and corporate military intervention in Sierra Leone', in Musah A & J Kayose Fayemi (eds), *Mercenaries: An African Security Dilemma*. Pluto Press, 2000.

<sup>26</sup> Clapham C, *op. cit.*, p.7.

the elite. Victor Davies notes that the prevailing ethos became known in the vernacular as *Oosie dem tier cow nar dae go eat* (a cow grazes wherever it is tethered).<sup>27</sup>

Despite his populist rhetoric, Stevens allied himself with five economically powerful Lebanese businessmen and by the mid-1980s a small group of Lebanese traders, along with politicians, had taken control of the Sierra Leone economy. The most important of the Lebanese traders was Jamil Sahid Mohamed, who became a joint owner of the National Trading Company, which held exclusive marketing rights for 87 commodities.<sup>28</sup> Stevens also announced the formation of the National Diamond Mining Company (NDMC), which effectively nationalised the SLST when it took over 51% of its shares. In 1984, the SLST had sold its remaining shares to Mohammed's company, Precious Metals Mining Company (PMMC).

In 1978 Stevens announced that Sierra Leone would become a one-party state. Members of the opposition party, the SLPP, were drawn into the government. During the 1980s food and fuel shortages had become severe. The financial crisis meant that the government sometimes had to delay the payment of salaries for as much as three months. The country became dependent on foreign aid and loans.

Indicators	Sierra Leone	Sub-Saharan Africa	East Asia
GDP growth (1961–1997) (%)	-1	0.9	-
Variation of annual inflation rate (1960–1989)	1,523	9	6
Investment/GDP ratio (1961–89) (%)	1.5	9	
Tax revenue/GDP (%)	3.3	3.3	1.7

Amy Chua points out that the alliance between Stevens and powerful Lebanese businessmen was classic crony capitalism:<sup>30</sup>

<sup>27</sup> Davies V, *op. cit.*, p.20.

<sup>28</sup> Boas M, 'Africa's young guerillas: Rebels with a cause?; *Current History*, May 2004, p.3.

<sup>29</sup> *Ibid.*, pp.1–10.

<sup>30</sup> Chua A, *op. cit.*, p.149.

Stevens protected the Lebanese politically, and in exchange, the Lebanese — who had business networks in Europe, the Soviet Union and the United States — worked economic wonders, generating enormous profits and kicking back handsome portions to Stevens and other high-ranking indigenous officials.

Since the main opposition to Stevens came from urban-based intellectuals in the universities, to avert protests the APC continued to favour urban people in its economic policies. The party began to recruit gangs of disaffected young people, who unleashed violence against opposition supporters and members of civil society. This subversion of the use of legitimate force heralded the decline of the Sierra Leonean army.

Groups of opposition supporters fled to Libya in 1987 to receive military training. Among them was the future leader of the Revolutionary United Front (RUF), Foday Sankoh, then a corporal in the army.

Stevens had relinquished power in favour of Joseph Momoh; in November 1985 and in 1987 the Momoh government was forced to declare a state of economic emergency. Two years later in November 1989, an IMF structural adjustment programme began, which brought about greater macro-economic stability but had little positive impact on farmers. It is not surprising that the civil war that started in 1991 initially received some support in rural areas.

### *Organised crime 1968–91: Diamond smuggling*

Prior to his involvement in the NDMC, Jamil Mohamed had served six months in jail for unlawful diamond possession. It is believed that in 1969 Siaka Stevens and Mohammed together orchestrated the theft of one month's worth of SLST's diamond production, which they sold for \$10 million in Europe.<sup>31</sup> After Mohamed had bought shares in NDMC, he allegedly smuggled as many diamonds as he legally declared.<sup>32</sup>

Stevens had campaigned on the promise that he would support informal miners. Control over legal diamond mining declined further during his period in office, with the tacit acceptance of unregulated illicit mining. It is estimated that the NDMC lost two-thirds of its

---

<sup>31</sup> Davies V, *op. cit.*, p.21.

<sup>32</sup> *Ibid.*

potential output during this period to illicit mining. Official diamond exports dropped from \$265 million in 1969 to \$9 million in 1988.<sup>33</sup>

**Table 14: Sierra Leone, official diamond outputs and exports<sup>34</sup>**

<i>Year</i>	<i>Total official diamond output (000 carats)</i>	<i>SLST/ DIMINCO output (000 carats)</i>	<i>Official diamond export value (\$ million)</i>	<i>Real diamond export revenues (\$ million)</i>
1968	1,522	658	56.5	212
1969	1,936	833	74.6	265
1970	2,048	1,000	61.4	207
1971	1,946	913	60.2	194
1972	2,000	969	71	222
1973	1,397	784	78.8	232
1974	1,575	868	86.7	229
1975	1,686	769	74.8	182
1976	1,218	619	67.4	155
1977	910	438	-	-
1978	766	385	-	-
1979	836	215	-	-
1980	666	173	66.1	105
1981	446	179	51.7	74
1982	314	163	52.4	71
1983	402	98	40.1	53
1984	190	107	29.5	37
1985	261	79	27.5	33
1986	354	53	27.7	33
1987	353	18	13.3	15
1988	24	3	8.5	9
1989	127	9	22.4	24
1990	90	10	12.7	13
1991	250		31.9	31

<sup>33</sup> *Ibid.*, p.23.

<sup>34</sup> *Ibid.*, p.40.

### *Drug use and the urban cannabis trade*

In the 1960s many of the unemployed young people who had been recruited by the government to terrorise opposition supporters were drawn from the drug sub-culture of Freetown. They were known for their anti-social behaviour, including excessive use of marijuana in drug dens known as *potes*. Ibrahim Abdullah suggests that this lifestyle increasingly attracted middle class youths and intellectuals. This created a broader youth movement that became a hotbed of opposition to government, inspired by Pan-Africanism but disillusioned with the systems of patronage characteristic of post-colonial Sierra Leone.<sup>35</sup> This drug culture, which had become associated with anti-regime politics, may explain the prevalence of drug abuse during the civil war that started in 1991. Cannabis was, however, to be replaced by more harmful drugs like cocaine.

### *Commodities smuggling*

As macro-economic conditions deteriorated because of the sharp rise in oil prices in the 1970s, the government introduced price controls on basic imports such as rice and fuel, in response to anti-government demonstrations in the towns. The government also supplied foreign currency at a set but continually increasing official exchange rate, which led to a forex black market. Price controls and the growth of the market for foreign currency encouraged smuggling of goods to other countries because far higher prices could be obtained in countries such as Liberia and Guinea than in Sierra Leone.

Table 15: Average policy variables<sup>36</sup>

<i>Period</i>	<i>Budget deficits</i>	<i>Inflation</i>	<i>Black market premium</i>	<i>Real exchange rate over-valuation</i>
1970-89	6.7	37	260	187
1990-2000	4.7	49	110	155

Given its lack of foreign currency the state-owned marketing board was unable to purchase needed commodities. Funds derived from the

<sup>35</sup> Abdullah I, *Bushpath to Destruction: The Origin and Character of the RUF/SL*, November 1996, pp.3-5, [www.sulima.com](http://www.sulima.com).

<sup>36</sup> *Ibid.*, p.8.



illicit sale of diamonds and other resources were therefore used to buy petroleum, rice and other commodities from international markets. These were then sold on the black market in Sierra Leone as a way of laundering the proceeds of illegally mined minerals. The state thus became increasingly involved in illicit trade by extracting additional rents from the sale of government-imported rice stocks.

The Sierra Leone economy became increasingly informal and progressively dominated by criminal networks. Formal sector companies and voluntary rural co-operative societies found it difficult to compete when inflation was high and prices were undercut by competitors from the informal sector. Tax revenue declined accordingly: its ratio to GDP fell from 15% in 1981 to less than 8% between 1983 and 1990.<sup>37</sup> This, in turn, led to increased budget and balance of payments deficits. The government's share of domestic credit expanded from 26% in 1969 to 86% in 1989, which hampered the development of the private sector.<sup>38</sup>

### *Conclusions*

The main beneficiaries of the informal and criminal economy were foreigners in the private sector, most notably members of the powerful Lebanese community who had already entrenched their position in the economy. Unlike the Lebanese in other West African countries, this group did not reinvest profits in the economy of Sierra Leone. It is alleged that the Lebanese used some of their funds to support various factions in the Lebanese civil war, whether Christian or Muslim Shi'ite. There was no incentive to plough their profits back into the country, as successive governments in power denied Lebanese nationals full citizenship and legal access to mineral rights. The result was that their activities were confined to the marketing and export trade of natural resources. They, therefore, controlled the prices of diamonds, but were not obliged to employ alluvial miners or cater for their welfare. As local miners were indigent, many found themselves in debt to Lebanese middlemen, who provided the capital for licences and equipment.

---

<sup>37</sup> Davies V, *op. cit.*, p.8.

<sup>38</sup> *Ibid.*, p.25.

### **'Operation Pay Yourself'<sup>39</sup>: The Civil War 1991–2001**

In 1991 the RUF, supported by Liberian and Burkinabe mercenaries and backed by Liberian President Charles Taylor, launched an attack on the east Kailahun district of Sierra Leone. A second group attacked the southern Pujehun district from Liberia. RUF leader Foday Sankoh asserted that the *Front's* intention was to overthrow the corrupt APC government and revive multiparty democracy. These aims were belied by the RUF's savagery, frequently directed against the rural peasantry whom they claimed to represent. Their campaigns were aptly named 'operation pay yourself' and 'spare no living thing'.

Since the RUF had established itself outside Sierra Leone it had not built up an indigenous domestic support base. It embarked on a campaign of forcible recruitment of young civilians and also set out to undermine existing political and social institutions, such as local authorities and traditional leaders. Certain sectors of the population, however, such as SLPP members in Pujehun, marginalised youth and illicit miners who had been victimised by the army during the 1982 election campaign, gave the RUF their support.

The Sierra Leone authorities did not initially take the RUF incursions seriously. Over the following 10 years the RUF, using tactics similar to those employed by rebels in Liberia, recruited young people and forced their captives to join them, often after they had been compelled to murder or mutilate members of the community in which they lived. Hundreds of people living in villages within areas of RUF operations fled from their homes. The RUF expanded from a small group of poorly armed rebels into a mobile and highly destructive force.

In November 1991, eight months after RUF rebels had first entered Sierra Leone, Joseph Momoh passed a law amending the constitution to allow opposition parties and agreeing to general elections to be held at the end of 1992. Before these could take place, however, disgruntled army officers embarked on a protest that resulted in a coup on 29 April 1992. After suspending the constitution, the National Provisional Ruling Council (NPRC) under Captain Valentine Strasser took over the country. The NPRC claimed it was going to address corruption and restore stability and democracy to Sierra Leone.

---

<sup>39</sup> This was a RUF slogan during the civil war.

Initially, the NPRC believed that with its control of state resources and the support of the army, it would be easy to deal with the rebels. By 1995, however, the war had escalated to such an extent that the NPRC recruited the South African-based private military contractor Executive Outcomes to assist them. It is alleged that Executive Outcomes and later a British-based private security company, Sandline, may have been paid by way of interests in mining and exploration companies such as Branch Energy, Diamond Works and Heritage Oil in Sierra Leone.<sup>40</sup>

Towards the end of 1995 the NPRC began preparing for multiparty elections to be held in February 1996. As the election date drew closer it became apparent that Captain Strasser intended to stand as a presidential candidate. A palace coup on 16 January 1996, however, ousted Strasser and replaced him with his former ally, Julius Maada Bio.

Bio immediately sent out messages to the RUF expressing interest in talks with them. This initiative culminated in the first meeting between representatives of the RUF and the NPRC, held in Abidjan on 24 February 1996, the day before the people of Sierra Leone went to the polls. After talks lasting four days the RUF announced that it would not recognise the election results.

SLPP candidate Ahmed Tejan Kabbah won the popular vote. The RUF then appeared to capitulate and signed the Abidjan Accord with the Sierra Leone government; the agreement took the military pressure off the RUF by expelling Executive Outcomes from the country and also provided for demobilisation, electoral and judicial reform and increased emphasis on the needs of those living in rural areas, and the urban poor.

In the interest of securing peace, the government also gave Foday Sankoh assurances that he would be given the chair of one of the government commissions; in all likelihood, this would have been a commission dealing with demobilisation.

Kabbah's civilian government was short-lived. In May 1997 a group of army officers, supported by the RUF, staged a coup that overthrew the SLPP government and forced Kabbah into exile. An Armed Forces Revolutionary Council (AFRC) was established under the leadership

---

<sup>40</sup> Musah A, *op. cit.*, p.76. See also, *The Report by the UN Special Rapporteur on the Use of Mercenaries*, 1998.

of Major-General Johnny Paul Koroma. The coup was widely criticised by the international community and in September 1997, Kabbah requested the UN to help reinstate the SLPP government. Support was not immediately forthcoming, but the UN imposed various travel, economic and military sanctions on Sierra Leone and placed an embargo on the sale of arms to that country.

The AFRC junta ruled for nine months. In February 1998, however, troops from Ecomog, constituted as the Ecomog Monitoring Group (Ecomog), re-took many of the main cities and reinstated Kabbah as president.

In 1998 the UN amended the arms embargo to exclude the Sierra Leone government. It also lifted other economic and travel sanctions against the government but continued to enforce those measures against the RUF and AFRC rebels. Because the Sierra Leone army had shown that it could not be trusted, the government relied on the support of the Kamajors and the Ecomog troops. The latter comprised mainly Nigerian army units, augmented by other West African forces from countries including Ghana and Guinea.

On 6 January 1999, AFRC and RUF rebels invaded Freetown and occupied large sections of the city. The invading rebels burned down homes and buildings, leaving approximately 150,000 people homeless. Over the following six weeks Ecomog and RUF–AFRC forces battled for control of the capital before the rebels were finally forced to retreat.

During this period intense external pressure was put on the RUF and the Sierra Leone government to find a negotiated solution and on 7 July 1999 talks between the two parties culminated in the signature of the Lomé Peace Accord. The Accord committed the parties to:

- a general amnesty and pardon for RUF fighters;
- a ceasefire and the establishment of a Ceasefire Monitoring Group and a Joint Monitoring Commission;
- transformation of the RUF into a political party;
- conditions that would allow RUF members to hold public office;
- formation of a government of national unity;
- establishment of a Commission for the Consolidation of Peace;
- government control of the country's natural resources;
- guaranteed safety and freedom of movement for peacekeepers;

- formation of a new national army that would include former members of the RUF, AFRC and the Sierra Leone Army;
- withdrawal of all mercenaries from the country;
- unconditional and immediate release of all prisoners of war and abducted persons;
- voluntary repatriation of refugees and displaced persons; and
- the establishment of a Human Rights Commission and a Truth and Reconciliation Commission.

Foday Sankoh was given the position of vice-president and head of the Commission for Strategic Minerals and National Reconstruction and Development (CMRRD). A national commissioner for disarmament, demobilisation and reintegration was also appointed.

The UN initially established an observer mission in Sierra Leone but after it became clear that the Nigerian contingent of Ecomog was considering withdrawal, the UN Security Council decided to create a peacekeeping force. On 2 May 2000 the Ecomog forces belonging to UNAMSIL, some of which had been in the country since 1999, replaced troops.

The security situation during the period following the signing of the Lomé Accord was unstable. When UNAMSIL began to establish disarmament centres in RUF strongholds the RUF demanded that the UN close the centres and return combatants who had been demobilised. The UN refused. In May 2000, RUF rebels confronted UNAMSIL forces, taking more than 500 peacekeepers hostage for a short period. A number of skirmishes took place between UNAMSIL personnel and RUF–AFRC rebels but despite the RUF's opposition to the demobilisation process, groups of RUF rebels continued to participate. The UN has maintained 17,500 peacekeepers in the country since 2001 at an annual cost of \$700 million,<sup>41</sup> the largest and perhaps the most effective UN peacekeeping effort on record.

Continued hostilities in Liberia, Côte d'Ivoire and a humanitarian crisis in Guinea have, however, posed a threat to the consolidation of

---

<sup>41</sup> Harman D, 'Sierra Leone: The path from pariah to peace', *Christian Science Monitor*, 18 September 2002, [www.csmonitor.com](http://www.csmonitor.com). In 2001, the Unamsil troops were increased from 13,000 to 17,500, owing to non-compliance by the RUF with the terms of the Accord.

peace in Sierra Leone. There have been flows of people, refugees and some combatants, and alleged weapons trafficking, across its borders.<sup>42</sup>

On 5 July 2000 UN Security Council Resolution 1300 prohibited the direct or indirect importation of all rough diamonds from Sierra Leone, unless accompanied by a certificate of origin from the Sierra Leone government.

On 17 May 2000 the government detained Foday Sankoh after men guarding his home opened fire on a crowd that had gathered to protest against continuing abductions. Sankoh was imprisoned and charged with war crimes by the UN-backed Special Court for Sierra Leone. He died of natural causes in prison, while many of his key lieutenants perished in fighting. On 10 March 2003, the Special Court indicted *former President Charles Taylor, who left Liberia in August 2003 after pressure by the international community and sought refuge in Nigeria. He has been charged as part of a 'criminal enterprise', along with the RUF–AFRC, to exploit the natural resources of Sierra Leone. It is alleged that he provided training, military personnel, weaponry and financial support to the RUF.*<sup>43</sup> The Special Court succeeded in extraditing Taylor from Nigeria to face charges in Sierra Leone in March 2006. He has pleaded not guilty to charges of allegedly backing Revolutionary United Front rebels in Sierra Leone's 1991–1992 civil war. The trial is most likely to be transferred to The Hague in the Netherlands due to fears regarding Taylor's continuing influence in the region.

The Sierra Leone Truth and Reconciliation Commission argued that the RUF mutated during the civil war. It characterises the period from 1991–93 as one of conventional war between the RUF and government forces. This was followed by guerrilla war from 1993 until 1997. Some analysts, such as those of the Diamonds and Human Security project, object to the description of the war in Sierra Leone as a struggle between armed factions, regarding the RUF as essentially a criminal organisation devoid of ideology. For this reason, they stress the presence of diamonds as a motivator for RUF and Charles Taylor's

---

<sup>42</sup> Sierra Leone's ex-combatants (rebels and civil defence forces) have fought for the Liberian government of Charles Taylor and for the rebels, the Liberians United for Reconciliation and Democracy (LURD).

<sup>43</sup> Indictment of Charles Taylor, Special Court for Sierra Leone, pp.3–10, [www.sc-sl.org](http://www.sc-sl.org).

incursions into Sierra Leone.<sup>44</sup> As has already been pointed out, however, there were historical antecedents to the RUF movement. To depict the Sierra Leone people as passive agents in the war perpetuates a state of denial that may hamper attempts to resolve the underlying conditions necessary for the resolution of the conflict.

### *Organised crime 1991–2001*

War brings with it individuals and groups prepared to exploit chaos to embark on, or expand, criminal operations. The conflict in Sierra Leone is no exception. During the civil war, criminal networks focused on exploiting the country's natural resources, selling arms to different factions, using shortages arising from the conflict to expand the black market, and trafficking in human beings.

In Sierra Leone the availability of rich and accessible diamond supplies worked together with the UN sanctions and the disruption of markets to create an environment in which criminal elements could thrive. Their activities fuelled and prolonged the war. In addition, the brutality of the conflict was associated with the extensive use of drugs by all the protagonists to ensure the co-operation of their troops, especially children who had been forcibly recruited.

Sierra Leone possesses some of the world's largest reserves of rutile, used in making titanium dioxide pigments. Sierra Rutile Ltd, a joint US–Australian venture, contributed more than 50% of export revenues, although plagued by complaints that its mines cause severe environmental degradation. In 1995 its operation was closed, owing to insecurity during the civil war. Local communities were outraged that while private security companies protected the assets of the mine, surrounding communities were left to their fate. Sierra Leone also has reserves of alluvial gold and platinum, and bauxite, mainly in the north and central parts. The kimberlite diamond concessions at Koidu, owned by the South African company Branch Energy Ltd, were suspended during the war, citing *force majeure*.<sup>45</sup>

---

<sup>44</sup> *Diamond Industry Annual Review*, The Diamonds and Human Security Project, Partnership Africa Canada and Network Movement for Justice and Development, February 2005.

<sup>45</sup> 'Sierra Leone: Ready for business', Supplement in *The Mining Journal*, UK, February 2003, pp.1–13.

*Illicit trade in diamonds*<sup>46</sup>

During the war, illicit trade in diamonds became a focal point for many people who saw it as being inextricably linked to the war. One senior minister of the SLPP government remarked that there were two factors responsible for causing the war in Sierra Leone: the first was diamonds, the second the existence of President Charles Taylor in Liberia, who supported and benefited from the conflict. Many NGOs and other authorities support this view and argue that the war was a direct result of the availability of alluvial diamonds.

The fact that the illicit diamond trade fuelled and sustained the war, particularly in the late 1990s and early 2000, are not in dispute; however, as Valentine Collier, Head of the Anti-Corruption Commission put it, 'it is an over simplification of the factors that played a role in perpetuating the conflict once it [had] begun.'<sup>47</sup>

Collier states that the real causes of the war are to be found in the Sierra Leone state, which was used for private gain, and ultimately was viewed as an instrument of oppression in the eyes of neglected Sierra Leone nationals and as having failed to create opportunities for youth.<sup>48</sup>

Truth and Reconciliation investigators who have tracked the war and diamond trade in Sierra Leone support Collier's view. Their investigations reveal that the RUF rebels only acquired significant control over the diamond fields in 1996–97, about five years after the first RUF incursions into Sierra Leone.

Prior to 1995–96, RUF rebels would pillage villages and surrounding areas for any supplies or goods they could find. One of the areas they controlled was the Kailahun District, where there are small amounts of diamonds. During this period there is evidence that the rebels exchanged weapons for agricultural products, such as coffee and cocoa, and looted goods. Diamonds may have been among the items looted but large-scale diamond mining was not the major focus of rebel activities. It is true that RUF gained some control over diamond-rich areas such as Kono as early as 1992 but this control was sporadic and often only lasted a couple of months before they were forced to

---

<sup>46</sup> For a detailed study, see the *Sierra Leone Truth and Reconciliation Report*.

<sup>47</sup> Anti Corruption Commission, *Annual Report*, December 2001.

<sup>48</sup> *Ibid.*



retreat. In 1995 the rebels gained control of a number of areas including the diamond-rich regions, but again this control was short-lived: they were pushed out of many of these areas by Executive Outcomes, sometimes as far as the Liberian border.

Evidence of rebel involvement in large-scale illicit diamond trade really dates to 1998–99, when the RUF gained substantial access and control of the diamond-rich areas of the country and then began forcing people to work as miners. During this period RUF rebels became more organised in relation to the illicit trade in diamonds and even had commanders who were deployed to help in supervising the mining. According to TRC investigators, some of these top commanders sold diamonds from the RUF and diverted the profits to individuals.<sup>49</sup>

Between 1997 and 2002 the illicit trade in diamonds by the rebels appears to have flourished and there is no doubt that it helped sustain the rebel movement. It is estimated that the RUF received revenues of between \$25 and \$125 million a year from 1997, when it controlled 90% of diamond production.<sup>50</sup>

Within the RUF, however, the trade in diamonds was often kept secret; it was carried out by senior RUF officials, which makes tracking of deals extremely difficult. Nevertheless, the UN and investigative journalists have been able to piece together information on certain deals:

- The UN included Aziz Nassour and Sami Ossailly in a travel ban enforced on individuals and people involved in supplying aid to the RUF. Ossailly allegedly first appeared in Sierra Leone in 1997 after the AFRC coup. A diamond dealer in Freetown allegedly introduced him to the new military junta. Ossailly and Nassour (who was already a buyer of diamonds from the RUF) became major purchasers of the rebels' diamonds, using Liberia as the route to access them.

Ossailly allegedly supplied four containers of army uniforms and other military equipment to the AFRC, and Nassour supplied weapons, diamond mining equipment and medical supplies to the RUF, both in exchange for diamonds. In late 1998 Ossailly's agent allegedly met Sam Bockarie (an RUF commander) in Kailahun

---

<sup>49</sup> Interview with Zoe Dugal, TRC Sierra Leone, Freetown, 2 December 2003.

<sup>50</sup> Davies V, *op. cit.*, p.28.

district and was said to have given him \$100,000 and received a parcel of diamonds in return. Ossailly and Nassour were allegedly involved in large diamond transactions in 2001 between Antwerp and Monrovia, using Artesia Bank in Antwerp.<sup>51</sup>

- According to the UN, Ibrahim Bah's name is frequently mentioned in relation to RUF diamond deals. Bah (aka Ibrahim Balde aka Balde Ibrahim), was a key player in the RUF–AFRC diamond deals and was instrumental in moving diamonds from Sierra Leone to Liberia and Burkina Faso. He allegedly fought alongside Charles Taylor in Liberia and later with the RUF. He was alleged to be one of the main diamond agents for the RUF and to have made millions of dollars in the process.
- The UN also found that in 1997 a Lebanese man by the name of Mohammed Hedjazi was appointed by Bockarie as an agent to negotiate with companies regarding diamond licences and all other matters pertaining to the sale of diamonds. Hedjazi also became the 'face' of the AFRC diamond trade.<sup>52</sup>
- According to the Swiss-based research project Small Arms Survey, this illicit diamond trade helped keep Charles Taylor solvent in Liberia, while the RUF earned at least \$30 to \$50 million from the diamond trade.<sup>53</sup>

The TRC for Sierra Leone found that almost all the armed factions in the country had mined diamonds to finance their war effort.<sup>54</sup> The extent to which the illicit diamond trade during the late 1990s was linked to the conflict appears to be supported by statistical data and information from interviews.

Many illicit diamonds were moved through Liberia and Burkina Faso and then on to the international market, and continued to find buyers despite the UN ban on non-certified diamonds from Sierra Leone. In October 2000, three months after the UN ban, Amnesty International interviewed a diamond dealer who stated: 'If someone offers me a diamond at 30% discount, will I suspect something? Of

---

<sup>51</sup> Gberie L, *op. cit.*, p.15.

<sup>52</sup> *Ibid.*, p.18.

<sup>53</sup> Berman E, 'Re-armament in Sierra Leone: One year after the Lomé Peace Agreement', Small Arms Survey, *Occasional Paper No 1*, December 2000.

<sup>54</sup> Overview of the *Sierra Leone Truth and Reconciliation Report*, October 2004, [www.reliefweb.int](http://www.reliefweb.int).

course, it is probably a conflict diamond. Will I buy it? Of course, I am here to do business. Have I done it? I can't tell you that.<sup>55</sup>

In 2001 the SLP searched the home of Lebanese diamond dealer Bassem Jamil Said Mohammed in the presence of RUF officials. They established that Mohammed had three current Sierra Leonean passports and a diplomatic passport. They also found documents recording illegal transactions in diamonds.<sup>56</sup>

### *Weapons trafficking*

Selling weapons to conflict zones in Africa has become a lucrative business for arms dealers across the world.

In Sierra Leone, the RUF received most of their weapons and ammunition from eastern European countries selling redundant Cold War armaments. Countries that supported the RUF, such as Libya, Liberia and Burkina Faso, provided false end-user certificates to subvert the UN arms embargo.<sup>57</sup> Private brokers and air cargo companies were contracted to transport these weapons to RUF strongholds in Sierra Leone.

The RUF also acquired weapons that had been captured from the Sierra Leone Army, Ecomog and UNAMSIL during skirmishes. There are also allegations, however, that elements inside those forces had voluntarily handed over weapons to the RUF in exchange for money or diamonds.<sup>58</sup>

### *Drug trafficking: The 'morale booster'*

In 2001 the Swedish-based NGO International Organisation of Good Templars (IOGT) stated that between 1991 and 2001 drugs such as cocaine powder, crack cocaine, heroin (known locally as brown-brown) and ephedrine began to enter Sierra Leone, as the RUF used these substances to control its forces.<sup>59</sup> Other drugs that were used included morphine, opium and even gunpowder taken out of

---

<sup>55</sup> 'Sierra Leone: UN investigation exposes continuing trade in arms and diamonds', *Amnesty International*, 20 December 2000.

<sup>56</sup> Letter dated 23 August 2001 from the Permanent Representative of Sierra Leone to the United Nations, S/2001/827.

<sup>57</sup> Berman E, *op. cit.*

<sup>58</sup> *Ibid.*

<sup>59</sup> Caulker-Burnett I, *Drug Alert*, [www.manovisiononline.com/is23ar11.htm](http://www.manovisiononline.com/is23ar11.htm), undated, p.1.

cartridges. The methods of administering these drugs to combatants also varied. They were added to food, injected or inserted through wounds cut on the body. Cocaine was injected behind the eyes of child soldiers, eventually blinding them.<sup>60</sup>

In 2001, Sierra Leone's only psychiatrist, Dr Edward Nahim, noted that over 80% of the RUF fighters he treated were addicted to heroin or cocaine. Rebel commanders had injected their troops with the drugs before operations.<sup>61</sup> Cocaine was popular among fighters because it made the users feel powerful and invincible. This use of drugs provides an explanation for the extreme violence and brutality of RUF attacks on civilians. There are countless stories of young children being forced to take drugs to induce submissiveness.

Many Sierra Leonean NGOs suggest that the proliferation of hard drugs started during the time that the AFRC junta controlled the country.<sup>62</sup> The AFRC reportedly initiated the use of Sierra Leone as a staging post for drugs to international markets. The source of the RUF's supply of cocaine was alleged to be Nigeria.<sup>63</sup> From 1994 to 1997 young AFRC recruits were introduced to heroin and cocaine. Previously, the most commonly used drugs had been cannabis and prescription drugs such as Valium.

In 1998, young people protesting against the abuse of drugs went on the rampage, destroying a number of 'potes' (leisure centres where alcohol and drugs are sold). They blamed the AFRC for the increase in drug addiction.<sup>64</sup>

On the other hand, in 1999 when AFRC-RUF rebels invaded Freetown, the offices of the National Council for the Prevention of Alcoholism and Drug Dependency were looted. The looters chanted refrains such as 'this is the centre that preaches about drugs, it is not anyone's business, they must leave us to our drugging spree'.<sup>65</sup>

---

<sup>60</sup> Interview with Commonwealth Safety and Security Project, Freetown, 2 December 2003.

<sup>61</sup> 'Sierra Leone: IRIN focus on children with an uncertain future', *IRIN*, 10 July 2001.

<sup>62</sup> Interview with officials of the Network Movement of Justice and Development and International Organisation of Good Templars, December 2003.

<sup>63</sup> 'Sierra Leone: Rebel on RUF's supply of cocaine', *Agence France Presse*, 16 December 1999, [www.nisat.org](http://www.nisat.org).

<sup>64</sup> *The New Pioneer*, 24 February 1998.

<sup>65</sup> *Financial Times*, 20 February 1998.

### *Human trafficking*

The RUF and to a lesser extent the Kamajors civil defence forces were also involved in widespread abductions, especially of children. Those kidnapped were forced to become combatants or do menial work for the combatants. Young girls in captivity were often forced to become sex slaves. At the end of the conflict the fighting forces released 6,845 children, even though most continued to deny that they had used children to conduct warfare.<sup>66</sup> An estimated 3,000 young girls were not released when disarmament took place.<sup>67</sup>

Reports have also indicated that it was not only the rebels and armed forces that trafficked in children. In the early 1990s extreme poverty caused parents to sell their children to wealthy businessmen, often of Lebanese origin, for a contract period. According to Gberie, the children, who were mainly girls, were seldom returned to their parents when the contract period was over.

### **Post-conflict Sierra Leone: 2002 To Date**

One year after the Lomé Peace Accord was signed the situation in Sierra Leone appeared to be deteriorating. By May 2000, when RUF rebels abducted 500 UNAMSIL peacekeepers, it appeared that the Accord had virtually collapsed. UNAMSIL, in response to this and other incidents, sent in additional forces. In January 2002 the Sierra Leone government declared the war over and in May 2002 an election, which was generally declared free and fair, was held. The SLPP government was re-elected with Kabbah continuing as head of state. UNAMSIL is now planning to scale down its operations and to complete its withdrawal from Sierra Leone by end-2005. In Resolution 1620 (31 August 2005), the UN Security Council unanimously approved the establishment of the UN Integrated Office for Sierra Leone (UNIOSL), following the withdrawal of the UN peacekeeping mission in Sierra Leone (UNAMSIL) at the end of 2005. At its height, UNAMSIL comprised 17,000 troops. It has been gradually drawn down, with about 3,200 still in the country by end-2005. In June, the Security Council voted to end the peacekeeping mission on 31

---

<sup>66</sup> *National Recovery Strategy: Sierra Leone 2002–2003*, p.5. [www.sierraleoneweb.com](http://www.sierraleoneweb.com).

<sup>67</sup> *Ibid.*, p.41.

December 2005, an expression of confidence in Sierra Leone's progress toward peace.

The new assistance mission was given an initial mandate of one year beginning on 1 January 2006. UNIOSL will assist government institutions in reinforcing human rights, fulfilling the Millennium Development Goals, and conducting free and fair elections in 2007.

When the conflict ended, the population experienced a period of euphoria and hope. But a few years after the war was officially declared over, that mood is being replaced by a realisation of the harsh struggle for everyday survival that faces the majority of Sierra Leone nationals. Government now faces a number of critical challenges.

### *Livelihoods and services*

Sierra Leone is plagued by extreme poverty. Because of the insecurity pervading the country during the war, most people abandoned the agricultural plantations. Production of export crops such as cocoa, coffee and oil palm declined, subsistence foods were no longer cultivated and livestock was killed.<sup>68</sup> Furthermore, average wages are inadequate to meet the cost of living. Hence the government has a dual challenge: to feed the population and regenerate the agricultural sector.

The Sierra Leone economy is heavily dependent on income from donor countries, many of which have invested substantial funds to secure peace. Sierra Leone, however, needs to expand and develop its own economic potential. A problem identified by analysts is that the government has placed substantial emphasis on the mining sector, often at the expense of agriculture and fishing sectors. These areas will need equal attention if the government is to meet its goal of achieving food security by 2007.

The influx into the city has led to a serious housing shortage. This situation was exacerbated by the invasion of Freetown in 1999, when rebels destroyed hundreds of homes (2% of the population of Freetown was affected).<sup>69</sup> There also appears to be a significant number of unscrupulous landowners and landlords who are exploiting the situation by charging excessively high rentals; some

---

<sup>68</sup> *Ibid.*, p.64,

<sup>69</sup> *National Recovery Strategy, op. cit.*, p.100.

demand monthly rentals of more than \$2,000. As a result up to 10 people can be found living in a single room.

GDP per capita	\$580
Contribution to GDP by sector (%)	
Agriculture	49%
Industry	31%
Services	21%
Household income or consumption by percentage share	
Lowest 10%	0.5
Highest 10%	43.6
Revenue	\$96 million
Exports (2000)	\$35 million
Export partners (2002, percent exports)	
Greece	32.0%
Belgium	28.2%
US	6.3%
UK	5.9%
Imports (2002)	190 million
Import partners (2002, percent imports)	
UK	25.3%
Netherlands	10.3%
US	7.9%
Germany	6.3%
External debt (2002)	\$1.5 billion
Economic aid (2001)	\$103 million

Even before the outbreak of war, the government had failed to fulfil its mandate to run the country effectively. It did not provide housing, water, electricity, sanitation, health care, education or roads, particularly in rural areas (except for Bo and Kono). Although the government has created a number of new institutions, including the National Revenue Authority and the National Privatisation Commission, it has not reformed other institutions.<sup>71</sup> The population is sceptical of the state's commitment to providing social services.

<sup>70</sup> 'Country insight: Sierra Leone', *Global Edge*, <http://globaledge.msu.edu>.

<sup>71</sup> *Ibid.*

### *Demobilisation and disarmament*

The National Committee for Disarmament, Demobilisation and Reintegration (NCDDR) officially began its task of disarming and demobilising combatants in October 1999. In reality it had been active from June 1998, when, after an offensive by Ecomog, some 3,000 rebel soldiers handed themselves over for demobilisation, even though some of them did not trust the government sufficiently to participate fully in the reintegration process. Those refusing to participate were detained but most of them escaped in 1999 during the AFRC-RUF offensive against Freetown.

By January 2002 the disarmament of RUF and the militia groups collectively known as the Civil Defence Forces (CDF) was officially declared complete. The NCDDR demobilised 72,490 combatants, 69,463 of whom qualified for single cash payment benefits.<sup>72</sup> By 2003, 27,490 from within the ranks of the CDF and 18,354 from the RUF had presented themselves to the NCDDR. Demobilisation was slowest in the areas in which the RUF had been most active, for example, Kailahun.<sup>73</sup>

It has been more difficult to quantify the weapons collection process. By May 2000 the NCDDR had collected about 12,500 weapons, the majority in poor condition, and 250,000 rounds of ammunition. Since then, greater numbers of weapons have been collected in areas such as Freetown. In some provincial districts little progress has been made.

In 2001 legislation was passed allowing only members of the army and special police units to carry weapons, and then only while on duty.

### *Return of refugees and displaced people*

During the war thousands of Sierra Leoneans fled the country. Some sought refuge in neighbouring states while others sought asylum in Southern Africa, Europe and the US. The UN High Commissioner for Refugees (UNHCR) took responsibility for the repatriation of many of these refugees. The war displaced many people from rural areas who relied on subsistence farming for their livelihood. Many of those forcibly removed fled to Freetown where a significant number

---

<sup>72</sup> *National Recovery Strategy, op. cit.*, p.31.

<sup>73</sup> *Ibid.*, p.5.



continue to live. The government has also suggested that the large number of ex-combatants in Freetown is attributable to their reluctance to return to areas where they committed atrocities. By 2002 the repatriation programme had resettled more than 300,000 people who had been internally displaced or exiled.<sup>74</sup>

### *The extent of government authority in Sierra Leone*

During the war the rebels held large areas of Sierra Leone and it was virtually impossible for government authorities to operate in those parts of the country. By 2003, however, the UN special report on Sierra Leone could state that the government had been able to establish itself in all districts, including those previously held by the RUF.<sup>75</sup> Local government elections took place in 2004.

### *The TRC and the special court*

Under the Lomé Accord it was agreed that a Truth and Reconciliation Commission (TRC) would be formed to deal with human rights violations that had occurred during the 12-year war. In 2000 an act was promulgated in parliament to provide for the establishment of the commission. The TRC completed its final report in late 2004.

In 2002 the UN established the Special Court for Sierra Leone to deal with war crimes. The Court indicted 13 people for war crimes, among them the head of the Kamajors civil defence force, Chief Sam Hinga Norman. Many Sierra Leoneans perceive him as a hero for his role in quelling rebel invasions but ironically, owing to deaths among key RUF leaders he may be among the few to stand trial.<sup>76</sup>

### *Natural resources*

The government has tried to regain control of Sierra Leone's mineral and other natural resources and to implement an effective licensing process. Since 2002, licences to mine have increased by 70% in the eastern region and 40% in the southern region. It is estimated that Sierra Leone's annual diamond export revenue could rise to \$180

---

<sup>74</sup> *National Recovery Strategy, op. cit.*, p.5.

<sup>75</sup> UN Report on Sierra Leone delivered to the Security Council, 2003.

<sup>76</sup> The Special Court for Sierra Leone has indicted members of the RUF, AFRC and Kamajors for war crimes.

million by 2006 if international investment is forthcoming. The artisanal mining sector could contribute \$40–80 million to this total.<sup>77</sup>

Sierra Leone has an estimated 49,000 workers legally engaged in mining.<sup>78</sup> In addition, the government has introduced a certification procedure and is now a signatory to the Kimberley process, an international diamond industry initiative aimed at stemming the flow of 'conflict diamonds'.

The government has also introduced a 3% tax on all diamonds exported and in co-operation with members of civil society and the private sector, has established the Peace Diamond Alliance. A pilot project launched in the Kono district requires that 0.75% of the 3% tax on diamond sales should go back to the communities in the area where the diamonds were mined. The money is paid into a Community Development Fund and distributed twice a year. The USAID-sponsored Peace Diamond Alliance has also established a task group to monitor the sale of licences.

Joseph Hanlon suggests that the government's failure to transform the chieftainship system in Sierra Leone may hamper efforts to distribute these funds:<sup>79</sup>

"Although some \$195,000 had been distributed in this manner by the end of 2001, little has been used for the benefit of various communities. Much of the money has been mismanaged or embezzled by chiefs who were displaced during the war and have little attachment to their people. The result is that chiefs are using aid money for personal enrichment and to reward political supporters."

Mining for rutile, bauxite, kimberlite diamonds and iron ore, suspended during the war, has now begun again and multinational corporate companies have invested in these operations. There are, however, a number of problems that have arisen in relation to the mining sector.

- The majority of miners are illiterate. They are not always aware of the value of the diamonds they are mining and, as a result, agents and buyers exploit them.

<sup>77</sup> *Sierra Leone Diamond Policy Study*, AMCO-Robertson Mineral Services Limited, DFID, January 2002, p.6.

<sup>78</sup> *National Recovery Strategy, op. cit.*, p.55.

<sup>79</sup> Hanlon J, *Electing the Same People*, WIDER, pp.4–5.

- The mining offices responsible for monitoring the licences are under-resourced. Even if they are able to identify cases of illicit mining, they do not have the capacity to stop it.
- Mining companies and bodies are often involved in environmental degradation and exploitation. Once the area has been mined, it is unfit for agricultural cultivation and water supplies have been polluted.
- Some large mining companies are allowed to employ their own security personnel. In reported instances, these private security companies have forcibly removed people who are settled in the area, and abused communities.<sup>80</sup>
- In 2001, indigenous diamond exporters made up only 8% of the total number of exporters and there are allegations that in granting loans, banks discriminate against indigenous Sierra Leone nationals.

### *Corruption*

Corruption at all levels of government and throughout society is a major challenge. In the Anti-Corruption Commission's annual report for 2002 its chairman stated that 'corruption and bad governance are widely considered ... the most important factors [in] the state of socio-economic decline in post-independent Sierra Leone'.<sup>81</sup> The annual report, while acknowledging the important role played by President Kabbah, commented that many government officials, including parliamentarians, had refused to co-operate with the commission. A journalist interviewed said: 'Corruption is a problem that exists in all societies, but the level of corruption in Sierra Leone is alarming'.<sup>82</sup>

### *Concerns relating to young people*

The majority of the Sierra Leone population is under 18. The SLPP government has established a Youth and Sports Ministry, but according to a survey conducted by the Anti-Corruption Commission (ACC), most respondents identify this ministry as itself one of the most corrupt departments in government.

---

<sup>80</sup> Interview with staff of Network Movement for Justice and Development, Freetown 1 December 2003.

<sup>81</sup> Anti-Corruption Commission, *Annual Report*, December 2001.

<sup>82</sup> Interview with journalists, Freetown, December 2003.

Youth-orientated pressure groups that appear to be attracting a good deal of support from youths, many of whom are ex-combatants, are beginning to emerge in different localities, particularly in the diamond-rich areas. Young people have clashed with mining companies and succeeded in halting operations, demanding that these companies provide facilities such as clinics and schools, the companies in turn claiming that the government taxes they have paid should be used to improve community services.<sup>83</sup>

The government has acknowledged this problem. Its 2002 National Recovery Strategy paper notes:<sup>84</sup>

During the war, youth have been exposed to more trauma, responsibility and experience of power than ever before. As a result, they are now more politically aware and carry greater expectations for involvement in decision-making and desire for economic opportunity than ever before. However, in spite of great strides made by youth groups to organise themselves, youth activities are still dominated by an elite class of privileged young people whose opinions tend to drown the voices of many under privileged and marginalised youth living far away from the capital. The latter category includes ex-RUF, ex-CDF and ex-SLA youth, MOCKY [Movement of Concerned Kano Youth] youth and illiterate san-san boys [diamond diggers], unemployed urban and rural youth, commercial sex workers and youth with disabilities; in short those who are most likely to [turn] to violence and upset public order if society continues to ignore their condition.

The independent NGO International Crisis Group's report on Sierra Leone identifies the need for government and local communities to channel the energies of these youth formations into avenues that benefit their communities. Emphasis should also be given to addressing the problems that exist in the Youth and Sports Ministry.

### **Organised Crime 2001–05**

Organised crime in Sierra Leone has its roots in diamond smuggling, which started when diamonds were first mined in the 1930s. During the war it played a major role in fuelling and prolonging the conflict in the country. In post-war Sierra Leone organised crime has not reached

---

<sup>83</sup> 'Sierra Leone: The state of security and governance, *Africa Report*, International Crisis Group, 2 September 2003.

<sup>84</sup> *National Recovery Strategy, op. cit.*, p.16.

anything like the levels witnessed in other countries that have experienced conflict or war, such as South Africa or Mozambique. This is most probably because Sierra Leone lacks the infrastructure and wealth that the other countries possess. Nonetheless, a number of people interviewed for this study acknowledged that organised crime was on the increase in Sierra Leone, among them a journalist who believes organised crime is becoming a problem that requires urgent attention.

Organised crime in Sierra Leone has taken a number of different forms including smuggling, fraud, sale of counterfeit goods, black marketing, trafficking in humans, robberies, drug trafficking and illicit exploitation of natural resources.

### *Smuggling of natural resources*

Although the number of diamonds exported legally from Sierra Leone has greatly increased since 1999, the level is still well below its potential. According to Gberie, there are indications that some better-quality diamonds are not leaving the country through the official certification process. Gberie also states that police and some government officials estimate the percentage of diamonds still being smuggled out of Sierra Leone at about 60% of total production.<sup>85</sup>

Most of the diamonds smuggled out of Sierra Leone go to neighbouring states such as Liberia, Guinea, The Gambia and Burkina Faso. NGOs interviewed in Sierra Leone identified Lebanese, Senegalese, Nigerian, Malian and Italian groups as deeply involved in the contraband activity. Many of the illicit diamonds transported to Guinea are sent to Belgium and Israel. Officials in Sierra Leone report that commodities such as gold and timber, as well as diamonds, are being smuggled out.

The manager of a security company operating out of Sierra Leone expressed the view that there are a significant number of diamond exporters in Kono, but that many of them do not appear to use legitimate transport routes. He reported that his company was often approached with requests for help in transporting diamonds:<sup>86</sup> 'When we say ... we can help, but we need you to bring us your certificate, we never hear from [them] again'.

---

<sup>85</sup> Gberie L, *op. cit.*

<sup>86</sup> Interview with manager of Grey Security, Freetown, 29 December 2003.

Government officials in Sierra Leone are not allowed to own mines. They subvert the law, however, by applying for licences under the names of family members. In 2003 the minister of mineral energy admitted before the TRC that this was the case.

### *Drug trafficking*

IOGT claims that since the end of the civil war in Sierra Leone, trafficking and consumption of drugs have both increased.<sup>87</sup> It believes this has been made possible by links between senior government officials and the drug barons. Sierra Leone is increasingly becoming not only itself an important drug market but also a transit country for drugs destined for Europe. The head of the SLP's Crime Investigation Division (CID) says 'Sierra Leone is seen as a soft target, both as a transit point and a market, by drug traffickers'.<sup>88</sup>

Drugs are brought into the country across Sierra Leone's extensive land borders, and through the airports. According to a UNAMSIL official, drugs have been smuggled into the country as powdered milk, or packed in video casings.<sup>89</sup> A member of an NGO referred to a case where stationery had been imported into the country with cocaine packed between the items.<sup>90</sup> In recent years, police in Sierra Leone have arrested senior government officials for smuggling, from the UK, cocaine packed into videocassettes, in diplomatic pouches.<sup>91</sup>

Much of the drug dealing in Sierra Leone takes place in *potes* (drug centres), which sell alcohol and narcotics. Within *potes* there is a person popularly referred to as 'the baron', who receives and handles stock and ensures its distribution to smaller dealers. According to a representative of the US-based NGO Search for Common Ground, some of these barons have links with the police; hence to report drug smuggling to the police is to risk life. He also pointed out that there

---

<sup>87</sup> Interview with official of International Organisation of Good Templars, Freetown, December 2003. The IOGT has undertaken a post-war drug survey, which is not yet available.

<sup>88</sup> Interview with the commander of the CID, Sierra Leone Police, Freetown, 26 November 2003.

<sup>89</sup> Interview with Commissioner Adxul, Unamsil Civpol, 1 December 2003.

<sup>90</sup> Interview with Search for Common Ground, 26 November 2003.

<sup>91</sup> 'Sierra Leone government employees held in drug probe freed on bail', *Agence France Presse*, November 2003, <http://quickstart.clari.net>.

are many people who enter the country posing as traders but who are in fact drug couriers.<sup>92</sup>

Since the end of the conflict in Sierra Leone there has been an upsurge in juvenile delinquency and crime, much of it fuelled by availability of drugs.

The Ministry of Social Welfare claims that there are 400 groups of young people aged 12–19 years, ranging from gangs to youth clubs, in Freetown.<sup>93</sup> Many addicted juveniles have adopted aggressive US-style rap gangster names, such as the 'Bloods' and the 'Crips', and are resorting to theft and other illegal activities. Psychiatrist Edward Nahim claims that most of the violent behaviour of these young people can be attributed to the use of drugs such as crack, powder cocaine and marijuana. Crack cocaine is readily available in Freetown, especially near the beach-front.

Sierra Leone's anti-drug legislation is out of date and a National Drug Control Commission has been established to recommend improvements. The commission is also responsible for developing a strategy to control drug use through reducing supply of, and demand for, drugs.

### *The black market, counterfeit currency and illicit foreign currency*

The circulation of counterfeit dollars and leones is becoming a major problem. Recently the government planned to issue a new LE10,000 note. However, before the official release of the new denomination counterfeit versions were circulating on the street and the government was forced to abandon the new issue. Nigerian and Liberian criminal networks appear to specialise in currency forgery. The currency problem is compounded by a huge black market in forex, which has caused the Sierra Leone Central Bank to suffer shortages. It is now difficult for legitimate businesses to draw large amounts of foreign currency from the Central Bank or any of the finance houses.

The expansion in the black market since the end of the conflict can be attributed partly to the presence of large numbers of expatriate staff and peacekeepers in the country. It is common to exchange foreign currency unofficially, as the rate available from official sources is low.

---

<sup>92</sup> Interview with Programme Organiser, IOGT, Freetown, 29 November 2003.

<sup>93</sup> Fofana L, 'US influences blamed for delinquency in Sierra Leone', *Inter Press Service English News Wire*, 6 May 1997, [www.corpun.com/socs9705.htm](http://www.corpun.com/socs9705.htm).

Money-changers operate throughout Freetown. Interviews for this study suggest that the black market, including that for currency exchange, is controlled by Lebanese businessmen.

<i>Exchange rate</i>	1996	1997	1998	1999	2000
Official	920.75	981.99	1557.90	1,819.27	2,097.45
Parallel	956.98	1,220.64	1,820.05	2,946.23	2,314.77

### *Smuggling of commodities and other natural resources*

Smuggling involving products such as rice, coffee and cocoa, all of which are cultivated in Sierra Leone, is common. Rice is grown in the eastern region of the country, close to the borders with Guinea and Liberia. Local small farmers exchange these products for other goods across the border. There are, however, more organised smuggling networks for these products. Canoes are often used to smuggle goods across the Mano River and other border waterways. As has been noted, cigarettes are also traded illicitly. The country has also experienced fuel shortages, but researchers were unable to establish whether this had precipitated an increase in petroleum smuggling. There may also be an illicit trade in second-hand vehicles: the import of vehicles more than 10 years old is prohibited and the ex-combatants who operate most taxis are dissatisfied with this provision.<sup>95</sup>

There is also large-scale smuggling of fish. According to a representative of the Mano River Union, a significant amount of fish is appropriated by smugglers and sent in Russian and Spanish trawlers to Europe. Often the smugglers bribe corrupt coastguards to ensure that their activities go undetected.<sup>96</sup>

### *The counterfeit goods trade*

Sierra Leone once had a relatively strong cigarette and soft drinks industry, but the black market and counterfeit trades have destroyed them. Counterfeit cola and cigarettes have flooded the market and local industries are unable to compete. Counterfeit used-car parts,

<sup>94</sup> Average official and parallel exchange rate LE/\$, Bank of Sierra Leone, [www.sierra-leone.org/cso2001-proces.htm](http://www.sierra-leone.org/cso2001-proces.htm).

<sup>95</sup> Interviews with taxi drivers, Freetown, November 2003.

<sup>96</sup> Interview with Co-ordinator, Mano River Union, 28 November 2003.



some of them inaccurately labelled as coming from countries such as Germany, have become more freely available.

There are also a number of businesses in Freetown, and some in the mining districts, that sell counterfeit goods. In particular, there appears to be a significant trade in counterfeit electronic equipment that mainly originates from Asia.

### *Customs fraud*

Customs fraud is rife in Sierra Leone. Some of it relates to false end destination invoicing, a trade that exploits differential tariffs for import and export goods. For example, cigarettes would be transported to Liberia marked for export. Once in Liberia they would be smuggled back into, and sold in, Sierra Leone without customs duties being paid in either of the two countries. Other customs fraud involves the *undervaluing of goods imported into Sierra Leone*.

The ACC has investigated a number of cases of this kind. In November 2000, it investigated customs officials and two companies importing satellite dishes. Customs valued the goods at LE3,182,000 and a duty of LE1,400,000 was paid before the goods were released. The true invoices showed that the dishes had a value of LE41,508,82.79 and that duty of LE15,870,828.45 had been evaded.<sup>97</sup>

### *Advance Fee Fraud ('419' scams)*

Recently there has been an increase in '419' or advance fee fraud, most of it by Nigerians and Liberians living in Sierra Leone. The SLP also suggests that Sierra Leonean refugees may have learned this type of fraud while living abroad. These scams take a number of different forms.

- Counterfeit diamonds are sold to unsuspecting (and greedy) foreigners, among them aid workers. These victims generally fail to comply with the procedures laid down for diamond sales, in the hope that by doing so they can pay less. Many of those running these scams are professional tricksters: they often provide an example of the genuine article for verification during negotiations, only to exchange it for a counterfeit later. There are even cases in which those involved in such scams make contact with their

---

<sup>97</sup> Anti-Corruption Commission, *Annual Report*, December 2001.

intended victims before they arrive in the country, and offer to pay their accommodation costs if they visit Sierra Leone to conclude the deal.

- A common scam is to send out letters signed by a person claiming to be a relative of the late Foday Sankoh, who needs to find a way of getting his estate liquidated and moving the money out of the country. Respondents are invited to earn a commission by supplying their bank details in another country. The victim is then asked to pay administrative costs to the fraudster.
- Another similar fraud involves people claiming that they have goods waiting for clearance, but that they need assistance in paying customs duty before the goods can be released. The scam involves persuading a person to pay the duty on non-existent goods, on the promise that a fee will be paid.
- There are also scams where Liberians approach the victim claiming that they need funds to help access money they have in Liberia. The funds in Liberia are fictional.
- The 'black dollar' scheme, known locally as 'money doubling', is also common in Sierra Leone.

### *Trafficking in humans*

Although trafficking in humans in Sierra Leone is not well documented, interviews with representatives of the UN, police and NGOs confirmed that it is a serious problem. According to the head of the CID, 'human trafficking is definitely happening: we had one case where a single individual was involved in trafficking more than 10 people.'<sup>98</sup>

In some instances families sell their children, most of whom are then taken, often by women using false passports, to Europe and Asia. Nigerian syndicates are reportedly smuggling people through Sierra Leone to the UK under the guise that they are refugees.

At the time of writing, Sierra Leone had no legislation preventing either child labour or trafficking in humans.

---

<sup>98</sup> Interview with commander of the CID, Sierra Leone Police, Freetown, 26 November 2003.

### *Armed robberies*

Both the SLP and the UN Civilian Police Division have expressed concern that during 2003 there was a marked increase in armed robberies in Freetown. Gangs, apparently equipped with an assortment of weapons including automatic rifles, carry out these robberies in private homes and businesses. There have also been cases where armed robbers wore military fatigues, suggesting that they are ex-combatants.<sup>99</sup> In many other instances the robbers were reported to have been Liberian. The manager of a security company in Sierra Leone suggested that members of the ex-rebel forces might have been involved.<sup>100</sup> There have also been armed robberies on the borders of the country. Some people interviewed expressed concern that high-ranking members of the security forces had been dismissed, which may contribute to the increase in predatory crime.

The police have established a specialised unit for armed robberies. Its officers receive special training in interviewing victims and managing crime scenes. The number of armed robberies is, however, low compared with many African countries. There may be a number of reasons for this, including a moratorium on small arms in West Africa, a (largely effective) UN disarmament process and other political and social factors unique to Sierra Leone.

### *The import of expired and fake medicines*

Sierra Leone is a dumping-ground for time-expired medicines. Since the end of the war, dumping of medicines, often brought into the country illegally, has increased substantially. Most of the inferior-quality medicines and pharmaceutical products are brought into the country from Asia and are being sold by pharmacies that are often unregistered. According to a representative of the Mano River Union, the number of pharmacies in the Freetown area has risen sharply to approximately 4,000. Many of them sell sub-standard medicines.

There are also problems associated with theft of medicines from state hospitals and storage facilities. It appears that most of this material is then smuggled to Europe and Asia. In 2003, 25 people were arrested as

---

<sup>99</sup> Interview with manager of private security company, Freetown, 27 November 2003. The other possibility is that criminals have stolen military uniforms in skirmishes with the Sierra Leone army.

<sup>100</sup> Interview with manager of private security company, Freetown, 27 November 2003.

a result of a single investigation into the theft of medicines owned by the state.

### *Money laundering*

Diamonds provide an ideal camouflage for laundering 'dirty' money because they can be easily exchanged for cash. In Sierra Leone, the ease with which diamonds can be purchased and sold on both the legitimate and illegitimate markets means that illegally earned money, for example the proceeds of drug dealing, can be laundered with relative ease.

Sierra Leone also has a number of forex bureaux. These are able to transfer money to and from international destinations without the procedures followed by countries with strict exchange controls.

Money laundering is an offence in terms of the legislation providing for the establishment of the Special Court for Sierra Leone. The authorities have also issued instructions to the financial services sector to abide by recommendations made by the Financial Action Task Force. However, national money laundering legislation has not been passed by parliament.<sup>101</sup>

### **Transnational organised crime elements**

Given Sierra Leone's long history of illicit diamond trading, it is not surprising that there are a significant number of foreign criminal networks in the country. These include Spanish, Gambian, Guinean, Senegalese, Italian and British networks. It appears, however, that many of them either are relatively small or have not opted for a substantial presence in Sierra Leone. On the other hand, there are also a small number of transnational networks that have become extremely powerful, and some that appear to be expanding rapidly.

*Lebanese networks:* There is considerable animosity between the Lebanese in Sierra Leone and indigenous Sierra Leoneans. People of Lebanese origin own the majority of businesses, which is a source of tension between them and the local population. This makes it difficult for the latter to provide an objective assessment of Lebanese involvement in crime; it is, however, beyond doubt that there are strong Lebanese criminal networks operating in the country.

---

<sup>101</sup> 'Anti-money laundering and combating the financing of terrorism, *op. cit.*, pp.29-31.

As was explained earlier, with the great Sierra Leone diamond rush in the 1950s, the British government introduced mine-licensing schemes, a number of licences were granted to Lebanese businessmen. As they began expanding their operations, evidence began to emerge that some of them were involved in criminal activities. In 1936 the Shamel family had more than 1,000 people working in their gold mines. One family member, Henneh Shamel, became involved in diamond smuggling during the 1950s. In 1969 he was arrested in connection with an armed robbery involving \$3 million; charges against him were dropped but he was deported.<sup>102</sup>

At the time of the AFRC coup, the number of Lebanese in Sierra Leone was estimated at about 30,000. While some remained in the country after the coup, a number fled to neighbouring countries. Those continued to maintain their business links with Sierra Leone. According to Gberie, many Lebanese fled to The Gambia and during 1998, \$420 million worth of diamonds arrived in Antwerp from that country. Some of the exporters were Lebanese, previously resident in Sierra Leone.

During the war a number of Lebanese, including Hijazi, Nassour and Ossailly, were involved in trading arms for diamonds with the rebel forces. *The New York Times* reported that in January 2001, RUF diamonds were probably being sold to at least 40 Lebanese shops in Kenema. In Bo, during the same period, Lebanese were running 65 out of 100 diamond dealerships. What is more curious is that there were only 18 official dealerships licensed to Lebanese traders at the time.<sup>103</sup>

Since the end of the war the number of Lebanese in Sierra Leone has grown dramatically. Lebanese control most diamond dealerships and grant loans to miners in exchange for agreements that the miners will sell their diamonds to the lender. Some of the dealers exchange the diamonds for other goods such as radios. As mentioned previously, many of the miners do not know the value of the diamonds they are selling, so the Lebanese dealers control the prices. If, for example, a miner approaches one dealer and is offered a price at below market value, and chooses to take the diamond to another Lebanese dealer, the latter will have been warned in advance and will not make a

---

<sup>102</sup>Gberie L, *op. cit.*, p.12.

<sup>103</sup>*Ibid.*, p.18.

higher offer. People of Lebanese origin also largely control export licences because local miners and diggers do not have enough money to buy the licences. According to one person interviewed, Lebanese businesses involved in the construction industry have been known to pay bribes in order to secure government contracts.

A certain amount of assimilation has taken place in recent years. A number of people of Lebanese origin have married indigenous Sierra Leonean women, often from prominent families, and have acquired citizenship.

*Russian networks:* During the civil war in Sierra Leone, purported members of the Russian Mafia were supplying weapons to the RUF in exchange for diamonds. Key members such as the Ukrainian-Israeli Leonid Minin were identified as having been involved. The extent to which the Russian crime syndicates are currently engaged in illicit activities in Sierra Leone is difficult to establish. The Russian Mafia is, however, known to have access to numerous transport companies and many different types of aircraft. There are a number of airports in Sierra Leone, many of which are not effectively monitored. It is possible that illegal operations are being carried out by means of unregulated airfreight, but at present no verifying evidence is available. Russian companies have been linked to the illicit smuggling of fishing catches out of Sierra Leone for sale in Europe.

*Israeli networks:* Leonid Minin is an Israeli immigrant, and has connections with Israeli criminal elements. The current involvement of Israeli organised crime in Sierra Leone is, however, difficult to establish. Though the APC government and President Momoh initially had close ties to certain Lebanese businessmen, their relationship appears to have soured before the war broke out. As a result, Momoh drew in Shaptai Kalrnonovitch and Nir Guaz, two Israeli businessmen, both suspected of involvement in the legal and illegal trade in diamonds, and both known to have links with Israeli crime networks. Guaz was subsequently arrested by the Sierra Leone government and deported for forgery and fraud.<sup>104</sup>

*Nigerian networks:* A number of people interviewed expressed the view that members of Ecomog and subsequently UNAMSIL had become involved in organised crime. They pointed out that the flights carrying Ecomog and later UNAMSIL troops are seldom searched,

---

<sup>104</sup>*Ibid.*, p.16.

providing an ideal avenue to smuggle goods in and out of the country. One of the interviewees said, 'we receive a lot of reports about this, but without concrete evidence it is difficult to address'.<sup>105</sup>

Several people, including police officers, singled out Nigerians in this context. One resident said, 'some Nigerians came as soldiers to help us during the war, then they saw the business opportunities and went home, dropped off their uniforms and came back'.<sup>106</sup>

A senior commander in UNAMSIL wrote a report in which he strongly criticised Nigerian forces for becoming involved in criminal activities<sup>107</sup>. While the report needs to be seen in the context of the serious political and military tensions that existed between Nigerian forces, on the one hand, and British, Pakistani and Indians, on the other, there is no doubt that some in the Nigerian ranks abused their positions. It is not clear whether the problem extends to other national contingents in UNAMSIL.

Nigerian networks have been linked to drug trafficking, smuggling (mainly of gold and diamonds) and fraud (involving counterfeit money and '419' scams).

*Liberian and Guinean networks:* Liberia offered a base and support for the rebels prior to and during the civil war, and became an important route for smuggling weapons, drugs and diamonds into and out of Sierra Leone. These commodities, destined for Liberia, were transported through the Kailahun region. Conversely, Freetown gave sanctuary to a number of Liberian refugees who were fleeing the rule of Charles Taylor. When the war ended in Sierra Leone, the number of Liberians seeking refuge in Sierra Leone increased. Currently a significant number of them are living in Freetown.

Some of these Liberians have involved themselves in illegal activities in Sierra Leone. Liberian criminal networks have tended to focus on smuggling, drugs and frauds, including money doubling and other '419' scams.

During the conflict it was alleged that some Guinean troops, who claimed that they had lost a substantial number of weapons to the RUF, had in fact exchanged their weapons for money or diamonds. Guineans own a number of dealerships in the diamond producing

---

<sup>105</sup> Interview with staff of the Network Movement for Justice and Development.

<sup>106</sup> Interview with IOGT.

<sup>107</sup> 'UN gets warning shots on peacekeeping', *Guardian Unlimited*, 9 September 2001.

districts and the border between Guinea and Sierra Leone is a favoured crossing-point for smugglers.

*Factors contributing to organised crime*

A number of factors have contributed to the development and growth of organised crime in Sierra Leone.

- The *availability of alluvial diamonds*, which are relatively easy to mine and the distribution of which is difficult to control.
- *Poverty and high unemployment* result in a large pool of people desperate for any form of income and, therefore, vulnerable to recruitment by organised crime networks.
- Sierra Leone has 958km of *land boundaries*, of which 625km border Guinea and 306km Liberia. Some of these borders are entirely open, with no fences dividing the countries and a boundary over open grassland. While the SLP and its Operational Support Division conduct joint patrols with the army and is posted at major border crossing points, police sources claim that there are too few officers to police the entire border.<sup>108</sup> In the past, joint Guinea and Sierra Leone forces patrolled the borders between the two countries but no longer do so, owing to strained relationships between the countries. There are currently initiatives for Liberia and Sierra Leone to conduct joint patrols along their borders, where existing controls are weak. Sierra Leone also has a 402km coastline. Although a coast guard has been established, it is impossible for it to effectively control the entire coastline.
- *A lack of an effective certification process* for diamonds mined in Sierra Leone and sold in neighbouring countries contributes to diamond smuggling. There are often different tariffs and prices for goods traded in countries outside Sierra Leone and organised crime syndicates take advantage of these discrepancies. The Mano River Union, however, is introducing common regional tariffs and controls.<sup>109</sup>
- *Relatively weak legislation* relating to organised crime and money laundering in Sierra Leone. At the time of the researcher's visit, the CID branch of the police had been asked to develop an organised

---

<sup>108</sup>Interview with commander of Sierra Leone CID, Freetown, December 2003.

<sup>109</sup>Interview with official of the Mano River Union, Freetown, December 2003.



crime division. New legislation to address aspects of organised crime would be needed before the new unit could function effectively.

- *Corruption* is essential to the success of organised crime networks. Between May and August 2001 the Governance Reform Secretariat (GRS) initiated a Governance and Corruption Survey to measure local perceptions of the level of corruption in Sierra Leone. Ninety-four percent of respondents claimed that corruption was rampant, while only 4.7% believed otherwise. Other results of this survey include:
  - ◆ 92.3% of respondents identified bribery as the most common form of corruption, followed by embezzlement;
  - ◆ 95% indicated that corruption was rampant in most government departments;
  - ◆ when asked about corruption in business dealings, 53% of respondents referred to inflated contracts and profiteering and 31.8% to tax evasion;
  - ◆ 38% felt that government was doing nothing about corruption, and 28.2% said government was doing very little; and
  - ◆ asked about the reasons for the high level of corruption, 36.3% held that it was attributable to poverty, 22.6% to low salaries, and 21.9% to greed.<sup>110</sup>
- The war destroyed the already *weak economic and social structure* of the country. It resulted in a massive damage to the economy, and left a significant number of people homeless and in dire poverty. In addition, government authority did not extend throughout the country. Police and other officials were unable to operate in many districts of Sierra Leone. Since the end of the war, these authorities have had to re-establish not only their physical presence but also their legitimacy.
- During the war *smuggling* became an important means, for both the government and rebel forces, to acquire resources to continue fighting. A number of large and powerful transnational criminal groups became involved in such activities. Experience in other countries, including the US and UK, has shown that such groups are extremely difficult to displace once they have gained a foothold.

---

<sup>110</sup> Anti-Corruption Commission, *Annual Report*, December 2001.

- *Geographically, Sierra Leone is well positioned to act as a transit country for drugs and other commodities to be shipped on to Europe. In addition the country's long coastline makes it possible for boats to transfer illicit cargo undetected.*

### *Re-establishing the criminal justice system*

Sierra Leone is now embarking on the challenging process of restoring government authority at national and local levels. This involves re-establishing the police, judicial and correctional services and restructuring district and local administrations that comprise paramount chiefs and elected councils. District councils were suspended in 1972 and during the war the criminal justice system did not extend throughout the country. Police stations, court-houses and prisons are being rebuilt. This attempt to reassert government authority has been successful, but the improvements have yet to extend to remote areas.

### *Sierra Leone Police*

At the time of writing, there were 7,600 police officers deployed in the country.<sup>111</sup> The government hopes to increase this number to 9,500.<sup>112</sup> At present, the efficiency of the police is still hampered by 'poor infrastructure (during the war most police stations were destroyed) and the difficulty of attracting new recruits to what are poorly paid posts.'<sup>113</sup>

Low salaries and corruption have had a detrimental effect on morale. The civilian police section of UNAMSIL (Civpol) and the Commonwealth Community Safety and Security Project have, however, been assisting the police with restructuring and training.

The SLP has established a number of special units, including a drug squad and an armed robbery unit. A specific traffic police section is being developed, which will free up the ordinary police force for a greater role in preventing and combating crime.

---

<sup>111</sup> Sierra Leone Situation Report, OCHA, 15 September 2004. See also, 'Sierra Leone: The state of security and governance', *International Crisis Group Africa Report*, No 67, September 2003, p.8.

<sup>112</sup> *National Recovery Strategy, op. cit.*, p.21.

<sup>113</sup> *Ibid.*, p.4.

Most donor countries and agencies have focused their funding on restructuring the military. The UK government's Department for International Development has, however, also been providing police with resources including radios, vehicles and new police stations. Funding for the police remains unreliable, however. Conditions of service require improvement and special training is needed, especially to deal with organised crime.

One of the problems the police face is a lack of forensic and ballistic capacity, which makes crime investigation difficult. There are plans to install this technology.

### *The justice system*

The resumption of court sittings in almost all districts demonstrates some progress, but the judicial system still requires serious reform. Even before the war it had virtually collapsed and during the war most of the country lacked functioning judicial systems.

According to Valentine Collier, the root of the failure of the judicial system lies in the progressive undermining of the rule of law by political and other forms of corruption. 'The general public ... has developed a healthy mistrust of the system, since ordinary citizens have found out that justice through the law was way beyond their means'.<sup>114</sup> The justice system is perceived to be slow, inefficient and corrupt and it is clear that the justice dispensed by the system needs to be more accessible, efficient and accountable.

The *Salone Times* recently stated: 'It feels good to [see] the Law Courts' glamorous looks (especially with inverted flood lights at nights). Go there during the daytime and see the same old crooked legal faces [that] have perfected the art of playing for adjournments'.<sup>115</sup>

The role of traditional chiefs is particularly controversial, many commentators having suggested that the war was in part a result of their bad governance. High fines imposed by tribal courts allegedly led many young people to work as indentured labour to chiefs to pay off the fines, and caused them to seek work in the diamond mines or prompted them to join rebel groups.

---

<sup>114</sup> Anti-Corruption Commission, *Annual Report*, 2001.

<sup>115</sup> *Salone Times*, 2 December 2003.

### *The Anti-Corruption Commission*

Legislation passed in February 2000 authorised the establishment of an Anti-Corruption Commission, which was formally launched in July 2001. The Commission is involved in investigation of cases involving corruption; research; prevention of corruption and community education.

Since its inception the ACC has sent more than 40 cases to the attorney-general for prosecution. But to date only 12 of them have reached the courts. The attorney-general's office has claimed that the low number of prosecutions is due to the fact that the cases are not ready for trial. For its part, the ACC claims that no requests for additional information have been received from the attorney-general.

The major problem is that the ACC has no power to prosecute cases and must rely on the courts, which are still seen as corrupt. Consequently, international judges have been seconded to the Commission to hear cases relating to corruption, which should speed up the processing of these cases. One of the major problems faced by the Commission is a lack of resources. Also, if it is to fulfil its mandate and provide national coverage, it needs additional funding.

Donors will be watching the progress of the ACC with much interest; indeed they may threaten to withdraw unless it makes significant progress. The UK government, in particular, has stressed that unless Sierra Leone can demonstrate good governance, further aid will not be forthcoming. Assessment of the government's performance will in part depend on the success of the ACC.

### **Conclusion**

Although the war is over, the government of Sierra Leone faces a number of urgent tasks. These include providing basic services to all its citizens, eradicating poverty and restructuring the economy.

Another urgent requirement is to address organised crime and corruption, which if left unchecked may undermine efforts to create a better society. At a national level, oversight mechanisms over revenue collection and expenditure should be strengthened. While the establishment of the ACC and reforms in the police are undoubtedly seen as positive signs, the criminal justice system as a whole cannot function effectively unless the judicial system is reviewed and

updated. More specifically, these advances need to be accompanied by legislation that will give the police and the judiciary greater powers to counter the activities of criminal networks. Additional powers and resources should also be allocated to the ACC. At the local government level, the Brussels-based International Crisis Group argues, it is necessary to establish a public complaint mechanism to curb abuses of power.

Any attempts to address smuggling will not succeed unless they become part of regional initiatives. In particular, there is a need for common strategies, tariffs and programmes to be implemented in Guinea, Sierra Leone and Liberia.

Both Sierra Leone and Liberia appear to be on the road to stability. UN forces in Sierra Leone, however, will be progressively withdrawing and it is important that by the time this happens, government institutions are running effectively enough to fill the vacuum that the UNAMSIL withdrawal will leave. This will require continued donor support for security sector reform.

## **Chapter Eight**

### **War and Organised Crime in Southern Africa**

#### **Introduction**

Given their history, the nature of political governance and the level of economic development in the region, the countries of Southern Africa are among the most diverse on the continent. In this book, the focus is on countries that have experienced high-intensity civil wars, such as Angola, the DRC and Mozambique. Zimbabwe is considered from the perspective of its relapse into conflict since 1999. This chapter, however, seeks to offer a preparatory snapshot of the political and economic history of the Southern African region and its relationship with the development of organised crime.

#### **Colonial Era Exploitation and Organised Crime**

Organised crime pre-dates much of the violent conflict in Southern Africa. Illicit trafficking in agricultural products (coffee and cocoa) and natural resources (alluvial diamonds and artisanal gold) is a long-standing practice, while, influence-peddling and corruption among the colonial administration and elite groups (for example, expatriates and minorities) was prevalent in many countries in the region.<sup>1</sup> Colonial and white minority regimes were exploitative, denying political and economic rights to the majority of people, who faced discriminatory legislation (for example, job reservation and influx control) and inadequate housing and other services.

At the Berlin Conference in 1884 European countries in essence carved up the African continent between themselves. The DRC, then called the Belgian Congo, was under the personal control of King Leopold of Belgium, who ruled the country through private concessions in which he held a 50% stake, with exclusive rights over timber, rubber, ivory, palm oil and minerals. Not only did the monarch make vast sums of money from these enterprises, he also printed liberal amounts through the issue of Congo bonds. He

---

<sup>1</sup> The case studies that follow appended discuss the nature of organised crime during the colonial era in greater detail.

laundered his shareholdings and income through foundations and opaque companies that invested profits in property and construction. It is calculated that between 10 and 13 million people died in the Belgian Congo, owing to the brutality of forced labour regimes, slavery and repression of dissent. When this state of affairs was exposed, the Congo reverted to the ownership of the Belgian government.<sup>2</sup> The experience of the Belgian king, however, foreshadowed the plunder of the country's resources by a succession of 'strong men' in the following decades.

In Southern Africa, Mozambique and Angola were Portuguese colonies. According to Patrick Chabal, the nature of colonial administration was widely divergent. In Angola, the colonists established their hold over the territory using a Creole elite, a group that had been involved in transatlantic trade with Brazil since the sixteenth century. They set up commercial relations with agents in the hinterland, based on the slave trade and the sale of agricultural commodities. In a process that accounts for the historical ties which more recently have seen some Angolan mercenaries involved in alleged coup attempts in that country, people in rural areas were transported to São Tomé to work on the plantations there. It was also at this time that Angolans became involved in the coffee trade in northern Congo, establishing links that would endure in spite of the civil wars that followed.

Mozambique traded mainly with Portuguese India and East Africa and it attracted immigrants from those regions — a relationship that explains the origin of some of the illicit traffic (such as the heroin trade) conducted in the region today. The pre-colonial elite was forcibly subdued and Portugal leased concessions to private companies, which, however, never established the hold over the country that their counterparts in Angola had done. The main trading centres were moved to Lourenço Marques and Beira, creating a symbiotic relationship with Rhodesia and South Africa.<sup>3</sup> Mozambique had no significant mineral wealth and became an *entrepôt* economy, dependent on the shipping industry for its revenues. This industry

---

<sup>2</sup> Wong M, *In the Footsteps of Mr. Kurtz: Living on the Brink of Disaster in the Congo, Fourth Estate*. Harper Collins Publishers, 2000, pp.33–59.

<sup>3</sup> Chabal P, 'Angola and Mozambique: The weight of history', *Portugal's Contemporary History*, CPHRC. On-line, undated, [www.cphrc.org.uk](http://www.cphrc.org.uk), pp.1–11.

declined rapidly with the deterioration of relations with South Africa in later years.

With the discovery of gold in South Africa and the later disruption of imports during World War II, many Southern African countries started to industrialise. During the gold rush from 1887 to 1899, Johannesburg's population grew from 3,000 to 100,000.<sup>4</sup> Other cities of Southern Africa experienced similar rapid migration and urbanisation, both of Europeans and the black population required to work in the new industries. The latter were confined in peripheral urban settlements or dormitory hostels.

As Peter Gastrow has noted, illicit markets, mainly in prohibited goods (alcohol and cannabis) developed largely to service the black population.<sup>5</sup> Alcohol was legally available only to white communities. Urban criminality in the form of petty crime and, later, more organised forms of armed robberies developed in both white and black communities. In South Africa the government reacted forcefully to this phenomenon if it occurred in white areas, imprisoning and deporting white locals and immigrants. In black settlements, however, policing was neglected as long as criminal activities did not extend to white areas. Here, migrant gangs associated with the mining industry initially dominated criminal activities but youth criminality soared from the 1950s.<sup>6</sup> In neighbouring countries, such as Zimbabwe, similar policies were adopted but organised criminality did not reach the same scale.

### Organised Crime in the Early Independence Era

Several Southern African countries (for example, Namibia, South Africa and Zimbabwe) experienced colonial rule well after other countries achieved their independence from European colonists. In South Africa, white minority rule continued until 1994, even though the country achieved its effective independence from the British in the 1930s. Black people had no (or at least severely circumscribed) political

---

<sup>4</sup> Van Onselen C, *Studies in the Social and Economic History of the Witwatersrand, 1886-1914*, 2. New Nineveh, 1982.

<sup>5</sup> Gastrow P (ed.), *Penetrating State and Business: Organised Crime in Southern Africa*, 1, Chapter 1, Institute for Security Studies, Monograph 86, September 2003, pp.1-7.

<sup>6</sup> Kynoch G, *Crime, Conflict and Politics: A Historical Account of Township Violence in Transition Era*. South Africa, Dalhousie University, undated publication, pp.1-19.



rights and economic policies entrenched privileges for the white community. Beginning in the early 1950s the country experienced a low intensity civil war between the largely black liberation movements, spearheaded by the banned African National Congress (ANC) and the National Party apartheid government.

Countries such as Angola, the DRC, Malawi and Zambia experienced long periods of one-party rule with declining economies. These regimes, which were associated with corruption and economic mismanagement, followed urban-biased policies and discouraged private sector activity. They established state-led marketing boards that bought produce from farmers at low prices, which often became the source of revenues required to maintain the structure of patronage. Economic policies were aimed at building the indigenous industrial and manufacturing capacity lacking at independence, but this model of development did not yield its intended results. Exogenous commodity price shocks led to fiscal deficits and a situation where the countries in question could not pay for the materials necessary to sustain the industrialisation process. Resource-rich countries such as Angola and the DRC experienced similar problems, despite benefiting from higher oil and mineral prices. Their reliance on production of primary commodities made them vulnerable to falling world prices. Conflicts and corruption are thought to have stripped these countries of at least 2% to 4% of GDP annually.

By 1968 most of the British colonies in Southern Africa (Zambia, Malawi, Botswana and others) had gained their independence, but in Zimbabwe (then Southern Rhodesia) and Namibia (then South West Africa) the process was delayed by struggles between white minority regimes and black liberation movements. It is worth noting that since its independence in 1966, Botswana has been regarded as a model democracy and the best economic performer in Africa.

Zimbabwe and Namibia achieved independence in the 1980s. In Rhodesia in 1968, the white minority regime of Prime Minister Ian Smith issued a unilateral declaration of independence from Britain. Zimbabwe was to experience a 15-year civil war between the government of the white Rhodesian Front and black liberation movements, including the Zimbabwe African National Union (ZANU) under Herbert Chitepo and later Robert Mugabe; culminating in a transition to independence under Mugabe in 1980. Similarly, Namibia engaged in a civil war between the white regime and the South West

African People's Organisation (Swapo), under the leadership of Sam Nujoma. Since 1999 Zimbabwe has experienced severe political and economic turbulence leading to controversial government measures aimed at redistributing land from the white minority to black people and the growth of a new opposition party, the Movement for Democratic Change (MDC).

Angola and Mozambique gained their independence only in 1975, after a revolution in Portugal the previous year. Both countries experienced civil wars between black liberation movements. In 1992 a peace accord was signed in Mozambique between Frelimo and Renamo. Since then, Mozambicans have participated in several elections in which Frelimo has won a majority, and economic growth in the country has been impressive. Peace came to Angola after the assassination of Jonas Savimbi, leader of the *União Nacional para a Independência* (Unita), who had continued to wage war against the *Movimento Popular de Libertação de Angola* (MPLA) government. A transitional government has been established to arrange elections, which have been postponed several times.

Both countries established socialist systems of governance soon after independence. In both Angola and Mozambique, the abrupt departure of the merchant class at independence, the extended conflict and socialist planning disrupted traditional markets for commodities. In addition, the imposition of rationing systems led to the development of an extensive black market, known as the *cadonga*, in both countries; the operators of which were able to transfer their experience and use their accumulated capital to conduct illicit trade. In most cases the racketeers were members of the government (who controlled access to so-called 'diplomatic' shops selling scarce and luxury goods) and minority Portuguese, Asian and Lebanese groups.<sup>7</sup> The entrenched nature of the illicit economy has plagued many post-socialist countries, where in effect parallel markets were established to service needs that were not met through official channels. The shadow or informal economy in Angola and Mozambique now comprises, respectively, 45.2% and 42.4% of GDP; this percentage contribution to GDP is greater only in Zimbabwe, Tanzania and the DRC.<sup>8</sup>

---

<sup>7</sup> The *cadonga* is further explored in the case studies on Angola and Mozambique.

<sup>8</sup> Schneider F, *The Size of the Shadow Economies in 145 Countries from 1999 to 2003*. Department of Economics, Johannes Kepler University of Linz, December 2004, p.7.

The DRC, which gained its independence from Belgium in 1959, was to experience tyrannical rule under President Joseph-Désiré Mobutu and protracted episodes of civil wars and state disintegration until the signature of a peace agreement in 2002. The accord established a convoluted transitional authority shared between the government of President Joseph Kabila and various armed and civil society groups, under the supervision of the UN. Parts of the country still suffer political instability and violent conflict. Elections have been postponed, precipitating further unrest, notably in urban areas.<sup>9</sup>

Since the 1960s, civil wars in Southern Africa have had a regional dimension. The interwoven nature of the political struggles promoted connections between members of the security forces and armed groups, and the personal and economic ties necessary for the operations of transnational criminal networks. The white South African regime, which viewed itself as a bulwark against the spread of communism, sponsored and participated directly in civil wars in Angola, Mozambique, Namibia and Zimbabwe. The South African and Rhodesian governments and their armed forces committed finance, logistical support and some troops in support of Renamo and Unita in Angola and Mozambique. In turn, the Angolan government received direct military help from the Cuban government. South African troops also took part in counter-insurgency and covert operations in Namibia and Zimbabwe against the liberation movements in those countries and against ANC bases throughout the region. The DRC (then Zaïre) and Zambia provided rear bases for the Angolan rebel movement, Unita, in its military struggle against the government. The Zimbabwean government sent elite troops to assist Frelimo in northern Mozambique.

Senior South African military personnel claim that their operations were partly financed by illicit trafficking in timber, ivory and minerals.<sup>10</sup> This is supported by a South African judicial commission of inquiry, headed by Judge Kumleben, which found that rhinoceros

---

The shadow economy is defined as unreported income from the production and sale of legal goods and illegal trade.

<sup>9</sup> The history of the conflicts in Angola, the Democratic Republic of Congo, Mozambique and now Zimbabwe are discussed in detail in the case studies in this volume.

<sup>10</sup> Author's interviews with amnesty applicants during the period of the Truth and Reconciliation Commission in South Africa, 1996-1998.

horn and elephant tusks from Angola and Namibia were smuggled through South Africa using false documentation.<sup>11</sup> At this time, sanctions against Rhodesia and South Africa also encouraged the expansion of illicit criminal activity, such as oil smuggling. Supporters of the white minorities in these countries, including many large legitimate private concerns, regarded this type of activity (often described as 'sanctions busting') as patriotic.

It is believed that the Cuban military may have introduced members of Angola's civilian elite to criminal networks in Latin America, notably those involved in drug trafficking. In 1989 the former commander of Cuban forces in Angola, General Ochoa Sanchez, and some of his colleagues were executed in Havana after they were court-martialled for corruption and the dishonest use of economic resources. Ochoa confessed that Cuban forces had made money by selling goods such as sugar on the extensive black market in Angola, but he insisted that this was official policy. This was backed by former commander General Rafael del Pino, who said that the Cuban government had used front companies to sell diamonds, ivory, quartz and other materials from Angola to Europe. In addition, it emerged that Ochoa, with the assistance of the De la Guardia family, developed a relationship with the late Colombian drug lord Pablo Escobar and embarked on drug trafficking. It has not been established whether the Cuban government sanctioned the drug trade or whether this group of officers constituted a rogue element.<sup>12</sup> It may be relevant that in recent years it has been established that Luanda is a key transit hub for cocaine from Latin America.

The transition to democracy in South Africa changed the regional political landscape. Several conflicts sponsored by the apartheid government ended. The conflict in the DRC, however, intensified distrust and tensions within the Southern African Development Community (SADC). Angola, Zimbabwe and Namibia intervened militarily to support then DRC President Laurent Kabila's government against rebel groups such as the *Rassemblement Congolais pour la Democratie* (RCD). Other SADC countries favoured a negotiated peace agreement. (This conflict also drew in East African countries such as

---

<sup>11</sup> South African Apartheid Army Smuggled Ivory, Rhino Horn, *Reuters*, 17 January 1996.

<sup>12</sup> Alfonso J, 'The Ochoa Affair: A majority faction in the Revolutionary Armed Forces?', *Radio Marti-Cuban Situation Reports May-August 1989*, 2, 5, pp.1-31.

Uganda and Rwanda, which supported various rebel factions in the DRC owing to their concerns about Hutu rebels responsible for the Rwandan genocide, operating from the DRC.) Some countries involved in the armed conflict have been accused of seeking to exploit the DRC's vast mineral resources. It has been suggested that political and military figures from Uganda, Rwanda, Angola and Zimbabwe established criminal trafficking networks before their formal withdrawal from the country.<sup>13</sup>

Market-dominant minority groups across the region have a long history of economic relations and immigration. For example, after independence in the DRC, Mozambique, Angola, Namibia and Zimbabwe, many of these groups (notably white Belgian, Portuguese and English) immigrated to South Africa. Similarly, black people, some of them refugees and some who had fought with the South African security forces against Swapo, Frelimo and the MPLA in Namibia, Mozambique and Angola, respectively, also went to South Africa as the conflicts in those countries intensified. Some of these people retained their ties with their countries of origin and conducted legitimate and (sometimes) illicit trade. The loss of livelihood following expulsion from their country of birth may have provided a form of exculpation for illicit activity on the part of some of these groups (for example, the Portuguese in Mozambique were given 24 hours to leave the country with only 20kg of baggage). Movement of people was, however, constrained by divisions between the black 'frontline' states of Southern Africa and white minority regimes in Namibia, Zimbabwe and South Africa. The former were reliant on trade with South Africa (as the dominant economic power in the region), but political and economic relations were generally discouraged. It was mainly large South African corporations that continued with mining, hydro-electric and other business ventures throughout the region.

### **Organised Crime in the 1980s**

The political and economic situation gradually changed in the 1980s and organised crime became more visible in the region. Within countries such as South Africa and Zimbabwe, which were more affluent and had larger markets for consumer goods and illegal

---

<sup>13</sup> This issue is explored in the case study on the DRC.

products (for example, drugs), predatory and economic organised crime became more common. Historical factors played a large part but wide-scale poverty and stark inequalities, rapid urbanisation and the ready availability of firearms from the security forces and liberation movements, all contributed to this situation.

In South Africa, the 1980s saw unprecedented levels of political repression (for example, states of emergency) and human rights violations. But the apartheid edifice, nevertheless, was collapsing. Measures such as influx control, which had prevented the free movement of black people and large-scale urbanisation, were relaxed. Some South African cities, especially Johannesburg, began to attract migrants from Africa, Asia, eastern Europe, Russia and elsewhere. At this time, South Africa had also ended its covert destabilisation of newly independent countries such as Zimbabwe and Mozambique. The security forces were facing unprecedented domestic social unrest and were preoccupied with national security rather than fighting crime. At this time, also, the civil wars in Mozambique and Angola, which resulted in a loss of territorial control by their governments to armed rebel groups with ties to South Africa, exacerbated the regulatory vacuum in the region. It was the combination of these factors that created the opening for the growth of organised crime in the region; and civil wars created the conditions for its expansion.

### **Organised Crime in the Present Day**

Growth in some forms of organised crime has been strongly correlated with political instability, patronage and corruption in government and a weak rule of law. In addition, the phenomenon is associated with economic decline and inequality. As noted above, most countries in Southern Africa have undergone extended periods of political and economic turmoil. For the most part, these changes have led to increased democracy and better economic prospects, but it is not clear that they have had a significant impact on the incidence and nature of organised crime. Few statistics are available to back up such a claim and where they do exist, they do not easily allow for regional comparison owing to differences in classification and recording of offences. The interviews conducted for this research, however, suggest that organised crime not only is prevalent but also has become

increasingly sophisticated. This warrants a further examination of the nature of the governments in the region and the challenges they face.

Independent 'Afrobarometer' surveys, conducted in 15 countries on the African continent, provide an overview of the nature of current political regimes in Southern Africa.<sup>14</sup> The region now has more democracies than authoritarian regimes, for the first time in modern history.

**Table 18: Southern African Regime Types**

<i>Regime type</i>	<i>Sub-type</i>	<i>Country</i>
Democracy	Liberal democracy	Mauritius
		South Africa
		Botswana
	Electoral democracy	Lesotho
		Namibia
		Seychelles
Semi-democracy	Ambiguous hybrid	Malawi
		Mozambique
		Tanzania
		Zambia
Autocracy	Liberalised autocracy (competitive)	Zimbabwe
		Angola
	Unreformed autocracy	Swaziland
		DRC

In Botswana, South Africa and Mauritius successive elections have been regarded as free and fair, civil liberties and the rule of law are generally respected and independent institutions exist to provide safeguards against abuse of power. These countries have better political and economic regulatory systems and moderate levels of corruption. Only in Mauritius, however, has an opposition party acceded to power. In the electoral democracies of the region, such as Namibia and Malawi, elections have been regarded as free and fair but power is concentrated in the executive branch of government because

<sup>14</sup> Bratton M, 'State building and democratisation in sub-Saharan Africa: Forwards, backwards or together?', *Afrobarometer Working Papers*, 43, September 2004, p.6.

of the overwhelming majority enjoyed by the ruling party. In addition, the separation of powers between the executive, the legislature and the judiciary is not as well developed as it is in liberal democracies. Hence corruption would be more difficult to control and the rule of law would be vulnerable to politically motivated and arbitrary enforcement. In the semi-democracies, such as Mozambique, elections have been accepted but opposition parties have challenged the results. In these countries, governments are accused of a degree of patronage while independent institutions countering abuses of power and the rule of law, are weak. In the autocratic countries, such as Angola, the DRC and to a lesser extent Zimbabwe, legitimate electoral processes have not been established, with the result that other facets of democracy such as the rule of law and the control of corruption are in jeopardy.

<b>Selected economic data<sup>15</sup></b>			
<i>Country</i>	<i>GDP per capita (\$)</i>	<i>Percentage of population living under \$1 a day</i>	<i>Share of income by richest 10% of population</i>
Angola	1,866	-	-
Botswana	8,196	33	42.9
DRC	-	-	-
Lesotho	2,093	43	44.1
Malawi	631	-	-
Mauritius	10,400	-	-
Mozambique	1,110	38	31.7
Namibia	6,650	35	65.0
Seychelles	-	-	-
South Africa	9,565	12	45.9
Swaziland	4,586	-	50.2
Tanzania	545	20	30.1
Zambia	820	64	41.0
Zimbabwe	2,406	36	40.4

Levels of economic development vary between Southern African countries. The region includes middle-income countries such as

<sup>15</sup> Collated from *African Development Indicators*, The World Bank, 2003



Mauritius, Botswana and South Africa and those such as the DRC that are among the poorest in the world.

Since the end of the conflicts in Angola and the DRC, their economic growth exceeded 12% and 5%, respectively.<sup>16</sup> In Zimbabwe, on the other hand, the IMF expected the economy to contract by 7% in 2005.

Some of the problems in the region can be attributed to unresolved political crises in countries such as Angola, the DRC and Zimbabwe. In Southern Africa, only Botswana and Mauritius sustain the annual economic growth rate of 5% necessary to meet the UN Millennium Development Goal of halving poverty by 2015.

The following chapters examine particular countries against the background sketched out in this chapter.

---

<sup>16</sup> Economic Report on Africa, *Unlocking Africa's Trade Potential in the Global Economy Overview*, UN Economic Commission for Africa, 28 April 2004, [www.uneca.org](http://www.uneca.org).

## Chapter Nine

### Case Study: Angola

#### Background

Angola, on the west coast of Southern Africa, is home to approximately 13 million people. The country shares long and porous borders with the DRC, Zambia and Namibia and has a coastline of about 1,650km. Angola is rich in mineral resources: it is Africa's second-largest oil producer after Nigeria, and the fourth largest diamond producer in the world. Oil accounts for 42% of GDP and about 80% of government earnings; the oil reserves are offshore along the northern coastline, and in Cabinda Province. The oil industry has sometimes been referred to as an enclave economy.<sup>1</sup> The diamond reserves comprise alluvial deposits and kimberlite, and between 70% and 80% of total diamond production is gem quality stones. In addition to oil and diamonds, Angola has large natural forests and significant areas of extremely fertile arable land.

Despite its untapped wealth, Angola is 13th on the index of the world's most undeveloped countries.<sup>2</sup> Two-thirds of the population lives on less than \$1 a day; more than 60% lacks access to basic health care and more than 53% to a source of fresh water. Angola has the world's second highest infant mortality rate. The oil sector, the mainstay of the economy, employs an estimated 10,000 people. Given that the manufacturing sector is extremely small, opportunities for employment in the formal economy are seriously limited. As a result, the informal sector plays a major role in sustaining the economy.<sup>3</sup> Angola's civil service is among the largest in Africa, comprising about 350,000 people (including soldiers and police).<sup>4</sup> Most civil servants earn an average of \$60 a month. High levels of poverty and

---

<sup>1</sup> Grobbelaar N, Mills G & Sidiropoulos E, *Angola: Prospects for Peace*. Johannesburg: South African Institute of International Affairs, 2003.

<sup>2</sup> United Nations Development Programme (UNDP), *UN Human Development Report 2002*. New York. UNDP with Oxford Press, OUP, 2002.

<sup>3</sup> Cilliers J, 'Resource wars — A new type of insurgency, published in *Angola's War Economy: The Role of Oil and Diamonds*. Pretoria: Institute for Security Studies, 2000, pp11-12.

<sup>4</sup> Grobbelaar N, Mills G & Sidiropoulos E, *op. cit.*, p.20.

unemployment mean that many civil servants are supporting extended households.

More than 40 years of war have affected all aspects of Angolan life. The clash between government and rebel forces destroyed most of the country's infrastructure and displaced more than 1.5 million people. Some of them have remained in the country, while others became refugees. Many people were driven out of rural areas and currently more than 60% of the population lives in the towns. In 2000 it was estimated that almost 80% of schools had been destroyed or abandoned.

As in most conflict situations, however, some people were able to exploit the war psychology, particularly on the part of the government that prevailed during the conflicts. Poor management of the economy also made it possible for these individuals to amass substantial wealth. Despite the extensive poverty and the ruinous state of the infrastructure in the capital, Luanda, this wealth is manifested in the number of luxury vehicles on the road and by the availability of most services and commodities. However, this comes at a price: Luanda is ranked as one of the world's most expensive cities.

Illegal exploitation of natural resources and other criminal activities in Angola did not, however, begin during the conflict; the presence of organised crime syndicates dates back to the Portuguese colonial era. The section below examines the history of organised crime networks in the country; describes the kinds of crime committed; and assesses how these networks and activities have adapted over time.

## **Angola Before Independence**

Portuguese interest in Angola was first connected with the slave trade. The country was useful as both a transit route and a source for slaves. Subsequently, many Portuguese settlers moved to the country, most of them attracted by Angola's fertile land. They farmed cotton and coffee, which were the main products of the local economy. The Portuguese also established a series of trading stalls and shops across the country, which provided an important link between farmers, the rural areas generally, and the towns and cities.

The first diamond was discovered in 1912 and five years later *Companhia de Diamantes de Angola* (Diamag) was created. In 1951 Angola was declared a Portuguese province and in 1955 oil was

discovered offshore of the Kwanza valley. The colonial authority, together with the Belgian oil company Petrofina, then established the *Fina Petróleos de Angola* (Petroangola). An oil refinery was subsequently constructed in Luanda and the oil industry further expanded in the 1960s when more oilfields were discovered off the coastal enclave of Cabinda. This led to the creation with the US-based Gulf Oil of the Cabinda Gulf Oil Company (Cabcog). The oil discoveries were to have a major influence on the economy.

By 1970 a number of diverse industries had been established. The agricultural sector had also flourished: Angola was exporting food and by 1974 had become the world's third largest coffee producer. Like many other colonial authorities, however, the Portuguese restricted the growth of indigenous business in Angola. The local population was denied a number of benefits and opportunities available to colonists and was excluded from the professions.

In 1956 the *Movimento Popular de Libertação de Angola* (MPLA) was formed to resist the rule of the colonial authorities and campaign for independence. As opposition to the Portuguese authorities intensified, however, divisions emerged within the MPLA. In 1962 the *Frente Nacional de Libertação de Angola* (FNLA) came into being, followed by the *União Nacional para a Independência* (Unita) in 1966. While the three movements had a common enemy in the Portuguese, they were unable to form a united front. Conflict between them deepened as the struggle for independence continued.

Portugal under the dictator António de Oliveira Salazar was opposed to granting independence. Additional troops were sent to Angola to quell the growing threat to the colonial administration. Salazar died in 1970 and in 1974 a coup d'état in Lisbon brought to power a leftist government more sympathetic to the idea of an independent Angola. In January 1975 an Angolan transitional government was established, comprising of Portuguese and Angolan members, the latter representing MPLA, FNLA and Unita.

On 11 November 1975 Portugal transferred sovereignty to the people of Angola. The MPLA, which controlled most of the capital, Luanda, declared the country the People's Republic of Angola. At this time more than 500,000 Portuguese settlers left Angola, in what some commentators have described as the biggest airlift ever to take place in colonial times.

## **Organised Crime Before 1975**

Criminal activities took a number of forms during the colonial era that would today be classed as organised crime.

Smuggling of diamonds and coffee provided lucrative returns. One of the methods used was to send diamonds and coffee out of the country in 50l barrels, declared as coconuts. The top halves of the barrels would contain coconuts and the bottom halves the contraband. Trading stalls and shops in rural areas were frequently used for this form of smuggling. Some of the owners of these enterprises also bartered goods for diamonds, often at prices far below market value. They also smuggled diamonds out of the country or sold them to buyers in Luanda.

Corruption within the Portuguese administration was also common. Certain business rights and licences were handed out in terms of a patronage system. During this period the Admiral of the Portuguese Navy was granted the sole right to fisheries in Angola; and other business licences and concessions were given by the administration to governing party supporters and their friends or families.

The authorities in Angola and in Portugal were aware of these criminal activities, but were unwilling or unable to address them because of the high levels of corruption and the inadequacy of the legal system. The latter was based on the Portuguese model and aimed more at maintaining Portuguese influence over the indigenous population than addressing crime.

Since the majority of people involved in organised crime in the colonial era were Portuguese settlers, many of the networks they had cultivated collapsed after their departure. The shops and trading stalls used for smuggling activities had been owned and run by the settlers. When they left the country, most of these businesses simply disappeared. However, some of the individuals involved in diamond smuggling had begun to use indigenous Angolans to mine diamonds illegally. This practice might have continued after 1975.

The Portuguese military in Angola were also involved in a variety of other criminal activities apart from the smuggling of diamonds. Many Portuguese soldiers were deployed in Angola for short periods and used every available opportunity to enrich themselves.

## The Struggle for Control After Independence

By the time the Portuguese withdrew from Angola the transitional government had all but collapsed. The intensification of dissension between the MPLA, the FLNA and Unita meant that neither a coalition nor a government of national unity was feasible. The MPLA, which controlled Luanda, formed its own government before launching a military offensive against the FNLA that eventually led to the party's military defeat.

From that point on the conflict between the MPLA and Unita intensified as the two movements competed for control over the country in a civil war that was to last for 26 years. It engaged a number of protagonists as regional and global powers attempted to influence events. In effect, Angola became an important site for Cold War adversaries to face off against each other.

The MPLA government adopted a Marxist ideology and received various forms of assistance from Cuba and the then Soviet Union. Unita, on the other hand, was backed by President Mobutu's Zaire, apartheid South Africa and the US. Cuban forces were deployed to assist MPLA armed forces, while the South African Defence Force (SADF) was sent into the country to work with Unita. The US provided Unita with military hardware and other assistance and Zaire provided a base from which to operate. South West Africa (soon to be Namibia) was used as a launching area for SADF offensives against the MPLA.

In 1988 the New York Accord was signed in terms of which the withdrawal of Cuban and South African forces was agreed. In June 1989 Mobutu convened a peace conference between Unita and the MPLA that resulted in the signing of the Bicesse Accord by the two movements. In March 1991 the MPLA government passed legislation permitting the formation of political parties and Unita leader Jonas Savimbi returned to Luanda to establish Unita's headquarters there. In April 1992 Unita registered as a political party and a few months later *Forces Armada Angolanas* (FAA) was established as a joint national army including both Unita and MPLA personnel.

Angola's first multiparty elections took place in October 1992. The MPLA won a majority of votes, while the presidential run-off was declared too close to call. New presidential elections were scheduled. Unita rejected the election results, however, and withdrew from Luanda to its military bases in the hinterland. This action signalled the

breakdown of the Bicesse Accord. The ensuing war between the MPLA and Unita lasted from 1992 to 1994 and resulted in the death of more than 180,000 people and the destruction of what little infrastructure was left in the country.

By the time the Bicesse Accord collapsed, the Cold War had come to an end. Old alliances began to break down and were replaced by new partnerships. The Angolan oilfields attracted significant American interest and this, together with the actions of Unita and its withdrawal from the Accord, caused the US to formally recognise the MPLA as Angola's legitimate government in 1993. At the same time, the political situation in South Africa was in flux. Unita could no longer rely on support from the apartheid government, which was initiating negotiations with the African National Congress (ANC). South West Africa's independence in 1990 and the election of a new South West Africa People's Organisation (Swapo) government of Namibia, that was a staunch ally of the MPLA, were also to have a significant impact on the Angolan conflict.

These changes meant that when Unita returned to war after 1992 it did so without the support of many of its former allies. While it continued to use Zaïre as a base in the north, its access to Namibia in the south was denied. Equally, Unita could no longer rely on resources and assistance from the US and South Africa. It was still able to make use of Zambia to the east, however, because that country's economy had become dependent on Unita's trade in illegally mined diamonds.

In 1994 after another round of peace talks, the Lusaka Protocol was signed. A joint commission was established consisting of nominees from the UN, Unita, the MPLA and a troika of the US, Russia and Portugal. An important section of the Lusaka Protocol dealt with the implementation of a demobilisation programme (no such programme had been carried out under the Bicesse Accord). The MPLA decommissioned significant numbers of its forces, but Unita dragged its feet and when the Protocol collapsed, Unita was able to return to war with most of its military capacity intact. The MPLA, on the other hand, had to scramble to rebuild and equip its own military. From this time, Unita became increasingly isolated and in 1997 the UN imposed sanctions, which initially did not include Unita's trade in diamonds but in 1998 were extended to include that traffic as well. The embargo also prohibited direct or indirect export of diamonds that were not accompanied by certificates issued by the MPLA government.

Towards the end of the 1990s, the war had begun to swing in favour of the MPLA. FAA forces regained control over a number of areas previously held by Unita and also embarked on a scorched earth policy that entailed burning areas identified as Unita strongholds. By 2001, when the government announced an amnesty for Unita soldiers, many of them were demoralised and war-weary. Some responded to the call and deserted Unita.

By February 2002, when Jonas Savimbi was killed by MPLA forces, Unita had become a divided and desperate force that had suffered heavy losses. In April the senior leadership of Unita and the MPLA government signed the Luena Memorandum as an addendum to the Lusaka Protocol. This led to an immediate cessation of hostilities, making possible the resolution of the outstanding stipulations of the Lusaka Protocol.

### **Economic Policies After Independence**

After independence the MPLA government embarked on policies closely modelled on a centrally planned economy. This lasted until the early 1990s, when the government began a gradual transition to a market system.

Agricultural productivity had begun to decline from 1975 owing to the war, which not only cut off farmers from the market-place but made even subsistence farming near-impossible. The planting of landmines, the government's scorched earth policy, the displacement of many rural communities and the pillaging of crops and livestock all contributed to the decline in agricultural production. The lack of interest shown in this sector of the economy by the MPLA government also contributed to its deterioration. By 2002 less than 3% of arable land was under cultivation and Angola was importing more than 50% of its food.

After independence Diamag was nationalised and became the *Empresa Nacional de Diamantes de Angola* (Endiama). The temporary stability the country enjoyed in 1991 and 1992 not only improved investor confidence but also led to a diamond rush. This was not only prompted by the lull in hostilities but also by the introduction of new legislation to liberalise the diamond industry, which allowed local Angolans to acquire mining licences. Investor confidence sank after the return of war but rose again in 1994 when the Lusaka Protocol was



signed. In that year the government repealed the 1991 legislation that had liberalised the diamond sector. Only Endiama, or joint ventures with that company, could hold mining rights. The new legislation also made provision for contractual agreements between Endiama and foreign partners and made room for legal artisanal diamond production in areas deemed unsuitable for commercial mining.

Like the agricultural sector, the diamond sector in Angola has been damaged by the war. Official production levels fell after Unita gained access to areas containing diamond fields and mines; by 1992 Unita controlled an estimated 60–70% of Angola's diamond fields. After the 1997 introduction of UN sanctions, Angola became one of the first countries to implement the Certificate of Origin programme, under which the Angolan authorities issued a certificate to verify the legitimate origin of any diamonds intended for export. In 2000 the government introduced further reforms in the diamond sector. The licences of six buying houses for rough diamonds were revoked; instead the private company Ascorp was contracted to market Angola's entire diamond production. The reforms also reduced all mining concessions to a maximum area of 3,000km<sup>2</sup>.

The government had established *Sociedade Nacional de Combustíveis* (Sonangol) in 1976, and in 1978 granted the company a monopoly over oil exploration in Angola. By 1990 the oil industry had boomed and the oilfields had been broken up into blocks for which concessionaires paid Sonangol a signature fee. By 1999 oil production was estimated as 770,000 barrels a day and by 2001 the sale of oil earned about \$3.5 billion, accounting for 87% of state revenue. The government, however, paid little attention to employing such substantial oil revenues to diversify into other economic sectors. Indeed, after 1992 it had been forced to mortgage future oil earnings to help finance the war against Unita: figures available in 1999 show the Angolan government's expenditure on defence accounting for 41% of general spending, a level of military spending clearly indicating that oil revenue has not been used to alleviate the plight of the majority of Angolans.

It is, therefore, perhaps not surprising that after independence informal trading expanded rapidly as many people found that they could sell goods at substantially higher prices on the unofficial market. In 1989 the Ministry of Planning estimated that the value of goods circulating in the informal economy was two and a half times that of

official GDP, and the shadow sector involved approximately 300,000 people.<sup>5</sup>

## War and Organised Crime

During wars the lines between legitimate and criminal activities are often blurred. Participants and outsiders alike use the lack of accountability and disorder that often accompany war to pursue their own interests. In some instances, the forms of criminal activity that occurred before hostilities broke out become inextricable to the conflict itself. In others the conflict creates an environment that allows specific types of crimes and criminal networks to flourish. In the case of the Angolan war, organised crime operations can be broken down as having taken place during two distinct periods. The first is from 1975 to 1991, and the second from 1992 to 2001.

### *1975–1991*

Angola attained its independence during the height of the Cold War. It was not surprising that the struggle for power in the country became identified with the interests of the US and the Soviet Union, which saw their support for different parties to the conflict as a means of extending their influence. Directly or indirectly they provided much of the war machinery used by MPLA and Unita.

### *Involvement in the exploitation of natural resources*

The informal diamond mining that had begun during the colonial era did not end when the Portuguese left Angola in 1975. Small-scale diggers known as *garimpeiros* continued to mine, often under dangerous conditions, and either smuggled the diamonds they recovered out of Angola or sold them to buyers inside the country. Many of these *garimpeiros* also bartered diamonds for other goods. As informal trade in diamonds increased, the MPLA decided in 1978 to divide the diamond-rich Lunda province into two (north and south). It also attempted to restrict movement of the local population between the two areas. Unita was also involved in informal diamond trading although between 1975 and 1991 it was on a relatively small scale.

---

<sup>5</sup> Cilliers J, *op. cit.*, p.12.

Unita received its military supplies and hardware mainly from South Africa and the US, but as it looked for other sources of income the movement acquired some diamonds, most of which appear to have been bought from *garimpeiros*. The diamonds were often moved to Unita's headquarters in Jamba to be disposed of.

Unita and its allies, particularly the SADF, were also involved in illicit trade in ivory, coffee, hardwood and gold. In the case of Unita, these items were frequently smuggled out of the country through Zaïre, Zambia and South West Africa. It is alleged that the SADF often used military vehicles and aircraft to smuggle these items out of Angola. Many generals and other senior army officers were known to have played an active role in these criminal dealings. From 1984 to 1986 Unita identified a number of the formal diamond mines as military targets. Its occupation of the areas in which these mines were located resulted in substantial revenue losses for the formal sector. Revenue from formal diamond production in Angola dropped from \$64 million in 1984 to below \$15 million in 1986.<sup>6</sup>

#### *Establishment of front companies and bank accounts*

During this period Unita set up a network of front companies and secret bank accounts to make it difficult for outsiders to trace its arms shipment. The clandestine nature of these arrangements allowed individuals to use them for their own benefit as well as for their intended purposes: people involved in 'unofficial' self-serving activities could not be exposed for fear of uncovering the network as a whole. After some of Unita's allies withdrew their support for the movement, many of these networks continued to operate.

#### *Black market trade*

The war and the mismanagement of the Angolan economy meant that even in major cities such as Luanda there were serious shortages of food and consumer goods. This led to a flourishing black market. Goods sold on the black market were obtained from a number of sources. Some were stolen from government stores and warehouses; some had been smuggled into the country. During the 1980s the MPLA also established government shops that stocked a variety of

---

<sup>6</sup> Dietrich C, 'Power struggles in the diamond fields', published in *Angola's War Economy, The Role of Oil and Diamonds*, *op. cit.* p.184.

consumer goods, but access was restricted to MPLA officials and foreign diplomats. Goods bought at these shops could be re-sold on the black market at almost 10 times their purchase price, although only a limited number were sold in this way.

## 1992–2001

This period was influenced by several factors. The first was that the Cold War having ended, MPLA and Unita had to find their own means of paying for their military equipment. Furthermore, with the privatisation of the arms brokering industry, private individuals, many of the former functionaries of Cold War institutions, started to conduct business on their own. Secondly, after 1991 there was a diamond rush in Angola, caused partly by the initial optimism created by the signing of the Bicesse Accord and partly by the liberalisation of the diamond sector. Thirdly, the failure of the peace processes and the increasing isolation of Unita resulted in UN sanctions against the movement, which had a significant impact on organised crime activities and networks. It forced Unita to conduct its activities underground. The fourth and last factor was the role played by the private security industry in Angola after 1991, which was to influence the manner in which mining production occurred. Battles for control over the diamond-rich areas and the invasion of mines meant that the companies conducting formal mining operations relied heavily on private security firms to protect their concessions and interests.

### *Black market trade*

During the 1990s the black market greatly expanded. Even ordinary shopkeepers found it more profitable than the formal market. The official exchange rate of the Angolan kwanza was kept artificially high and this too became a source of profit: between 1991 and 1998 the black market rate was three times higher than the official rate and substantial amounts of money could be made by exchanging currency between official and black markets.<sup>7</sup>

Civil servants could also profit by appropriating government supplies and selling them on the black market. For example, at one

---

<sup>7</sup> 'A crude awakening', *Global Witness*, 1999, <http://www.oneworld.org/globalwitness/>.

point the government imported textbooks intended for distribution to schools by the government agency, Endemil. It is alleged that about eight out of 10 textbooks were not delivered as planned but instead were sold by Endemil officials at inflated prices.<sup>8</sup> Food donations that came into the country during the war were also vulnerable to being redirected to the black market. Civil servants and military personnel who controlled some of these supplies have been accused of initiating these transactions. Between 1993 and 1996 rumours abounded that food donated by UNICEF and *Programa Alimentar Mundial* (PAM) was being stolen and sold on the black market.<sup>9</sup> In 1998, after the imposition of international sanctions, it became increasingly difficult for some Unita forces to obtain supplies and individuals in Luanda, many of them senior FAA officials, often sold black market goods to Unita at inflated prices.

### *The illegal fishing sector*

Illegal fishing also flourished on those parts of the coast near main fishing grounds. In Tombua it was estimated that in the late 1990s between 500 and 600 tonnes of fish entered the illegal circuit each month. Large quantities of fresh fish were sent up the Lubango plateau daily, in amounts far in excess of what the Lubango population could consume. It is alleged that the bulk of this smuggled fish was delivered to clandestine salting and drying factories.<sup>10</sup> Fish was also smuggled across borders for sale or barter.

### *Illicit trade in diamonds*

Although informal trade in diamonds had been in existence prior to 1991, it was on a relatively small scale. After 1991, however, unlicensed informal diamond miners called *garimpeiros* flocked to the diamond-bearing areas to prospect. They sold or bartered their product through unofficial channels. By 1995, out of an estimated \$700 million earned from the sale of diamonds only \$147 million was accounted for by

---

<sup>8</sup> *Ibid.*

<sup>9</sup> *Bay of Tigers,*

<sup>10</sup> *Ibid.*

legal sales through Endiama.<sup>11</sup> In 2000, diamonds smuggled out of Angola were thought to constitute at least 5% of the world's rough diamond supply.<sup>12</sup> The illicit trade in diamonds involved various interests, including *garimpeiros*, members of Unita and the FAA, foreign nationals and government officials.

More than 50,000 *garimpeiros* moved into the Lunda mining area during the dry seasons of 1991 and 1992, which coincided with a brief respite in the conflict and by the end of 1992 informal mining was established as an important sector of Angola's parallel economy. *Garimpeiros* moving into diamond areas increased in number by approximately 500 a day.<sup>13</sup> During the diamond rush the government established buying offices in the Lunda area, essentially in an attempt to buy up the stockpiles of rough diamonds that had accumulated during the rush. This mopping-up operation was not effective and in 1993 official diamond exports had declined to approximately \$35 million from \$250 million in 1992.

The *garimpeiros* were not all Angolan nationals. In August 1993, government forces expelled more than 250 illegal miners of various nationalities from the Lunda area. Some illegal mining occurred within the perimeters of government-owned mines and in areas controlled by state forces. This prompted the government to launch a diamond sector stabilisation plan (Proesda), aimed at restricting illegal miners from accessing the diamond fields and to centralise revenue from the informal diamond trade.

During the dry season of 1995 (which occurred after the signing of the Lusaka Protocol that led to another brief easing in the conflict), there was a further influx of *garimpeiros*. In 1996 government security forces embarked on Operation Cancer Two, which resulted in the expulsion of thousands of illegal miners. Among them were a number of foreign nationals, including Lebanese, Malians and Gabonese.

The explosion in the illicit trade in diamonds coincided with a change in Unita's circumstances that demanded new ways of financing its war. Unita's participation in the illicit diamond trade expanded dramatically after it resumed the war in 1992. As noted

---

<sup>11</sup> Dietrich C, 'Inventory of formal diamond mining in Angola', published in *Angola's War Economy: The Role of Oil and Diamonds*, *op. cit.*, p.156.

<sup>12</sup> *Ibid.*, p.155.

<sup>13</sup> *Ibid.*, p.160.

earlier, Unita targeted diamond-bearing areas for occupation and by the end of 1992 it controlled almost 60% of Angola's diamond fields, a proportion that had increased to more than 80% by 1994. Unlike the *garimpeiros*, Unita was able to use international contacts to sell its illicitly mined diamonds. Some buyers purchased large amounts of rough diamonds from Angola during the time when Unita controlled many diamond mines. It was inevitable that some of those diamonds had been mined in Unita territory, as there was no international regime in place to certify the origin of rough diamonds.

Unita employed a number of methods to obtain diamonds from areas under its control. In some instances rebels bought mined diamonds from *garimpeiros*, while in others Unita exerted more direct control over diamond mining. Some Unita members were directly involved in actual mining; some brought Congolese miners into Angola to mine for them. Unita was also known to have forced *garimpeiros* to work the diamond mines for its own benefit.

Initially, Unita's trade in diamonds was highly centralised and mostly handled by only a few high-ranking officials, under the direct control of Savimbi. During this period most of Unita's diamonds went through Jamba, where the movement had its own sorting house. Later in the 1990s, however, when Unita forces became more dispersed, the process became decentralised. Some armed units received permission to use the diamonds in their possession to finance their operations in their particular areas. Cash from such sales, or the diamonds themselves, were used by Unita to acquire military equipment and hardware, and medical and other supplies. It is estimated that between 1992 and 1994 Unita obtained more than \$3.2 billion in revenue from the diamond trade.<sup>14</sup>

After UN sanctions, Unita's reliance on diamonds continued but the movement was forced to change not only its sales methods but also the routes by which it sent diamonds to market. The UN also established a panel of experts on Angolan sanctions to explore the extent to which natural resources were being used to fuel conflicts in Africa. The reports released by the panel caused many diamond houses and dealers to try to distance themselves from what had been identified as 'conflict' diamonds. Unita was forced to find new partners, such as small-scale arms dealers and networks of shadowy

---

<sup>14</sup> 'A rough trade', *Global Witness*, 1999, <http://www.oneworld.org/globalwitness/>.

transport and logistics companies, prepared to maintain supply routes and the trade in illicit diamonds. As a result, despite the limitations imposed by the sanctions and the investigations conducted by the panel of experts, the movement was able not only to sustain its trade in diamonds but also to disguise deliveries of weapons and arms to Unita-held areas. Some of the methods used were described in a panel of experts report and by the international NGO Global Witness.<sup>15</sup>

Diamonds were sold to locally based diamond dealers and middlemen who asked no questions about their origin. Some of the diamonds were then transported to Luanda, where the necessary Certificates of Origin could be obtained from the government. Once the certificate was secured, it meant that the diamonds were no longer considered illegal, and could be exported.

Before Laurent Kabila overthrew the Mobutu government in 1997 the DRC was seen as an important destination for Unita diamonds, which were sent across the Angolan border to buyers in Mbuji Mayi or Kinshasa. After the new Kabila government came to power, however, this route became much more difficult because the new government had been supported by the MPLA and, therefore, was unsympathetic to Unita.

Diamonds from Unita and arms shipments to the movement were therefore re-routed through Congo-Brazzaville, Togo, Burundi and Burkina Faso. In the case of the last two countries, arms sold to Unita were transported with false end-user certificates. Arms and supplies brought in by air to Unita-occupied territory were bartered or paid for in cash or diamonds. The flights originated in places including Israel, South Africa, Europe, the US, Namibia, the Central African Republic and Côte d'Ivoire.

A significant proportion of Unita's illegally obtained diamonds also moved through Zambia. Some of these diamonds were laundered with the help of Zambian officials, who were prepared to provide certificates of origin. An Angolan refugee camp situated in Zambia was also used to transfer weapons and diamonds to and from Unita. A number of Zambian and foreign nationals also used Zambia as a base from which to travel to Unita-held areas to buy diamonds. Guides were to be found in Lusaka, Mongu, Zambezi and Senenga in Zambia who could be hired to take potential buyers into rebel-held provinces.

---

<sup>15</sup> After the Certificate of Origin was introduced in Angola there appears to have been some abuse of the system by officials involved in issuing these documents.



Certain border officials stationed at the border posts between Zambia and Angola also assisted by turning a blind eye to the smuggling of Unita diamonds into Zambia.

A number of eastern European criminal networks based in South Africa and dealing primarily in military equipment and aircraft were also involved in the illicit diamond trade. In addition, a web of small arms brokers, logistical and transport companies and pilots was also involved in supplying weapons to Unita and in the trade in illicit diamonds. Air Cess, Kas Engineering, Trade Investment International Ltd, Pilot Air Ltd, Norse Air Charter, J Rand, Panama Armitech Company Inc and the Eastern European Shipping Corporation were among companies named in the panel of experts report as involved in this trade. Individuals identified in the report included Victor Bout, Imad Kebir, Ventine Vaouline, Sergei Antolivi Bout, Victor Nicolahevič Zielnuik and Piotr Godunov.

In the late 1990s the FAA managed to reassert control over many of the diamond-rich areas and by 2000 Unita had lost most of them. As the FAA pushed Unita's forces back, it reached diamond fields where informal mining was taking place. This, with earlier FAA gains during Proesda operations, gave soldiers a chance to benefit from the illegal traffic. Some FAA members also became involved in illicit mining and also forced *garimpeiros* to work for them, pay protection money or sell their diamonds to them. One of the biggest and best-known illicit mining operations involved FAA Colonel Kabila Branco, who controlled more than 2,500 diggers, 300 of whom were FAA soldiers. Branco's informal mine adjoined that of the ITM Mafutu/Camafaca formal concession. The formal mining houses did not stop his mining partly because they feared that he could cause trouble on their own mines and partly because Branco's operations constituted early warning of Unita attacks.<sup>16</sup>

The FAA and Unita often conducted informal mining ventures alongside each other, with neither making any attempt to disrupt the other's activities. An example was illegal mining along the Chicapa river, where members of the police and FAA mined on one side of the river while Unita had its own mining operation on the other side. The local Katangese, who were opposed to Unita, ran ferries across the river and traded between the FAA and Unita miners. There were also

---

<sup>16</sup> *Ibid.*

allegations that some members of the FAA knew of Unita's supply needs and made forays into Unita territory to barter the required commodities for diamonds.

Unita thus dominated much of the illicit diamond trade from the early 1990s until 1997. Even after the FAA was able to flush Unita out of many diamond fields, government revenues from diamonds did not show a marked increase because illicit mining by members of the army continued.

#### *Private security and the diamond trade*

After Unita began invading formal diamond concessions in the 1980s, private security became central to the formal mining sector. The need for security guards to protect mining interests led to joint ventures between mining companies and security operators who could safeguard the mines. Private security became connected to the military as a number of FAA generals who had access to FAA military resources established private security companies, either in their own names or under the names of family members. In some instances, the generals who were running private security firms working for formal mining operations would divert FAA soldiers from their military duties to supervise security at some of these mines.

#### *Oil reserves*

Like Unita, the MPLA government needed to find new ways of financing its war effort when the conflict resumed, having lost the backing of its Cold War allies. After signing the Lusaka Protocol, the MPLA had demobilised as agreed but Unita had not. When fighting began again the MPLA government faced an urgent need to rebuild its military capacity. It made extensive use of the country's oil revenues to finance this rearmament.

The clandestine manner in which the MPLA went about its arms procurement left the process open to serious abuse. Oil intended for arms deals was instead used for personal gain by many corrupt government officials. Payments for arms bypassed the government's budget and were paid directly by Sonangol or through the presidency. In neither case were records kept. In 1999, more than \$3 billion in oil

revenues was never received by the treasury. Instead, the funds were channelled through Sonangol, circumventing the Central Bank.<sup>17</sup>

Some of the problems that oil-for-arms deals created emerged during subsequent investigations. There were, for example, strong allegations that some of weapons procured were not in working condition, and that a number of tanks purchased by the MPLA government did not reach the front because they were unusable.<sup>18</sup> In 1999 a little-known company called CADA was contracted as the sole supplier of food to the FAA. The company was initially thought to be run by FAA generals, but it was later alleged that the owner was Pierre Falcone, a Frenchman involved in brokering oil-for-arms deals. The contract was said to be worth more than \$700 million.<sup>19</sup> Falcone's company Brenco was also alleged to have deposited funds into the bank accounts of certain Angolan politicians and generals.<sup>20</sup> Furthermore, almost half the \$1.5 billion raised to service Angola's \$5 billion debt to Russia had failed to reach its destination, instead being re-routed to bank accounts belonging to Russian and Angolan parties.<sup>21</sup> In 2001, \$1.4 billion, about one-third of total oil revenues, was unaccounted for in public records.<sup>22</sup>

### *Protection rackets and extortion*

Elements in both Unita and the FAA used their military positions to run protection and extortion rackets. People often had to pay an informal fee for transporting goods to whoever controlled the area through which they were being moved. Commodities brought in through airports would also be subject to fees payable to whichever grouping was occupying that territory. Equally, people involved in running businesses in areas controlled by either Unita or the FAA would be expected to pay protection fees.

---

<sup>17</sup> Grobelaar N, Mills G & Sidiropoulos E, *op. cit.*, p.64.

<sup>18</sup> 'A crude awakening', *op. cit.*

<sup>19</sup> 'All the presidents men', *Global Witness*, <http://www.oneworld.org/globalwitness/>

<sup>20</sup> *Ibid.*

<sup>21</sup> Grobelaar N, Mills G & Sidiropoulos E, *op. cit.*, p.65.

<sup>22</sup> *Ibid.*, p.64.

### *Influence peddling and corruption*

The distinction between the centre of political power and business interests collapsed during the 1990s. Many joint ventures involved either political and military elites or their families. Endiama is known to have issued diamond concessions to prominent politicians and soldiers. However, the FAA and politicians also issued diamond mining and buying licences without the knowledge of Endiama. Business people made vulnerable by the lack of an effective regulatory system were forced to rely on a network of contacts with, and patronage from, the Angolan elite. In this context bribes became common practice.

### *Trafficking in stolen vehicles*

Networks within Angola also became involved in the illicit trade in motor vehicles, as occurred in most SADC countries in the 1990s. This criminal activity was hampered by the war and by the dangers associated with moving vehicles into and around the country. The exchange of stolen cars for diamonds, however, made the trade extremely attractive to the networks. During this period vehicles, mainly luxury 4x4s, were transported through Namibia, Zambia and occasionally Botswana into Angola, where they were paid for in diamonds. In 1997 and 1998 a prominent Namibian businessman, Jarius Shikale, was apprehended dealing in stolen vehicles, some of which had been obtained in South Africa. Shikale allegedly master-minded an extensive vehicle trafficking operation, which – among other activities – moved vehicles across the Angolan border.

### **Post-War Angola**

As noted above, the ceasefire between the MPLA and Unita in April 2002 led to a transitional government that included Unita. The demobilisation of Unita began as agreed in the Lusaka Protocol; a Constitutional Commission has been appointed to develop a new constitution for Angola, and national elections are planned for 2006.

## Demobilisation

The demobilisation of Unita forces was put in hand shortly after the Luena Memorandum, an addendum to the Lusaka Protocol, was signed in April 2002. During this process Unita combatants were expected to report to designated quartering points around the country. More than 80,000 soldiers with more than 250,000 members of their families reported to these cantonments. The men were then paid small demobilisation packages and given starter packs comprising seeds and agricultural equipment and then sent back to the areas where they had been before the war. Eighteen Unita generals and a small number of soldiers were integrated into the FAA. The demobilisation of Unita forces was also linked to weapons collection. But despite more than 80,000 soldiers having reported to the quartering points by August 2002, when the government announced that the process had been completed, only 30,159 light weapons, 39 grenades, 492 mortars and 30 cannon had been recovered.<sup>23</sup> However, increasingly the signals from the Angolan government point to elections being held in 2007.

The demobilisation process was more successful, however, when measured in terms of numbers of ex-combatants. It also appears to have been successful in ensuring that soldiers were able to return to their homes. Despite these positive results, two aspects of the process require attention if the long-term reintegration of the demobilised soldiers into civilian life is to be achieved.

First, the process needs to look beyond the physical return of soldiers to the areas of their recruitment, and to address the need for these men and the communities into which they are reintegrated to develop a means of earning their livelihood. This is particularly important in the context of the policy of destroying crops and settlements adopted by the MPLA during its final military campaign against Unita, which left a large proportion of the territory previously held by Unita completely devastated.

Initially, there had been fears that the demobilisation could lead to widespread banditry as combatants resorted to crime as a means of earning a living. So far, these fears appear to have been unfounded. But unless the soldiers are helped to find ways to enter the economy

---

<sup>23</sup> *Ibid.* p.31.

as civilians, they could become vulnerable to the temptation offered by criminal networks.

Second is a need to address the issue of weapons. The number of arms recovered during the demobilisation process is clearly nowhere near the total owned by the Unita forces. In addition, the MPLA distributed arms to communities and militias for protection against Unita attacks. A recovery programme aimed at collecting these weapons is therefore required.

### *The economy*

After the end of the war the Angolan government was faced with a debt burden of \$11 billion, most of which was attributable to rearmament expenditure required after the breakdown of the Lusaka Protocol in 1997.

Oil is the largest contributor to the Angolan economy, accounting for the biggest proportion of state revenue and more than 40% of GDP. The diamond sector is the second largest. Although not all diamonds are sold through official channels, it is estimated that if effective controls are introduced the government could double its diamond revenues in the next five years.<sup>24</sup>

The manufacturing and agricultural sectors have each suffered serious setbacks because of the war, and require intensive investment and attention. Rebuilding the country's infrastructure is of crucial importance to the development of both sectors. This will, however, be a massive task, given the devastation caused by the war. In 2002 the government estimated that it would take between 10 and 15 years to restore the roads system alone.<sup>25</sup>

Rebuilding the agricultural sector will also entail de-mining the countryside, after which the government will have to lay out funds to repair the damage caused by the scorched earth campaign. The manufacturing sector too needs substantial investment. This should be accompanied by the introduction of a clear regulatory system, in order to build investor confidence.

A challenge that faced the MPLA government when it moved from a centrally planned economy to a free market system in the early 1990s was the development of an indigenous business culture. Currently the

---

<sup>24</sup> *Ibid.*, pp.20–21.

<sup>25</sup> *Ibid.*, pp.25–26.

business sector in Angola is relatively small. It is also closely linked to the political and military elite. This has often led to a blurring of the lines between political and business interests, which makes the latter vulnerable to corruption.

The informal sector, which was already in existence in the 1990s, still outstrips the formal economy in terms of money earned, and more people make a living from the informal than from the formal economy.

### **The Current State of Organised Crime**

Some forms of organised crime existed before the war and have since expanded. Others made use of opportunities created by the war. Another set of crimes emerged after the conflict had ended. Certain forms of organised crime such as gangsterism have a direct effect on communities, while others, such as money laundering and corruption, have a more indirect impact. Most of the indirect forms of crime are *covert and their results therefore difficult to measure*. The predominance of economic crimes, which are often not directly felt by ordinary Angolans, can lead to a belief that organised crime levels are lower than they actually are. This, together with a lack of statistics on forms of organised crime, contributes to the belief in some quarters in Angola that such crime is not a major problem. It should not be forgotten that organised crime affects not only the provision of basic and essential services to the population, but also stunts the general growth and structure of the economy.

#### *The illicit diamond trade*

The end of the civil war has not put an end to diamond smuggling and the government continues to lose substantial revenues to illicit trade despite a number of joint police and military operations aimed at addressing illegal mining. During these operations more than 200,000 illegal miners have been expelled, arrested and deported. Yet despite these efforts, effective control over alluvial diamond fields remains elusive. The mining company *Sociedade de Comercialização de Diamantes*

*de Angola* (Sodiam) estimates that the government is still losing about \$2 million a month to smuggling.<sup>26</sup>

Currently, diamonds are smuggled out of the country through Namibia, Zambia and the DRC, following many of the same routes as those used during the war. There are also illegal diamond buyers, some of whom are based in Angola, while others fly into the diamond areas specifically to purchase stones. In addition, foreign dealers make use of local Angolans, who travel to illegal mining areas to purchase diamonds on their behalf. There are also authorised diamond dealers who participate in the illicit trade by not declaring all their stock; they then use unofficial channels to sell the remainder.

Some communities survive by illegal mining, but there are also a number of diggers who work for dealers in exchange for payment in kind by food and other goods. In some diamond areas there are bandit groups. These are not involved in digging, but steal diamonds from miners or run protection rackets that involve demanding money or diamonds from diggers.

#### *The black market and money laundering*

The weakness of the banking system and the extent of the informal market and the illicit diamond trade make Angola vulnerable to money laundering. There are allegations that the food market is used to launder money, some importers of foodstuffs using those imports to launder money. Money laundering also occurs more directly, through 'mules' (people who carry large amounts of money on their person or in their luggage: similar methods are used in Mozambique).

There is a significant amount of illicit money in circulation in Angola, some of it from the black market and the informal diamond trade. As the business sector has developed after the end of the war, some of this money has been reinvested in legitimate businesses.

The end of the conflict and opening up of markets has caused the black market trade to shrink but has not eradicated it entirely. Goods can be sold more cheaply on this market because no tax or duties are paid on them. The large informal sector offers an ideal cover for black market trade because the large informal markets are difficult to police. In Requiz Santeiro market in Luanda almost anything is on sale, from

---

<sup>26</sup> *Angola: Report Calls for Tightening of Diamond Sector Controls*. UN Integrated Regional Information Network, 26 October 2004.



weapons to aircraft parts. Some of the goods sold on the black market are stolen at the ports. Industrial companies estimate that between 30% and 50% of their products disappear while awaiting shipment and end up for sale on the black market.<sup>27</sup>

The kwanza is no longer artificially inflated, as it was during the civil war. However, there is still a substantial black market trade in currency, which can be exchanged at the informal markets or through a network of women known as *kinguila* (meaning 'a person who serves').

### *Drug trafficking*

Trade in cannabis has always existed in Angola and provinces such as Molangue continue to sell considerable volumes. Since the 1990s, however, Angola has become caught up in the growing demand for cocaine and its by-product crack cocaine. In the main, Angola is used as a transit route for drugs destined for the Namibian, South African and European markets. The conditions that make Angola an attractive transit country for drugs are:

- the weakness of the criminal justice system, which makes Angola a relatively low-risk country in which to operate;
- its geographic situation: Angola's ports and long coastline make it useful for traffickers sending drugs to other destinations;
- relatively strong links with Brazil and some other Latin American cocaine-producing countries. Brazil is one of Angola's most important trading partners, and Angola is a member of *Comunidade dos Países de Língua Portuguesa* (CPLP), an international organisation of Portuguese-speaking countries. While these ties and trade relations offer important opportunities for legitimate economic co-operation, they also offer criminal networks in some South American countries openings to traffic drugs.

Various methods are used to smuggle drugs through Angola. Cocaine is shipped through Luanda harbour in containers, then re-routed to Europe or South Africa. Drugs are also brought in through the airport, either in parcels or by means of mules (local Angolan women who swallow packages of cocaine, or transport small quantities on their persons). Until police began to search them, *Linhas*

---

<sup>27</sup> Cilliers J, *op. cit.*, pp.11 & 12.

*Aereas de Angola* (TAAG) flights from Brazil were used to smuggle drugs.

Like most countries used as routes for drug traffic, Angola has experienced an increase in domestic markets for cocaine and crack cocaine. In some parts of Luanda these drugs, among others, can be bought with relative ease (for example in Bairra Operandi and Rue 15 in Martires de Kifangundo). The major drug dealers in Luanda are known as *pablos*, a name borrowed from the Colombian drug lord Pablo Escobar. *Pablos* often have connections in the police and the military, who guarantee their immunity from prosecution.

Recently a number of small trading shops, selling a range of goods from clothes to electronic equipment, have been established in areas around Luanda. Some of them are used as fronts for the trade in drugs and illicit diamonds. The increasing incidence of prostitution in Luanda is also linked to the illicit drug trade; prostitutes not only use drugs themselves but also offer their clients access to drugs.

While cocaine and its by-product are the main drugs trafficked in and through Angola, the Rhema Church of South Africa, which runs the only rehabilitation programme in Luanda, claims that heroin abuse is also on the increase. The organiser of the Rhema rehabilitation programme also reported that crack and cocaine sold on the streets are cheaper than in Europe or the US.

Networks involved in illicit drug trafficking involve both Angolans and foreigners. In most other countries in Southern Africa locals do not have direct access to the Latin American countries from which the drugs are sourced. In Angola, however, close political relationships with these countries enable locals to play a more direct role in the illicit cocaine and crack trade. In 2004 Angolan police arrested an Angolan and a South African after discovering 8kg of cocaine at the airport on a flight from Brazil.

### *Influence peddling and corruption*

A culture of patronage and interference by influential politicians in business matters remains a major concern for those trying to build a transparent business sector. As things stand, the involvement and cooperation of the political and military elite remains crucial to the success of business ventures. Military and government people and their families get preferential access to important concessions and

business rights and the survival of many joint ventures is dependent on the involvement of such people.

Lack of security, transparency and effective regulation makes the business sector vulnerable to this form of corruption. Many businesses rely on a wide range of networks and contacts to safeguard their interests. 'Facilitation payments' are a commonly accepted way of doing business.<sup>28</sup> There are allegations that in the oil industry the influence of the government even extends to interference in employee recruitment by some of the companies granted concessions.

### *Trafficking in humans*

In Angola, as in many other countries in Southern Africa, trafficking in humans, particularly women and children, has become a lucrative trade. Although few statistics on the extent of this form of trafficking are available, recent government initiatives to establish a national commission to address human trafficking indicate that the crime is sufficiently widespread to cause concern.

The displacement and destabilisation of many communities in Angola has left them vulnerable to exploitation by networks trafficking in people. Often false promises are made to women and to the parents of children to lure them from their homes. Syndicates involved in this type of trafficking make use of Angola's porous borders to transport their victims out of Angola. One route used by networks to smuggle out women and children is through the southern border with Namibia. Networks involved in child trafficking are highly organised and many of the children sent through Namibia are destined for Cape Town markets.

To prevent trafficking in children the Angolan government has attempted to introduce restrictions on the transportation of children unaccompanied by parents. Two serious problems, however, complicate this issue. Not only do the networks operate underground, but the absence of legislation specifically designed to prevent trafficking in humans makes prosecution of such crimes difficult. In 2004 the president of the Angolan National Assembly, Roberto de Almeida, acknowledged that there was a need to establish a more effective mechanism to deal with child trafficking.

---

<sup>28</sup> Grobbelaar N, Mills G & Sidiropoulos E, *op. cit.* p.25.

### *Illicit trade in vehicles*

There have been some instances of car hijacking and theft of vehicles in Luanda, but police operations have largely curtailed these activities. Angola is, however, an important market for cross-border trade in stolen vehicles, which are brought into Angola from Zambia and then sold or exchanged for diamonds. The most frequently used route is in the south, where vehicles enter from Namibia. In late 2004 the government passed legislation to restrict the use and importation of right-hand drive cars because these were changing the patterns of traffic in the country. Significant numbers of right-hand drive vehicles from South Africa and Namibia are, however, still being smuggled into Angola. Most of them remain in the south, where there are more right-hand drive cars than anywhere else in Angola. Joint initiatives have been undertaken between Namibian and Angolan police to address illegal cross-border trade, including that in vehicles. Because the market for stolen vehicles is so lucrative in Angola, however, particularly where vehicles can be exchanged for diamonds, these operations have had only a limited effect.

### *Piracy and plunder of marine resources*

The coastal waters of Angola provide rich fishing grounds, which are vulnerable to exploitation. Korean and Russian trawlers frequently fail to respect territorial limits and fish in Angolan waters without permits. There are also problems arising from fishing concessions; some concession holders do not adhere to the conditions of their concession, local fisherman are adversely affected and much of the domestic industry is closing down as a result.

A number of small-scale pirates operate off the Angolan coast. Protecting Angola's marine life is also difficult in the absence of coastguards to patrol the coastline, monitor concessions and prevent violations.

### *Smuggled goods, the counterfeit market and advance fee fraud*

There is a growing trade in counterfeit currency and goods. The small shops that have sprung up around Luanda deal in a variety of counterfeit wares, from shoes to car parts. In 2003 the trading of fake currency (US dollars and kwanza) became relatively common, but after a police crackdown the amount of counterfeit currency in

circulation diminished. Goods are also smuggled into Angola, avoiding customs or duties, from countries including some in Europe and Asia, and some are routed through Dubai. Networks involved in customs fraud make use of Angolans as fronts, making the activities of the network difficult to trace and investigate.

The influx of West Africans into Angola brought with it advance fee fraud (AFF). By far the most common form is the 'black dollar' scheme<sup>29</sup> from which individual Angolans have been defrauded out of as much as \$30,000 at a time.

Although West Africans dominate AFF scams, Angolans are increasingly making use of these methods to defraud the public. A lawyer interviewed in the course of this research says that Angolans are 'quick studies' and there is even one example where locals successfully scammed the scammers.<sup>30</sup>

### *Gangsterism*

A recent development has been the formation of youth gangs, primarily in the capital, Luanda, where there are allegedly more than 20. Known gangs include the HDAs, Black Suicide, and the Mama and Alameda Squads. Luanda-based gangs, like their international counterparts, are not formed solely for criminal purposes but also offer marginalised young people a sense of belonging and power. The gangs adopt specific identities and operate in defined areas. In 2004 there were occasions when turf wars took place between different gangs. Some of them have been influenced by the activities of international gangs; according to one journalist, after the showing of the Brazilian gang film *Cidade de Deus* (God's Town) Luandan gangs began modelling themselves on those portrayed in the movie and some gang members took on the names of gangsters portrayed in the film.<sup>31</sup> One unusual feature of Luandan gangs is that although many of the rank and file are drawn from disadvantaged sectors of society, the leaders are children of the Angolan elite.

Some gangs originated in schools and then began operations outside school premises. But even when the gangs had extended their activities, schools, pupils and teachers remained the primary targets.

---

<sup>29</sup> For a detailed description of this fraud, see the Sierra Leone case study.

<sup>30</sup> Interview with Angolan lawyer, Luanda, 24 November 2004.

<sup>31</sup> Interview with Angolan journalist, Luanda, 20 February 2005.

The police have formed a special unit to address the problems gangs cause at schools.

The gangs are also involved in a variety of crimes including theft, robbery and drug peddling. They are also increasingly being used by drug dealers as part of local distribution networks and are themselves drug users. Luanda youth gangs are heavily armed. During a police operation against the gangs in November 2004 more than 56 people were arrested and 19 weapons and 20 rounds of ammunition were seized.

### *Networks involved in organised crime*

A number of different networks are involved in organised crime in Angola. Some were active during the civil war, when they took advantage of the war economy; others have developed in its aftermath. Some networks specialise in specific forms of crime while others are involved in a broad spectrum.

### *Lebanese networks*

A few Lebanese have lived in Angola for many decades but in 1991-92, after the Bicesse Accord, a much larger number moved to Angola to establish businesses. Another influx occurred after the Luena Memorandum in 2002. Many Lebanese have become extremely influential and control large sections of the Angolan economy, most notably the food, textile and clothing sectors. By 1996 they had become so economically powerful that they were able to respond to interference from some prominent members of the MPLA by threatening to stop trading and to close down their businesses. This would have caused a fiscal crisis.

In many business dealings by the Lebanese little distinction is made between legal and illegal operations. During his speech on Independence Day in November 2004, President José Eduardo dos Santos singled out Lebanese elements as posing a problem and accused a number of Lebanese families of manipulating the Angolan food market. Allegations are also made that the virtual monopoly of Lebanese over food markets, and their involvement in exports and imports, are used to launder money. Lebanese networks are also deeply involved in the black market and control the *kinguila* currency traders. The Lebanese also sell a variety of goods in the informal markets from containers that have been smuggled into the country. In

addition, they are linked into the network of small shops that has emerged in the capital, some of which are used as fronts for criminal activities that include illicit diamond deals and money laundering.

Many Lebanese act as middlemen buying and selling illegally mined diamonds. Some Lebanese employ local diggers and pay them in money or in kind with goods. The quantity of diamonds handled by some of the Lebanese dealers has raised suspicions that this trade may be a cover for complex money laundering operations. Lebanese residents in Angola have established businesses with local Angolans, many of them with connections to government officials. Some Lebanese have also married into prominent Angolan families; both family and political connections are used to further their business interests.

#### *Congolese networks*

There is a constant movement of goods and people across the borders between Angola and the DRC. A number of Congolese have become central figures in mining and selling illicit diamonds. In January 2004 during a joint police and army operation that targeted illegal diggings, 700 illegal miners were arrested and 334 of them were Congolese. After other police operations of the same nature, large numbers of Congolese were deported. Some of these informal miners entered the country after the 1991 diamond rush, others were brought into Angola by Unita to assist with their mining operations and still others arrived after the war had ended.

Congolese have also played a central role in trafficking goods and diamonds across the Angolan border. A group of young men known as Bana Lunda, who have family ties on both sides of the border, is particularly active on this front and has a long history of trading across the border with the DRC. Congolese nationals are also involved in other forms of crime, including trafficking in children, the black market, counterfeit goods trade and advance fee fraud.

#### *Zambian networks*

During the civil war Zambians played a central role in the illicit movement of goods, particularly diamonds, between Angola and Zambia. Zambian guides well acquainted with illegal mining operations in Angola were used by buyers wanting to enter that country to purchase diamonds. Some of these guides currently use

their local knowledge to continue this trade, but now deal directly with the illegal miners. The border with Zambia has always been poorly monitored and the Zambian networks that worked with Unita in trafficking goods to exchange for diamonds have not disbanded, most merely adapting their networks to use illegal miners as the clients instead of Unita.

#### *West African networks*

Like the Lebanese, significant numbers of West Africans, including Senegalese, Malians and Nigerians, started to arrive in Angola after 1992. Since then their numbers have increased dramatically. West African networks are involved in a variety of crimes including the illicit diamond trade, fraud, the black market and drug trafficking. They also make use of small shops and informal markets as places from which to operate. In Luanda, there are particular areas, including Canga and Terra Nava, where West Africans have set up bases. Many of them have acquired permanent residence in Angola through fraud or bribing corrupt government officials, while others (like the Lebanese) have married locals. During police and army operations to check illegal mining, many of the miners arrested and deported were West African.

#### *FAA networks*

During the latter part of the 1990s FAA officials became involved in a range of illicit activities, including black market trade, influence-peddling and illicit mining. A number of senior FAA officers made substantial sums of money from these activities, some of the proceeds having by now been invested in legitimate businesses. There are, however, still FAA officials who have been unwilling or unable to extricate themselves from illicit activities, presumably because of their highly lucrative nature.

In 2004 President dos Santos acknowledged the involvement of FAA personnel in illicit mining and warned that FAA members who continued in this trade would be stripped of their rank. Alex Yearsley, a researcher for Global Witness, also identified involvement of the military in the diamond trade as a problem that the government needed to address.<sup>32</sup> There are allegations that some FAA members

---

<sup>32</sup> *Angola: Report Calls for Tightening of Diamond Sector Controls, op. cit.*



have used the government crackdown and the eviction of illegal miners either to establish their own operations or to force illegal miners to pay protection fees to avoid arrest and eviction.

During the war senior FAA officials became extremely powerful. They used this power to peddle influence, for example in assuring the success of business ventures. This fraud has continued in the aftermath of the war.

#### *Unita networks*

By the time the Luena Memorandum was signed, Unita had been pushed out of many of the diamond fields. But even in those that the movement still controlled, the illicit trade in diamonds had been tightly held by senior Unita members. Rank and file Unita personnel operated in a moneyless environment. These factors have influenced the extent to which Unita forces have become involved in post-war illicit activities and have limited Unita's involvement in organised crime.

Although the great majority of Unita forces appear to have demobilised and returned to their homes, there are some members who have put to criminal use the experience and opportunity created by the conflict. A small number of former Unita soldiers who know where the lucrative alluvial diamond areas are and what mining them entails, have used this information to take part in illicit mining operations. A number of Unita's leaders moved to Luanda to participate in the political process. Some of them have been drawn into the systems of patronage and influence peddling in the capital.

#### *SADC networks*

Many organised crimes require the involvement of role-players from different SADC countries. Organisations in the illicit car trade and human trafficking need contacts in four or more SADC countries, although in the case of trafficking in people there are indications that West Africans and Europeans are also implicated.

#### *Other networks*

In a context where boundaries between private business and political interests have become indistinct, the involvement in criminal activity and corruption of some government officials and members of the

political elite has become a marked feature of Angolan criminal structures. Business people from Europe and the US have also become directly involved in organised crime networks, while others participate indirectly, for example by regarding their bribery merely as a cost of doing business.

There is also a group of Angolans known as *banqueiros* who hire themselves out for crime. For example, if a customer orders a specific item or a particular model of car, the *banqueiros* will obtain it, for the right fee. They also undertake contract killings.

### Initiatives to Address Organised Crime

The Angolan government has introduced a number of measures to address organised crime. It has launched a number of joint police and army operations aimed at controlling illegal mining. There have also been joint Namibian and Angolan police initiatives to crack down on illicit trade in vehicles.

Though much legislation governing the activities of organised crime is outdated because it was formulated according to the old Portuguese penal codes, some new laws have been introduced. In 1994 a law to prevent the trafficking and illegal possession of drugs was passed, and in 1999 another, to curb economic crime and money laundering, came into effect.

One of the critical problems attending this new legislation, however, is the government's ability to implement it (or its lack thereof). The government has also contracted the British organisation for overseas administration Crown Agents to help develop and streamline regulatory systems for harbours. This should result in improved customs control. Further initiatives are in hand to improve the level of policing, particularly in Luanda. A number of people interviewed in Luanda believed that this has led to higher police visibility.

All these steps to address organised crime tend, however, to be counter-balanced by high levels of corruption and a lack of transparency in government and business. In 1995 a High Authority Against Corruption was established, but to date no appointments to this body have been made. Transparency in government spending, budgets and revenue is still a matter of concern. For example, there are still problems regarding revenue receipts from the oil industry and the

accounts of the Central Bank, known as the National Bank of Angola, were audited for the first time only in 2000.

## Chapter Ten

### Case Study: Democratic Republic of Congo

#### Background

The DRC is situated in the African Great Lakes region and is the second largest country in Africa, covering 2,350,000km<sup>2</sup> with a population of 53 million. The DRC shares borders with nine other African countries: Angola, Burundi, the Central African Republic, Congo Brazzaville, Rwanda, Sudan, Tanzania, Uganda and Zambia.

Despite its huge natural resources, which include gold, copper, diamonds, coltan, tin, cassiterite, rubber, zinc, timber and oil, the DRC remains one of the poorest countries in the world. It has been plagued with mismanagement and conflict since as far back as the 1800s. The most recent conflict, which began in 1998, has been described as one of the deadliest since World War II, costing about 2.5 million lives. In 2000 the UN Panel of Experts released a report alleging that illegal exploitation of the DRC's natural resources was behind the war, an argument discussed at length below.

This chapter attempts to assess the impact organised crime had on the civil war in the DRC, and the effect it has on the continuing peace process in the country. It also discusses factors that continue to affect the level of crime in the DRC.

A number of problems were encountered in ascertaining the extent and impact of organised crime in the DRC. The first was a lack of detailed information regarding its scale and type prior to 1996 (when the war to overthrow the regime of Joseph Mobutu began). While *limited data are available concerning corruption and mismanagement* before that time, much of the information was compiled before organised crime had been identified as an international concern and, therefore, does not necessarily detail the activities of the different networks involved during this period. The authoritarian nature of Mobutu's regime also meant that such records were not published. This lacuna raises important questions concerning the history of organised crime in the DRC: did it in fact exist prior to the conflict? The second problem faced by the researchers was the paucity of statistical data regarding criminal activities, in general, and organised crime, in particular, compelling a reliance on interviews and anecdotal information to supplement published material.

In a society that has undergone the kinds of conflict experienced in the DRC, it is understandable that emotions among different groups in the country run relatively high and opinions are starkly divided. It may also be true that some of the viewpoints may have been exaggerated with a view to discrediting opposition parties. Even some of the information obtained by the panel of experts has become the subject of controversy — and possible litigation — because of its anecdotal nature. Bearing that in mind, this case study does not go into extensive detail about key players, but instead it focuses on trends and patterns in organised crime in the DRC.

A high degree of fear and suspicion is still felt by most members of society in the DRC. Despite the peace processes now under way, the authoritarian style of government to which citizens are accustomed makes it difficult for people to talk openly about corruption and organised crime, especially when prominent political figures are involved. Transparency and accountability remain elusive. Given the pervasiveness of corruption at all levels, this is an area that requires serious attention within the country's transformation process. Organs of civil society and the media, which in many other countries play a crucial role — not only in identifying the possible presence of organised crime and corruption, but also in ensuring public transparency and accountability — are extremely weak in the DRC. This has reduced the quantity and type of information available to researchers. Development of active involvement in the country's affairs by civil society and the media is essential if the DRC is to foster good governance and address the challenges posed by organised crime.

### *Defining organised crime*

Many people associate organised crime with structured Cosa Nostra-type groups that are involved in overtly illegal operations such as illicit drug trafficking. In the DRC, the definition of organised crime extends further than that. There are strong indications of networks of organised criminals, often involved in drugs trafficking and smuggling, who use the DRC to launder money. There are equally strong reasons to believe that business people are involved in illegal exploitation because of the country's lack of adequate controls and that they use bribery to do so. Similarly, there are also government officials directly or indirectly involved in illicit activities. This brings up a debate about what constitutes organised crime. Does traditional

thinking about organised crime, which usually equates it with powerful international networks involved in money laundering and trafficking illicit goods, require re-thinking? Questions are also raised in this study as to the point at which certain business practices that can be considered merely unethical cross the line into criminal behaviour. Certainly in the context of the DRC this line has become extremely blurred. For the purposes of this study, therefore, the Palermo Convention definition has been extended to include the systematic commission of criminal acts by organised groups, whether political, military or business-related.

The study also raises the point that international definitions of organised crime should recognise that such crimes and the operations that they entail vary widely from country to country.

### **History of the DRC**

Belgian involvement in the DRC dates back to 1876, when King Leopold II established a chain of trading stations along the Congo river under the *Association Internationale du Congo*. After this, Leopold began exploiting the resources that were to be found deep in the interior, ruling the country as his private fiefdom. In 1908 the Congo was officially annexed by Belgium and some of the worst excesses of Leopold's administration were tempered under Belgian rule, but political activity among the Congolese effectively was forbidden and gross exploitation of the country's resources continued. Little attempt was made to develop the territory into anything more than a reservoir for labour and saleable commodities.

Notwithstanding sporadic resistance to Belgian rule, there was little cohesive anti-colonial activity until the mid-1950s, when Congolese nationalists, notably Joseph Kasavubu and Patrice Lumumba, voiced nationalist sentiments that eventually led to violent demonstrations in Kinshasa in 1959. Thereafter, the Belgians steadily lost control of events and a 1960 conference in Brussels decided that the Belgian Congo would become fully independent. On 30 June that year the Republic of Congo was declared. Patrice Lumumba became its first prime minister under Kasavubu as head of state. Lumumba's politics did not, however, accord with the interests of many Western countries and he was assassinated in February 1961, allegedly in collusion with Belgian interests acting with the US Central Intelligence Agency.

Shortly after this, an army officer named Joseph-Désiré Mobutu assumed power as president.

From the beginning of his regime, Mobutu was known to be closely associated with a number of Western governments, in particular those of France, Belgium and the US. Immediately after taking office, Mobutu imposed a five-year ban on party politics, and reduced the number of provinces in the country from 21 to eight. He also formed the *Mouvement Populaire de la Revolution* (MPR) and replaced existing provincial leaders with governors appointed by him and reporting directly to the presidency.

Mobutu survived a turbulent period that included the secession of the copper-producing Katanga province and the intervention of UN peacekeeping forces and Western mercenaries to re-impose central government control. By 1970 he had eliminated most of his political opponents. In October 1971 the Republic of Congo was renamed Zaïre and a year later Mobutu also changed his own name to Mobutu Sese Seko Kuku Ngbendu Wa Za Banga.

In the 1980s, opposition to Mobutu began to resurface. In 1982 those opposed to Mobutu's one-party system attempted to establish a new party, the *Union Pour la Démocratie et le Progrès Social* (UDPS). Mobutu responded by imprisoning its supporters. Subsequently, a number of other political parties were formed and opposition to the Mobutu government intensified. In response to this growing resistance, Mobutu adopted a number of different approaches. These included attempts to co-opt the leaders of the new parties into his government and thus purchase their allegiance. Other measures included the arrest, harassment and murder of opposition supporters and the establishment of a range of paramilitary structures to enforce control. The latter were licensed to operate by the Mobutu regime and therefore carried some authority, but at the same time were often both disorganised and competitive, which prevented any single one becoming too powerful. Although the proliferation of these groups was intended to quell opposition, they also created small fiefdoms, some of which still exist.

By the late 1980s an increasing number of reports appeared in the international media detailing the Mobutu regime's involvement in gross violations of human rights. His allies in the West came under mounting pressure to distance themselves from him. Aid began to dry up and Mobutu himself was urged to reform the political system if he

wanted donor support to continue. He responded by announcing the introduction of a multiparty political system. This led to a proliferation of political parties. In 1991, Mobutu declared that a national convention would be held to draft a new constitution. Most of the main opposition parties refused to participate, however, unless Mobutu relinquished power. Widespread anti-government protests followed. Mobutu suspended the Convention before re-convening it.

As public dissatisfaction grew, opposition to the Mobutu regime increased and large-scale protests and looting broke out in September 1991, leading to intervention by Belgian and French troops, ostensibly to evacuate foreign nationals. Between 1992 and 1996 opposition to Mobutu continued to grow, but he persisted in efforts to co-opt the opposition, suppress the uncooperative and push ahead with the national convention.

In 1994, however, events in Zaïre's neighbour, Rwanda, began to affect the country in a way that was to lead to the end of Mobutu's regime. The DRC has always had a large Rwandan population of both Hutus and Tutsis in the east of the country. Many of these people, who are generally called Banyarwanda, arrived in the Congo in the 18th century. Some members of the Tutsi population acquired ranches that became known as Masisi. In 1994, following the genocide of the Tutsis by the Hutus and the subsequent takeover of the Rwanda government by the Tutsi-led Rwandese Patriotic Front (RPF), more than two million Hutus fled across the border into the DRC. Those who fled included ordinary citizens and a significant number of former military personnel belonging to either the FAR or the interhamwe, the Hutu militia, which had committed many of the atrocities. Refugee camps were established in Bakavi and Gomo. Mobutu supported the influx of refugees, believing it provided an opportunity to compel international aid agencies to resume contact with him.

Once over the border into Zaïre, the interhamwe and FAR regrouped as *Resemblément Démocratique pour le Rwanda* and later the *Armée de Libération du Rwanda* (AliR). These groupings had a common military purpose: to destabilise the new government in Rwanda. Mobutu did not support the RPF government and began supplying the Rwandan militia with weapons. At the same time there were joint attacks on Tutsi Masisi ranches within Zaïre, initiated by joint forces of Rwandan Hutus and Congolese militia. The Rwandan government



called for international intervention but several attempts to persuade Mobutu to eject the Hutu rebels from Zaïre were unsuccessful. The Rwandan army, therefore, entered Zaïre with the twin aims of herding people back into Rwanda and providing protection to Tutsis living in the Kivus. Many of the Hutu militia members fled further into the Zaïre interior with the Rwandans in pursuit. As the Rwandan army advanced, many members of the Zaïrian Defence Force (FAR), demoralised and unhappy with their conditions of service, also fled.

Ugandan armed forces supported the Rwandan army's advance, alleging that Zaïre was being used as a base from which Ugandan rebels were launching attacks into their country. By this time a Zaïrean internal armed movement, known as the *Alliance des Forces Démocratiques pour la Libération du Congo* (AFDL), had emerged and allied itself with the Rwandan and Ugandan forces. The leader for the AFDL was one Laurent Kabila. With the backing of Rwandan and Ugandan forces (and the support of Angola, whose government claimed that Zaïre was providing a base for its own rebel organisation, Unita), the AFDL began moving towards Kinshasa and with its Rwandan and Ugandan allies began to take control of the eastern part of the country.

Mobutu accused the AFDL of being a front for Uganda and Rwanda and, in turn, the AFDL accused the Mobutu government of employing the services of foreign white mercenaries. The successes of the AFDL fostered greater animosity towards the Tutsis in the Zaïre capital Kinshasa. In November 1996 the Mobutu government demanded the expulsion of all Tutsis from Zaïre; many of them fled into Congo Brazzaville. In February 1997 the AFDL advanced south, and on 17 May its troops entered Kinshasa. Speaking from Lubumbashi, the capital of Katanga Province, Kabila declared himself president of the Democratic Republic of Congo. His announcement received international support, even from countries that had previously allied themselves with Mobutu, because they saw Kabila as a person they could deal with.

On 26 May 1997 Kabila issued a decree banning political parties and public demonstrations and two days later issued a presidential order giving himself almost absolute power. On 29 May President Laurent Kabila was sworn in at a ceremony attended by among others, representatives of the Rwandan, Ugandan and Angolan governments.

Despite the installation of the new government in Kinshasa, attacks on the Tutsis by members of the former Congolese army (FAC), Interahamwe and Mai Mai (an ethnic militia) continued. Together these groups formed an alliance opposing the AFDL, but initially joint Rwandan and AFDL forces repulsed their attacks. Then Kabila, who was facing mounting criticism for being a puppet of Rwanda, began to distance himself from the Kigali government. In a move that appeared to be aimed at appeasing those who opposed the Tutsis, Kabila ordered the Rwandan forces out of the Congo, and began arming the Mai-Mai, with whom he developed an alliance.

In February 1998, Kabila announced that there would be no elections until peace had been restored to the DRC. In August 1998, following continued attacks on Tutsis inside the DRC and raids into Rwanda by militias opposed to the Kigali government, a rebel movement known as the *Rassemblement Congolais pour la Démocratie* (RCD, later RCD-Goma), assisted by Rwanda, captured the towns of Goma, Bukavu and Uvira in the DRC. Kabila proclaimed that the attack was a Rwandan invasion. This led to the involvement of other SADC countries. Zimbabwe and Namibia pledged support to Kabila and Zimbabwean troops were deployed in the country. In late August, Angola also sent troops into the DRC to bolster Kabila.

Meanwhile, the RCD, with the backing of Uganda and Rwanda, began to consolidate its hold over the eastern Congo. In November 1998 a new rebel group, the *Mouvement pour la Libération du Congo* (MLC), emerged. This group was based in Equateur province. Its main supporter was Uganda, which appeared to be hedging its bets by supporting both the RCD and the MLC. By the end of 1998 the RCD had taken control of almost one-third of country, while the MLC had captured the strategic town of Gbadolite in Equateur. In January 1999 the head of the RCD, Wamba dia Wamba, was ousted in a move supported by Rwanda. Wamba dia Wamba moved to the north-eastern town of Bunia and, with the help of the Ugandans, established the breakaway *RCD Mouvement de Libération* (RCD-ML). Relations between Uganda and Rwanda appeared to be souring while Kabila added more forces to the troops provided by his allies. Up to 10,000 former FAR soldiers and Hutu refugees joined Kabila's army, which secured Lubumbashi and the diamond town of Mbuji-Mayi. On 10 July 1999, following a peace summit, a peace agreement (the Lusaka Accord) was signed in Lusaka. The Accord, signed by Kabila's DRC

government and those of Angola, Zimbabwe, Rwanda and Uganda, provided for:

- an immediate ceasefire;
- the establishment of a Joint Military Commission;
- the disarmament of all identified militia;
- a timetable for the withdrawal of foreign troops; and
- the organisation of an Inter-Congolese Dialogue.

The MLC and RCD subsequently acceded to the Lusaka Accord, which the UN Security Council then adopted before setting up *Mission de l'Organisation des Nations Unies en République Démocratique du Congo* (UN Mission to the DRC, Monuc).

By mid-April 1999 Kabila had dissolved the AFDL, after claiming that most of its members were corrupt. In August 2000, after failing in his attempts to hold his own select Inter-Congolese Dialogue, he re-inaugurated himself as president. The international community immediately responded by accusing him of violating the Lusaka Accord. The next day he announced that the Accord was invalid. Meanwhile, Monuc had arrived in the country but had great difficulty in gaining access to the government-controlled areas. A month later, relations between Uganda and Rwanda deteriorated further when the forces of both countries engaged in a four-day battle in Kisangani, which ended only after the presidents of the two countries had signed a peace pact.

On 4 September 2000, in a manner not dissimilar to that of his predecessor Mobutu, Kabila reshuffled his cabinet. He appointed General Likulia Bilongo, a former Mobutu propagandist, to the newly created position of Minister of Public Finance. On 16 January 2001, however, Kabila was assassinated by members of his presidential guard and a week later his son, Joseph Kabila, was inaugurated as the new president. Three months afterwards he dissolved his father's cabinet and appointed a new government.

The first Inter-Congolese Dialogue was held in Addis Ababa on 15 October 2001. Only 80 of the expected 330 delegates arrived at the meeting and the representatives sent by Joseph Kabila's government walked out. A much more representative Inter-Congolese Dialogue was held in February 2002 at Sun City in South Africa.

In March 2002 Joseph Kabila formed a new party, *Parti pour la Réconciliation et le Développement* (PPRD), and entered into a power-sharing agreement with the MLC under Jean-Pierre Bemba. In May 2002 the two parties met to draft a new constitution for the DRC while the RCD and Union pour la Démocratie Et le Progrés Social (UDPS) announced an alliance to resist the Kabila-Bemba pact. In July 2002 Rwanda and the DRC signed the Pretoria Agreement, in terms of which Rwanda agreed to withdraw from the DRC and Kabila undertook to disarm Rwandan Hutu fighters. Finally, in December 2002 all parties signed a power-sharing agreement. Its terms entailed the establishment of an interim government that would rule the DRC until an election could be called.

### **Socio-Economic Factors**

The DRC is one of the most sparsely populated countries on the African continent. Approximately 60% of the population lives in rural areas with subsistence farming, fishing and hunting as sources of a livelihood. Eighty percent of the population survives on less than \$0.20 a day, and the average annual income has declined from \$307 in 1970 to \$107 in 2001. There is widespread malnutrition and a high mortality rate, although the population is growing on average at 3% to 3.2% a year. The proportion of children entering school at the legally required age declined from 22.5% in 1995 to 13.9% in 2001. Many parents cannot afford to send their children to school, and consequently the country has a low level of education and skills development. The DRC health service is in a state of complete collapse, according to World Bank reports. Close on 18.5 million of the country's inhabitants are not provided with even basic health care. In 1999 UNICEF estimated that only 45% of the population had access to potable water. Infrastructure in the country is extremely poorly developed. Road and rail networks are inadequate or in a state of dilapidation, and many provinces are cut off from one another by the absence of roads and bridges.

The DRC is heavily dependent on foreign aid and as a result of the government's inability to manage public enterprise and investment opportunities, the unemployment rate has risen even further. Employment figures for 2000 indicate that just 2% of the population was employed and that only 4% of the labour force was active. The average public sector monthly salary is \$15 and there is no minimum

wage in the private sector; many companies and corporations pay only a subsistence wage. Informal markets dominate the economy, and this too makes ascertaining an accurate figure for the DRC's GDP impossible to arrive at.

### *The cost of the war*

It has been estimated that more than three million people lost their lives as a result of the war in the DRC. As many as 350,000 of these deaths can be directly attributable to the war itself, while the rest were consequences of the conflict. Another estimate is that about four million people have been displaced. In 2000 the World Health Organisation (WHO) calculated that 33% of the population was suffering from acute malnutrition. The reasons it put forward included prolonged periods of homelessness, lack of access to markets and disruption of transport routes. The war cut areas off from other parts of the country, which resulted in steep increases in the price of staple foods; hence many people could no longer afford to purchase even basic foodstuffs. According to an IMF document, hospitals and medical centres were destroyed during the war. Among the consequences were a severe shortage of medicines and the disruption of routine vaccination programmes.

Prostitution and sexual enslavement flourished, as did the plunder of harvests by army personnel. Some 10,000 to 15,000 child soldiers are believed to have been recruited or coerced into joining military formations. During the war foreign forces occupied most of the country, and more than 50% of government expenditure was directed towards financing its military effort. In a country where pressure on public resources is immense, it was inevitable that the social services would suffer as a direct consequence of the high level of military spending.

### *The transitional process*

In July 2003 a transitional government for the DRC was established. Its members were drawn from those groups and parties that had signed the Pretoria Accord in December 2002. Under its terms, the transitional government was to rule for two years before holding elections for a new legislature and president. Those elections should have been held in July 2005, but the Accord allows for two six-month extensions to this date if required. They were scheduled to occur by June 2006, at the

time of writing. The transitional government consists of a 500-member national assembly and a 120-member senate. There are 35 cabinet ministers drawn from the five rebel groups, the unarmed opposition, civil society and the previous government. The president is Joseph Kabila and there are four vice-presidents who represent, respectively, the MLC, the unarmed political opposition, the previous government and RCD-Goma.

In May 2004, 11 governors were appointed for the country's provinces. Their selection appears to have been decided by the leaders of the main groups represented in the cabinet. The governorships, in consequence, were allotted to members chosen from different groups. Kabila's PPRD party provided the governors for three provinces (Bas-Congo, Kinshasa and Occidental). Katanga province went to the PPRD's allies, the Mai-Mai (creating a situation in which the governor is not only a member of the Mai-Mai but also of the PPRD). RCD-Goma appointed the governors of two provinces in the east, Orientale and North Kivu, while RCD-ML chose the governor of Maniema. The allocation of the same positions in the Bandundu and Kasai Oriental provinces went to the MLC. South Kivu's governor was a representative of the unarmed political opposition, and Equateur's of civil society.

The appointment of the governors in the different provinces did not go uncontested. In Lubumbashi, vocal opposition was heard from the opposition party, the *Union des Nationalistes et Fédéralistes du Congo*, and from elements within the Mai-Mai group, who demanded a meeting with the president to discuss the matter. The RCD-National also walked out of the inauguration of the governor of Kasai Oriental to denote their opposition to the MLC's candidate. It is, however, a matter of concern that the procedures followed for the appointments did not comply with the rules set out in the Pretoria Peace Accord, or with the constitution.

In April 2004 legislation was promulgated regarding the functioning of political parties, which will be banned from involvement in paramilitary activities and from receiving foreign financial assistance. The law does, however, give political parties the right to acquire state assets and grants, and gives all political parties equal access to the state-owned media. The legislation also requires all political parties to register with the Ministry of Home Affairs.

## **Threats to Peace**

Since the transitional government was established a series of events has demonstrated the fragility of the peace process, while also posing a threat to the long-term stability of the country. There have been two attacks on the government since the beginning of 2004. The first occurred on 28 March 2004 when a group of approximately 40 soldiers attacked military installations in Kinshasa, including the Tshatshi and Kokolo army bases and the naval base on the Congo river. Kabila immediately claimed that the attackers had come from Congo Brazzaville. His minister of information, Vital Kamerher, later issued a statement that the attackers had been former members of Mobutu's presidential guard, the *Division Spéciale Présidentielle* (DSP), many of whom had fled to Congo Brazzaville after Mobutu had been deposed. The DSP have subsequently denied involvement in this attack, which was alleged to be an attempted coup. Since then *Voix des Sans Voix* (VSV), an organisation set up purportedly to 'defend human rights' in DRC, has claimed that the Kabila government has targeted members of the Ngbundi tribe (to which Mobutu belonged), citing as evidence the arrest of more than 200 members of the tribe. The government has denied this. Since March 2004, however, the Mbiya Cultural Association has also accused the government of using the attack as a justification for fomenting ethnic hatred.

The second incident occurred on the 10–11 June 2004 when a group of about 20 soldiers, led by Major Lenge, a former close associate of Joseph Kabila, took over the national television and radio stations, from which they broadcast a statement that the transitional government had been suspended. The small band of soldiers then moved to Kinshasa's electricity supply centre before withdrawing to the army base at Tshatshi. The government's forces attacked them and Major Lenge and his soldiers broke out of the camp and fled to the forests of Bas Congo. Shortly after this, Kabila appeared on television announcing that the coup attempt had failed. Some journalists and political opponents of the government in Kinshasa have denied that Kabila and his colleagues orchestrated the attempted coup as a tactic to delay the transition process and increase the president's powers.

The situation in the east of the country remains tense and unstable, and the government continues to face problems in extending civil and military control to certain parts of the area. In February 2004 a former

RCD–Goma commander, Major Kasongo, was arrested after an arms cache was found at his home. His arrest sparked an angry response from elements within RCD–Goma: the compound of General Prosper Nabyolwa, the newly appointed head of the 10th military region, was attacked, allegedly by RCD–Goma rebels under the command of Colonel Jules Mutebusi. RCD–Goma threatened to pull out of the peace process. Major Kasongo was subsequently released and General Buki, head of land forces in the new army, arrived in the area to resolve the differences between General Nabyolwa and Colonel Mutebusi.

In May conflict again broke out when a group of RCD–Goma members led by Colonel Mutebusi attempted to cross the border into Rwanda. Fighting broke out between loyalist forces and the RCD–Goma members under Mutebusi's command; it continued for three days leaving more than 30 dead. As a result of the fighting, several thousand Banyamulenge fled across the border into Rwanda, fearing that they would face reprisals.

On 2 June 2004 rebel troops under the leadership of Brigadier General Nkundu, a Banyamulenge and former commander of RCD–Goma, invaded the town of Bukavu, where they looted shops and homes. Nkundu told journalists that his forces had acted to defend the Tutsi population. According to reports, the UN troops stationed in the area failed to act against the invaders. Four days after the invasion of Bukavu, Nkundu withdrew, leaving Colonel Mutebusi in command. On 8 June 2004 troops loyal to the government entered and took control of the city. Mutebusi is said to have slipped out of the town the night before.

Although Rwanda and the DRC officials met in May 2004 in Washington to discuss relations and there have been moves to re-establish diplomatic ties between the two countries, the security situation along the Rwanda–DRC border remains extremely tense. In April 2004 Rwanda alleged that more than 240 Hutus based in the DRC had launched cross-border attacks into Rwanda before fleeing back into the DRC. At the end of April, the UN mission in the DRC issued a press release stating that UN forces had encountered troops with Rwandan insignia inside the DRC. While this report could indicate that Rwandan troops were still operating in the DRC, it could also be explained by the fact that during the war the Rwandan armed



forces allegedly supplied Rwandan army uniforms to some members of RCD–Goma.

Immediately after the invasion of Bukavu, President Kabila accused the Rwandans of supporting the invaders. Rwanda denied this accusation and announced that it intended deploying 3,000 troops to the border area, a move likely to heighten tensions between the two countries.

In April 2005 leaders of the Rwandan Forces démocratique de libération du Rwanda (FDLR) were admitted to the UN programme of disarmament, demobilisation, repatriation, reinstallation and rehabilitation (DDRRR), after a pledge on 31 March by the leader Ignace Murwanashyaka to put to an end the cross-border attacks into Rwanda. In May, however, FDLR officers threatened to stay in the DRC until they were guaranteed a security clearance from the Rwandan President, Paul Kagame. Kagame refused them special terms, reiterating a commitment to have all genocide suspects prosecuted. President Kabila finally responded to the threats in June, ordering the army to begin disarming FDLR rebels in the east. The government issued an ultimatum to all "foreign armed groups" to leave the DRC by 30 September or else face "severe" consequences. Government officials did not detail the action they would take if the rebels failed to comply. Needless to say, five days after the deadline the UN Security Council bemoaned the failure of Rwandan rebels to leave. The government again threatened action and finally colluded with the UN in November. Two thousand Congolese (FADRC) and 500 UN troops were deployed to a "cordon and search" operation in the Virunga National Park. Five rebel camps were destroyed.

### *The role of Monuc*

Initially, the UN expressed concern over the continuation of conflict in the DRC, not only in relation to the humanitarian cost of the cycle of violence but also the threat the war posed to regional stability. Nevertheless, the UN shied away from direct action or intervention and rather chose to articulate its support for regional initiatives to address the problem. In August 1999, however, after the Lusaka Peace Accord, the UN Security Council authorised a small deployment of military liaison personnel (Monuc). Its mandate included the establishment of contacts with the Joint Military Commission (JMC) formed by the belligerents to oversee the implementation of the truce.

In February 2000 the UN Security Council passed Resolution 1291, which extended the mandate, authorising the expansion of the UN presence in the DRC by adding 500 military observers and 5,537 troops for logistical back-up. The Council placed the force under a newly established joint structure with the JMC and gave it a limited 'Chapter VII' mandate which allowed it to take action to protect UN and JMC personnel and infrastructure, and civilians facing an imminent threat of attack.

In January 2003 Monuc's mandate was again extended. In mid-2003, the UN imposed an arms embargo on the DRC and a few months later, UN Security Council Resolution 1493 authorised the provision of arms only to Monuc and the new, integrated Congolese army. (Although Monuc previously had been monitoring the embargo, it had not been authorised to seize and collect weapons.) Resolution 1493 also provided Monuc with a Chapter VII mandate in the Ituri region of Orientale province and in North and South Kivu and Maniema, which allowed UN troops to use 'all necessary means' and to react defensively in order to protect the lives not only of UN staff, but also of Congolese civilians. In mid-March 2004 the Security Council further adopted Resolution 1533, which strengthened the arms embargo and extended Monuc's mandate to authorise confiscation of any weapons that contravened the arms ban. At the same time, Monuc began moving 4,000 soldiers from other parts of the country to strengthen its troops in the strife-torn eastern provinces of North Kivu, South Kivu and Maniema.

Despite this greater involvement, Monuc's attempts to stabilise the eastern Congo have met with mixed success. In April 2004, several days after a raid on Rwanda by Hutu rebels allegedly based in the DRC, the Rwandan government appealed to Monuc to extend its mandate and forcibly disarm the Hutus. To date this issue has not been effectively addressed by the UN. In May 2004, after the conflict involving Colonel Mutebusi and the DRC loyalists, Monuc attempted to mediate between the two sides and patrolled the city of Bukavu. According to the Economist Intelligence Unit (EIU):<sup>1</sup>

Monuc also strongly condemned Colonel Mutebusi's actions, issuing an ultimatum on May 28 requiring all of Colonel Mutebusi's soldiers to enter a cantonment camp set up for integrating rebel forces into the army by

---

<sup>1</sup> Country report, *The Democratic Republic of Congo*, Economist Intelligence Unit, June 2004.

29<sup>th</sup> May. Any armed soldier found in the streets of the city after the deadline was to be shot. The ultimatum seemed to have some success: the majority of Colonel Mutebusi's soldiers reached the cantonment area by the deadline. However, after 36 hours of relative calm, fighting again erupted on the outskirts of Bukavu.

When RCD–Goma invaded Bukavu on 2 June, Monuc troops failed to act either to prevent the capture of the town by rebel troops or the subsequent looting. Monuc's refusal to intervene caused outrage among large sections of the Congolese public and led to riots against the UN in a number of towns, particularly Kinshasa. UN forces opened fire on rioters in the city, killing a number of them.<sup>2</sup>

On 25 February 2005, gunmen shot dead nine Bangladeshi soldiers from Monuc in Kafe, a stronghold for FNI, one of the militia groups, in the northeastern district of Ituri. A week after the ambush, a "cordon-and-search" operation was deployed to the village in hunt of FNI cadre: 50 militiamen were found and executed.

Afterwards, the Congolese government collaborated with Monuc to have militia leaders in the region arrested. FNI leader, Floribert Ndjabu Ngabu, two of his generals, Goda Sukpa and Germain Katanga, and the leader of the Union des patriotes Congolais (UPC), Thomas Lubanga were arrested in March. Kahwa Panga Mandro, the leader of a coalition of militias dubbed *Parti pour l'unité et sauvegarde d'intégrité du Congo* (PUSIC), was detained in April.

As mentioned earlier, in a joint offensive in December 2005, the Congolese army and Monuc aggressively took on militias in the east.

### Demobilisation and the problem posed by weapons

Unlike many other conflicts, the DRC's did not involve a struggle between government forces and two or three armed movements. Instead, the protagonists included formal government armies, rebel forces, foreign contingents and countless militia groups, some of them formed during or before the Mobutu regime. While it may be relatively straightforward to organise withdrawal of foreign forces, the demobilisation of domestic forces and the militias could prove far more difficult. The roots of many of the militia groups, in particular, lie in ethnic formations, private fiefdoms and even narrow economic

---

<sup>2</sup> *Ibid.*

interests. One of the problems that the authorities must address is that some local military and militia commanders, many of whose power bases lie solely in their control over the forces under them, will not necessarily agree to demobilisation. As the EIU report states:

Whereas government-appointed military commanders remain loyal to a command structure run by officers from the previous army, RCD–Goma commanders take their orders from their own, less official channels of command.

Another problem mentioned in the report is that local military commanders have little to gain from integration and demobilisation. Some recalcitrants are likely to be supported by elements in the current army, which has not received its wages for some time.<sup>3</sup> On a visit to the DRC in June 2004, a South African Broadcasting Corporation (SABC) team encountered members of the DRC armed forces who were angry and disillusioned. They claimed that the last time they had been paid was in March 2004 when they received \$12 each. The SABC broadcast cited examples of soldiers using their position in the armed forces to extort money from the local population.<sup>4</sup>

According to the IMF, the Demobilisation and Reintegration Programme has estimated that there are 180,000 formal soldiers and 170,000 informal troops awaiting demobilisation (although it is still unclear whether these figures include the militias). Accurate statistics are difficult to come by, as there is no payroll for the armed forces. Instead, money is allocated to the commanders, who in turn are responsible for paying the soldiers under them. Presently, the demobilisation programme has focused only on child soldiers and efforts to demobilise other armed formations have not even begun. Nevertheless, there are reports of ex-combatants presenting themselves at some Monuc stations with their weapons, claiming to be reporting for demobilisation. In May 2004 seven rebel groups operating in Ituri signed an agreement to demobilise and return to civilian life.

The transitional government has been criticised in some quarters for dragging its feet on the demobilisation issue, on the grounds that unless the different formations are rapidly disarmed, stability in the

---

<sup>3</sup> *Ibid.*

<sup>4</sup> SABC, Special Assignment Broadcast, 24 June 2004.

DRC will remain elusive. Already, reports indicate that since the establishment of the new government of national unity there has been an increasing number of incidents of banditry involving members of the armed forces or militias who have not been paid.

Another problem that will have to be addressed at the same time is the general availability of weapons. Unfortunately, the government has not taken any decisive action on this issue. The *Forces d'Auto-Defense Populaires* (FAP), a civil defence group, was officially disbanded at the beginning of 2004, but according to one NGO, between 10,000 and 12,000 weapons supplied to the FAP by the government remain unaccounted for in Lubumbashi alone.<sup>5</sup>

In July 2002 the Rwandan and DRC governments signed a peace agreement in terms of which Rwanda agreed to withdraw from the DRC. In return, the DRC government agreed to disarm Hutu rebels of the *Forces Démocratiques de Libération du Rwanda* (FDLR). In September 2002 Rwanda formally recalled its troops from the DRC, but although the DRC government has distanced itself from the FDLR, no comprehensive steps have yet been taken to disarm the group. Representatives in Lubumbashi of the NGO *Association Africaine des Droits de l'Homme* (Asadho) allege that factions of the Mai-Mai still receive arms that come into the province by train. According to this source, the Mai-Mai indicated that they were working for the government.<sup>6</sup> While there may be no advantage for the state in this continued arming of certain elements, there may nevertheless be benefits for individuals in the transitional government, particularly in terms of support in the coming multiparty elections.

## **Economic Policy and Trends**

Since the establishment of the transitional government a number of policy reforms have been initiated to lay the foundation for economic recovery. New mining and investment codes have been introduced and corporate taxes revised, in an attempt to attract foreign investment. Parastatals are being restructured; the civil service is being reformed; and there are plans to build new infrastructure and rehabilitate the old.

---

<sup>5</sup> Interview Asadho representative, Lumumbashi, May 2004.

<sup>6</sup> Interview Asadho representative, Lumumbashi, May 2004.

During 2003 the DRC qualified for debt relief under the IMF and World Bank Heavily Indebted Poor Countries (HIPC) initiative. Although the country's formal debt was meant to be written off only in 2005, the transitional government had already been granted qualified relief on debt servicing.

After reaching the decision point under the HIPC Initiative, the authorities signed bilateral agreements with most Paris Club creditors. The authorities have also continued their good faith efforts to reach collaborative agreements with commercial creditors with which they have signed 32 rescheduling agreements, and they intended to continue seeking agreements with all remaining creditors by end-2005.<sup>7</sup>

In 2002, for the first time in more than a decade, the DRC recorded GDP growth. According to *Banque Centrale du Congo*, real GDP increased by 5.3% in 2003 (compared with 3.5% in 2002). The inflation rate for 2003 fell to 4.4% from the double-digit figures registered in the previous years.<sup>8</sup> Although statistics for the DRC are not accurate because the greater part of the country's trade goes unrecorded, there has been a noticeable upswing in the economy and in the overall production of goods and services.

As regards reforming parastatals, the World Bank has funded a restructuring process for the DRC's mining and exploration company Gécamines and the government has agreed that the state-owned diamond mining company, MIBA, needs to be audited. In June 2003 the IMF approved a three-year poverty reduction facility, marking the first formal assistance provided to the DRC by the Fund in more than a decade. The government's final Poverty Reduction Strategy Paper was due to be completed by 2005.<sup>9</sup> A draft PRSP was circulated to civil society and development partners in the second quarter of 2005. The final version was to be adopted in the fourth quarter.<sup>10</sup> The Executive Board of the IMF, however, approved a DRC government request to extend the Poverty Reduction and Growth Facility arrangement to

---

<sup>7</sup> IMF, 'IMF Executive Board Concludes 2005 Article IV Consultation with the Democratic Republic of the Congo', 29 September 2005. Public Information Notice, No. 05/135. [www.imf.org/](http://www.imf.org/)

<sup>8</sup> Country report, *The Democratic Republic of Congo*, *op. cit.*

<sup>9</sup> *Ibid.*

<sup>10</sup> IMF, 'IMF Executive Board Concludes 2005 Article IV Consultation with the Democratic Republic of the Congo', 29 September 2005, Public Information Notice, No. 05/135. [www.imf.org/](http://www.imf.org/)

end-March 2006, for the additional interim assistance of approximately \$1.7 million under the enhanced HIPC Initiative.

The government is in the process of reorganising the Revenue Service and has set financial targets to be met by the customs services. This, together with other economic recovery processes, brought about a marked increase in the amount of revenue received during 2003. Nonetheless, there still appears to be a significant amount of revenue that never reaches state coffers.

The IMF has pressed the government to allocate a greater proportion of state expenditure to the social services. Interviews with an IMF representative revealed that although this had not happened in 2003, the Fund had accepted that costs involved in establishing the transitional government had probably made greater attention to social spending impossible. He also stated, however, that the Fund would expect to see more state expenditure on social services in future.<sup>11</sup>

## History of Crime and Exploitation

After the establishment of the *Association Internationale du Congo*, King Leopold II of Belgium accrued massive personal wealth without ever setting foot on Congolese soil. Following the development of rubber tyres in Europe and given the availability of wild rubber in the Congo, Leopold's attention became even more focused. The plunder of rubber and other natural resources, such as copper and diamonds, involved the systematic infliction of atrocities on the indigenous population. By 1908 approximately one third of the country's inhabitants had died in what many have described as the first genocide to occur in the Congo. Violence and exploitation inflicted by Leopold's agents reached such levels that after unprecedented international pressure Belgium was forced to transfer control of the Congo from the king to the government. There can be little doubt that the atrocities committed by Leopold and his nominees were motivated by pure greed. Had the atrocities occurred during the latter half of the 20<sup>th</sup> century, they would have been labelled a crime against humanity.

Nevertheless, although the situation may have improved somewhat after the Congo became a Belgian colony, the colonial administration was still ruthless in its exploitation of its resources. The colonisers

---

<sup>11</sup> Interview with IMF representative held in Kinshasa, March 2004.

showed no regard for the local population or for the long-term development of the country. Even after the Congolese had been granted independence, the Belgian government, together with the CIA, conspired to bring about the murder of the first post-colonial president, Patrice Lumumba, because he was not perceived as sympathetic to its interests in the Congo.

After the assassination of Lumumba, Mobutu and his cronies lined their pockets through a systematic process of corruption. This utter mismanagement at a time when the price of copper had fallen in international markets, coupled with the accumulation of massive debt, led to a sharp economic downturn.

The exact extent of the exploitation and corruption that took place during the Mobutu era was never documented, in part because the repressive nature of the government precluded any investigation. There are, however, records indicating that dishonesty and abuse of office cut across all aspects of government and that the Mobutu regime regularly used violence and coercion to deal with anyone perceived to threaten its interests. Some of these acts of corruption are listed below:

- For many years Mobutu and members of his government misappropriated foreign economic aid. In the late 1980s, when these payments dried up, Mobutu was forced to buy off his generals with lucrative minerals concessions.
- Large amounts of revenue earned by parastatals went not into state coffers but into Mobutu's personal bank accounts.
- By 1960 the US depended on the Congo for more than 80% of its industrial diamonds and by 1990 the Congo was the world's fourth-largest diamond producer. During this period, Mobutu used diamond concessions to win friends and consolidate support. Diamond mining concessions were handed out to his allies, often with little if any benefit to the state treasury.
- When the war broke out in 1996, the economy had all but collapsed. There was little donor aid to manipulate. In addition, the Zaïrean army was in disarray. Most of its members were disaffected, partly because their wages were low and seldom paid. Mobutu engaged mercenaries to help defend his regime. These soldiers were 'paid' with concessions or resources that could otherwise have been employed to develop the economy.



Some commentators have argued that it was the exploitation of resources after 1996 when the Congo became ravaged by war that led to the establishment of shadow or informal markets. While it may be true that these markets grew and entrenched themselves during the war, they came into existence during Mobutu's rule, having originated in the mismanagement and exploitation of the country before the war began.

### **War, Organised Crime and Corruption**

Under the Mobutu regime the distinction between legal and illegal activities became extremely blurred, as state officials sold concessions and manipulated budgets for personal gain. By the 1990s Zaire had evolved into what some might classify as a criminal state, corruption being pervasive at all levels of government.

During the 1996 war and in the subsequent conflict in 1999, this situation continued. The new government used the country's resources to further its own interests by granting mineral concessions, diverting funds from parastatals, issuing special taxes for private companies and establishing joint ventures. These exercises were carried out not for the benefit of the DRC economy in general but to secure the position of the new government and to fund the war effort.

The situation was exacerbated by the entry of numerous rebel formations and foreign forces into the conflict. They continued the plunder of the country's resources, either to finance their military campaigns or for personal gain. Rebel forces and foreign armies acquired funds by imposing taxes on resources falling under their control, establishing monopolies, looting private and public property, enforcing concessions, using violence to displace communities from areas rich in resources and finally, using brutality to force civilians to provide labour.

A number of multinational companies and other business enterprises took advantage of the economic opportunities opened up by the conflict in the DRC. Some of them became directly involved, while the role of others was more indirect. While it is true that several of the companies and corporations involved are legitimate businesses operating within the international commercial arena, it must be understood that the DRC war economy could not have grown to the extent that it did without their active participation.

In addition, a shadowy group of people, many of them linked to international organised crime networks, also saw the opportunity to expand their influence and operations. Some of them were groups such as the Russian mafia and various Lebanese networks. Individuals such as Victor Bout (see below) and Arthur van Brink were also involved. All can be linked to various illicit activities that took place in the DRC during the war, including gun running, money laundering and financial fraud.

The war economy in the DRC involved a network of arms dealers and aviation and ground transport companies responsible for the transportation of weapons and the movement of natural resources. According to the panel of experts report, some of those transport companies had worked in the Congo before. Some formed an integral part of networks that had been established in the 1980s.

One of the major difficulties in unravelling this complex web of operators and their exact involvement in unlawful activities is that unlike other conflict zones, the DRC was not subject to any sanctions or embargoes that could provide a clear distinction between what were legal and illegal dealings. This created an opportunity for many corporations, networks and individuals to profit from the war economy.

### *The weapons trade*

The DRC was a major recipient of both small arms and heavy military hardware during the period immediately prior to, and after the war began. The US supplied the Mobutu government with more than \$300 million in weapons and pumped more than \$100 million into military training. In similar fashion, the US and other arms-manufacturing countries supplied Zimbabwe, Uganda and Rwanda (the last after the arms embargo was lifted in 1994) with equivalent amounts of weapons. From 1996 onwards a large part of the cache of weapons thus accumulated was used in the conflict in the DRC.<sup>12</sup>

According to a small arms survey conducted by Abdel Fatau and Robert Castle, weapons were sold to many of the protagonists in the DRC conflict by Libya, India, Georgia, Burkina Faso and China, reportedly in exchange for mining concessions or diamonds. The

---

<sup>12</sup> Hartung WD & B Moix, *Deadly Legacy, US arms to Africa and the Congo War*, Arms Trade Resource Centre, January 2000.

survey also cites weapons as being obtained from Uganda, Sudan, Rwanda and Tanzania and claims that the conflict gave a boost to the newly established Zimbabwean arms industry.<sup>13</sup>

The survey also mentions the difficulty of tracing the sources of many of these arms deals. In some cases the weapons were lawfully sold to a country and then illegally diverted to the conflict zones in the DRC. In others, the transactions themselves were illegal and were carried out by illicit arms dealers. In many other instances the trade in diamonds and other precious natural resources financed the purchase of military equipment and ensured a steady flow of weapons into the conflict zones.<sup>14</sup>

The end of the Cold War had left a surplus of weapons in various countries, especially in eastern Europe. The availability of arms and their illicit sale has created a group of shady arms dealers operating in parallel to those who might be termed 'official' weapons suppliers. Many of the former have been involved in supplying arms to a number of conflict zones in Africa, including the DRC. One of the dealers named in the panel of experts report, Victor Bout, has been cited as supplying weapons to Liberia, Sierra Leone and other war-torn areas and was active in other forms of organised crime in the region.<sup>15</sup>

Many of the weapons transactions involve a complex chain of dealers, middlemen, brokers, shippers and recipients in a number of different countries. This makes them extremely difficult to track. The small arms survey describes an example in which an aircraft registered in Liberia, but belonging to a Scandinavian-run company operating out of Luxembourg, was transporting military hardware from Bulgaria to Harare, for use in the DRC. The pilots were British and American and according to one of them, the delivery contract had been brokered by a firm in Holland.<sup>16</sup>

The DRC government also supplied legally-acquired weapons to informal militias, to ensure their continued support and to maintain

---

<sup>13</sup> Fatau A & R Castle, 'Eastern Europe's arsenal on the loose: Managing light weapons flows to conflict zones', *Basic Papers*, 26, May 1998.

<sup>14</sup> *Ibid.*

<sup>15</sup> Blanche E, 'Desperately seeking the elusive Victor Bout', *The Daily Star*, 26 October 2002.

<sup>16</sup> Fatau A & R Castle, *op. cit.*

some degree of influence over such groups as the Mai-Mai.<sup>17</sup> One member of an NGO involved in tracking weapons said he believed they were still coming into the DRC from neighbouring countries. He explained that in a recent incident, arms had been brought across the border in sacks labelled as food, which contained weapons broken down into components for reassembly once inside the country.

### *Trade in coltan*

Africa currently accounts for 15% of world reserves of tantalum ore or coltan (columbite-tantalite). Eighty percent of the continent's coltan deposits can be found in the DRC,<sup>18</sup> most of them in the east of the country. Coltan is an essential component in many technical devices including satellite stations, laptop computers and even cellular telephones. In 2000 the price of coltan increased from \$66 to \$528/kg. This remarkable rise created a coltan mining 'rush'. While a number of people in coltan-rich areas made large amounts of money from this activity, it was not only civilians who became involved. Members of the military forces, rebel groupings and militias operating in the mining areas seized the opportunity to reap profits. Various methods were used.

In some cases the armed forces and militias that controlled the area took over responsibility for the licensing processes required to mine, charging stiff fees. Proceeds of coltan mining were taxed by the occupying forces and in some instances militias or armed forces took over the mining themselves, using child or slave labour to do the work. Miners often reported that their stock had been looted. Incidents where communities and farmers were forcibly relocated became more regular in places where the farm, or the villages, occupied land that was suitable for mining.

The various armed groupings and the local population were not the only interests involved. Numerous multinational corporations also rushed to replenish their stocks of coltan, with little concern for the manner in which it was acquired. A number of these companies set up offices in Kigali in order to buy coltan stock from the eastern DRC.

Criminal elements also appear to have been actively involved in the trade. In 2000 two Russians, Valentina and Alexei Piskunov, set up a

---

<sup>17</sup> Zeilig L, 'The Congo: Speculators and thieves', *Voice of the Turtle*, 2004.

<sup>18</sup> McGriell C, 'The cost of a call', *The Guardian*, 20 August 2001.

coltan company in Butembo, from which the coltan was shipped to a processing factory called Ulba Mechanical Works in Kazakhstan. Once processed, the stock was sold to a Swiss company, Finconcord, which was run by one Chris Hubler who eventually had to flee Kazakhstan to escape charges of tax evasion. The owner of Finconcord, Simon Brikin, was also held responsible by a Russian judicial authority for the theft of approximately \$8 million from a petrochemical plant in south Russia.<sup>19</sup>

In 2001 the market for coltan collapsed, largely because the US dumped its surplus stock. This sudden change ended the rush in the DRC. Many members of the local population involved in mining returned to farming and coltan mining by military forces and militias appears to have subsided somewhat, although it has been argued that these groups continue to influence the coltan trade. They appear to have dealt with the collapse by cutting out any middlemen, using only slave and child labour, and taking complete control of the evaluation and pricing system so that they are able to buy coltan at prices significantly below the market rate. They have also retained a monopoly over the buying of coltan, which has meant that even if profits are lower there is still money to be made from the trade.

In most cases the armed forces and militias were already involved in the war when the coltan rush occurred and their subsequent participation was merely a by-product of the boom. After the collapse in the price, however, some young miners are alleged to have formed fringe militias for the specific purpose of looting coltan supplies. While the current extent of involvement in the trade by troops may be debatable, the effect of the boom on the populace is indisputable. Coltan mining has caused the displacement of thousands of rural people in eastern DRC; it has ruined agricultural production in some of these areas; and it has led to large-scale poaching and the despoliation of the land. While the impact of current mining practices is difficult to measure, the legacy of the coltan rush is likely to affect productivity in many parts of the DRC for some time.

---

<sup>19</sup> *Ibid.*

### *Trade in diamonds*

The DRC has reserves of kimberlite and alluvial diamonds and as noted above, by 1999 had become the fourth-largest diamond producer in the world. One of the major players in the diamond trade is the MIBA, founded in 1961, which is 80% state-owned. After the collapse of the Congolese economy in the 1970s, extraction of alluvial diamonds grew rapidly and by 1996, immediately before the war began, the World Bank was pressuring the government into liberalising the diamond industry and privatising concessions.<sup>20</sup> Illicit trade in diamonds is long-standing in the DRC and MIBA has always had difficulty controlling alluvial mining concessions. During Mobutu's rule the diamond trade was instrumental in purchasing government patronage. After the war began, diamonds played an even larger role because not only did they help to subsidise the conflict but they were used by the main protagonists for personal gain.

As happened in the coltan trade, government officials, military forces and the militias became deeply involved in large-scale plunder of the DRC's diamonds, paying scant regard to the consequences. They controlled the issue of diamond mining concessions in occupied areas, looted diamond supplies, mined certain diamond fields using slave and child labour, levied taxes on recovered diamonds, smuggled diamonds across borders, reaped excessive profits by price fixing and imposed diamond monopolies.

As with the trade in coltan, coercion and extreme violence were used to maximise profit and control the diamond trade. A major consequence of this appropriation of the diamond industry was a dramatic decrease in the revenue received by the state treasury. In 1999 revenue earned by the state from the sale of artisanal diamonds was only \$18.7 million, compared with \$328.7 million the previous year.

### *Trade in gold and copper*

The DRC is relatively rich in gold deposits and has a state-owned gold-mining agency, Office of the Gold Mines of Kilo-Moto (Okimo). As there have been in the diamond trade, there have always been

---

<sup>20</sup> *Making a Killing: The Trade in Diamonds in Government-Controlled DRC*, Amnesty International, 22 October 2002.

problems with gold smuggling. But with the start of the war, gold was exploited by the armed forces in much the same way as were diamonds. In addition, some neighbouring countries exported certain badly needed commodities into eastern DRC in exchange for smuggled gold.

The DRC also has rich reserves of copper and zinc, most of which are controlled by the state-owned Gécamines. During the war mining concessions for these minerals were used by the government to secure military support from other countries.

### *Plunder of forests*

The DRC has approximately 1.3 million km<sup>2</sup> of forest. The country's rainforests make up about half of those found in Africa and one-eighth of all those found in the world.<sup>21</sup> As a relatively portable commodity, timber is vulnerable to theft and like other natural resources, the country's forests suffered from attacks by government armed forces and militias during the conflict. This has severely damaged both the environment and nearby communities.

### **Role-Players in the Conflict**

Most protagonists in the war not only looted the country's natural resources but also engaged in criminal activity.

#### *Laurent Kabila's government and allies*

From the start of his term in office, Laurent Kabila used his position to arrange business deals to secure his power base. Before his accession, while his rebel army was still engaged in opposing the Mobutu regime, Kabila was in discussion with multinational companies and making agreements to grant mineral and timber concessions to them. Many commentators at that time described Kabila's activities as indicating that he treated the country's natural assets simply as commodities to be sold off to the highest bidder.

---

<sup>21</sup> Wolfire D, Brunner J and Sizer N, *Forests and the Democratic Republic of Congo: Opportunity in a Time of Crisis*, World Resources Institute, [www.wri.org](http://www.wri.org), Washington, June 1998.

According to the panel of experts report, between 1999 and 2002 more than \$6 million worth of state assets were transferred into private hands without any benefit to the public treasury. The main aim of the process was to entrench Kabila's position and buy patronage.

- In 2000 Laurent Kabila concluded an agreement with the Israeli trading group IDI Diamonds (IDI) under which he gave IDI a monopoly on the purchase of the DRC's uncut diamonds, in an attempt to gain cash and military equipment from Israel (the owner of IDI was said to be extremely close to a number of Israeli generals). The bargain turned out to be catastrophic for Kabila; no military equipment ever arrived and IDI paid out only \$8 million instead of the expected \$20 million.
- Kabila committed Gécamines to a joint venture with a Zimbabwean company owned by one Billy Rautenbach, said to enjoy a close relationship with Zimbabwe's President Robert Mugabe. This resulted in little or no gain for the DRC economy.
- Kabila granted concessions for alluvial deposits and six kimberlite mines owned by MIBA to a Zimbabwean-DRC company, *Société Minière de Senga Senga* (Sengamines). There was no legal decree setting up Sengamines and it was not listed with the *Fédération des Entreprises du Congo* (as was accepted business practice). No public tender or bidding process for the concession took place.
- Kabila also acquired money from parastatals and private companies. According to the panel of experts report, a percentage of the profits of businesses was paid on a daily or weekly basis and delivered directly to the president or one of his close colleagues. Kabila's office also received a percentage of the profits earned by parastatals, paid directly to the president. Some of this cash was used to pay soldiers, but as these were off-budget payments, they were impossible to track.
- Zimbabwe's intervention in the DRC conflict would not appear to have been initially motivated by economic interests but rather by an attempt to assert Mugabe's influence as a power broker within the SADC region. Once Zimbabwe was involved in the conflict, however, a number of preferential deals were made with Zimbabwean businessmen, members of Mugabe's Zanu-PF party and Zimbabwe Defence Force (ZDF) generals. According to the panel of experts, these included granting lucrative contracts in



mining and logging to generals and businessmen. A company linked to Zanu-PF was granted a 33 million hectare timber concession (the world's largest). Senior members of the ZDF also set up commercial operations in the DRC. For example, General Vitalis Zvinvashe and a ZANU party loyalist, Emmerson Mnangagwa, founded a company called Zidco that was granted lucrative contracts in the DRC. Figures with apparently close links to the Zimbabwe military also controlled a company named Operation Sovereign Legitimacy (Osleg), which had interests in Mbuji-Mayi. Some Zimbabweans were awarded concessions in the DRC's principal diamond areas of Tshibwe and Senga Senga. The war cost Zimbabwe in excess of \$200 million, but most of the benefits accruing from contracts and concessions went to individuals rather than the Zimbabwe state.

- Angola claimed to have entered the war because Unita rebels were using the DRC as a base to attack it. In return for its support, however, the Angolan government was granted a number of relatively profitable diamond concessions and an agreement that once peace had been restored, it would enter into a joint venture with the DRC government to exploit oil reserves off the DRC coastline.

### *Rwandan forces and their allies*

A number of commentators have accused Rwanda of involving itself in the conflict in order to plunder the DRC's resources. This viewpoint, however, ignores the real problem represented for the new DRC regime by the Hutu refugees who had fled across the border after the installation of a Tutsi-dominated government in Rwanda. The regrouping and re-arming of these Hutu refugees, some of whom had been directly involved in genocide in Rwanda, took place within the DRC, close to the Rwandan border. The argument also fails to take account of the support given to the rearmament of the Hutu militias, first by the Mobutu regime and subsequently by Laurent Kabila. Initially, the Rwandan government made numerous appeals to the international community to intervene, but receiving no response, decided to deal with the militias on its own.

Other commentators have argued that Rwanda initially moved forces into the DRC to protect the Tutsis, who had become the targets of Hutu militias as a result of their alienating themselves from the Congolese armed forces and the Mai-Mai militia, in that country. To

some extent this is accurate, but Rwanda also had legitimate security concerns. Before Rwandan forces entered the DRC, Rwandans living near the border were in constant danger from relatively frequent cross-border raids by Hutu militias.

Nevertheless, what may have started out as an intention to defend Rwanda became subject to change once Rwandan troops had entered the DRC. Rwandan forces, together with their RCD allies, began to take control of diamond and coltan mining in the eastern part of the country and to involve themselves in the sale of these minerals. Coltan and diamond trading posts and offices were established in Kigali and coltan was taken out of the DRC into Rwanda without any duty or tax payments. From Rwanda, the minerals were exported to Europe and the US. Substantial profits were earned for Rwanda by this trade, and no revenue was gained by the DRC.

During this period the Rwandan army is alleged to have removed some 100 tonnes of coltan a month from the DRC.<sup>22</sup> In 2000 and 2001 Rwanda earned \$64 million and \$44 million, respectively, from the export of coltan.<sup>23</sup> Diamonds were ruthlessly exploited in much the same way. Rwanda, which has no domestic diamond production, received \$1.76 million from the export of diamonds in 2000. To a large extent, profits from stripping the DRC's mineral resources went into the Rwandan state treasury. Some of the money was used to finance the war. Military spending in Rwanda remained constant throughout the conflict. (By contrast, the amount of money Zimbabwe spent on the war in the DRC rose year by year). Rwanda's ally, the RCD, was also involved in looting diamonds and coltan. In December 2000 the Belgian NGO, International Peace Information Service, provided evidence that trading contracts to the value of \$4 million had been arranged between the RCD and two Belgian companies.

### *Ugandan forces*

Uganda also claimed that its motive for deploying troops into the DRC arose from the fact that Ugandan rebels, in particular the Lord's Resistance Army (LRA), were using the country to launch attacks into Uganda. From the time Ugandan forces entered the DRC, however,

---

<sup>22</sup> Essick K, 'Guns money and cell phones', *The Industry Standard Magazine*, 11 June 2001.

<sup>23</sup> *Ibid.*

they targeted towns and areas rich in mineral and natural resources. Ugandan forces with their allies the MLC and RCD-ML became involved in the trade and mining of diamonds and coltan. In 1999 Uganda's coltan production was zero, but its exports were 69.5 tonnes; and although it has no local diamond reserves, Uganda earned more than \$1.26 million from diamond exports.

Uganda and the rebel movements allied to it have also been involved in the extraction of timber, tin and gold. The timber price in Uganda halved after its forces had entered the DRC, largely owing to the amount of timber being brought into the country from the DRC. In 2000 gold production in Uganda was 0.0044 tonnes, but 1,083 tonnes were exported.

Like Rwanda, Uganda accrued large profits by extracting resources from the DRC without sharing any of the wealth with the DRC itself. The profits were not used as they were in Rwanda, where almost all the proceeds went into the state treasury or were used to finance the war. Instead, a number of powerful individuals serving the Ugandan army or associated with the Ugandan government reaped the rewards. A retired major general, the so-called Salim Saleh, half-brother of Ugandan president Yoweri Museveni, funded a trading post for the trade in gold and diamonds in Kisangani. He also ran an aviation company that held a virtual monopoly on all commercial flights out of the eastern DRC. Lieutenant-General James Kazini, Museveni's nephew, was another Ugandan who benefited directly from the extraction of resources in the DRC. Saleh and Kazini established the Victoria Group and Trinity Investment as ghost company conduits to move valuable commodities out of the DRC. The Victoria Group is known to have dealt in gold, coffee and diamonds.

Whatever the initial reasons for the entry of Rwanda and Uganda into the DRC war, the self-serving nature of their interest in that country's resources became clear when the two armies clashed over the occupation of a mineral-rich area of Orientale province in May 2000. Certainly, neither could claim that the other's presence in this area posed any conceivable threat to its national security.

#### *Other role-players in the conflict*

Apart from the different armed protagonists who played a direct part in the war, a number of other organisations and businesses used the

conflict and the ensuing chaos to take advantage of the DRC's resources or to engage in unlawful activities.

The panel of experts report listed 180 names of companies and individuals involved in the exploitation of the DRC's resources and contributing to the conflict. Some of the companies are large multinationals.

Many of those individuals and companies named have denied the allegations. The claims are under investigation in several countries, including Belgium and Uganda.

## Organised Crime in the Current Situation

### *Tax evasion*

Two of the commonest forms of crime in the DRC appear to be tax evasion and business fraud. In interviews, business people cited this form of crime as being relatively pervasive. Tax evasion (which is a type of fraud) is most often found when the value of goods imported and exported is declared at well under its worth or a company's revenues are not fully reported. A South African businessman operating in the DRC claimed that his company had tried to 'play it straight', but officials from the revenue service auditing the company's accounts asked why he did not keep two sets of books.

A mine owner stated that common practice (he used the term 'rule of thumb') was three thirds: one-third of production is declared and taxed; one-third is pocketed; and the final third goes towards paying the necessary bribe. This means that a company exporting 90 tonnes of ore, for example, declares 30 tonnes for tax purposes.<sup>24</sup> The trick for successful tax evasion is to know how to work the system and to overcome obstacles. It appears that when the government attempts to clean up one bonding warehouse, business people simply move their goods to another.

### *Illegal importation and exportation*

Illegal import and export is another form of organised crime in the DRC. There appears to be a relatively large trade in illegal importation of commodities, to the detriment of domestic manufacturing. One

---

<sup>24</sup> Interview with mine owner held in Lubumbashi, May 2004.

businessman indicated that the only way the DRC's manufacturing sector could compete with illegal imports was to under-declare raw materials being brought into the country.<sup>25</sup>

There are also indications that oil is being illegally brought into the DRC. According to an EIU report,<sup>26</sup>

it is widely alleged in Lubumbashi that the President's sister had imported a substantial amount of fuel from Zambia [where the price is lower than in the DRC] on which no import duty was paid. The matter became difficult for the authorities to cover up after one of the fuel tankers blew up.

In regard to illegal exports, the problem of diamonds smuggled across the border by dealers is persistent. Mining companies in Lubumbashi cited Congo Brazzaville as the main destination for smuggled diamonds because it is easy to move them over the river that separates the two countries. It is also likely that smuggling routes, set up during the war across the borders with Uganda and Rwanda, are still in use. The government is experiencing difficulty in exerting its authority in the east and instability continues in this part of the country, making control of the borders very difficult.

There is also substantial illegal exportation of copper and cobalt ore (known as heterogenite), most of which is sent into Zambia. This trade appears to be flourishing because the current price of copper is relatively high and that of cobalt has greatly increased. This steep rise in price has caused what could be described as a copper and cobalt 'rush' in areas where these minerals occur. DRC legislation requires value to be added to ore by processing before it is exported. But many companies do not adhere to this stipulation and continue to smuggle raw heterogenite into Zambia, where it is then processed before being exported elsewhere. A number of personnel involved in mining this ore claimed, during interviews, that they did not themselves take part in this practice but knew as a fact that all the other companies in the same field were involved. One mine owner reported that some firms had established processing plants that were not operational and had

---

<sup>25</sup> Interview with businessman held in Lubumbashi, May 2004.

<sup>26</sup> Slater G, *The Democratic Republic of Congo*. Country report, Economic Intelligence Unit, June 2004.

been set up as fronts to cover the illegal exportation of unprocessed heterogenite.<sup>27</sup>

A number of these companies also purchase their heterogenite from alluvial diggers. Following the collapse of some Gécamine sites and the rise in copper and cobalt prices, a number of the alluvial sites have been reopened and taken over by diggers who bribe security officials to gain access to the mines. These diggers, in turn, sell the heterogenite to mining companies and other buyers. An alluvial digger interviewed declared that he could mine almost 500kg a day for which he would be paid \$75, but that he would need to bribe at least six people to earn this sum. 'When you go into the mine you have to bribe the security officials and when you come out with your ore you have to bribe people again'.<sup>28</sup>

### *Money laundering*

The extent of money laundering in the DRC is debatable. A representative of the World Bank expressed doubt that such activities were occurring, but this was disputed by a number of others, including businessmen, members of NGOs, journalists, a banker and local community members. They claimed one means of laundering money was the importation of food, clothing and other commodities that were then sold at a loss. According to the banker, another popular method is through diamonds: 'Money will come into the country invisibly, and then diamonds will leave visibly'. This view was supported by a diamond *comptoir* who claimed that people carrying substantial amounts of cash arrived in the country and bought as many diamonds as they could at above market prices. This often meant that other clients were unable to buy diamonds because the market had been co-opted by the money launderers. '[The launderers] are prepared to lose as much as \$50 on every \$100 transaction in order to clean their money'. Many individuals identified as being involved are of Lebanese origin. Their influence as *comptoirs* in the diamond market puts them in an ideal position to assign criminal networks in this way.

The DRC is currently developing legislation to prevent money laundering, but such laws are unlikely to make much difference

---

<sup>27</sup> Interviews with mining companies Lubumbashi, May 2004.

<sup>28</sup> Interview with heterogenite digger, Lubumbashi, May 2004.

because the DRC's banking system is so weak. The country has one of the lowest banking rates in the world – only 0.02% of the population uses formal banking institutions. Almost 98% of financial transactions take place outside the banking system and are impossible to track.

The head of the Central Bank stated that any money more than \$10,000 entering or leaving the country had to be authorised and processed through a formal bank account. Given the low level of confidence in the formal banking system, however, this requirement would be hard to enforce. As a supplement to the country's banks, there are also about 50 officially registered exchange houses in the DRC, many of which record only about 10% of the transactions they handle. There are also a significant number of unofficial exchange houses operating in the streets and in the back premises of retail shops.

### *Business or crime?*

Given the pervasive nature of corruption and illicit business practices in the DRC, it is becoming increasingly difficult for people in legitimate businesses to compete with those who cut corners or involve themselves in illicit activities. During interviews with business people operating in Lubumbashi, all of them claimed that they were not corrupt but that almost all the other businesses were. When asked if they could survive by 'playing it straight', most said not.

There is a fine line between unethical practices relating to the exploitation of the assets offered by the DRC and illegal practices. In February 2004 the minister of mines signed a contract with a British-based assaying company Alex Stuart International (ASIC), which gives ASIC a monopoly on all mineral analysis in Katanga Province. Mining companies already operating in that area have complained that the monopoly goes against the mining code and that the price they now have to pay for analysis has increased more than eight-fold. In response, ASIC claimed that the increase is due to the cost of establishing its operations and that the main reason behind the complaints is that mining companies can no longer bribe officials to under-value their minerals.

The World Bank seems to agree with the mining companies, and a World Bank official stated that<sup>29</sup>

---

<sup>29</sup> Interview with Onno Ruhl, World Bank, Kinshasa, May 2004.

the monopoly is not according to the mining code ... Obviously it is not in the interests of anybody to have a monopoly, and when you see a monopoly that leads to such dramatic price increases, this is not in the public interest. You also create an incentive for un-transparent behaviour. There can be no monopoly without price controls. According to our experts, the prices are much higher than for other countries, and they do not appear to be explained by the cost structure alone.

Prior to the ASIC deal the Kabila government signed a questionable contract with the Israeli-based company Emaxon Finance International (EFI), which gave it the sole right to market diamonds produced by MIBA. The agreement raised questions in many circles: Why had the government entered into a contract which would give one company a monopoly on marketing state-owned diamonds? Although this arrangement was amended in April 2004 to reduce EFI's share to 12% of MIBA diamonds (which will be marketed by a bank through a tender process), EFI will still market the lion's share of MIBA diamonds. Moreover, the new contract with the successful bidder will only come into effect in 2007.

### *Abuse of exemptions*

Another form of crime is abuse of exemptions on import levies. This occurs most often in the mining sector, which has a code that allows mining companies to import goods required for mining at a reduced rate of duty. Although this concession was intended for importation of heavy machinery and other mining equipment, the system is being abused. Some companies are importing other commodities under the code and even setting up warehouses for such goods. According to an employee of one oil company, the fuel his company produced could not compete with that imported under the exemptions by some mining companies; the latter paid their sub-contractors with this fuel, and in turn the contractor was able to sell it on for cash at prices lower than the standard fuel price. Such abuse of the exemptions is being used for other goods, which might result in the establishment of a parallel wholesale market with which those outside the mining sector could not compete.

### *Corruption*

Corruption in the DRC dates from the Mobutu era. Towards the end of his rule, the insecurity felt by civil servants with regard to the future



seems to have caused levels of corruption in government to rise even higher. When Laurent Kabila came to power, much of this susceptibility to bribery continued unabated. It has become endemic in government and among civil servants. Citizens of the DRC commonly refer to the bribes necessary to secure even routine services as 'CPS', short for 'co-operation'. This is a cynical reference to the phrase 'if you co-operate, I will co-operate'.

A major hindrance to addressing corruption in the DRC is the lack of accountability and transparency in government. Some people interviewed pointed out that the establishment of the new interim government had brought with it some degree of openness to scrutiny, as the different parties who are represented at different levels of government hold each other to account. This situation has both pros and cons, given the presence of so many parties. The unarmed opposition alone comprises more than 400 political parties. While some of these groupings are trying to use the interim period to establish political credibility, others are aware that they have no future in politics and are, therefore, attempting to get the most out of their positions in government during the transitional period.

Despite the political practicality of demonstrating accountability under the interim government, however, it does not appear to be sufficient to prevent certain senior government officials engaging in dubious deals for personal gain. In April 2001 the *Cour des Comptes* (auditor general) conducted an audit of the Public Enterprise Council (*Conseil Supérieur du Porte Feuille*), which includes the state-owned electricity, water and communications sectors. The audit brought to light a range of serious and systematic failings, among them fraud, embezzlement and mismanagement. While the report led to some dismissals, many of the fundamental issues raised have yet to be addressed. The *Cour des Comptes*, Professor Mabi Mulumba, expected another planned audit to reflect similar deficiencies.<sup>30</sup>

Another department regularly referred to as corrupt, was the customs and excise *Office des Douanes et Accises* (Ofida). A number of business people mentioned having to pay bribes to customs officials at border posts. A policeman in Lubumbashi complained that police often arrested people involved in customs evasion and handed them over to Ofida, but that no charges are brought against them. In some

---

<sup>30</sup> Interview with Professor Mabi Mulumba, Kinshasa, May 2004.

parts of the DRC attempts have been made to reform Ofida and its personnel have been given targets to meet. These measures, however, do not appear to have stopped corruption. According to interviewees, once officials have met the targets they are able to pocket any additional revenue they earn.<sup>31</sup> In such instances, customs revenue increases, but not to the extent it should.

On 3 May 2004 the minister of mines suspended the director of the Mining Registry, Ambroize Mbaka Kawayu. The reason is said to be numerous complaints that Kawayu was acting contrary to the mining code and was involved in corruption and racketeering. Although Kawayu defied the suspension, his deputy is now *de facto* head of the Registry.

The media in Kinshasa have published numerous articles on corruption and various donor agencies and foreign countries have denounced the many instances of public malfeasance they have encountered. It appears that bribery has become so pervasive that it is causing people to become involved in crime in order to recover money lost. One businessman reported that having to pay bribes had affected his company's profit margins to such an extent that it was necessary to falsify import and export documents to compensate for the losses.<sup>32</sup>

Most business people interviewed in Lubumbashi complained that if they conducted business by the book and were not prepared to pay bribes, then obstacles would be created; for example the granting of business rights and licences would be greatly delayed. Business people prepared to pay bribes were able to obtain such permissions extremely quickly.

To counter the pervasive nature of corruption in the DRC, in May 2004 the president announced that a commission of enquiry would be established to deal with allegations and incidents of corruption in government.

### *Other forms of organised crime*

Other criminal activities identified by people interviewed include advance fee fraud (often involving black dollars), the assassination of business rivals and extortion on businessmen who refuse to pay bribes.

---

<sup>31</sup> Interviews with mining companies Lubumbashi, May 2004.

<sup>32</sup> Interview with mine manager, Lubumbashi, May 2004.

## **Factors Contributing To Crime**

A number of factors unique to the DRC contribute to the incidence of crime.

### *Porous borders*

The DRC, like many countries in Africa, suffers from long and poorly monitored borders across which goods can be smuggled with relative ease. The problem is more acute for the DRC, however, because nine different countries share its borders. Another factor is the length of the borders. Even before the war a significant amount of unrecorded cross-border trade took place. Since the outbreak of war, the DRC government has lost control of a significant proportion of territory close to its national boundaries, particularly in the east. While a peace process has been established and attempts are being made by the new transitional government to re-establish control over these areas, their authority is still contested.

### *Availability of natural resources*

Because the DRC's copious natural resources are relatively easy to exploit, the country has always attracted profiteers, starting with King Leopold and continuing to the present. Control over resources has been made difficult not only by a culture of corruption that started during Belgian colonial rule, but also because of the *de facto* division of the country during the civil wars in the 1990s. Even now, as the government begins to reunite the provinces and attempts to reassert its authority throughout the DRC, control over some of these areas (and the resources within them) is likely to be seriously challenged. Alluvial mines, which have proven almost impossible to control anywhere in Africa, pose a particular problem. As has been mentioned, local diggers have invaded some inactive copper and cobalt mines. During the coltan rush, rebel forces and local people occupied coltan mining areas. The challenge faced by the government is finding ways to effectively address the problem of alluvial sites and to re-establish control over the copper and cobalt mines.

### *Demobilisation and existence of militias*

The slowness with which demobilisation is taking place, and the continued existence not only of rebel armies but also of government-

supporting militias, poses a serious threat to the DRC's stability. It also provides a breeding ground for criminal activity. Many militia and rebel commanders and their forces fought for economic gain as well as political objectives. Having established strong fiefdoms, they have much to lose by the demobilisation process. The situation has been exacerbated by splits in some of the armies and militias which have led to the absence of a single command structure. The ethnic basis of some *of the militia and rebel armies also complicates the situation and makes the demobilisation process more volatile.*

As the election date draws closer, the completion of demobilisation becomes of critical importance. The wish of the various parties to use armed forces to bolster their support, however, runs counter to the disarmament trend. In addition, the government does not have a good track record with regard to demobilisation. Although it has officially disbanded some militias and attempted to distance itself from others, as yet it has failed to take thoroughgoing steps to disarm all the militias. The government is also going to have to exert better control over disaffected members of the national army. Many of these soldiers are involved in criminal activities, especially extortion.

### *The state of the economy and infrastructure*

The collapse of the DRC's economy dates to the Mobutu era. Years of mismanagement and corruption have left the economy in tatters and more than a decade of conflict caused further economic damage: few of the profits accrued from the exploitation of the country's resources reached the formal economy, least of all the national treasury.

Since the peace process began there has been a substantial improvement in the economy. The lack of public confidence, however, is reflected in the insignificant number of people who make use of the banking system. Another hindrance to economic growth is that the most trade takes place at an informal level and is, therefore, unrecorded. One mine owner interviewed stated that 'the informal economy is everywhere; everything is arranged'.<sup>33</sup> This provides an ideal environment for criminal elements, whose activities can go undetected. One NGO representative in Lubumbashi said 'a large part of mineral exports here go by the black market. The economic system

---

<sup>33</sup> Interview with mine owner Lumumbashi, May 2004.

has completely disintegrated, nobody can control it'.<sup>34</sup> All these factors make it virtually impossible to implement new anti-money laundering legislation.

The collapse of the DRC's infrastructure (in particular, roads, railways and bridges) also allows criminal activities to flourish. One mine owner commented: 'Our mine is difficult for us to access, but it is even more difficult for government to access. When they want to visit our mine, we say "sure, but you must get there yourselves". Of course they never come to the mine'.<sup>35</sup>

### *The need for a regional approach to trade*

One of the problems outlined by the World Bank with regard to imposing tighter monitoring systems on diamonds and other natural resources produced in the DRC is that the same controls do not exist at a regional level. The imposition of strict monitoring on the DRC alone, therefore, could be seen as placing it at a disadvantage in relation to other countries in the region.

The situation for the DRC is made worse by the fact that Congo Brazzaville and Rwanda are both registered as diamond exporters in line with the Kimberley Process, even though neither country actually produces diamonds. This means that diamonds can be smuggled out of the DRC into Rwanda and Congo Brazzaville and then officially exported from these countries with full Kimberley Process accreditation. Mine operators and police officials cite Congo Brazzaville as an important destination for diamond smugglers because the tax levied on diamonds in that country was only 1%, as opposed to 5% in the DRC.

### *Lack of transparency and accountability*

From the time of Mobutu, the DRC has been plagued by a lack of administrations that can be held accountable. Years of misrule and corrupt and repressive government have left state structures vulnerable to abuse, and civil society and the media (the natural guardians of public accountability) weak and relatively ineffective.

---

<sup>34</sup> Interview with Acidh, Lumumbashi, May 2004.

<sup>35</sup> Interview with mine operator, Lumumbashi, May 2004.

### *Continuing influence of Uganda and Rwanda*

During the civil war, the involvement of Uganda and Rwanda allowed them to ransack the DRC's natural resources and take the spoils across the borders into their own countries. Although Uganda and Rwanda have officially withdrawn from the DRC, they still seem to exert some influence over the territories they previously occupied, through the remaining rebel leaders. This makes these areas subject to continued cross-border trafficking.

### *Lack of industrial monitoring and implementation capacity*

Although the new government has introduced a number of codes into some economic sectors, for example the mining industry, as a means of encouraging foreign investors and reasserting control over natural resources, it faces a number of obstacles. One of these is its lack of capacity to monitor compliance with the codes, and to ensure their proper implementation. This inability to enforce regulation, together with the high level of government corruption, raises questions as to whether the DRC will ever be able to prevent smuggling and the illegal extraction of natural resources.

Much government and international attention has concentrated on the mining sectors. This is the clear result of the country's recent history of appropriation of mines and the extraction and sale of minerals by armed groups. One area that requires equal attention is the logging industry, which has grown rapidly since 2003. In the first two months of 2003, 4,970m<sup>3</sup> was logged and for the same period in 2004 this had risen to 96,369m<sup>3</sup>.<sup>36</sup> According to Alice Bondel:<sup>37</sup>

Timber fuels some of the world's most brutal wars, sustains the illegal arms trade and those mercenaries and militias who have tortured, detained, sexually exploited, intimidated and enforced the displacement of populations. Poorly enforced arms laws and trade laws and an almost unregulated shipping industry open to abuses bind together timber, weapons smuggling and war, and keep the business open to criminals. Timber, as an easily exploitable, valuable commodity, has become a resource of choice for warring factions, criminal networks and arms-dealers, providing finances and logistics.

---

<sup>36</sup> Slater G, *op. cit.*

<sup>37</sup> Bondel A, 'Logs of war', *Monde Diplomatique*, January 2004.

The World Bank has acknowledged that its capacity to monitor this sector is, like that of the DRC government, relatively limited. The Bank may need to ask for the help of NGOs to control the timber industry.

## **Conclusion**

The civil war in the DRC has been described as a conflict motivated by the desire to appropriate its resources. The large-scale exploitation of minerals and timber by various warring parties played a crucial role in funding the war and may well have helped to prolong it. It would also be true to say that forces involved in the war specifically chose to deploy in regions of the DRC that were rich in resources. The real causes of the war were more complex, however, and must be addressed, if further conflict is to be avoided.

In the DRC, the distinction between illicit and 'conflict' trade has become blurred. Unlike Sierra Leone and Angola, the DRC was not subjected to international diamond and arms embargos in terms of which trade in support of war could be clearly identified. This makes the classification of criminal activities extremely difficult.

The DRC's long history of exploitation and corruption led to the establishment and growth of the informal economy. During the war, this shadow economy grew rapidly through groups involved in extraction of resources. Two major challenges now facing the DRC are, respectively, how the country's formal economy can be controlled to ensure that it acts as a stabilising factor and how the informal economy can be integrated into the formal economy.

As mentioned above, the government has introduced a number of codes to govern aspects of mining and logging. The bigger challenge is going to be their enforcement. There are also conflicting interests. Environmental groups have expressed concern that initiatives intended to open up areas for logging could add to the problem. The experience of other countries has shown that unless strictly regulated, the logging industry is susceptible to corruption and malpractice. Equally, artisanal mining is extremely difficult to control. One of the lessons to be learned from countries such as Sierra Leone, that have also faced conflict and the exploitation of resources by armed groups, is the need for government to build partnerships with civil society to gain better control of mining practice.

Defining organised crime in the DRC poses a number of questions and challenges. Traditional thinking on organised crime networks may not prove useful in a country where the line between legal and illicit business is not easy to establish. The distinction between legitimate investment and ransacking the country's natural resources is equally blurred. Business and government are deeply involved in these equivocal activities, and trying to approach the problem of organised crime along the lines of identifying transnational criminal networks in more regulated countries such as South Africa will not address the entire problem.

The biggest and most fundamental problems that the new government will have to meet are the eradication of poverty and provision of basic social services. This will require rehabilitation of the DRC's infrastructure and the restructuring of what are currently dysfunctional state services and institutions. All this will require financing. While state revenue has greatly increased since the conflict ended, it is still insufficient to meet the country's full needs. Given the present scale of tax evasion and fraud, another challenge for the newly elected government will be finding a way to address illicit business practices and the corruption that makes them possible.

Apart from these urgent priorities, the DRC faces two other pressing needs. The first is the demobilisation of the militias and armed forces still at large. Unless the demobilisation programme is effectively implemented, national control will remain elusive. The second is to begin to build structures and processes that can ensure better accountability and transparency in state and social institutions. The interim government has made some progress on the political front; but there is also a need to build credible civil organisations, an independent judiciary and strong and critical media.



## Chapter Eleven

### Case Study: Mozambique

#### Background

Sixteen years of conflict in Mozambique ended in the early 1990s. With the cessation of hostilities came pressure on the government, from donors and international financial institutions, to move towards market liberalisation and to shift from a centrally planned economy to a free market system.

The economic transition that began in January 1987 when the Mozambican government launched its *Programa de Reabilitação Económica* (Economic Rehabilitation Programme) was intensified in the 1990s with the privatisation of banks and many other state-owned enterprises. Since then, the World Bank and the IMF have identified Mozambique as having become one of the most successful economies in the region, and the World Bank has listed Mozambique as a model to other countries for their post-war reconstruction.

However, as in most states that have undergone dramatic changes in the past two decades, in Mozambique the transformation process has been accompanied by an increase in the activities of criminal organisations. During the 1990s Mozambique experienced a sharp rise in crimes associated with organised groups: money laundering, fraud, smuggling and trafficking in drugs, stolen vehicles and people. Syndicates in the country have links with transnational networks, including Pakistani, Lebanese, European, Nigerian, Tanzanian and South African groups, which have established connections with local Mozambicans and created powerful and relatively untouchable crime syndicates that are subverting the transformation processes to serve their own ends.

For geostrategic reasons, Mozambique, on the east coast of Africa, is of great importance to the African continent. It links Africa with South Asia and the Far East and provides the Southern African region with access to markets in the Indian Ocean rim and in south-east Asia. The country is also an important transport corridor within Southern Africa, with harbours and ports at Beira, Inhambane, Maputo, Nacala, Pemba and Quelimane. It also provides access to the sea for its landlocked neighbours Zimbabwe, Malawi and Zambia. Mozambique also has three airports and about 17 airfields.

It is the fourth most populous country in Southern Africa, with just more than 19 million inhabitants.

Mozambique has an interesting and varied history, having experienced Portuguese, Arab and British influence dating back to the early 1800s. Until 1975 the country was a Portuguese colony and by 1970 there were said to be more than 200,000 Portuguese nationals living there. As in most countries in Africa under colonial rule, local indigenous businesses were not seen as desirable by the European administration and the growth of such businesses was restricted.

In 1962 Frelimo was formed, with the aim of liberating the country from colonial rule and establishing an indigenous government. Frelimo subsequently engaged in a protracted guerrilla war against the Portuguese. On 25 June 1975 Mozambique achieved independence under a Frelimo government headed by President Samora Machel. When the Portuguese withdrew, however, they committed many acts that in effect sabotaged the economy. They also destroyed or removed their strategic plans for the national infrastructure.

On assuming power, Frelimo set out to create a non-racial and classless society and committed itself to a centrally planned economy. At the same time, resistance groups in a number of other countries in the region were fighting for independence and Frelimo sympathised with, and began actively supporting, those groups.

In her country report, *Mozambique: A Lasting Peace*, S Naidu states:<sup>1</sup>

The outbreak of civil war in Mozambique can be directly attributed to the state of the region at that time and attempts by both apartheid South Africa and the then Rhodesia governments to suppress the aspirations of the majority of people living in these countries.

In 1977 Renamo came into existence. Promoted mainly by the Rhodesian Central Intelligence Organisation, it was part of the Rhodesian government's attempts to weaken the support base of the Rhodesian resistance group Zimbabwe African National Liberation Army (Zanla), which in turn was the armed wing of Zanu. Renamo consisted mainly of soldiers who had fought alongside the Portuguese, and dissident Frelimo soldiers.

After Zimbabwe achieved independence in 1980, the South African Military Intelligence Directorate took over sponsorship of Renamo

---

<sup>1</sup> Naidu S, *Country Report, Mozambique, A Lasting Peace*, SAIIA Country Report No 4 2001, p.9.

With the backing of the South African military, Renamo's strength grew until it began to pose a serious threat to the Frelimo government. During the ensuing conflict between Renamo and Frelimo, agricultural production, transport links, hospitals, schools and other forms of infrastructure were almost completely destroyed. As Naidu states, by the mid-1980s, Mozambique was the scene of one of Africa's great humanitarian disasters;<sup>2</sup> the war resulted in the death of more than a million people and damage estimated at about \$20 billion. At the height of the war in 1986, Machel was killed and Joaquim Chissano became president of Mozambique. Chissano's presidency focused on two main areas: the attainment of peace and an end to the conflict; and a review of the Mozambican economic system. The latter led to the opening of relations with the IMF and the World Bank. Mozambique was compelled to abandon the centrally planned economic model it had been following and move towards a market economy.

In 1989 the first round of peace talks between Renamo and Frelimo was held in Nairobi, culminating in the signing of a General Peace Accord between the two groups on 4 October 1992. The Accord contained the following conditions:

- a ceasefire;
- formation of political parties and the holding of elections;
- a guarantee that basic human rights would be respected and a free press allowed;
- cantonisation of Renamo and government forces in designated assembly points;
- formation of a Mozambique national army;
- establishment of an independent judiciary; and
- repatriation and reintegration of refugees.

In 1994 elections were held as a result of which Frelimo was re-elected to government and Renamo became the official opposition.

---

<sup>2</sup> *Ibid*, p.10.

## **Factors Contributing to Organised Crime**

No single factor can account for the rise in organised crime in Mozambique. There are a number of *different* causes; some dating from the colonial system imposed by the Portuguese; some relating to the 16 years of civil war; some to the transformation process; and yet others to external issues. In addition, other elements unique to Mozambique played an important role.

### *Mozambique's colonial legacy*

The accumulated damage caused by the departing colonists and 16 years of civil war left the government in 1992 with the task of rebuilding a weak infrastructure, in some areas almost from scratch.

During the colonial period indigenous business was almost completely stifled. The Portuguese had actively excluded the indigenous population from meaningful participation in the economy. The disruption caused by the civil war made the development of local entrepreneurs difficult and when peace was established, the government was faced with the need to develop local businesses as rapidly as possible as part of its transition to a market economy.

### *Factors linked to 16 years of conflict*

While there appears to be general agreement that prior to 1986 levels of *crime and corruption in Mozambique were insignificant*, a number of illegal activities took place during the conflict. Some of these have had an impact on organised crime in the present day.

Local people interviewed described crimes committed during the war which were hidden for political reasons. One said 'before 1992 it was difficult to know what the situation was because people took advantage of the war to commit crimes and it was never publicised'.<sup>3</sup> For example, military vehicles were used to carry food aid to the communities in the country because they were able to move more freely than civilian transport. But as one person put it, 'if the aid never arrived or the [military] vehicles were carrying illegal goods no-one would question it'.<sup>4</sup>

---

<sup>3</sup> Focus group discussion with the Association of Mozambique Demobilised Soldiers (Amadeg), Maputo, 19 August 2003.

<sup>4</sup> *Ibid.*

Renamo smuggled ivory and precious stones to finance its operations. One ex-Renamo soldier interviewed said that he often saw South African military aircraft arriving at Gorengoza in northern Mozambique to collect shipments of ivory. Most people interviewed reported that high-ranking military officers participated in these operations. After the conflict ended, attempts were made to avoid any disruption of the fragile peace process; consequently many of these activities were never investigated and they remain shrouded in secrecy. While many ex-combatants said they believed that smuggling no longer takes place, the extent to which rogue elements among them may have adapted to new forms of organised crime remains open to question.

During the war there were serious food shortages, leading to rationing. This created an opportunity for the emergence of a black market in which people sold food and other goods at inflated prices. While many black marketers were arrested and some put to death by angry community members, a number were able to escape detection. At that time, most of the small traders in Mozambique were of Asian origin and some of them were involved in the black market. One person interviewed said: 'They kept their money in their houses and no-one was sure how much money they had. After 1990 they were the people who had money'. Some of these traders were then able to move quite easily from black marketing to other forms of crime because they had the funds to buy the silence and co-operation of government officials.

It is estimated that during the two decades of war more than 2.6 million weapons were supplied to Mozambique by other countries, including South Africa. After 1992 the Mozambican government recognised the threat to the country's security represented by the presence of so many small arms. Given the extreme poverty of most inhabitants, the challenge for the government was to ensure that wide availability of weapons did not cause people to sell them for food or use them to earn a living through crime. (Another threat to the reconstruction and resettlement process in Mozambique was that many areas that had been fought over were heavily mined and extensive de-mining was required before the land could safely be put to use.)

At the end of the conflict Mozambique became the largest source of weapons smuggled into South Africa by individuals selling arms to

buy food and clothing. There were, however, also organised networks involved in the same trade. In January 1995 President Chissano and South African President Nelson Mandela signed an agreement to increase cross-border police co-operation to curb the illegal armaments trade. Subsequently, Operation Rachel, a joint Mozambican and South African police operation, was launched to collect illegal weapons. In 1995 the churches in Mozambique also initiated a project called *Transformação de Armas em Enxadas* ('Swords into Ploughshares': TAE), which aimed to remove weapons from what had been the conflict zones in the country.

Since then there has been a substantial decrease in weapons trafficking. Some of the networks involved in that trade have transferred their operations to other illicit goods, mainly drugs and stolen motor vehicles. Even so, there still is a great number of small arms in Mozambique not accounted for. TAE reported that during 2002 more than 67,000 items of war equipment had been collected and in July 2002 more than 500 items of war had been found in Sofala province alone.

There is much debate over the role that weapons left over from the war now play in criminal activities. A former Renamo general said 'the weapons are not operational for war but some of them are operational for crime'.<sup>5</sup> This view appears to be confirmed by a survey conducted by the UN in which 40% of the crimes reported involved the use of weapons. The highest number in which small arms were involved occurred in the Maputo area. Some people interviewed spoke of new weapons being brought into Mozambique. While this may be the case, it is unlikely that this could account for the number of weapons in circulation that are now being used for criminal purposes.

The Nairobi accord of 1992 also required the establishment of a single armed force for the country. The government had to integrate parts of the Renamo and Frelimo forces into one national army and also demobilise large numbers of former combatants. It was also important for the government to ensure that after demobilisation former soldiers did not become a destabilising factor within the country. Although exact figures on the number of soldiers demobilised in Mozambique are not available, it is estimated that immediately after March 1994 between 90,000 and 150,000 left the armed forces. Ex-

---

<sup>5</sup> Interview with former Renamo General, Maputo, 24 April 2003.

combatants received six months' pay from the Mozambican authorities; in addition \$20 million was pledged in international aid to provide financial assistance to them. All financial assistance to demobilised soldiers ended in February 1996.

There is often a tendency to blame high levels of post-war crime and violence on ex-combatants without any hard evidence to support this analysis. In Mozambique many interviewees felt that ex-combatants were not the major players in organised crime, pointing out that many of the people being charged with violent crimes were too young to have fought in the war. There are some indications, however, that some former soldiers have become involved in criminal networks, although not at a high level. One ex-combatant reported that immediately after the 1992 accord was signed, each of the parties decided to reserve a small pool of soldiers as a contingency force in case the agreement failed. These soldiers relied on logistical support from their parties, but once the accord became effective they were forgotten and left with nothing except their weapons. Some of them might have become involved in crime as a means of survival.

There were also other reports of small pockets of ex-combatants who have become involved in the drug trade as small-scale dealers and users and are living in 'Little Colombia' (see below). A former soldier also referred to child soldiers who were never declared as combatants because the political parties did not want to admit that children had been fighting. As a result, these youngsters were not demobilised and were left to fend for themselves.<sup>6</sup>

As a result of the war, businesses were not able to function and much agriculture, the main form of subsistence for the majority of Mozambicans, was destroyed. As a result, many people left rural areas for the cities, where the precarious state of business rendered them ripe for exploitation by organised crime groups. In addition, the ever-increasing pool of unemployed people in urban areas provided recruits for the crime networks that were establishing themselves at that time.

Perhaps a more difficult factor to measure was the effect of 16 years of war on the collective psyche of Mozambicans, and its impact on crime levels. One local resident who was interviewed said that the

---

<sup>6</sup> Focus group discussion with the Association of Mozambique Demobilised Soldiers (Amadeg), Maputo, 19 August 2003.

brutality of the conflict had opened up 'a big hole' in people's behaviour. Another spoke of the hardships people had undergone during the war, and the consequent widespread sense that they deserved recompense for their suffering.

### *Factors linked to the transition process*

A number of people interviewed during the course of this case study pointed to the rapid transition from a centrally planned to a market economy as a major cause of the emergence of strong crime networks in Mozambique. This view is supported by Dr Mark Shaw, who argues that the growth of organised crime is fastest in countries that experience not only political, but also economic, change. He adds that economic shifts normally involve a rearrangement in ownership and that access to the new opportunities thus created is unequal.<sup>7</sup>

Nowhere was this more apparent than in the banking sector, which was not geared to deal with the economic changes, especially the privatisation process. Yet, privatisation and a change of business ownership were high priorities for the government, as was the need to foster indigenous entrepreneurs to prevent foreigners 'taking over' the economy. As a result, loans were granted where there was little likelihood of their being repaid.

After the war ended, Mozambique tried to attract foreign direct investment to help rebuild the economy and finance much-needed infrastructural development. This provided opportunities for foreign companies linked with organised crime to enter the country under the guise of legitimate investors.

The suborning of officials is essential to the functioning of organised crime networks. In Mozambique this was easily achieved, partly because of the low salaries paid to civil servants, who earn on average \$40 a week. Hence, the World Bank, IMF and donors have helped make state employees vulnerable to corruption. According to Hanlon, within five years of the Bretton Woods institutions' intervention, salaries of frontline government staff had dropped to one-third of their 1991 values.

Hanlon also points to the role donors have played in weakening the effectiveness of government and promoting dishonesty in the

---

<sup>7</sup> Shaw M, *Democracy's Disorder? Crime, Police and Citizens Response in Transitional Societies*. Johannesburg: SAIIA, September 2002.



administration. They have poached effective and efficient civil servants from government jobs and given civil servants additional money to attend meetings and seminars and to do extra work. This encourages them to act as consultants rather than to focus on their commitments to their real employer, the state.

### *Factors unique to Mozambique*

The Mozambique coastline stretches for 2,470 kilometres. At present, the country possesses no coastguard or navy to patrol its coastline, while it is difficult to police the several islands that lie parallel to the coastline and are also part of Mozambique.

The land borders extend for 4,571 kilometres and, being so extensive, are difficult to monitor. The border between Mozambique and South Africa is porous, in places separating the two countries only by a cattle fence. In some parts of the border with Malawi there is not even a fence denoting the separation of the two countries. Mozambique's border with Tanzania is also poorly defined and extremely permeable. A customs official reported that in one place where Tanzania and Mozambique are separated by a river, only the point where the official ferry arrives and departs is under customs control and effective policing.

### *External factors*

The emergence of organised criminality in Mozambique did not take place independently of a global expansion, and increase in sophistication, of organised crime networks. After the Cold War ended, there was a general opening of new markets, cross-border trade and new opportunities for international businesses. Organised crime was able to take advantage of these conditions. African markets were beginning to emerge as attractive destinations for legitimate and illegitimate businesses alike. Organised crime groups were also seeking new routes and new safe havens for their operations. Countries emerging from conflict and going through periods of transition were particularly attractive to criminal syndicates and Mozambique was no exception.

New economic opportunities became available when the dismantling of apartheid in South Africa in the early 1990s ended its international isolation. Not only did the new order benefit legitimate

businesses and organisations; it also created openings for criminal groups. Since then, both transnational and domestic organised crime has reached such a point that in 1996 the World Economic Forum declared that South Africa's levels of organised crime were surpassed only by those of Colombia and Russia. Many of the criminal syndicates operating in South Africa began to expand into other countries in the region. Inevitably, Mozambique, as one of South Africa's near neighbours, felt the effect of this process.

### *Other factors*

One of the biggest challenges facing the Mozambique government is the level of poverty in the country. Approximately two-thirds of the population currently lives below the poverty datum line, which increases the attraction of crime as a source of income. Criminal networks often employ foot soldiers from the local population to work on their behalf.

Unemployed young people provide another recruitment pool for crime syndicates. A youth organisation called *Organização da Juventude Moçambicana* (Organisation of Mozambican Youth: OJM), expressed concern that many young people were serving jail sentences but that their older employers seemed to have evaded prosecution. Indeed, many of these young people did not know for whom they had been working. OJM also reported that a number of young people were dealing in drugs, but as they did not have passports, they could not have acquired the drugs abroad. This made it likely that they were working for larger dealers with access to international networks.<sup>8</sup> Mozambique also has a large, unregulated informal economic sector that not only offers a means to conceal the activities of organised criminal groups, but also can be manipulated by them.

### **Organised crime in Mozambique**

While there are a number of Mozambican criminal networks that operate within the country, by far the biggest challenge for the Mozambican authorities is the rapid emergence of transnational groups that have targeted the country as a base from which to run their operations. As with most transnational criminal organisations,

---

<sup>8</sup> Meeting with OJM official, Maputo, 18 August 2003.

those in Mozambique rely on the involvement of locals in certain of their activities. For example, they recruit corrupt officials who can assist and protect their operations and local foot soldiers to carry out crimes such as car hijacking. Overall control (with most of the proceeds) of these crimes remains in the hands of the transnational bosses, however, and the profits made by these networks do not remain in the country but are remitted to wherever the network has its base.

The concept of organised crime is not widely used or understood by the public in Mozambique. Many local residents seemed unable to distinguish between individual criminals and those working for organised groups. In their discussion of crime, however, many interviewees referred to crimes and activities that are normally associated with syndicates.

### *Drug trafficking in Mozambique*

Like many other countries in Africa, Mozambique has always been involved in the cultivation of, and trade in, cannabis. Since 1990, however, it has become an important corridor for trafficking mandrax, hashish, heroin and, more recently, cocaine.

Prior to 1990, relatively few examples of Mozambique being linked to this trade were recorded. But by the early 1990s, international drug smuggling networks were beginning to look for new routes which would offer some security for narcotics in transit. They were also looking for new markets. Mozambique was identified by some of these traffickers as providing both a new route and a new market for drugs. The following incidents illustrate the increase in the number of drugs being trafficked through Mozambique.

- In 1993, the Indian authorities seized 14,000kg of methaqualone in a freight shipment destined for Mozambique.
- In 1993, almost 220,000kg of hashish was brought into Mozambique for export, under the description of 'cashew nuts' and 'tea'.
- In 1995, 40,000kg of hashish was seized in a Maputo suburb.
- In 1995, a large mandrax factory was raided in Mozambique.
- In 1995, 12kg of heroin that had entered Portugal on a flight from Maputo was seized at Lisbon airport.
- During 1995, 15kg of heroin destined for Maputo was found in five different raids.

- In 1997, in Vabo Delgado 12,000kg of hashish was intercepted and 19 people arrested in connection with the consignment.
- In February 2000, 300kg of methaqualone (used for the manufacture of mandrax) was discovered in a factory in Maputo. Five people, including two foreigners, were arrested.
- In August 2000, 100kg of cocaine believed to come from a sunken vessel belonging to one of the drug networks, washed up along the Mozambique coastline.
- On 17 December 2000, 10,000kg of anthranilic acid (also used in the manufacture of mandrax) was seized at Maputo Port. The acid was concealed among legal goods in a container from India. Although anthranilic acid has legal uses, such as in textile manufacturing, no licensed importers of the chemical were registered in Mozambique.
- In 2002, a joint South African Police Services (SAPS) and *Polícia da República de Moçambique* (PRM) operation raided the Plasmex factory in Maputo and found 300kg of methaqualone in 100 bags.
- In August 2003, an Israeli citizen named Wahud was arrested in Mozambique in possession of equipment to manufacture mandrax.

The true extent of the illicit drug trade in Mozambique is difficult to quantify. Allegations that individuals involved in this trade are able to operate with protection from senior officials are widespread. In 2001, according to Hanlon, more than one tonne of heroin and cocaine, to a value of about \$50 million a tonne, passes through Mozambique each month. Hanlon<sup>9</sup> has gone further, claiming that the trade in illicit drugs could account for more than the total earned by the country's legal foreign trade and that the income earned from drugs plays an important role in current economic growth in Mozambique. While this has been hotly denied by the Mozambican authorities, it is true that Mozambique is fast becoming a major player in global drug trafficking.

Research into organised crime in Mozambique conducted by the Institute for Security Studies (ISS) in Pretoria indicated that the drug traffickers are well informed and sophisticated:<sup>10</sup>

Most of the networks have a good knowledge of local and international trading practices and are well connected to the authorities. International

---

<sup>9</sup> Hanlon J, *Drugs Now Biggest Business*, Metical No.1017, 28 June 2001.

<sup>10</sup> Gastrow P & Marcel M, *Organised Crime in Mozambique*. Pretoria: Institute for Security Studies, 2001.

traffickers also bribe immigration officials to receive residential permits known as DIREs.

### *Trade in mandrax*

Most of the mandrax (methaqualone) that passes through Mozambique is destined for South Africa, which is the biggest market for mandrax in the region. According to the UN, Malawi has also been identified as having recently developed a small market for mandrax. While South Africa manufactures more than 50% of the mandrax Malawi consumes, it continues to receive significant amounts of mandrax and supplies of methaqualone from Mozambique, which suggests that there are still mandrax factories operating there.

Mandrax and the chemicals used in its manufacture come largely from south-east Asia, while organisations making and selling mandrax in Mozambique are largely dominated by Pakistanis, Indians, Tanzanians and Mozambicans. Many of these drug networks overlap with others involved in the trafficking of heroin and hashish. There are also indications that the trade in mandrax has strong links with trafficking in stolen vehicles.

### *Trade in hashish and heroin*

As do mandrax products, heroin and hashish trafficked in Southern Africa originate mainly in south-east Asia. These drugs are routed through Mozambique before being moved to markets in Europe. Some are also moved into South Africa, where, according to the UN Drug Enforcement Office in South Africa, heroin has become one of the fastest-selling drugs.<sup>11</sup> According to the ISS study, trade in hashish is also increasing.<sup>12</sup>

Once again those involved in the trafficking of heroin and hashish in Mozambique appear to be mainly Tanzanian, Pakistani and Mozambican.

The ISS study cites a common route by which heroin is sent as from Pakistan to Dubai, then Tanzania and thence to Mozambique. From there the heroin is forwarded to Europe or South Africa.<sup>13</sup> This analysis

---

<sup>11</sup> Heroin Mainline, Special Assignment Documentary, SABC, 23 September 2003.

<sup>12</sup> Irish J & Qhobosheane K, 'Organised crime in South Africa'. Study on behalf of the Institute for Security Studies.

<sup>13</sup> Gastrow P & Marcel M, *op. cit.*

appears to be supported by the UN, which has identified Dubai as the springboard for drug trafficking to Mozambique.<sup>14</sup> Networks dealing in heroin and hashish are particularly active at the ports and on the coastline in northern Mozambique, especially in Nampala, Nacala and Pembe.

While some consignments of illicit drugs arrive in ships, others are hidden among legal goods such as television sets and refrigerators. Not all the drugs actually reach the port. There are reports that drugs are off-loaded in shallow waters before the carrying vessels dock. In such cases, small fishing boats and ferries are used to transport the drugs to land. In Pembe, according to the UN Drug Enforcement Office, small islands in the area are used as warehouses and repackaging points. Local fishermen have reported seeing drug shipments being landed at Seahaven and have observed helicopter flights between the small islands.<sup>15</sup>

In September 2003 the South African Broadcasting Corporation (SABC) broadcasted a documentary programme on a common route for heroin from Afghanistan to Pakistan to Dar es Salaam, Pembe and then on to Europe, America or South Africa. During interviews by the SABC team it was revealed that some of the heroin is brought into Dar es Salaam by 'mules' (couriers who fly into the country with the heroin concealed on their person). In some cases, mules swallow small (10g) packages of heroin known as *ovos* (eggs). An experienced mule can swallow and carry about 60 *ovos*.<sup>16</sup> When the drugs arrive in Mozambique, they are repacked before being transported to their next destination. According to the ISS study, some of the drugs are packed into boxes and exported as tea or cashew nuts. The networks supervising these activities are mainly controlled by Pakistanis and Tanzanians. Mozambicans are used to apply for export licences.<sup>17</sup>

### *Trade in cocaine*

Since 1994 there has been a sharp rise in demand for cocaine and crack cocaine in South Africa. While some of these drugs enter South Africa from Europe and South America, there are also indications that

---

<sup>14</sup> *Trafficking and Transit*, UN Drug Enforcement Regional Office, Pretoria.

<sup>15</sup> *Ibid.*

<sup>16</sup> Heroin Mainline, *op. cit.*

<sup>17</sup> Gastrow P & Marcel M, *op. cit.*

increasing amounts come from Mozambique. According to a UN report, Swaziland's authorities have also noticed an increase in cocaine trafficking from Mozambique since 1994.<sup>18</sup> Within the Southern African region, Angola, with its strong links to Brazil and Latin America, has also become a transit route for cocaine.

While the cocaine that washed up on the Mozambican coast is believed to have come from a sunken ship and this might indicate that some of the product entering the country arrives by sea, people interviewed also spoke of airports being used to bring cocaine into Mozambique. One of the largest networks identified as involved in cocaine trafficking includes Colombians, Chileans, Portuguese and other Europeans. A human rights lawyer in Mozambique also claimed that an increasing number of Nigerians, some of whom are involved in the drug trade, were operating in Mozambique. A UN report on drug trafficking supports this view, identifying Nigerians as key participants in drug smuggling.<sup>19</sup> One of the most common routes used for cocaine trafficking is Colombia to Brazil and on to Mozambique. The drugs are then forwarded to South Africa, Europe and East Asia.

### *The local drug market*

Historically, the drug market in Mozambique has been relatively small. Research into drug trafficking shows, however, that countries used as transit routes invariably themselves become end-user countries, as some of the drugs find their way into local communities. Mozambique is no exception. Interviews with people in Mozambique elicited a growing trend towards drug abuse in the country. Executive members of OJM expressed concern over the rise in substance abuse, in particular hard drugs, among youngsters in major urban centres.<sup>20</sup> Representatives of *Associação dos Deficientes Militares de Moçambique* (Ademimo), an association for disabled soldiers, spoke of a training centre for disabled ex-combatants where drugs are sold.<sup>21</sup> Another interview with a member of *Programa de Reconstrução do Humanismo* (Propaz), an ex-combatants' organisation specialising in conflict

---

<sup>18</sup> *Ibid.*

<sup>19</sup> *Trafficking and Transit, op. cit.*

<sup>20</sup> Interview with executive members of OJM, Maputo, 12 August 2003.

<sup>21</sup> Interview with official of Ademimo, Maputo, 13 August 2003.

resolution, identified an area known as Little Colombia in Maputo as another site where drugs are obtainable. Little Colombia comprises about 60 houses which once belonged to the military but after the war's end were used to house ex-combatants. It appears that heroin, cocaine and hashish are openly sold in this enclave. The Propaz member also identified a block of flats labelled Little Colombia Two by local residents because of the drugs on sale there.<sup>22</sup>

A Mozambican lawyer noted that there are places known as 'rock houses' where cocaine and crack cocaine were sold.<sup>23</sup> A South African journalist who made contact with small-scale drug dealers in Maputo reported that there is another group known as the 'Big Five' that supplies drugs to smaller dealers in Maputo.

### *Money laundering*

Money laundering has become a major problem in Mozambique. Much of this activity is linked to drug trafficking because while some of the money earned from the trade in drugs is spent in Mozambique, the bulk goes out of the country.

Some of the proceeds of drug trafficking are spent locally on luxury items; some are reinvested in property and businesses in Mozambique. The funding behind some of the new buildings in Maputo, Pemba and Nampula can be traced to drug trafficking. Investment in tourism, hotels and casinos has also become an important avenue for money laundering, for example, links have been established between Maputo's Polana Hotel Casino and a Panama-based company owned by Jean-Yves Ollivier and Aga Khan, both men named as involved in arms trading and the illicit sale of diamonds in Angola and the DRC. The proceeds of crime have also been put into bearer bonds, which require little or no authentication when resold. According to Jussub Nurmamande, head of the Mozambique stock exchange, the exchange initially started with a value of \$3 million. After two years, the value of five listed companies plus government bonds and bank bonds exceeded \$60 million. A few months later it had risen to \$100 million.

Pakistani, Portuguese and South African operators have also laundered money through Mozambique's banks and exchange

---

<sup>22</sup> Interview with Propaz official, Maputo, 14 August 2003.

<sup>23</sup> Interview with Mozambican lawyer, Maputo, 22 April 2003.



bureaux. Officials are bribed to issue commercial licences and the accreditation necessary to run currency exchange bureaux. In 2001 Mozambique had 10 banks and 30 exchange bureaux, mainly based in Maputo. People of Pakistani origin own most of the exchange houses. The number of banks and bureaux appears to exceed what could be justified by the country's size.

According to the ISS study quoted above, banking statistics for Mozambique may well not reflect the true state of the economy because of the amount of money laundering taking place through financial institutions. The Bank of Mozambique has begun to focus on banks and bureaux. In November 2001 the Mozambique parliament unanimously passed the first reading of a government bill on money laundering. As a result of the scrutiny of transactions conducted by institutions and bureaux, many organised criminal networks have had to seek alternative money laundering methods. For example, according to an official of the British administrative group Crown Agents, which has been involved in Mozambique since May 1997, a sharp increase in amounts of money physically taken in and out of the country by couriers has been observed. Examples include incidents such as that of 29 April 2002 when a Chinese national, Yu Zhul Ing, was arrested attempting to travel to South Africa with \$21,500 strapped to his thigh. On 26 March 2003 a Mozambican of Pakistani origin, who had been linked to an exchange bureau in Maputo, was detained trying to smuggle \$1 million on his person when boarding a flight to the United Arab Emirates.

Another common means of laundering money is to falsify import documents. For example, import companies will present documents for \$2 million. The money is then legitimately authorised for transfer. The bank official, having been bribed, does not stamp the original import document, so that the importer can go to a second and even a third bank and repeat the process.

### *Bank fraud*

Bank fraud can be defined as of four types: loans issued by the banks and never repaid; theft of money; money laundering; and illegal foreign exchange deals.

After independence in 1975, Frelimo suspected that Mozambique's banks were disloyal to the new government and were collaborating in the removal of capital from Mozambique to Portugal. As a result, the

banks were nationalised. Four of them were merged to form *Banco de Mozambique* (BdM) and two others were consolidated into *Banco Popular de Desenvolvimento* (BPD). BdM was the only one allowed to deal in foreign exchange. During the war the government printed money and the banks were used to cover the increasing deficits caused by the war. According to Hanlon, the poor economic and financial situation of most companies during the war resulted in an accumulation of indebtedness to the banks. The government, however, paid off most of the bad debts of BdM and BPD.<sup>24</sup>

During this period little attention was paid to introducing better banking systems and regulations, and procedures relied largely on the honesty and integrity of staff in the banks. Despite the lack of regulation, corruption in the banking system did not appear to be common. Hanlon observes, 'in the early years of independence Mozambique showed a ... degree of integrity, honesty and even Puritanism'.<sup>25</sup> This situation, however, changed after Mozambique began its transformation into a market economy. Hanlon attributes the corruption that then developed to the lack of controls in the banks' operating procedures and on the economic reform imposed by the IMF, World Bank and donors.

During Mozambique's transition to a market economy, access to bank finance was essential to the promotion of business. It was also needed to forestall a complete takeover by foreign firms of local businesses. According to Hanlon, the perceived desirability of building domestic business was not unique to Mozambique. All countries, regardless of their political systems, tend to foster local entrepreneurs. This process normally involves regulatory preference, priority access to state tenders, or preferential treatment with regard to credit and the banks. In consequence, Mozambican banks began to provide loans to private individuals and businesses as a political necessity, even though in banking terms the quality of the loans was questionable since they were unsecured.

In 1998 the government established the Agricultural and Rural Development Fund, which provided loans to veterans from the military with the recognition that the loans would not be repaid. The World Bank supported this move as part of the resettlement of

---

<sup>24</sup> Hanlon J, *op. cit.*

<sup>25</sup> *Ibid.*

veterans, with the aim of assimilating them into civilian life. In 1989 the World Bank Small and Medium Enterprise Development Project was established to provide loans to emerging businesses. The World Bank Industrial Enterprise Restructuring Project allocated \$30 million to be lent to privatised state companies. According to Hanlon, the IMF put pressure on the banks to disburse these funds during this period. This, together with the lack of proper regulatory systems, provided an ideal climate for corruption. Loans were given to people not only to buy and rehabilitate businesses but also to spend on non-essential items. Some bank officials started to offer loans on a commission basis. In many instances no commitment was made to repay the loans.

In February 1992 BdM became the *Banco Comercial de Moçambique* (BCM) and the Central Bank of Mozambique was established. Attempts were made to improve the efficiency of the banking sector and to strengthen the Central Bank's regulatory capacity. In 1994 the *Banco Internacional de Moçambique* (BIM) was formed. Its shareholders included *Banco Commercial Portugues* (BCP) and the World Bank's International Finance Corporation.

During 1995 and 1996 the World Bank and the IMF began to press the Mozambique government to privatise BCM and BPD, threatening to cut off aid to Mozambique if the government did not comply. There were initially two bidders for BCM. The first was a consortium put together by a Portuguese businessman, António Carlos de Almeida Simões. It included the National Merchant Bank of Zimbabwe Ltd (NMBZ) and *Banco Mello* of Portugal. There were allegations that the Zimbabwean bank had connections to the family of President Chissano. (Simões had also been involved in the first privatised insurance company, *Companhia de Seguros de Moçambique (Impar)*, in *Companhia Siderúrgica de Moçambique (CSM)*, an iron and steel company, and a wire-drawing business, *Companhia Moçambicana de Trefilarias (Trefil)*. The last had secured aid money to rehabilitate the steel industry, but had not spent the allotted funds. CSM also owed BPD more than \$1 million.) The second bidder was *Caixa Genral de Depósitos* of Portugal. Caixa dropped out of the bid, allegedly after Simões had used his political influence in Portugal to suggest that it would be unwise for Caixa to oppose his consortium.

The Central Bank of Mozambique opposed the Simões consortium bid on the grounds of his several unpaid debts. At the last minute, a new bidder was found, but Simões complained to the World Bank,

which supported his position. In June 1996 BCM was privatised under the control of the Simões consortium. No due diligence investigation was conducted by the consortium before taking over the bank. The Central Bank attempted to prevent the BCM issuing loans to other companies in Simões's stable by sending a directive to the bank, but ultimately some substantial loans were made. Eventually, under severe financial and other pressure, Simões sold much of his interest in BCM.

In 1997 the IMF told the Mozambique government that if BPD was not privatised by the year's end, foreign aid would be stopped. In September 1997 BPD was privatised when a consortium of Mozambicans and the Malaysian Sabah Bank Berhad (SBB) took over the bank, which became *Banco Austral*. Once again no due diligence survey was conducted by the consortium before privatisation. After the privatisation, Mozambican and Malaysian staff members of *Banco Austral* made questionable loans without any guarantees from the lenders. It is alleged that certain bank staff were authorising loans against commission paid to them.

Since its establishment the Central Bank of Mozambique has attempted to maintain some integrity in the banking system. Hanlon points to a number of examples, including the promotion of honest dealing as a central tenet of the Central Bank; its opposition to the questionable bid for BCM by Simões; its attempts to curb loans by the BCM to Simões; and its insistence on an audit of *Banco Austral* before it was privatised. Hanlon states, however, that the Central Bank was fighting a rearguard action in the face of mounting pressure from the IMF and World Bank to privatise the banks, no matter how corrupt the process was.

Between 1992 and 2002 large sums of money were drained from the banks in Mozambique. Even after privatisation, implementation of the necessary controls was unnecessarily delayed. Hanlon points to some of the methods used to obtain money illegally from the banks:

- paper files made fraud easy – loans were guaranteed and then the original documents disappeared;
- false bank accounts were created, then all records of the account were deleted;
- inactive bank accounts were emptied;

- money was withdrawn from government and project accounts that were not effectively monitored;
- transfers were authorised from bank accounts that held no funds and overdrafts were approved without collateral.

Some documented instances of fraud during this period include the following:

- In 1993, fraud involving \$1 million took place when Pedro Pinto and Julio Tandare were allowed to cash cheques without the funds necessary to cover them.
- In 1995, Abdul Satar Carimo stole \$13 million from BCM. This theft involved cheques issued and deposited into Satar's account without the knowledge of the account holder. A branch manager, Vincente Ramaya, allowed Satar to draw money before the cheques were cleared and then destroyed the cheques. At least \$7 million was taken out of the bank by Satar and deposited in a British account.
- In 1997, Jorge Carreira Rijo, managing director of a private bank for BIM's parent company in Portugal, *Banco Comercial Português* (BCP), was dismissed. He was later charged with fraud after it was discovered that he had diverted millions of dollars out of Angolan and Mozambican accounts. A large trading company in Mozambique is reported to have lost \$5 million as a result.
- In 2000, a \$4 million fraud took place at one of the branches of *Banco Austral*.

Bank fraud has also been accompanied by attacks on, and assassinations of, people attempting to investigate what has been taking place.

- After the 1993 fraud involving Pinto and Tandane, BCM took over the Pinto account and appointed a person to manage it. This person was shot and wounded.
- On 29 November 1999 Albano Silva, a prominent lawyer representing BCM in the \$13 million fraud case involving the Satars, was shot and wounded. Prior to the attack, Silva had criticised the attorney general's handling of the matter.
- On 2 December 1997 José Alberto de Lima Félix, who had been appointed managing director of BIM, was shot and killed after he started looking closely at the fraud involving Rijo. Three people were later convicted and the attack was labelled a botched hijacking.

- On 22 November 2000 Carlos Cardoso, a prominent investigative journalist and editor of the independent newssheet *Metical*, was fatally shot in what some have described as a public execution. Those charged with conspiring to kill Cardoso included the sons of Abdul Satar and Vincente Ramaya.
- On 11 August 2001, after the Central Bank had appointed Antonio Siba-Siba Mácuacua as chairman of the board of *Banco Austral*, he was murdered and thrown down the staircase of the bank's head office. Prior to his murder, Mácuacua had started to follow up unpaid loans, institute repossessions and identify people involved in fraud.

By 2000 both BCM and *Banco Austral* were in crisis. Simões had previously sold his shares in BCM to BCP of Portugal and in October 2000, BCP met with government officials and agreed that BCP and the government would cover the bank's losses together. This arrangement would result in the owner of BCP, Jardim Gonçalves (who also owned BIM), dominating the banking system in Mozambique.

In November 2000 the Central Bank insisted that the accountants KPMG conduct an audit of *Banco Austral*. This revealed that before privatisation the bank had lost \$20 million in bad debt, fraud and poor accounting and that \$26 million in further losses had accrued as a result of such practices in the three years after privatisation. This audit gave credence to the view held by some people in Mozambique that companies involved in the privatisation process had not conducted due diligence checks when purchasing the banks because they did not want to know what the true situation was. In Hanlon's opinion they wanted to carry on the same frauds that had been prevalent before privatisation and so make it impossible for investigators to identify when the frauds had occurred.

The Malaysian SBB informed the Mozambique government that it was no longer interested in *Banco Austral* and handed back its shares. In November 2000 the Central Bank took over the running of *Banco Austral*. In December 2001, the Amalgamated Banks of South Africa (ABSA) acquired shares in *Banco Austral*. ABSA conducted a due diligence audit, which has not been made public.

### *Car hijacking and dealing in stolen vehicles*

Many people interviewed in Mozambique spoke of an increase in the number of car hijackings in Maputo. Often those involved in

committing these crimes are heavily armed young people. An interview with the deputy attorney general revealed that in some cases vehicles stolen in Maputo are taken to chop shops in South Africa.<sup>26</sup>

In addition to cars hijacked in Mozambique, there is also significant cross-border movement of vehicles stolen or hijacked in South Africa and smuggled into Mozambique. In April 2002 the then attorney general, António Namburete, presented a report to parliament in which he stated that during 1997 a total of 230 vehicles stolen in South Africa had been seized in Mozambique in a joint SAPS and PRM operation.

Networks involved in moving stolen vehicles have access to officials working in both customs services and licensing departments. These officials provide 'legitimate' papers so that the vehicles can be resold, often to unsuspecting buyers. More recently it has appeared that many of these vehicles are routed through Mozambique before being moved northwards into neighbouring countries. The Mozambique deputy attorney general reported instances of cars stolen in Maputo or South Africa being shipped to Tanzania.<sup>27</sup>

One major route for the movement of illegally obtained vehicles was through KwaZulu-Natal, which has more than 87 known crossing points into Mozambique. In 2002 a joint Mozambican-South African police operation was established at the Salamanga crossing, where all vehicles moving through are checked. Since then, networks involved in transporting stolen vehicles into Mozambique have had to seek alternative routes.

The cross-border stolen vehicle networks are relatively sophisticated and involve receivers on the South African side, 'jockeys' who arrange the transportation of vehicles into Mozambique, receivers on the Mozambique side able to organise Mozambican papers for the cars, and sellers of the vehicles. There are also police from both Mozambique and South Africa who are paid by these networks to ensure a safe passage for the stolen vehicles.

The networks involved in car hijacking are also linked to many of the drug syndicates operating in Mozambique. Organisations dealing

---

<sup>26</sup> Interview with Deputy Attorney General, Maputo, August 2003.

<sup>27</sup> *Ibid.*

in stolen cars that are taken into Mozambique are paid in drugs, which are brought back into South Africa for sale on the domestic market.

### *Illegal importation and counterfeit goods*

A number of organised crime networks are involved in the illegal importation of goods into Mozambique. According to interviews with the Crown Agents, the Mozambique government loses millions of dollars each year through illegal importation, an activity that also undermines domestic Mozambican business and industry. After 1975 Mozambique did not have an effective customs and excise system. Thus, in 1990 when the Mozambique government began to rely heavily on imports, it lacked the necessary infrastructure and systems to deal with the increased demand. Organised crime networks were able to control and manipulate this situation. One of those taking advantage of the lack of import regulations is commonly referred to as the 'Lebanese mafia', a network of importers and retailers across Mozambique who sell consumables brought into the country illicitly. Among products known to have been illegally imported are sugar, oil, flour, alcoholic beverages and cigarettes. Known instances include the following:

- In 1997, a large amount of flour illegally imported by a Lebanese company known as International Trading was seized.
- In September 2001, the Mozambique National Sugar Institute estimated that 70,000 tonnes of sugar had been smuggled into Mozambique in that year.
- In November 2002, customs officials found large quantities of sugar and cooking oil in Nacala. The products, which had been falsely declared, were in transit to Malawi.

A problem identified by one customs official is the falsification of papers related to transit cargo, which will arrive with documentation stating the goods are in transit to one of Mozambique's neighbours. As a result, the contents are not checked but, according to this official, the cargo is not sent on to the country named on the documentation but it simply disappears somewhere in Mozambique.<sup>28</sup>

Since Crown Agents came into Mozambique in 1997 the customs department has been restructured and the agents say there has been a

---

<sup>28</sup> Interview with Mozambique Customs Official, Maputo, 20 August 2003.



noticeable decline in illegal importation. Specific criminal networks are, however, still involved in the distribution of counterfeit products, in particular cigarettes and alcoholic beverages, operating from South Africa, Swaziland and Mozambique. One of those identified during this study is of Portuguese origin but uses South Africa as its base. This network was the sole distributor of British and American cigarettes in Mozambique during the 1990s, and it developed extensive contacts with retail networks in Mozambique. Subsequently, the organisation lost this contract and instead uses its former Mozambique and Swaziland connections to distribute counterfeit goods.

### *Stolen goods*

According to discussions with Crown Agents officials, a modest amount of container theft, mainly petty pilfering, takes place in Mozambique. Some networks, however, are involved in transporting goods stolen from South Africa to Mozambique for sale. The majority of these goods are acquired by hijacking container trucks in South Africa. The criminals target container contents that range from electronic equipment to easily saleable consumer goods. Once the containers are acquired, they are unpacked and the goods inside them broken down into small, easily transportable packages. Taxis and other small vehicles are used to move the goods into Mozambique. In some instances the criminals have used a network of Mozambican migrant workers in South African mines to transport the goods for them. Some of the stolen items are sold to retailers in Mozambique, but most of the fast-moving consumer items are passed on to networks of informal traders based mainly in Maputo and other large cities. One of the syndicates involved in this form of criminal activity is a Portuguese network operating out of Johannesburg.

### *Trafficking in women and children*

Trafficking in women and children has frequently been mentioned as a cause for concern and communities often take action against people thought to be trafficking in children. One community caught and burnt to death people suspected of this crime, while at least 20 other people suspected of being involved in child trafficking were killed by community members in various places.

Global traffic in humans is worth about \$7 billion a year and, according to the Swiss-based NGO International Organisation for

Migration (IOM), is one of the largest sources of profit for organised crime. The IOM also claims that one of the problems constraining the resolution of this issue in South Africa is that law enforcement agencies there do not distinguish between human smuggling and trafficking in humans. The IOM recently released a report on trafficking in women and children within Southern Africa in which South Africa was identified as a major receiving country.<sup>29</sup>

The report identifies the Maputo corridor as a major route used in this activity and also names a market in Nampula where girls as young as 13 years of age can be bought. Two conduits out of Mozambique are used for traffic in women and children. One is from Maputo through the Ponte d'Ouro border post on to Durban and Pietermaritzburg; the other is from Maputo through the Ressino Garcia border crossing and on to Gauteng. The women and children are transported in taxis and minibuses owned or hired by the traffickers. According to the report, these fleets of taxis leave Maputo two or three times a week. Transit houses are to be found at the Ressino Garcia border post and in the South African towns of Soweto and Lenasia. The women and children are kept there until they have been sold to brothels or mine workers.

According to a staff member of the international NGO *Terres des Hommes*, approximately 1,000 children are victims of human trafficking every year.<sup>30</sup> The Mozambican NGO Child Network also claims that there is evidence of child trafficking in Mahubo, a district of Boane, and in the south of Maputo province.<sup>31</sup>

### *Trafficking in body parts*

One Mozambican lawyer interviewed said trafficking in body parts was an area of great concern. Many victims of this trade are young children, killed so that their body parts can be harvested for sale. According to the ISS study, trafficking in body parts has become a lucrative trade in which at least 10 organised crime groups are involved. These groups allegedly operate out of Xai-Xai, Maputo and Nacala. Their main markets are Swaziland and South Africa, where

---

<sup>29</sup> Martens J, Pieczjowski M & Van Vuuren-Smyth B, *Seduction, Sale and Slavery: Trafficking in Women and Children for Sexual Exploitation in Southern Africa*. IOM Regional Office for Southern Africa, May 2003.

<sup>30</sup> 'Child trafficking', *Noticias*, 5 August 2003.

<sup>31</sup> *Ibid.*

the parts are used for traditional medicines. According to the study, police have arrested the members of one of the networks, operating out of Nampula.<sup>32</sup>

### *Killers for hire*

As mentioned above, there have been three high-profile assassinations of people linked to investigations into the activities of organised crime, the most prominent being that of Carlos Cardoso on 22 November 2001. Many people interviewed in Maputo expressed fear that attempts by members of the public to challenge individuals involved in organised crime can lead to the accuser's death.

According to the ISS report, two networks operating in Maputo are known to offer services to people wanting other people killed and are also involved in other violent crimes, including hijackings.<sup>33</sup> The first group comprises eight Mozambicans who use the premises of the *Café Gelados Italianos* as their main meeting point. The second group consists of six men of Pakistani origin whose main clients are the drug networks, which use them to murder people considered a problem. The contract killers make the attack look like an armed robbery or hijacking. The group, led by a man known as 'Mr X', also extorts protection money from informal traders in Maputo. A man named Magid, who is involved in the central market, and another called Bikha, of Mamade Furniture, are both believed to be linked to this group, which holds its meetings at the Muslim Community Centre in Maputo.

### *Environmental exploitation*

Mozambique possesses very rich natural resources that have so far not been exploited by the government. It has large areas of virgin forest and valuable indigenous flora; untapped lodes of extractable minerals such as precious stones in the north; and a long coastline opening up various fishing resources. A number of South African and other foreign companies have become involved in exploiting these resources in a manner detrimental to the environment. Through bribery, large South African lumber companies and Russian and Japanese fishing

---

<sup>32</sup> Gastrow P & Marcel M, *op. cit.*

<sup>33</sup> *Ibid.*

companies have been able to obtain important concessions to operate in Mozambique.

## **Transnational Organised Crime Networks**

### *Pakistani networks*

Almost all the people interviewed during this research mentioned the involvement in crime of people of Pakistani origin, who link up with Mozambican Indians to form criminal syndicates. These networks appear to dominate organised crime in Mozambique and have developed a strong presence in the country. They are involved in various forms of criminal activities, including drug trafficking, the receipt of stolen goods, bank fraud and money laundering.

Mozambique has always had a strong Muslim community, even before the arrival of the Portuguese. Many Muslims have access to commercial markets and a number of them have moved to Mozambique from central and west Africa. During the civil war some of them appear to have been involved in running the country's black market. According to Hanlon, during the 1980s there was a significant trade in dollars and in South African rands, which were bought and sold in shops in major cities, particularly in those owned by people of Asian origin.<sup>34</sup> In 1980 then President Samora Machel sentenced to death Gulam Nabi, a prominent member of the Muslim community, for his involvement in the black markets.

According to a local resident, during the civil war some Pakistanis, attempting to manipulate the government and businesses for their own ends,<sup>35</sup> went so far as to threaten to throw their support behind Renamo if the government in any way jeopardised their operations. After the war ended, some members of the Muslim community had sufficient funds to purchase commercial enterprises when the country adopted a market economy. According to a number of people interviewed, at this point a significant number of Pakistanis moved into the country to work and to establish links with the local Muslim community.

---

<sup>34</sup> Hanlon J, 'Bank corruption as a site of struggle in Mozambique', *op. cit.*

<sup>35</sup> Interview with Professor Nafta, Maputo, 20 April 2003.

Muslim criminal syndicates own a number of currency exchange bureaux in Mozambique and have at their disposal large sums of money with which to corrupt senior officials. In this way, they have become extremely powerful. Their main areas of operation are in Maputo and northern Mozambique. They also have contacts with parallel organisations in South Africa, links that are essential to the success of many of their operations.

#### *Portuguese networks*

There were large numbers of Portuguese people in Mozambique prior to 1975, sometimes involved in exploitative business practices. After independence many of them abandoned their businesses and fled the country, the majority either to Portugal or South Africa. According to one lawyer interviewed, some of these people felt extreme bitterness towards the Frelimo government, which in their eyes had inherited the fruits of their labours. They had lost their possessions and their means of livelihood.

Some Portuguese who left Mozambique then infiltrated the country to assist Renamo in its war against Frelimo, while others established criminal operations in South Africa. After 1992 a number of these syndicates used their knowledge of, and contacts in, Mozambique to expand their criminal operations in the country. Portuguese criminal networks in Mozambique are relatively small, but they are known to be associated with illegal importation and to deal in stolen products and counterfeit goods.

#### *Tanzanian, Nigerian and Senegalese networks*

A number of criminal organisations of Tanzanian origin operate in Mozambique and are known to be dealing in stolen goods and drugs. Some of these networks appear to be linked to Pakistani syndicates, particularly those operating in the north of Mozambique.

During the 1990s Mozambique, like South Africa, experienced an influx of Nigerians, although it must be pointed out that the number of Nigerians who set up in Mozambique is substantially smaller than those currently in South Africa. Most Nigerians in Mozambique are based in Maputo, with a small number in northern Mozambique. Their criminal networks have links with others in Swaziland and South Africa and their main area of operation is known to be drug

trafficking. They also provide contracts and services for South American networks operating through Mozambique.

### *Chinese networks*

There is a small Chinese community in Mozambique. Although Chinese triad gangs have not infiltrated the country as they have Swaziland and South Africa, according to the Crown Agents, major construction projects backed by Chinese interests are taking place in Maputo. Crown Agents expects this to be followed by an increase in the number of Chinese criminal networks in Mozambique. This view is confirmed by a researcher from the SAPS Scorpions special investigations unit, who said that there are indications that some of the Chinese syndicates operating in South Africa are thinking of expanding their operations into Mozambique.

### *South African networks*

During the conflict in Mozambique a number of South Africans established smuggling routes and links with the rebel faction in Mozambique to assist with logistical support for Renamo. They were also involved in gun running in exchange for ivory. Some of these networks have been able to manipulate the changes in Mozambique to their advantage in operations that have become overtly criminal. Soon after the war in Mozambique ended, weapons trafficking between that country and South Africa became a major problem for law enforcement agencies. South Africans and Mozambicans were involved in these networks; some of them have now extended their range to include the smuggling of drugs and stolen goods. There are also a number of networks in both countries that are involved in transnational car hijacking.

### *Lebanese networks*

According to many of those interviewed, since 1990 a number of people of Lebanese origin who have set up criminal organisations in Mozambique have settled in the country. Some of them are linked to Lebanese organised crime networks in South Africa. They are largely involved in the illegal importation of goods into Mozambique.

### *South American networks*

There have always been close historical ties between South American countries and Mozambique. According to research conducted by the ISS, some of the crime syndicates operating out of Mozambique are involved in trafficking cocaine. They are also connected to criminal networks based in Brazil, Chile and Colombia.

### **The Criminal Justice System in Mozambique**

During a time of war, a country tends to direct its financial resources towards its armed forces. Mozambique was no exception. Throughout the civil war the military controlled all movement into and out of the country. Many normal policing functions were carried out by the armed forces, in particular by the military police. In such situations law enforcement agencies and judicial structures are allocated much smaller budgets and receive less attention than the security forces.

During the conflict there were large areas of the country that were Renamo strongholds. In those parts the PRM and the criminal justice system did not operate at all; a former general of Renamo claims that militias under Renamo carried out policing in such areas. After 1992 the PRM had to re-establish itself in these parts of the country and to do this had to stretch already inadequate budgets. According to a survey conducted by the UN, it is still unable to provide coverage of the entire country. The police have received some financial support, mainly from Portugal, Spain and the Netherlands. Compared with the total amount of donor aid, however, the budget allocated to the police force is relatively small, far below the amount that South Africa received to transform policing after that country's transition.

In examining crime in countries in transition, Shaw argues that often two factors influence policing in these countries: their colonial history and the civil war that occurs after independence. Under colonial administrations, police forces tend to be designed more to exert political control than to prevent crime.<sup>36</sup> In Mozambique these factors have had an impact on policing and on the current ability of the PRM to effectively address crime.

---

<sup>36</sup> Shaw M, *op. cit.*, pp.17-24.

The justice system in Mozambique is under-resourced with serious shortages in the complement of judges and prosecutors. According to the attorney general, the Mozambican courts have a backlog of 21,700 cases, most of them in Maputo. Another constraint on the functioning of the judicial system is that after 1992 Mozambique was faced with legislation and a set of penal codes developed during colonial times. Many of these laws have not been repealed or amended because of Mozambique's relative isolation and the duration of the civil war.

The UN has identified a number of shortcomings in the criminal justice system in Mozambique. Some of these are:

- The absence of a central database that can provide reliable crime statistics;
- lack of staff with adequate training;
- under-staffed and -resourced police stations;
- lack of co-ordination between different sections of the criminal justice system;
- too few prosecutors; and
- inadequate funding to support anti-corruption initiatives.

The PRM also suffers from a serious problem associated with a lack of public confidence in it. According to the UN, the majority of crimes are not reported to the police.<sup>37</sup> This view was supported by many of the people interviewed, who claimed that corruption in the police force makes victims vulnerable to further abuse when reporting crimes. A further area of concern raised by Maputo residents was that the enforcement agencies lack an overall plan to address crime. They also believe that the police needed to look at what role civil society could play to create a more secure environment. This was echoed by the UN survey, which identified the lack of a crime prevention strategy in Mozambique as a serious obstacle to addressing crime.<sup>38</sup>

### **Beneficiaries of crime and the impact of crime**

Although Mozambique has experienced unprecedented growth in the past few years, since 1992 the gap between the rich and poor has

---

<sup>37</sup> *A Strategic Plan for the Police of the Republic of Mozambique*. United Nations Integrated Crime and Justice Research Institute, 2003.

<sup>38</sup> *Ibid.*



increased. As noted previously, some commentators have referred to the period immediately after independence as characterised by a high level of honesty and integrity, apparent not only among members of the government but also in civil servants, people working in state institutions and those involved in business. This view was supported by a number of those interviewed, who reported that during the rule of President Machel corruption and crime levels were relatively low. During the transition to a market economy, however, corruption infiltrated all levels of government.

According to Hanlon, two senior government officials had accumulated more than \$3 million in London bank accounts by 1990.<sup>39</sup> Some of the political elite used the government's attempt to establish local entrepreneurs for their own ends. The government split into two opposing camps, referred to as the 'predatory' and 'developmental' factions. The first tried to use the transformation process for personal benefit while the latter represented elements opposed to corruption.<sup>40</sup>

In 2001 Attorney General Joaquim Madeira pointed to the rising level of malfeasance in Mozambique, stating that there was a general tendency for illegality to gain supremacy over legality, dishonesty over honesty.<sup>41</sup> This view was supported in a report released by *Ética Moçambique* (Ethics Mozambique, an institute that investigates corruption) after a survey of 1,200 people conducted in 2001. Forty-five percent of respondents claimed to have been victims of corruption. The report cites wide-scale corruption with results ranging from grants of unduly large bank loans, to winning unwarranted tenders, obstructing prosecutions and ensuring favourable audits.<sup>42</sup>

The attorney general's report to parliament also referred to instances where judges and members of the legal fraternity had been paid fees. Numerous cases involving judges and state prosecutors appear to support this statement.

---

<sup>39</sup> Hanlon J, 'Bank corruption as a site of struggle in Mozambique', *op. cit.*

<sup>40</sup> *Ibid.*

<sup>41</sup> *Ibid.*

<sup>42</sup> *Ibid.*

## **Economic Impact of Organised Crime**

Although the amount of money in circulation attributable to the activities of organised crime networks may be debatable, it is indisputable that such funds are in circulation. The long-term benefits to the Mozambican economy of this illicitly earned finance are limited. As already noted, most of this money eventually leaves the country and what remains is mainly spent on luxury items. In addition, because most criminal profit goes undeclared, the government earns little, if any, revenue from it.

Activities linked to organised crime, particularly those related to smuggling and trade in counterfeit goods, also hamper growth in local industry. The government has introduced new legislation to protect local industries, but this is to some extent vitiated by the number of smugglers and criminals dealing in counterfeit goods. For example, the government has introduced legislation to protect local sugar production. In 2001, however, Mozambique's National Sugar Institute reported that an estimated 700,000 tonnes of sugar was smuggled into the country and dumped on the market at cost price. This meant that the locally produced sugar could not compete with the prices asked for the smuggled sugar, to the detriment of local farmers.

Exploitation of Mozambique's natural and marine resources by large corporations and international fishing interests is also having an adverse effect on the economy. During focus group interviews with residents in the south of Mozambique, concern was expressed that although many local communities rely on fishing to survive, large fishing trawlers, mainly owned by Japanese companies, were depleting the coastal waters.<sup>43</sup>

While some of the activities carried out by organised criminals (such as money laundering) do not directly affect many of Mozambique's inhabitants, an increased presence of crime syndicates has been accompanied by a rise in violent crime, a phenomenon noted by almost all the respondents interviewed during the course of this study. In addition, although illicit drugs traders mainly use Mozambique simply as a through route, their activities have led to an increase in drug abuse in the country, which has serious social consequences.

---

<sup>43</sup> Interviews and focus group discussion with residents in Ponte Mulungane and Ponte d'Ouro.

High levels of corruption in the public administration, particularly in the criminal justice system, have been associated with the rise in organised crime. This has eroded public confidence and seriously impeded the process of change in Mozambique.

### Measures to Address Organised Crime

There is a widespread perception that the Mozambican authorities will not or cannot take appropriate strong measures to address organised crime. This view is undoubtedly prompted by the involvement of senior government officials in networks with links to criminal syndicates and to corruption in the criminal justice system. However, serious domestic and international pressure has been brought to bear on the Mozambique government to address the question of crime networks operating out of the country. While the complicity of government officials in the activities of these syndicates is a serious stumbling block, steps have been taken to counter the threat posed by organised crime groups, following intense lobbying from domestic and foreign sources in the wake of the Cardoso killing.

Some of the steps taken since 1990 to address organised crime are:

- In 2001, a bill to counter money laundering at the placement stage was placed before parliament. The bill makes it an offence (with a penalty of 16–20 years' imprisonment) for anyone to accept money known to have been earned through illicit activities. It also imposes obligations on banks and financial bodies to identify all clients using their services; to verify the origin and destination of their funds; and to identify the end beneficiary of any monies transferred. Any irregularities found must be reported to the attorney general's office. Financial institutions are also obliged to co-operate with the relevant judicial authorities so that the veil of secrecy that currently surrounds banking in Mozambique is not used to protect criminal interests.
- In the past two years a number of senior government officials and bureaucrats have been removed from office because of their involvement in illicit activities.
- The attorney general has placed a moratorium on the establishment of any new exchange bureaux and two of those already in operation have been shut down. A number of exchange bureaux are currently under investigation for involvement in money laundering. Twenty-

four of the 134 judges in Mozambique have been suspended because they have been found guilty of accepting bribes to subvert the ends of justice.

- In 2000, the government began the process of introducing a reform programme to boost customs controls, particularly at the port of Maputo. The British organisation Crown Agents was brought into the country to assist in restructuring customs procedures in Maputo. According to Crown Agents personnel, they have introduced local customs structures that have become more effective with each year.
- In 2001, the UN Office for Drug Control and Crime Prevention (ODCCP) began working with the PRM to establish a team that would prevent the smuggling of drugs through the port of Maputo.
- In 2001, two of the most senior officials in the PRM were discharged by the minister of the interior for their failure to follow up on the Cardoso murder and bring charges against members of the Satar family, who were believed to be behind the assassination.
- In March 2002, the attorney general presented a report to parliament in which he identified the constraints that hinder the country's efforts to counter organised crime and corruption. Since then the attorney general has embarked on a series of investigations against key members of Pakistani families involved in criminal networks.
- In 2003, the attorney general established a special Anti-Corruption Unit headed by his deputy, to combat corruption. The unit reports directly to the attorney general.

## **Conclusion**

The end of the civil war in Mozambique and the success of the 1992 peace accord brought hope and optimism to a country that had been ravaged by 16 years of conflict. There was certainly justification for this optimism: Mozambique's peace process can be considered one of the most successful in the region. More than a decade later, however, a rise in organised crime and an increase in violent crime threatened public security, particularly for those in urban areas. Most people interviewed during the research for this study expressed their fear of becoming victims of crime.

Some commentators argue that crime and conflict feed off each other. The rise of organised crime in Mozambique cannot, however, be

attributed to the war as a single cause, but rather to a complex set of contributory factors that date to the colonial era. After independence, weaknesses in Mozambique's administrative and judicial systems, inherited from colonial times, were not effectively addressed before the country plunged into war. While there were some instances of crimes taking place during the war, particularly in regard to smuggling ivory and precious stones and the emergence of a black market in food, the general view appears to be that corruption among state officials was not extensive at that time. The government's efforts to introduce new systems immediately after independence appear to have been carried out with relative integrity, but in many cases the system relied on the honesty and integrity of individuals rather than soundness of the process itself.

The combination of these factors left Mozambique structurally weak, which provided a fertile ground for those organised crime networks consistently seeking opportunities to expand and looking for new markets and safe havens from which to operate.

The economic changes demanded by international financial institutions as a condition for aid after the war required a change of economic ownership and the promotion of indigenous entrepreneurship. Both occurred in a country conspicuously lacking in the bureaucratic and organisational structures that might support these moves. The consequences have not only widened the gap between the rich and poor but also provided profitable opportunities for criminal syndicates.

The World Bank, IMF and international donors must take some responsibility for the current levels of organised crime. Imposing policies and structures on a country that lacked the capacity for their effective implementation created conditions ripe for exploitation by organised crime groups. The IMF and World Bank promoted the policy of privatisation at virtually any cost, but it was Mozambique that had to deal with the results. International donors also required government spending to follow their agenda, with little or no concern for the likely consequences.

The World Bank has subsequently conceded that it learned hard lessons from the results of its approach to Mozambique, but only time will tell whether donors will put into practice what their Mozambique experience taught them. Ideally, they will more closely consider conditions in the developing country they are trying to help and

modify models developed in Western countries to make them applicable to different circumstances.

The recent introduction of legislation to curb organised crime, as well as the anti-corruption unit that reports directly to the attorney general, should be seen as positive moves. Public confidence in state structures and institutions is, however, low and such initiatives will succeed only if the government is prepared to invest substantial resources in its programme to root out corruption, and is perceived by its citizens to be making a committed effort to do so.

## Chapter Twelve

### Case Study: Zimbabwe

#### Background

Zimbabwe, a landlocked country approximately 390,580km<sup>2</sup> in area, is in south-central Africa. Its borders stretch about 3,066km, taking in South Africa, Zambia, Botswana and Mozambique. Zimbabwe's urban population was less than one in five during the 1970s, but grew at more than 5% a year during the 1980s and 1990s and is now estimated at 34.6% of total inhabitants.<sup>1</sup>

Zimbabwe gained independence in 1980, after a 15-year war against the white minority Rhodesian Front government. After independence, Zimbabwe proclaimed itself socialist in its orientation, but it was obliged to abandon socialist principles in favour of major economic reforms in 1990. Zimbabwe is among the 120 signatories to the UN Convention Against Transnational Organised Crime adopted after the Palermo Conference in December 2000. Policing in Zimbabwe is in the hands of the Zimbabwe Republic Police (ZRP), successor organisation to the pre-1980 British South Africa Police. In 1999 ZRP had a payroll of 19,000.<sup>2</sup>

Organised crime in Zimbabwe has increased rapidly in the past decade. This report examines its growth and its nature and also analyses the factors that have contributed to its rise.

Long before British colonists arrived in what is now Zimbabwe during the late 1800s, elements of statehood existed in the forms of a kingdom centred on Mapungubwe between the 10<sup>th</sup> and 12<sup>th</sup> centuries, and later, the Great Zimbabwe State, which declined only in the 15th century.<sup>3</sup> Following the defeat of the Matabele by the British in 1893, a colonial government was installed, although administration of the territory, at first, was in the hands of the chartered British South

---

<sup>1</sup> Goredema C, 'Organised crime in Zimbabwe', published in *Penetrating State and Business — Organised Crime in Southern Africa*. ISS Monograph Series, No 89, November 2003.

<sup>2</sup> *Ibid.*

<sup>3</sup> Møller B, 'The Security Sector in Zimbabwe: Its role in state-building and the present crisis'. Paper for the research seminar on Rethinking Land, State and Citizenship through the Zimbabwe Crisis, Centre for Development Research, Copenhagen, 4-5 September 2001.

African Company (BSA). It was only in 1923 that Zimbabwe, then known as Rhodesia, became a crown colony.

In 1961, the Zimbabwean African People's Union (Zapu) was formed, led by Joshua Nkomo. Zapu was banned after the victory of the Rhodesian Front in the elections of 1962. One year later, Zanu was formed under the leadership of Reverend Ndabaningi Sithole and Robert Mugabe. The Rhodesian Front government under Prime Minister Ian Smith rejected Britain's demands for majority rule and in 1965 Smith published a Unilateral Declaration of Independence (UDI), in terms of which his government declared its independence from Britain. In response to what was an illegal act under British law, Whitehall imposed sanctions against the former colony. In November 1965 a state of emergency was declared in Rhodesia and Zanu and Zapu began a guerrilla war against the Rhodesian Front government.

Between 1975 and 1979 a series of negotiations was conducted to resolve the impasse, which resulted in the Lancaster House Agreement of 1979. In 1980 majority rule was finally implemented and Zimbabwe received its independence. In its first democratic election Robert Mugabe was elected president and Zanu and Zapu together formed a coalition government.

One of the critical elements of the Lancaster House Agreement was the formation of an integrated Zimbabwean Defence Force (ZDF). Under what was code-named 'Operation Sausage Machine', a substantial proportion of members of the former Rhodesian security forces were discharged to make way for the integration of a large number of former Zanu and Zapu guerrillas into the new ZDF.<sup>4</sup> A significant number of former Zanu and Zapu fighters were, however, also demobilised as part of this process. At that time, no structured reintegration programme was provided to assist with demobilisation.

During the UDI years most countries, except South Africa and Portuguese-controlled Mozambique, officially supported the British government-imposed sanctions. A number of individuals, businesses and organisations with ties to Rhodesia, however, concerned themselves with sanctions-busting activities in defiance of the international community. Large networks, often including powerful individuals and multinationals, were prepared to take part in criminal activities for financial gain. At least one individual active at that time

---

<sup>4</sup> *Ibid.*



(John Bredenkamp) has since been linked to current smuggling, trafficking and corrupt business deals.

## Zimbabwe After Independence

Until 1998 Zimbabwe was considered a relatively stable state. By the end of the 1980s, the country had invested heavily in social services, average life expectancy had increased to 52 years and the schooling system was considered one of the best in Africa. A majority of the adult population was literate. Investment in improved social conditions and services came at a high cost, however, and was not matched by growth in agricultural or industrial output. As a result, government expenditure was growing faster than revenues by the early 1990s and Zimbabwe was forced to seek assistance from the World Bank and the IMF. In 1991, under pressure from these institutions, the government introduced an Economic Structural Adjustment Programme (ESAP) to address the country's problems. Among its significant consequences, ESAP ultimately drove a wedge between the government and the trade union movement.

By the 1990s the Zimbabwean judicial system had become a model in Africa and was held in high regard across the continent. After independence in 1980, there had been a large number of white judges and only a handful of black incumbents on the bench. Judges were brought from Tanzania and Ghana to assist in transforming the justice system. The 1980s were a time of development for the judiciary, even though some constraints remained (for example, the state of emergency declared by the Smith regime was lifted only in 1990). Questions on the independence of the judiciary were often raised but were usually resolved positively. In the early 1990s the judiciary made a number of landmark human rights judgements that attested to its independence. Under the leadership of Chief Justice Dambutshena, and later Chief Justice Gubbay, the system appeared to be in good order.

Other initiatives earned a degree of respect.

- The ZRP developed a reputation for combating crime effectively. During the late 1980s and early 1990s human rights organisations and lawyers became involved in human rights training programmes at different levels in the police force.

- The Department of Correctional Services also instituted ground-breaking reforms, one of which was the introduction of a community service scheme as an alternative to prison sentences for those who had committed minor offences. The scheme appears to have had some success.
- In early 1997, the government established a National Constitutional Assembly to develop a new constitution for the country.
- In 1999, the government passed the Prevention of Corruption Act and adopted a broad definition of money laundering.
- The late 1980s and early 1990s also saw the emergence of civil society organisations, among them the Zimbabwean War Veterans' Association, which demanded compensation by way of land or money for its members' service in the guerrilla war. This grouping was to develop a strong political presence in the late 1990s, when it was responsible for sporadic land invasions, most of which were stopped immediately.

The period immediately after independence was not, however, one of uninterrupted political stability. Instead, it was marred by conflict between Zanu and Zapu. In February 1981 a Zapu uprising was violently quelled by the Zanu-supported and North Korean-trained Fifth Brigade of the ZDF. More than 300 Zapu members were killed in the action. This led to further resistance and this time casualties numbered more than 1,500. The tension was finally resolved in 1987 when Zanu and Zapu formed the alliance that eventually gave birth to a new party, Zanu-PF.

In the 1980s and 1990s a number of initiatives to change the ownership of businesses were introduced. Years of colonial rule and the subsequent UDI era had left the majority of Zimbabwean businesses under foreign and domestic white ownership. In 1979 Zidco Holdings was established as a joint venture between M&S Syndicate (a Zanu-PF holding company) and a London-based firm with strong ties to Zanu-PF called Unicorn Import/Export. The African Resource Trust, which was superseded by the National Investment and Empowerment Company of Zimbabwe, was also established to lodge shares in companies that had been procured through public funds held in trust for Zimbabwean citizens.

## Organised Crime

Most commentators report that during the 1980s and early 1990s crime levels in Zimbabwe were relatively low. Nevertheless, there were some organised crime networks operating during that period. Their chief areas of specialisation are discussed below.

### *Smuggling*

Cross-border smuggling has always been a problem in Zimbabwe. Officials at the Beitbridge border post between South Africa and Zimbabwe indicate that tobacco smuggling has been endemic there and more recent increases in the price of cigarettes in neighbouring countries have made it even more lucrative. Networks normally traffic in processed tobacco products, in the form of cigarettes. Some of the cigarettes are smuggled across more remote borders, but most go through border posts in container trucks. In some instances, customs officials are bribed, while in others the cigarettes are hidden in false compartments built into the containers.

The smuggling networks involve, on one side, people in Zimbabwe who acquire and sell cigarettes and, on the other, recipients in neighbouring countries who market them. Unlike much of the tobacco smuggling practised in Mozambique and South Africa, trafficking from Zimbabwe does not involve counterfeit cigarettes but rather entails avoiding payment of customs and excise duties on the genuine articles.

### *Hijacking and cross-border trade*

The 1990s saw the introduction of car hijacking networks within Zimbabwe, at the time the same crime became prevalent in South Africa. Cross-border movement between the two countries could well have caused this parallel emergence of hijacking syndicates. According to research by the Institute of Organised Crime into car hijacking and other forms of organised crime in Zimbabwe, potential victims were identified and tracked to their homes or ambushed at traffic junctions. During hijackings stones, knobkerries, knives and, occasionally, guns were used. The groups involved in the hijackings ranged from two to four people.<sup>5</sup> (Similar methods were used in South Africa.) Cars

---

<sup>5</sup> Goredema C, *op. cit.*

acquired through these hijackings were sold on the local market, scrapped for parts or used in the commission of other crimes.

Cross-border trafficking in stolen and hijacked vehicles is controlled by sophisticated crime organisations that employ operators in two or more countries.

### *Drug smuggling*

Trade in cannabis, both within and between Zimbabwe and its neighbours, is of long standing. Some of this trade has also involved illicit export of the drug to Europe, particularly the United Kingdom (UK) and Holland. According to research conducted by the Institute for Security Studies (ISS), cabin staff members in commercial airlines have transported significant quantities of cannabis to Europe. An Air Zimbabwe flight attendant is currently serving a term of imprisonment after she was charged with smuggling cannabis into the UK.<sup>6</sup>

In the 1980s, when the mandrax trade first made its appearance in South Africa, Zimbabwe was used as a transit route for that drug. Initially, most of the dealers were of Indian and Pakistani origin and the highest proportion of mandrax traded originated in Asia. As trade expanded, however, factories were established in African countries, most notably Zambia and (later) Mozambique. As the demand for mandrax grew, Zimbabweans, South Africans, Zambians and other African nationals became increasingly involved in this trade. Once factories had been opened in Zambia, both Zimbabwe and Botswana became important as routes for mandrax smuggling into South Africa.

In the late 1980s and early 1990s a number of criminals of West African origin, particularly Nigerians, attempted to set up shop in Zimbabwe. Some of these criminal networks were involved in illicit drug trafficking (mostly export of cannabis and trade in heroin and cocaine, which, like mandrax, were largely directed to the South African market). Concerted efforts by ZRP to stamp out these activities were not entirely successful. In 2000, during a study by the ISS into police perceptions of organised crime in the SADC region, Zimbabwean police identified Nigerians as heading the list of

---

<sup>6</sup> *Ibid.*

transnational criminal networks posing the most serious threat to the country.<sup>7</sup>

### *Corruption*

Despite gains immediately after independence, Zimbabwe's new government was not free from corruption. There were numerous reports of government officials abusing their positions to further their own interests. For example, the fund established under the War Victims Compensation Act to provide financial support for disabled war veterans was looted between 1980 and 1997. A judicial commission of enquiry found that a number of ZDF personnel and doctors, including one prominent Zanu-PF medical practitioner, Dr Chenjerayi, had defrauded the fund.

### **Current Situation**

Beginning in the late 1990s a combination of factors precipitated a desperate situation in Zimbabwe. This crisis shows no signs of abating. Many gains achieved in the first decade after independence have been lost; life expectancy has fallen from 52 to 37.8 years; and the social services system has declined.

### *The economic impasse*

Coupled with severe mismanagement, the introduction of ESAP in the 1990s led the country into an economic tailspin that has resulted in a precipitous decline in GDP, soaring inflation, a plummeting Zimbabwean dollar (Z\$) and chronic shortages of consumer goods and food. The rise in unemployment and poverty has reached a point where approximately 80% of the population is living on less than \$1 a day. An IMF report, based on an official visit in March 2004, stated that in the previous five years Zimbabwe's GDP had declined by 30% and was expected to drop by a further 4.5% in 2004. The report also cited a fall in exports from \$2.3 billion in 2000 to \$1.2 billion in 2003. While commentators disagree on Zimbabwe's actual inflation figures, they concur on the dramatic increase since 1999. According to Central Statistics, inflation in December 2001 was 112.3%. By February 2002 it

---

<sup>7</sup> Gastrow P, *Organised Crime in the SADC Region — Police Perceptions*, ISS Monograph Series, No 60, August 2001.

had increased to 115.3%; the IMF report stated that expected inflation for 2004 would be 200% and that it could well rise to more than 436% by the end of 2005.

The official exchange rate for the Zimbabwean dollar against the South African rand and the US dollar has declined to Z\$900:R1 and Z\$5,600:\$1. Recently, the Zimbabwean Reserve Bank introduced a Z\$500 note that has been nicknamed the 'Red Ferrari' because its actual value is so low that it comes into the hands very fast and leaves just as quickly. The fall in the value of the Zimbabwean dollar was accompanied by huge price increases: a loaf of bread cost Z\$3,500 on the official market. While price controls have been introduced in an attempt to prevent higher prices, they have not worked. Instead, they have led to shortages because some producers have chosen to close down or to sell their goods on the unofficial market. The end result is that far from improving the situation, price controls have hurt consumers even more.

The current unemployment rate is estimated at between 80% and 90%. Even those who have jobs are finding that the minimum wage has lost its buying power, while the middle class has found survival extremely difficult, given the high price of food.

### *The political crisis*

Acute tensions between the trade unions and the Zanu-PF government arose following the introduction of ESAP and the worsening economic environment after 1990. The situation was exacerbated by strikes and food riots in 1998. The year 1999 saw the emergence of a new political opposition party in the form of the Movement for Democratic Change (MDC) led by former trade unionist Morgan Tsvangirai.

The National Constitutional Assembly which sat during 1997 and 1998 reported in 1999. A year later its proposal for an amended constitution was rejected in a national referendum. In June 2000 national elections were held in which the MDC won 57 of a total of 120 seats, making it virtually impossible for the government to amend the constitution. The strong showing of the opposition hardened Zanu-PF attitudes and has led to a concerted campaign by the ruling party to undermine the opposition. In the process, many of the human rights gains made in the late 1980s and early 1990s have been stripped away.

### *War in the DRC*

In 1996 Zimbabwe provided technical and financial assistance to Laurent Kabila's rebel forces in DRC in his bid to depose the Mobutu regime. Zimbabwe gave the rebels \$5 million and posted senior military intelligence advisers to DRC. After Kabila had assumed power, Zimbabwe continued to help in his battle against other rebel forces trying to overthrow the new government and by 1999 had 11,000 troops in the DRC.

ZDF deployment in DRC not only postponed Zimbabwe's plans to reduce its armed forces from 40,000 to 25,000 but also meant that the Zimbabwean government defaulted on an earlier agreement to reduce military expenditure. Instead, it announced a budget increase of \$78 million.<sup>8</sup> Already in 1998 military expenditure accounted for 12% of the national budget; the 1999 increase placed further strain on government spending and the economy, in general.

### *The land issue*

Notwithstanding positive changes in the late 1980s and early 1990s, land reform remained a problem for the government. The historical dominance of prime land by white owners had not been effectively addressed. In 1997 the government started to designate white-owned farms intended for redistribution to black farmers. Initially 1,200 farms were identified for expropriation, but after a public outcry this was reduced to 800. The UN Development Programme held a land conference to discuss the problems relating to land redistribution, but none of its recommendations was implemented, partly because they were overshadowed by other events. Shortly before the general election of 2000, the government amended the constitution to allow for expropriation of farms without compensation.

By the mid-1990s the Zimbabwe National Liberation War Veterans Association (ZNLWVA) had become a major force in the country. It pressured the government to guarantee payment of substantial pensions to demobilised war veterans. But the worsening economic situation made this measure virtually impossible to implement and unrest among ZNLWVA members spread. To address the threat, the government attempted to direct this discontent towards commercial

---

<sup>8</sup> Goredema C, *op. cit.*

farmers from whom war veterans could seek compensation in the form of land.<sup>9</sup>

In 2000, land occupations and invasions began in earnest. In July 2000 the government began to acquire farms it had earlier designated for expropriation. The war veterans allegedly responsible for invading many of these farms were involved in criminal acts against both farm owners and workers, including rape, theft and murder. Most of the land invasions were unsupervised (although tacitly supported) by the government and were chaotic and violent in nature.

Shortly after the first farms were taken over in July 2000, former owners appealed to the Supreme Court, which found that the manner in which the farms were being acquired was unlawful. This judgement marked a break in relations between the judiciary and the Zanu-PF government. The mismanagement of the land redistribution programme led to a serious crisis in the agricultural sector and a decline in productivity, which exacerbated the country's economic instability and compounded food shortages. In July 2001 the government stipulated that maize, wheat and their milled products were controlled commodities, and that the parastatal Grain Marketing Board (GMB) was to be the sole buyer and seller. Although in 2002-03 the government slightly relaxed import restrictions to allow some private traders to buy in limited amounts of grain, GMB continues to control almost all buying and selling of grain. By 2004 the amount of grain required to feed the country was estimated at approximately 1.8 million tonnes, but reports emerging from GMB indicated that Zimbabwe's 2005 harvest was unlikely to yield the required quantity.

The land issue became more complicated in 2004 when the government started to evict occupiers from the farms they had taken over. More than 400 families were turned away from 22 farms. The reason put forward by the authorities was that the occupied land had been earmarked for development. Some of the farms concerned, however, were subsequently acquired by senior government officials and politicians.

In 2006, the government, in what seemed like an about-turn in policy, announced that white farmers would once again be allowed to resettle on previously disowned land.

---

<sup>9</sup> Møller B, *op. cit.*



### *The emasculation of the criminal justice system*

Immediately before the 2000 general election, the government decided to grant amnesty to a number of criminals serving jail sentences. According to one judge, this amnesty marked the beginning of a period of immunity for those who broke the law. Tension between the judiciary and the government rose and in March 2001 Chief Justice Gubbay was forced from office. The minister of justice also indicated to other judges that the government could no longer guarantee their safety. A number of them resigned and the government then decided to increase the number of Supreme Court judges; in this way it was able to appoint justices sympathetic to the government and Zanu–PF.

The Zimbabwean police force experienced similar changes. During the land invasions many police officers were unwilling to become involved, since they viewed the invasions as political rather than criminal in nature. Those members of ZRP who had expressed doubts regarding the land invasions were transferred or forced to resign. This was accompanied by the rapid promotion of police officers regarded as supportive of the government.

Recently police officers have been put through training courses at 'updating centres' scattered across the country. The courses were meant to prepare the law enforcement sector for the elections in March 2005. All officers, from inspectors to constables, were required to attend these one-week courses, which some described as highly political and aimed at driving a wedge between the ZRP and non-members of Zanu–PF.<sup>10</sup> The government was also involved in training youth militias, members of which were given preferential treatment when applying for jobs in the police, army or civil service.

### **Current Organised Crime**

Levels of organised crime in Zimbabwe have risen significantly since the mid-1990s. Some commentators have referred to the development of a 'mafia economy'.

---

<sup>10</sup> 'Police officers forced to attend ideological re-orientation course', *ZIM ONLINE*, 28 February 2005.

### ***Black market***

The economic crisis and a resultant shortage of consumer goods have resulted in a flourishing black market in various commodities.

### ***Currency***

As the country's economic situation has deteriorated and the value of its currency plummeted, illegal trade in foreign exchange (forex) has flourished. The black market in currency has become so dominant that it is regularly referred to as a 'parallel' rather than 'black' market. During early 2000 a number of organised groups were involved in the illegal forex market. Some members of these groups were known as the 'compressors' because they drove the latest Mercedes Benz *Kompessor* cars. The method they used was to establish relationships with certain employees of the banks. The 'compressors' would change foreign currency for Zimbabwean dollars at black market rates, take the money exchanged to their contacts in the banks, and change the Zimbabwean dollars back into foreign currency at the official rate. In this way, they could make substantial profit in a short time.<sup>11</sup>

In January 2004 the Zimbabwean Reserve Bank introduced regular auctions of foreign currency to narrow the gap between the official exchange rate and the parallel rate. It was also an attempt to increase the amount of foreign exchange in the official market, which was being eroded by the growth of the black market. The government auction allowed a business to trade 25% of its forex receipts at rates substantially higher than the official rate. A further 25% would then be traded through normal official channels, while the remaining 50% would stay in the account of the business for up to 21 days. While a laudable attempt to increase stability in forex transactions, the auction failed to affect the black market as the latter's exchange rates were up to 30 times higher than those offered on the government auction.

Groups of informal traders, found mainly in Bulawayo and Harare, also trade in forex. Some of the areas where these so-called 'World Banks' operate are Lobengulu Street in Bulawayo and at the Fourth Street Depot in Harare. In January 2004, at about the same time that the government auction was being introduced, the ZRP attempted to clamp down on these operators. In one case as many as 10 women

---

<sup>11</sup> 'The land of milk and money', *Mail & Guardian*, 23 May 2003.

were arrested in Bulawayo. Two days later, however, they were released without charge. Some commentators allege that their release was attributable to the links some of them have with high government officials.

### *Fuel*

One result of the economic meltdown in Zimbabwe is a severe fuel shortage, which has made black market trade in fuel extremely profitable. In September 2004 the official price of petrol was Z\$1,500/l, but on the black market it was selling for anything between Z\$3,000/l and Z\$4,000/l. In fact, the informal market has become so profitable that many petrol station owners are selling what fuel they can obtain on the black market. According to a number of people interviewed, the filling station owners sell fuel from their private homes at black market prices. In addition, a number of black market dealers are making substantial profits through selling fuel brought into Zimbabwe from South Africa and Botswana. In 2004 it was revealed that Sir Mark Thatcher, son of former British Prime Minister Baroness Margaret Thatcher, then based in South Africa, had made millions of pounds by selling South African diesel oil across the border in Zimbabwe.<sup>12</sup>

### *Medicines*

Drug shortages and high medicine prices have led to a thriving black market trade in pharmaceuticals. A significant proportion of these medicines are illicitly acquired from state institutions in Botswana and South Africa and smuggled into Zimbabwe. A thriving black market business that specialises in illicitly importing drugs including anti-retrovirals (ARVs) used in treating HIV/Aids, acquired from government hospitals in Botswana, is located at the Plumtree border post. A person directly involved in illicit trade in medicines told journalists that ARVs bought from Botswana for between Z\$70,000 and Z\$120,000 can be sold in Zimbabwe for Z\$600,000-Z\$900,000.<sup>13</sup>

---

<sup>12</sup> 'The secret of Sir Mark Thatcher's riches: Selling oil to Zimbabwe', London *Sunday Times*, 14 September 2004.

<sup>13</sup> 'Fatal trade or key to survival', *ZIM ONLINE*, 9 August 2004.

*Food*

There is a flourishing informal trade in foodstuffs, particularly maize meal and maize products. Some of the food is illegally brought into the country; some is stolen from food aid supplies; and some is filched from the GMB. In one reported incident groups of young people in Chipinge South with access to GMB grain, which they are then reselling at inflated prices, banned retailers from selling maize meal to villagers. Similar activities are also taking place in Chibuwe, Rimbi, Kando and Mariya. Specific licences are issued to those allowed to import and trade in maize products. No-one without a licence is allowed to hold more than 150kg of maize. At official GMB roadblocks, any grain in excess of the stipulated amount is confiscated, and some of this is then resold on the black market.

*Smuggling*

Cross-border smuggling has been in existence for centuries. Some of these smuggling operations centre on raw materials, others on wildlife and yet others on Zimbabwean products such as sugar and tobacco. Zimbabwe, like most countries in the SADC region, has also witnessed an increase in drug trafficking.

Some smugglers of high-value low-bulk commodities make use of light aircraft to move cargo across the borders. South African border police and the South African National Defence Force (SANDF) report sighting small aircraft crossing the frontier flying below radar interception level. Such planes sometimes fly at night without lights and while it appears that some of them land at Lanseria Airport near Johannesburg, the destinations and flight plans of others are completely unknown. According to the South African Police Service and army personnel, these planes are suspected of carrying illicit cargo including drugs, gold, diamonds and plants or animals belonging to endangered species.

*Tobacco and sugar smuggling*

South African customs officials recently burnt R12 million worth of cigarettes housed in a warehouse that had become full to capacity at Beitbridge. The illegal trade in cigarettes is highly lucrative and networks involved in this traffic use a variety of methods to smuggle their wares across borders. In some instances cigarettes are carried

through informal crossing-points, but the more sophisticated networks make use of containers or one-tonne trucks that move through the official posts. Some cigarettes cross the border with papers stating that they are destined for export, even though once in South Africa they are not exported but are sold internally.<sup>14</sup> Cigarettes smuggled from Zimbabwe include locally produced brands such as Remington Gold, Madison and Kingsgate. According to customs officials at Beitbridge, even when illegal consignments are discovered the networks are unaffected; often the driver of the truck takes responsibility and refuses to implicate other members of the organisation.<sup>15</sup>

Sugar is also smuggled out of Zimbabwe, mainly into Mozambique. In 2003 Mozambican officials seized six tonnes of sugar that had been smuggled out of Zimbabwe through the Manica border post. Much of this consignment had been carried to the border on donkeys. The sugar was then loaded into pick-up trucks before being stored in a number of houses near the border.<sup>16</sup>

### *Drug smuggling*

In a survey conducted by the ISS with ZRP personnel in 2000, officers were asked to rank the most serious crimes facing the country. In their responses, drug trafficking was identified as the most serious crime threat, after vehicle theft and car hijackings.<sup>17</sup> Police interviewed in a further ISS study on organised crime cited an increase in the trafficking of cocaine and heroin. Most of these drugs were being sent to South Africa.<sup>18</sup>

### *Fraud and advance fee fraud*

Scams and trade in counterfeit goods have also expanded as a result of shortages and rising prices. Trafficking in counterfeits can involve anything from fake seeds to money. The black market trade in

---

<sup>14</sup> Interviews conducted with South African Border police and SANDF, Beitbridge, 29–30 January 2005.

<sup>15</sup> Interview with Beitbridge SA customs officials, 29 January 2005.

<sup>16</sup> 'Customs seize smuggled sugar', *Agencia de Informação de Mozambique*, ZIM ONLINE, 14 August 2003.

<sup>17</sup> Gastrow P, *op. cit.*

<sup>18</sup> Goredema C, *op. cit.*

currency and their growing forex requirement have left business people vulnerable to scams. Since many of the victims are reluctant to admit to trading currency on the black market, much of this crime goes unreported.

The Zimbabwean Criminal Investigation Department (CID) told parliament at the end of October 2004 that there had been a flood of counterfeit US dollars in circulation in Zimbabwe and that some criminal networks, often involving nationals from East and West Africa, were involved in black dollar scams. The police reported that some of the counterfeit notes and black dollar schemes were so sophisticated that bankers and bank employees were sometimes duped.<sup>19</sup>

### *Armed robberies*

Zimbabwe, like South Africa, has experienced an increase in armed robberies especially cash-in-transit heists. Many of the cases involve guards working for security companies involved in the movement of cash. In 2002 the ISS profiled one such example:<sup>20</sup>

A widely reported case involved 12 participants, one of whom was a driver for a well-known security firm, Fawcett Security. The driver connived with his accomplices to stage-manage a robbery of the van that he was driving from a commercial bank to the head office of a building society in Harare. He was given a cell phone to enable him to communicate with his accomplices. Z\$7 million in cash was stolen.

One member of the gang, Norman Karimanzira, fled to Mozambique after the robbery, moving on to Zambia, where he was arrested after a few months. At the time of his arrest, he held a Mozambican passport, apart from his Zimbabwean identity documents and passport. He might also have had a Zambian passport.

The ISS also reported an instance where a member of an armed robbery syndicate, George Chikanga, who was serving a lengthy sentence for armed robbery, was released by order of the then minister of justice. Chikanga was subsequently rearrested after committing another armed robbery.<sup>21</sup>

---

<sup>19</sup> 'Fake US dollars hit Zimbabwe', *Zimbabwean Independent*, 4 November 2004.

<sup>20</sup> Goredema C, *op. cit.*

<sup>21</sup> *Ibid.*

### *Banking fraud*

Zimbabwe is currently facing a banking crisis. Several banks have had their licences withdrawn or have been placed under curatorship, while others are under investigation by the Central Bank. The difficulties in the banking sector have prompted the Central Bank to establish a Troubled Bank Fund in an attempt to help banks with liquidity problems. The fund has paid out more than Z\$500 billion to save banks in difficulty. Many economic commentators feel that this fund will not solve the problems: instead, there should be an attempt to address fundamental issues that include structural weaknesses, mismanagement and incompetence.

Some of the known incidents of fraud or bank failure include the following:

- In 1998, the licence of the United Merchant Bank was withdrawn after police found that the institution had been involved in fraud. One case related to its involvement in raising funds on behalf of the Cold Storage Commission, which had contracted the bank to raise Z\$413 million on the local money market. The government put up more than Z\$800 million in guarantees. The Z\$413 was raised and remitted to the Commission. The bank then, however, sold bills worth Z\$1,63 billion under the same scheme and converted the entire amount to its own use. Other frauds related to records of deposits that could not be traced. Chief executive Roger Marume Boka and a number of his accomplices were placed under investigation. Boka was found to have opened personal accounts in the UK, the US, Luxembourg and France, and to have deposited at least \$21 million in them. In an unusual step, the then minister of justice took the investigation from police jurisdiction and placed it under the authority of his own ministerial office in terms of the Prevention of Corruption Act. There has been some speculation that the minister had a close relationship with Boka and had borrowed substantial amounts from his bank. The truth is never likely to be known as Boka committed suicide before the results of the investigation were made public and his lawyer, alleged to be complicit in the fraud, disappeared.<sup>22</sup>
- In 2002, the First National Building Society was placed under curatorship by the Central Bank because it had liquidity problems.

---

<sup>22</sup> *Ibid.*

Three other banks, the Intermarket Banking Corporation, the Intermarket Discount House and the Barbican Bank, were subsequently also placed under curatorship. In January 2004, after the Trust Bank had been investigated for dealings that involved speculative investments in vehicles and bricks, a number of its top executives resigned. The Trust Bank was subsequently placed under curatorship by the Central Bank. The most recent bank to be placed under curatorship is the Zimbabwean Royal Bank. Two of its senior executives have been arrested and charged with defrauding the bank of billions of Zimbabwean dollars.

- In August 2004, after at least six high-level Zimbabwean banking officials had fled to Britain, President Robert Mugabe requested the assistance of Interpol in helping his government to track down business people involved in fraud in Zimbabwe.

### *The illicit car trade*

Syndicates in the illicit car trade are often involved in more than one of three different types of crimes. The first relates to straightforward theft of vehicles in Zimbabwe. According to the ISS, 6,393 vehicles were stolen in Zimbabwe between January 1996 and April 2000, an average of 125 vehicles a month. (It should be noted that this statistic refers to all stolen vehicles whether hijacked or not.) Some of the vehicles are then used to commit other crimes; some are taken to chop shops and used for spare parts; and others are smuggled out of Zimbabwe to other African countries.<sup>23</sup>

The second type of crime relates to vehicles hijacked within Zimbabwe. According to the 2002 ISS study, between January and December 2001 as many as 417 vehicles were hijacked, as compared with 204 vehicles in the same period in 2000.<sup>24</sup> Increasingly, recent incidents had involved firearms. The groups that carry out car hijackings normally consist of between two and four people, often linked with broader networks involved in illicit trafficking. The hijacked vehicles are sold to them and are either used on the local market or transported out of the country and sold in other African countries.

---

<sup>23</sup> *Ibid.*

<sup>24</sup> *Ibid.*



The third type of crime involves moving stolen vehicles into Zimbabwe, either in transit to another country or for sale in Zimbabwe. While the majority of these vehicles come from South Africa, others are brought from Botswana, Mozambique and Zambia.

According to the ISS study, some of the routes that have been used in moving vehicles out of Zimbabwe are the Great North Road between Harare and Chirundu, the Nyamapanda road between Harare and Mudzi, the road from Bulawayo to Victoria Falls and the Mutare road to Mozambique. Beitbridge and Plumtree border posts are the main entry points for stolen vehicles brought into Zimbabwe.<sup>25</sup> The ISS study also identified the use of forged temporary import permits in this cross-border trade.<sup>26</sup>

To facilitate the exportation of stolen vehicles, criminals use forged Temporary Import Permits (TIPs) and vehicle registration books and, occasionally, false registration plates. According to the Interpol sub-regional Bureau for Southern Africa, after a vehicle is stolen the criminals enter its identification particulars, such as the engine and chassis numbers, on the import permit and in the registration book. These documents enable them to go through police roadblocks and to drive across borders, as the authorities are unable to probe beyond the TIP. The relatively low use of technology to disseminate information on stolen vehicles among law enforcement agencies within the various states and across their borders works to the advantage of criminal syndicates. It is standard practice to alter or remove identification features and engine and chassis numbers.

In some cases vehicles cross from South Africa into Zimbabwe with the consent of the owner. After the car has crossed the border, it is fraudulently reported by the owner as having been hijacked in South Africa. Some hijacked or stolen vehicles are transported through the Beitbridge border post in container trucks. Networks involved in cross-border trafficking in vehicles often comprise a number of different nationals. Recent reports indicate that Pakistani and Nigerian criminals have become involved in the illicit trade in vehicles in the SADC region.

---

<sup>25</sup> *Ibid.*

<sup>26</sup> *Ibid.*

*Theft of natural resources*

There are also criminal networks in both Zimbabwe and South Africa involved in theft of nickel and gold from Zimbabwe, although precise details are not known. Minerals worth billions of dollars disappeared from Zimbabwe Platinum Mines Ltd (Zimplats), Zimasco Mimosa Platinum Mines and Rio Tinto between 2003 and 2004. In May 2004 the chief executive of the Bindura Nickel Corporate Mine (BNC), Leonard Chimimba, was gunned down outside his house in Harare. According to the ZRP, the shooting could have been related to the role Chimimba was playing in the police investigation into the theft of a cargo of nickel belonging to BNC, hijacked in South Africa.

*Diamonds from DRC*

The war in DRC provided opportunities for the ZDF, government officials and businesses to trade in DRC's rich natural resources. Prior to the overthrow of President Mobutu, a \$53 million deal was announced in terms of which a company called Zimbabwean Defence Industries (ZDI, formed in 1984 by the Zimbabwe government) was to supply dried fish, corn meal, uniforms, ammunition and mortars to Laurent Kabila's rebel forces. ZDI awarded the contract for transporting the goods to a private company owned by the chief of the Zimbabwean Army, Major General Vitalis Zvinavashe. Initially, Kabila also agreed to pay for the costs of the deployment of the Zimbabwean troops in the DRC in US dollars. This arrangement was later changed: instead the Zimbabweans were awarded lucrative mining, forestry and agricultural concessions.

As a result, two deals were struck in 1998. The first was the creation of a company called Congo-Desa as a joint venture between ZDI and its counterpart in the DRC, Congolese General Strategic Reserves. Congo-Desa was established to act as a conduit through which Zimbabwean companies could become involved in supplying the DRC with consumer goods. By 1999, however, Congo-Desa had failed to perform as expected. The second deal involved granting one Billy Rautenbach, a close personal friend of President Mugabe, cobalt mineral rights in the DRC; Rautenbach's company, Ridgepoint Overseas Development Ltd, was licensed to mine cobalt near Lukasi. He was subsequently appointed as chief executive of the DRC government-owned Gécamines, but was later dismissed. Allegations

have been made that during his tenure at Gécamines he siphoned off some of the profits into a fictitious company of his own.

In late 1999 Congo-Desa was replaced by Operation Sovereign Legitimacy (Osleg), which entered into a joint venture with the Congo-based company Comiex-Congo. In theory the arrangement was to allow Zimbabwe to exploit DRC's natural resources as payment to Zimbabwe for the costs of the war. Many of the terms of the deal were, however, kept secret and were never reported to the Zimbabwean parliament or accounted for to the Zimbabwean public. According to the ISS study, very little information was published concerning the identity of the Zimbabwean directors of Osleg, who held shares in their private capacity, and no income accrued to the Zimbabwean government from the joint ventures.<sup>27</sup>

Apart from these formal agreements between the two governments, senior Zimbabwean military personnel were awarded logging concessions in the DRC. In addition, those Zimbabwean military forces that were stationed in areas rich in alluvial diamonds either employed Congolese to mine for them or allowed the Congolese to work the diggings in exchange for a cut of their income.

### *Maguma Guma*

Almost a third of the Zimbabwean population lives abroad, a significant number illegally in South Africa. Some of them cross the border openly through the Beitbridge border post, but most take their chances and enter South Africa covertly.

*Maguma Guma* (men who act as guides for Zimbabweans wishing to cross the border illegally) are often used to assist these border crossings in what has become known as the 'freedom shuttle' (*Maguma Guma* means 'to get something the easy way'.) The going rate is anything between R300 and R500, but after being paid, the *Maguma Guma* often rob the very people they have promised to help. There are reports of women being raped by these men. According to South African border officials and NGOs who deal and work with Zimbabwean refugees, the *Maguma Guma* are highly organised. In major cities such as Bulawayo and Harare, some have touts who actively recruit people wishing to emigrate secretly. South African border police and SANDF officials say that they have recently received

---

<sup>27</sup> *Ibid.*

reports that Pakistani nationals have been using the *Maguma Guma* to cross illegally from Zimbabwe into South Africa.

### *Customs fraud and 'grey' products*

As in many other countries in the SADC region, organised crime groups based in Zimbabwe are involved in evading customs duties by 'round tripping': imports escape customs duty by being falsely declared as in transit through one country, but are then offloaded, while the empty container is sent on to another country to the putative destination. Thus goods are unpacked in South Africa while the containers are sent to an address in Zimbabwe. Similarly, goods labelled as in transit in Zimbabwe en route to (for example) Zambia never arrive in Zambia but are sold in Zimbabwe.

Organised crime networks involved in customs fraud are often sophisticated organisations and employ nationals from more than one country. They also recruit customs officials who are bribed to help in committing customs fraud. If goods are marked as being in transit (for example to Zambia), these customs officials will be notified when the goods arrive in Harare. They will not only destroy the original documents, but will allocate the same invoice number to a different file, making further investigation almost impossible. Recently Zimbabwe has been flooded with cheap goods known by locals as *Zhong-Zhong*, which have been imported from Asia. In the past such goods were sold at flea markets, but they can now also be found in most shops. The import duty on these goods is minimal at Z\$100/kg, less than \$1. There have been no cases in Zimbabwe related to the marketing of these *Zhong-Zhong* goods, but some of them appear to be similar to 'grey' products (for example, items channelled through a subversive or unauthorised supply chain) imported into South Africa by networks involved in organised crime.

### *Fraud and corruption in the business sector*

Zimbabwe's business sector, in general, and not only the banking sector in particular, has experienced serious fraud and corruption, numerous examples of which have involved prominent members of the business community.

- Kay Makhela, also known as Gerald Marimudza, was accused of defrauding more than 1,000 home-owners by selling property over which he had no legal right. According to the ISS study, there are at

least five Harare and two Bulawayo 'estate agents' involved in similar scams.<sup>28</sup>

- Mutumwa Mawere, one of Zimbabwe's richest businessmen was arrested for fraud amounting to more than Z\$300 billion and unauthorised export of foreign currency. Mawere was at one point extremely close to Zanu–PF government officials.
- At least two Zimbabwean businessmen were arrested and others face de-registration after police cracked down on 'fuel imports' that did not exist. According to the minister of energy, as many as 24 fuel importers could be closed down because they had failed to prove that they had actually imported fuel and had not instead been involved in currency fraud.<sup>29</sup> The investigation was prompted by the government's finding that some oil merchants had misused close to \$13 million allocated to them by the Central Bank, for what turned out to be fictitious fuel imports.
- In 2000, former politician Michael Mawema, together with an architect named Ben Chisvo, started a government-backed scheme to acquire farms for aspiring black commercial farmers. Payments into an account to be used to acquire land amounted to almost Z\$7 million, but no receipts were issued. By September 2000 most of these funds had been embezzled and only Z\$100,000 remained in the account. The investigation ended after Mawema committed suicide. In a note he admitted his part in the fraud, but also indicated that the scheme had involved a number of others.<sup>30</sup>
- A government probe into corruption accused Emmerson Mnangagwa of various frauds. His handling of Zidco and other Zanu–PF companies is being scrutinised. It is alleged that property was looted, most Zanu–PF companies were never audited, Z\$600 million worth of dividend cheques for Treger Holdings, a building equipment supplier, are missing and about Z\$120 million is missing from M&S Syndicate. Three other directors of M&S, Manharlal Chiunilal Joshi, Jayant Joshi and Dipak Panday, fled Zimbabwe in May 2004.<sup>31</sup>

---

<sup>28</sup> *Ibid.*

<sup>29</sup> 'Zimbabwean fuel importers arrested', *Mail & Guardian*, 30 September 2004.

<sup>30</sup> Goredema C, *op. cit.*

<sup>31</sup> ZIM ONLINE, 7 November 2004.

### *Corruption in government*

There have been numerous incidents of corruption involving officials working for government parastatals.

In 2000 evidence came to light that more than Z\$1 billion had been siphoned off the profits of the government-owned National Oil Company of Zimbabwe (Noczim). The fraud involved stealing fuel from Noczim for sale on the black market, and buying fuel from suppliers at above market price in exchange for kickbacks. The fraud resulted in Noczim acquiring Z\$20 billion of debt.<sup>32</sup> In September 2004 the *Zimbabwean Financial Gazette* exposed further corruption at Noczim. Officials of the company were generating false invoices linked to fictitious transactions with other parastatals and government departments, which were receiving fuel from Noczim at the subsidised rate of Z\$1,650/l. The corrupt officials, after creating the false invoices, would pay Noczim \$1,650/l (based on the false invoices) and then sell the fuel to other businesses for Z\$2,580/l. In August 2004, false invoicing appears to have been used to generate an order for 20,000 litres for the Hurungwe Rural District Authority. The false invoicing in this instance generated an approximate profit of Z\$40 million for the corrupt officials.<sup>33</sup>

There have been numerous allegations that employees of the GMB have used their position to divert grain from official channels into the black market. In 2000 the chief executive of GMB, Martin Muchero, was suspended for fraud and is currently being investigated for his involvement in the illegal transfer of more than R30 million in hard currency.

In 2004 it came to light that staff at the national air carrier Air Zimbabwe (Zimair) had fleeced the company of more than Z\$3 billion (\$200 million). In the six months between February and August 2004 more than 332 components were stripped from state-owned aircraft. According to the investigators, senior management of Zimair had established a thriving business selling aircraft parts to foreign buyers. These managers then created their own 'briefcase companies' that were contracted to repair state-owned aircraft. An earlier probe by the Parliamentary Portfolio Committee on Transport had discovered extensive corruption at Zimair. Police detained the managing director,

---

<sup>32</sup> Gastrow P, *op. cit.*

<sup>33</sup> 'Massive fuel scandal unearthed at NOCZIM', *Financial Gazette*, 23 September 2004.

Rambai Chingwena, for three days in connection with various charges including money laundering and fraud related to underhand dealings with travel agents and the misuse of the workers' pension fund. Workers alleged that Chingwena withdrew Z\$400 million from the workers' pension fund without the trustees' permission. Although Chingwena resigned, he was never prosecuted. There are allegations that senior Zanu–PF officials intervened to stop the case.

Corruption has not been limited to the parastatal sector but is equally prevalent in government circles, with civil servants as well as senior politicians involved. It has taken a variety of forms. These include the awarding of government contracts and tenders to family and friends; misappropriation of government funds and resources; business fraud and externalisation of currency (unauthorised export, by-passing Central Bank controls); protection from prosecution of key people; and involvement in the black market.

- In November 2004, it was revealed that the Agricultural Bank of Zimbabwe (Agribank), a wholly owned government bank created in 2003 to raise funds for resettlement of black villagers on white-owned farms, had been looted. The bank was left penniless after senior government officials, including some ministers, helped themselves to more than Z\$50 billion.<sup>34</sup>
- In 2004, the minister of finance, Chris Kuruneri, was charged with illegal currency dealings.
- In October 2004, Zimbabwe's biggest seed producer accused senior Zanu–PF and government officials of diverting maize seed, which was in short supply in the country, to sell on the lucrative export markets. The matter was subsequently referred to parliament.<sup>35</sup>
- In 2001, Noczim granted fuel import licences to 246 private concerns. Two problems arose during this process. The first related to establishing exactly who had been awarded the licences. Although Noczim refused to name the parties involved, information subsequently came to light that the majority were Zanu–PF government officials or members of their families. The second problem relates to the rent-free use of government storage facilities by some of those private fuel importers. The ISS study of 2002 cited

---

<sup>34</sup> 'ZANU–PF plunders \$50 billion Agricultural Fund', *ZIM ONLINE*, 5 November 2004.

<sup>35</sup> 'ZANU–PF officials divert seed maize to lucrative export market', *ZIM ONLINE*, 13 October 2004.

the use of National Railways of Zimbabwe facilities in Gweru and Chivru as examples of this practice.<sup>36</sup>

One of the contentious issues that arose during the farm seizures was the allocation of farms to senior politicians (and in several cases the distribution of more than one farm to the same politician). Among the politicians cited were then minister of information Jonathan Moyo (who allegedly acquired four farms); the governor of Hungwe (three); the deputy minister of local government and the minister of foreign affairs.

### **Zimbabwean involvement in crime in other countries**

People of Zimbabwean nationality or descent have committed a number of crimes in South Africa and more than 100 Zimbabweans are on the SAPS 'most wanted' list.<sup>37</sup> While obviously it would be incorrect to blame all Zimbabwean refugees for the criminal involvement of a relatively few, there appear to be a number of highly organised Zimbabwean criminal networks earning money through crime in South Africa to finance forex deals in Zimbabwe. The R25 million airport heists at Johannesburg International Airport at the end of 2001 were an example of this. According to the ZRP, the stolen money was recycled in Zimbabwe, most probably through the forex trade.<sup>38</sup>

### **Factors Contributing to the Increase in Organised Crime**

The increase in organised criminal activities and the growth in crime networks operating in Zimbabwe can be attributed to a number of diverse causes. Some of them relate to international factors, others to circumstances linked to the SADC region as a whole and yet others have their roots in the current state of affairs in Zimbabwe. These factors also determine the types of crimes committed.

#### *International factors*

The dramatic increase in organised crime in Zimbabwe should be seen in the context of a global expansion of crime syndicates, which is

---

<sup>36</sup> Goredema C, *op. cit.*

<sup>37</sup> *No War in Zimbabwe*. Solidarity Peace Trust, November 2004.

<sup>38</sup> Goredema C, *op. cit.*



increasingly perceived not only as a domestic problem for individual countries but also as an international security threat. The globalisation of transnational organised crime networks has changed the thinking and the range of criminal enterprises. Increasingly, they see Africa as an attractive base of operations because it is a relatively low-risk environment that also offers a good market for illegal or counterfeit goods.

An example of this entry of foreign criminal organisations into Africa is the expansion of the drug trade, particularly in cocaine and heroin. Few countries in the SADC region were exempt from the increase in trafficking during the 1990s. The 2000 World Drug Report published by the UN clearly reflects this trend through maps depicting changes in patterns of heroin and cocaine abuse. Most countries in the Southern Africa region show a marked increase after 1994.

### *Circumstances within SADC*

A number of complex factors have led to a rise in organised crime in the SADC region. They relate to demographics and boundaries, government policies and the opening of the region to international markets.

#### *Demographics and boundaries*

Countries in the region have extensive and relatively porous borders that are extremely difficult to patrol. In addition, there has always been continual cross-border movement of people and goods, making it easy for nationals from different countries to establish contacts in neighbouring states. These can be used to develop networks for criminal activities linked to markets, and also to export different types of crime from one country to another. An example of such strong regional networks is the cross-border trade in stolen vehicles, which affects all countries in the region. Syndicates of nationals from different countries not only identify national markets and buyers but also ensure that stolen vehicles are obtained from other countries in the region.

The phenomenon of 'same crime, same time, different places' is an indication of how the easy movement of people across borders can lead to the spread of a particular kind of crime from one country to another. Perhaps the clearest example is that of cash-in-transit heists. The first reported cases occurred in South Africa, but it was not long

before this form of crime, with an almost identical *modus operandi*, was being committed in Zimbabwe.

Criminals often hold multiple passports and identity documents declaring them as citizens of more than one country, which can be used if necessary to flee from one state to another. In particular, the flow of people between countries in the region, and the porosity of borders, has made it easy to smuggle weapons. Organised gun running also benefits from the political instability that has affected many of the states in Southern Africa. As conflict in one country is resolved, the weapons no longer required for fighting can be cheaply bought and taken to neighbouring countries to be sold for profit.

### *Policies and tariffs*

A number of initiatives have been taken to address the transnational nature of organised crime in the region. These include the establishment of a police co-ordinating mechanism through the Southern African Regional Police Chiefs Co-ordinating Organisation and attempts to introduce appropriate legislation and protocols (for example, laws to prevent money laundering). The variable implementation capability of different countries to effect these initiatives, however, can also make for loopholes that organised crime networks can exploit. Smuggling, as one of the oldest forms of organised crime, remains a highly profitable activity and one factor that works to its advantage in the region has been the lack of uniformity in tariffs.

### *Opening up of the SADC region*

The opening of trade in the region to new international markets has also provided fertile ground for criminal networks wishing to expand. An example is the influx of Nigerians and other West African nationals into Southern Africa since the late 1980s. While some of the movement of West Africans can be linked to legitimate business ventures, a significant number of Nigerians, for example, moved into the region to establish organised crime networks. There are also transnational networks originating in Asia and Europe that have made use of the opportunities arising from the opening up of trade in Southern Africa to extend their criminal operations.

## Factors Linked to the Current Zimbabwean Crisis

Most commentators agree that while organised crime is not new to Zimbabwe, there is evidence of a significant increase in this type of activity since the 1990s. While some of this could be attributed to the situation in the region as a whole, there are a number of local factors that have also contributed.

### *Zimbabwe's fragile economy*

The current economic situation in Zimbabwe, characterised by high inflation, price controls and shortages of fuel, food and consumer goods, has created an ideal environment for a flourishing black market trade that is almost impossible to control. In most areas the parallel market has become more powerful than the official one. The depreciation of the Zimbabwean dollar has not only led to massive use of the black market, but has also fuelled foreign currency externalisation, a form of money laundering. Many of the senior business people who have been arrested stand accused of having been actively involved in this practice.

While for the majority of Zimbabweans the economic crisis has meant hardship and poverty, for some it has provided an opportunity for quick and substantial profit, often at the expense of their fellow Zimbabweans (a case in point is the *Maguma Guma*, who profit not only from organising illegal border crossings but also from robbing their clients). As the situation in Zimbabwe has deteriorated more and more, people have opted to leave the country. Many have left illegally, using the services of *Maguma Guma*.

Some foreigners have also exploited the current travails in Zimbabwe, as demonstrated by the comments of an American expatriate living there:<sup>39</sup>

Anyone who doesn't make money here is, frankly, a fool. There is no way to speculate and lose money. The stock market is doing gangbusters. With as little as US\$5,000 in savings, you can make a killing.

During the occupation of farms in 2000, many of the occupiers committed serious crimes. A large proportion of the invaders were armed when the farms were seized and others have subsequently acquired weapons. Many of them have since been evicted from the

---

<sup>39</sup> 'The land of milk and money', *Mail & Guardian*, 23 May 2003.

farms by the government and are now homeless and extremely angry. They constitute a pool of potential recruits for organised crime. Equally, high levels of poverty and unemployment mean that many people seek work from crime networks in order to survive.

No official disarmament programme was carried out immediately following independence, but this did not present a major problem for national security. There is no real evidence that weapons used in the war were subsequently employed to commit crimes. When the first cash-in-transit heists occurred in Zimbabwe in the 1990s, it was reported that some of the firearms used by the criminals had been stolen from security firms.<sup>40</sup> However, since insecurity in Zimbabwe has ratcheted up, the number of weapons in circulation has risen sharply. Not only have youth militias been armed by the government, but many farms targeted in the land invasions had weapons that fell into the hands of the occupiers.

The erosion of the independence of the judiciary, coupled with the politicisation of the ZRP, represent a major setback for Zimbabwe's criminal justice system. Its decline obviously weakens the apparatus needed effectively to fight organised crime and corruption. In essence, this interference with the processes of law and order has guaranteed not only the survival but also the prosperity of organised crime.

### *Corruption*

The ZRP views corruption as a major problem in the public and private sectors alike. In the ISS report cited above, the police were quoted as saying that in April 2001 an estimated Z\$30 billion changed hands annually in corrupt transactions.<sup>41</sup> A number of measures have been taken to address these levels of corruption and economic crime. The Central Bank and the Zimbabwean Revenue Authority have authorised a fund to reward informers who blow the whistle on offenders. Whistle blowers are entitled to 10% of any funds recovered as a result of the information they provide.

There have also been investigations of a number of senior business people, government officials and politicians, and as part of a Zanu-PF initiative in 2003, a number of senior party members (including

---

<sup>40</sup> Goredema C, *op. cit.*

<sup>41</sup> *Ibid.*

Emmerson Mnangagwa and Jonathan Moyo) were identified as being actively involved in illegal dealings.

Yet these initiatives have not been entirely successful. The 2004 crackdown on corruption led to the compilation, by the CID, of a list of 30 senior officials, including the commander-in-chief of the ZDF, who had been involved in illicit activities. The list allegedly disappeared. There have also been allegations that some of the investigations have been prompted by political struggles within Zanu-PF and attempts to undermine the opposition, rather than by hard criminal investigations. Equally, there have been allegations that some of Zimbabwe's most successful business people and even its minister of finance, Chris Kuruneri<sup>42</sup>, had been sacrificed in order to block broader investigations into corruption that might implicate even more prominent persons. In the ongoing Kuruneri case, Gideon Gono, the Governor of the Zimbabwe Reserve Bank, gave evidence that the government had secured foreign currency from Kuruneri to buy indelible ink for the 2000 parliamentary election. This points out one of the main obstacles to addressing corruption effectively — the involvement of senior officials and politicians in business enterprises weakens the government's will and capacity to act against flawed business practices and other illegal dealings.<sup>43</sup>

---

<sup>42</sup> Mugari S, Black Market – The Real Economy, *Zimbabwe Independent*, 25 November 2005. Available on online at [www.zwnews.com](http://www.zwnews.com).

<sup>43</sup> *Ibid.*

# Chapter Thirteen

## Conclusion and Recommendations

### Introduction

Earlier chapters considered several multi-disciplinary theories of the relationship between war and organised crime. For some theorists, such as Paul Collier and others, armed rebellion and organised crime are similar phenomena, arising out of an opportunity structure for rebellion (notably, the presence of natural resources) or alternatively state weakness. For others, such as Nicholas Sambanis, armed rebellion may not be necessary if resource extraction can be achieved by criminal means. Hence the probability of an armed conflict will depend on three perceptions: that political change is necessary; that it can only be achieved through armed conflict; and that opportunities and mechanisms exist to fund it. The case studies explored in this book illustrate that the last explanation is compelling.

Links between war and organised crime exist. The presence of natural resources may prolong civil wars in Africa. In many cases however civil wars and organised crime have the same origin: a combination of poor political, economic and social governance at national, regional and international level. Both resource-rich (Sierra Leone, Angola and the DRC) and poorer nations (Mozambique) experienced organised crime prior to, during and after civil war.

Political instability and civil wars have had an impact on the nature and extent of organised crime. It is also clear, however, that this phenomenon cannot be separated from the broader challenges that face African states and societies. The most significant underlying causes of organised crime lie in the nature of the state, the economy and society, combined with external global crime trends and globalisation. Weak, ineffective and authoritarian states that are unaccountable to their citizens are likely to experience high levels of organised crime. (South Africa may seem an exception and this issue requires closer examination.)

A large informal economy is vulnerable to capture by armed groups and may also serve to cloak illegal transactions. Civil wars may contribute to anomie and create a fertile atmosphere for organised criminality. Furthermore, the growth of international syndicated

crime, the development of global markets and supply chains for the transfer of illicit goods, and the ease of international travel and communications provide multiple opportunities for criminal entrepreneurs.

### **Conclusions: Civil Wars and Organised Crime**

Civil wars cause economic, social, environmental and institutional changes in the structures of government. This phenomenon, often narrowly defined as a 'war economy', may shape the way in which the civil war proceeds and influence the prevalence of certain types of organised crime (such as predatory armed robberies, economic and commercial crime). Once the war ends, it may be difficult to root out forms of organised crime that have become entrenched in economic and social life and have extended into the state and political movements.

#### *Civil wars, environmental degradation and criminalisation of the economy*

On the economic front, formal foreign trade may decline as foreign and regional investors lose confidence in the economy. Exports and imports may be disrupted by the conflict, with a concomitant increase in transactional, transport (eg through roadblocks and closures) and financing costs, and existing regional trade networks may go underground to escape this increase. Agriculture usually declines, as people are compelled to migrate to escape the war and subsistence markets are dislocated, which makes internal migrants more dependent on warlords, regional trade networks or the informal or criminal economy for their basic necessities. Large refugee flows and the presence of rebel armies or poorly paid soldiers may deplete the environmental resources available to sustain livelihoods.

If industries and processing facilities are affected by warfare they may lose their comparative advantage to other countries. The crisis of confidence in the economy may affect financing and interest costs; banks may lend money for shorter periods at high interest. The government may undermine the independence of the central bank and use artificial exchange rate differentials to fund the war or

maintain the lifestyles of the elite. High rates of inflation may further dampen confidence in the currency on the part of citizens and investors.

This frequently leads to the development of a currency black market, which may be exploited by the government when it experiences shortages in foreign exchange to fund imports such as petroleum and other necessities. The contraction of the economy may affect government tax revenues and other sources of income that a state requires. If the government is unable to finance its deficit it may take loans from state enterprises and domestic banks. Armed protagonists may expropriate, displace or destroy assets, income and trade. Rebel movements, or government officials, may take control of the extraction and marketing of exports (such as 'lootable' resources). In this way, trade patterns may be upset and the formal private sector excluded from the economy. The informal and criminal economy then flourishes, aided by the absence of the rule of law and widespread corruption.

This process of deterioration has been seen in countries in conflict, such as Zimbabwe, or those that have experienced civil war (Angola, the DRC and others).

### *Social disruption*

Civil wars and organised criminal operations also leave their mark on society. Brutal and prolonged conflict can damage social capital, undermine the legitimacy of social institutions and taint their leadership. An atmosphere of impunity arising from widespread human rights violations, especially against civilians, creates an environment conducive to crime. The presence or return of combatants can exacerbate a prevalent sense of lawlessness. This phenomenon has been most keenly felt in West Africa, where conflicts have spilt over borders, hostile neighbouring countries have intervened on behalf of one or the other side in different conflicts, and migration rates are very high.

### *Institutions of government*

In cases of civil war or political instability the government is likely to spend large amounts on the military while experiencing sharp budget



deficits. This may manifest itself in non-payment or reduction in the wages of public servants, which may cause them to 'moonlight' in the informal economy and participate in corrupt or criminal activities. Salary arrears may precipitate fragmentation within the military and the proliferation of possible 'peace spoilers' in the aftermath of conflict, as has been apparent in the DRC. In the anarchy that follows, vigilante groups, militias and warlords may use violence to obtain a share in the spoils.

Large military expenditures also invariably lead to a reduction in budgetary allocations to social services. Coupled with the weakening of the government, all these factors may encourage or compel civilians to come to an accommodation with illicit groups as a means of survival, as has occurred in most African conflict zones.

Rebel movements may depend on looting, the extraction of natural resources, prohibited trade (such as drug trafficking) or the expropriation of aid or levying of taxes or protection fees to fund the war effort. The logic necessary to control different types of resource extraction may influence whether the war takes the form of a contest for territory, or is more fluid in nature. In the case of Mozambique, with its limited natural resources, the rebellion did not coalesce around specific territories to the same extent as did the conflicts in Sierra Leone. In addition, the nature of the rebel movement may also influence the scale and type of organised crime. In some rebel movements, such as Unita in Angola, the combatants operated in a largely non-monetary economy and their basic needs were provided by the military command. Only a few insiders close to the Unita commander Jonas Savimbi were involved in the marketing and sale of diamonds. By contrast the leaders of the Sierra Leonean Revolutionary United Front (RUF) exhibited less command and control over their forces from the outset, dependent as they were on a core force of Liberian fighters, forced recruitment and slave labour. While the commanders initially may have been involved in the extraction and sale of diamonds, the number of those – civilians, rogue traders and militias – involved in the trade increased as militia and government forces fragmented.

The difference in the structure and organisation of those two rebel movements may explain why certain types of illicit trade (such as diamond trafficking) have turned out to be less prevalent in Angola than was anticipated at the end of the civil war. Those combatants and

civilians dependent on the war economy for survival have limited access to the international criminal networks that market and sell illicit goods. The incidence of banditry and predatory crime in Angola after the end of the civil war in 2002 has also been lower than expected, arguably because both the government and Unita exercised greater disciplinary control over former combatants. This is particularly notable given that in Angola rebels and government forces were involved in both conventional and guerrilla warfare at various stages of the conflict.

### **Conclusions: Causes and Manifestations of Organised Crime**

This study has highlighted that while the scope of organised crime may have grown substantially in the past 15 years, some form of illicit activity was prevalent in these states for much of the independence phase. This phenomenon was directly linked to the way in which many states evolved after decolonisation (and also to the consequences of colonisation).

In the case studies a number of common underlying conditions emerge for the growth of organised crime. They include:

- criminalisation of the state and politics, and the prevalence of corruption, mean that to a varying degree organised crime groups enjoy influence with government officials. In some countries they may be inextricably linked to the political hierarchy;
- the non-inclusive nature of the political system in many African states has encouraged the proliferation of rebel movements, which of necessity established their own parallel economies and fed into organised criminal networks to sustain their cause;
- urban-biased economic policies have caused higher rates of crime and high rates of migration within countries and regions, notably to resource-rich areas;
- the inequitable distribution and poor management of 'lootable' natural resources and the control of the economy by market-dominant minorities or an indigenous elite (comprising particular ethnic or socially distinct groups) have bred resentment and provided a moral justification for certain forms of organised crime, or encouraged corruption and patronage;

- the absence or inconsistent application of economic regulations in the private sector drives smaller local companies out of the formal economy and makes larger businesses reliant on political influence (or state capture) to circumvent a wide range of informal and formal obstacles to doing business. These range from clearing goods at customs to obtaining preferential access to contracts;
- the absence of any significant indigenous business sector in many countries and the general weakness of civil society (most significantly the lack of critical media) means that there are very few checks and balances on state power;
- excessive reliance on income from natural resources as a tool for political patronage excludes private sector development, which otherwise would assist in creating income opportunities for the majority of citizens;
- growing poverty and inequality in the civilian population and among disaffected demobilised soldiers fuel dependence on the 'war economy' as a survival strategy, given that they have few non-criminal means of making a living;
- a large informal economy (which by definition is not documented in official records or taken into account in formal public economic policy making) may conceal organised crime activity or be captured by combatants during civil war;
- the nature of social organisation within a society suffering from poor governance, where loyalty to the family or kinship group is more probable than is allegiance to the state (family and kinship groups may avoid any interaction with the state and involve themselves in illicit activity or trade, including cross-border trade);
- the alienation of refugee groups within their host countries, frequently concentrated in temporary camps or in Diaspora communities, encourages them to turn to crime to make a living;
- a lack of shared values and political, economic and social convergence between states, or the existence of 'rogue states' within a region, may encourage conflict and instability, unrestrained economic competition or widespread criminality;
- the dominant regional economies in Africa, notably those with a good infrastructure and developed financial services, are most likely to experience higher rates of conventional and organised crime,

because they attract large groups of unemployed migrants and provide more opportunities for all forms of organised crime;

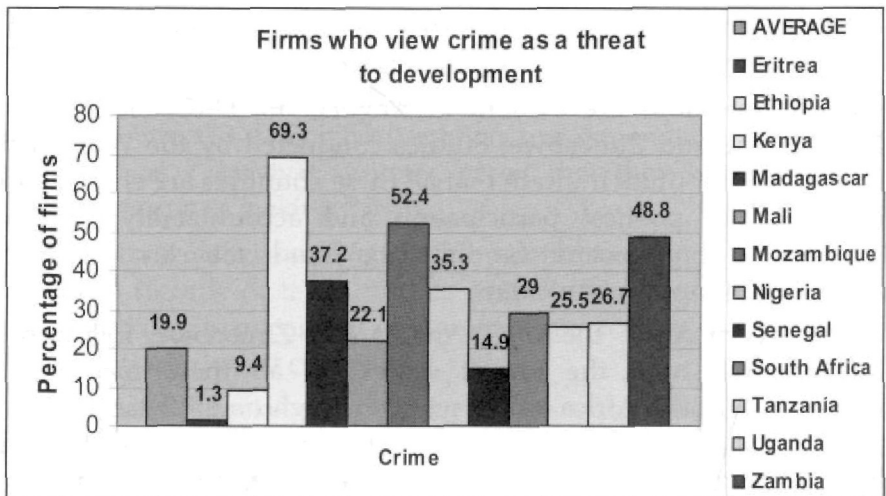
- the end of the Cold War spawned an increase in independent middlemen and mercenaries who have supplied combatants with armaments and goods in exchange for natural and other resources;
- demand for African natural resources and other commodities in the developed world and the dependence of African countries on imports from the former, has made illicit trade in these goods very lucrative;
- a global legal regime that places few restraints on illicit trade, and the nature and organisation of international law enforcement agencies (which makes it difficult to share information and prosecute flexible criminal networks operating in several countries), have helped to reduce risk for criminal groups.

These conditions are evident in Angola, the DRC, Sierra Leone, Mozambique and Zimbabwe. Studies conducted by the World Bank Governance Institute indicate that all these countries are characterised by a lack of political participation and accountability, excessive corruption, a disregard for impartial and fair laws and the unpredictable application of law.

In southern Africa the DRC, Angola and Zimbabwe, followed by Mozambique, have the lowest scores on all these measures of governance. South Africa scores relatively high on all these indicators and in fact lies in the upper-middle rank of countries in which studies have been conducted, faring much better in governance indicators than many other developing countries. In West Africa, as has been illustrated in earlier chapters, Equatorial Guinea, Liberia and Côte d'Ivoire, followed by Nigeria, have low scores on all measures of governance. No West African country has ratings as high as South Africa.

Despite its superior political governance, however, South Africa has a high incidence of conventional and organised crime. While this study did not focus on South Africa, many of those interviewed in the course of the research argued that South Africa has a more serious problem with organised crime than many of its neighbours and other countries on the continent. Neighbours such as Botswana and Mozambique attribute much of their organised crime activity to South African crime networks, although there are no reliable comparative

statistics on organised crime on the African continent to test this hypothesis. In 2005, South Africa had ratios respectively of 40.3 murders and 272.2 armed robberies per 100,000 population<sup>1</sup> and the reports of the United Nations Office on Drugs and Crime suggest that South Africa has among the highest aggravated robbery rates in the world. In addition, the southern African region has an armed robbery rate second only to South America. There are no similar figures available for West Africa.<sup>2</sup> However, World Bank investment climate surveys in selected African countries suggest that the private sector perceives crime and corruption as a greater threat to development in Nigeria and Mozambique than in South Africa.<sup>3</sup>



Source: World Bank Private Sector Group

A possible explanation for the high rate of organised crime in South Africa is that it shares many attributes of other countries on the continent, with high rates of poverty and inequality, a fragmented, racially based society and a relatively weak criminal justice system. Furthermore, South Africa is the dominant economic power in the

<sup>1</sup> South African Police Service Annual Report 2004-2005, available on [www.saps.gov.za](http://www.saps.gov.za).

<sup>2</sup> UNODC, 'Why Fighting Crime can Assist Development in Africa: Rule of Law and the Protection of the Most Vulnerable', May 2005, pp. 12-14.

<sup>3</sup> Clarke, G et al, *South Africa: An Assessment of the Investment Climate*, The World Bank Private Sector Group, Department of Trade and Industry (South Africa) and Citizen Surveys, 2005.

region, if not on the continent, and has a developed financial infrastructure that makes it an attractive prospect for organised crime networks inside and beyond its borders. As noted in earlier chapters, conducting business in a failed state is prohibitively costly for both legitimate business and organised crime unless they can overcome some of the problems by co-opting corrupt officials, warlords and the like.

Crime networks are attracted to countries with markets for illicit goods, an infrastructure to facilitate the movement of goods, and a modern economic system that facilitates money transfers. Such an environment where the risk of prosecution is low offers good cost-benefit ratios.

The social legacy of the apartheid system continues to plague relations between segments of South African society and colours their relations with the state. One-third of South Africans admit that they know someone who lives off the proceeds of crime; indeed in some communities, organised crime and its leaders may provide an alternative, sub-state, system of status, organisation and social assistance. Leading criminals (as distinct from the 'foot-soldiers') may promote an ideology that attempts to legitimise their activity. A grasp of the relationship between organised crime networks, the state and the broader society is essential to an understanding of the motivations of crime actors, who may see organised crime and related corruption as a 'legitimate' activity that bridges the gap between state welfare services and individual or community needs.

In spite of its relative stability and prosperity prior to the outbreak of hostilities, Côte d'Ivoire has experienced high levels of organised crime since the 1980s. Organised crime in that country has been similar to the experience South Africa, with highly visible, predatory crime such as armed robberies and car hijackings. Owing to its regional economic dominance it has attracted large numbers of refugees (foreign 'illegals' and local rural migrants) who settle in informal settlements on the periphery of urban centres, with few services and little prospect of regular employment. Rapid urbanisation strains the economy and government services and can create a class of disillusioned 'super-predators'. In Côte d'Ivoire the problem was compounded by excessive presidential discretion and abuse of power.

In other countries organised crime may be less visible because it involves a consensual exchange of goods and material benefits, as is

often the case in drug trafficking or economic and commercial crime. While Nigeria has had high levels of economic crime since the 1970s (exchange control scams and later, advance fee fraud) and a disproportionate number of its nationals involved in international drug trafficking networks, predatory crime of an extremely violent nature is arguably a more recent phenomenon. In the DRC, qualitative research would suggest that economic crime, including activity conducted by legitimate companies, is much more prevalent than predatory crime. For many of the businessmen and smaller traders interviewed for this study routine tax evasion, under- and over-declaration of value for the respective purposes of avoiding duties or laundering money to finance other purchases respectively, is regarded as normal business practice in a hostile environment.

In more authoritarian countries such as Equatorial Guinea, conventional and violent crime may not be common, because of the oppressive nature of the regime and its anticipated response to any civil or social unrest. In these countries, the transit trade in drugs or trans-national economic crime may be more prevalent. Similarly, in Angola the government has significant control in the major economic urban centres, even going to the extent of purging its streets of the homeless, disabled and destitute. The political and military elite, however, is believed to be involved in the plunder of oil revenues, cocaine trafficking and other illicit trade.

The South African Police Service (SAPS) estimates that about 17% of organised crime networks in South Africa operate across regional borders. There is increasing evidence that transnational crime groups in West and southern Africa are involved in the trade in illegal natural resources (gold, diamonds and platinum), stolen vehicles, drug smuggling and fraud. Zimbabwean crime networks, working with locals, have been implicated in audacious heists at Johannesburg International Airport and several casinos where cash, foreign exchange and diamonds were stolen.

Similarly, it is known that Mozambicans (among them the assassin of the Mozambican journalist Carlos Cardoso, who was investigating corruption charges against members of the elite), along with South African crime networks, are involved in the trade in illicit vehicles. Testimony in the trial of the murderers of Carlos Cardoso revealed that one of the killers escaped a high security prison and fled first to South Africa and subsequently to Canada, ostensibly thanks to the

influence of regional organised crime groups and members of the political elite in Mozambique (he was subsequently recaptured). Similarly, in Zimbabwe, state officials have been implicated in robberies of platinum shipments in South Africa and widespread smuggling of price-controlled goods to Mozambique, Botswana and other countries in the region. The level of violent crime in Mozambique and Zimbabwe, however, is still reported to be relatively low by comparison with South Africa. In West Africa, similar trends are apparent, with armed robbers operating with impunity in several countries.

These case studies illustrate the influence of regional political, economic and social trends in the growth of organised crime. In both southern and West Africa, liberalisation of trade without adequate or appropriate regulation has made the region more attractive to crime networks. Certain economic policies, such as non-import parity pricing, artificial price controls and exchange rates, have led to the development of extensive black markets in commodities. Regional organisations such as the Economic Community of West African States (Ecowas) and SADC, tasked with sharing information and enhancing co-operation among national law enforcement authorities, have largely failed because of the difficulty of enforcing compliance in cases where state elites may be benefiting from war-making and illicit trade.

State dysfunction may benefit a political and military elite; indeed its continuing dysfunction may be a conscious strategy to promote sectional interests. The socio-economic profile of organised crime networks in Africa indicates that they are drawn largely from the ranks of national elites or market-dominant minorities. It is the foot soldiers whom poverty may lure into organised crime.

## **Recommendations: General**

### *A multiplicity of actors, activities and solutions*

In making recommendations to reduce the operations of organised criminal networks in institutionally and politically weak countries, it is important to recognise first, that there is a *multiplicity of actors* that feed into the cycle of war and organised crime. They range from political elites, to rebel movements and warlords, the elites of neighbouring



countries, international criminal networks and businesses, and multinational enterprises.

Secondly, there is a *multiplicity of activities* carried out in criminal, captured and contested states that straddle the line between the legal and the illicit. This creates difficulties of definition but also requires careful consideration of solutions to avoid 'alternatives' which may undermine the very institutions or systems they are trying to strengthen. The diversity of activity also raises a host of questions about which points of intervention are most effective.

Thirdly, breaking or reducing the links between war and organised crime requires a two-pronged approach, is both short- and longer-term; at the macro level the proliferation of these relationships goes to the heart of the particular nature of state formation and -building in Africa, and the phenomenon of the fragile state. Strengthening or rebuilding fragile states is a highly ambitious and long-term task. Similarly, successful economic development may be regarded as a *sine qua non* for peace. Bannon and Collier suggest that 'good policies supported by generous aid and access to markets' can help reduce the risk of conflict.<sup>4</sup>

At the micro level, however, there is 'low-hanging' fruit that can be prioritised to ensure that the problem is tackled more effectively in the shorter term. The problem of organised crime cannot be addressed nationally alone; it requires regional, continental and international responses and coordination. Dealing with organised crime requires an approach that is not limited only to its characterisation as a 'security agency' issue but one that takes into consideration political, economic and social factors.

---

<sup>4</sup> Bannon, I and P Collier (eds), 'Natural Resources and Conflict: What can we do?' in *Natural Resources and Violent Conflict: Options and Actions*, Chapter 1, World Bank, Washington DC, 2003, p. 8., [www.worldbank.org](http://www.worldbank.org). This book includes very detailed analysis and recommendations on how to prevent the use of natural resources to fund conflict.

## Recommendations: Short- to Medium Term

### *Recommendations for donors and aid agencies*

*Understand the impact of humanitarian assistance on the criminal economy and to target humanitarian aid more carefully*

Warring parties have abused humanitarian assistance to civilians in civil wars in order to finance armed conflict. This has compelled donors and international agencies to build new analytical tools to try to understand the impact that humanitarian aid may have on a particular country and to link it to broader political, peacekeeping and peacebuilding initiatives. As the Humanitarian Policy Action group suggests, however, the demands of an emergency crisis and short project cycles have meant that these agencies are more preoccupied with supplying aid than with understanding its impact on the conflict.<sup>5</sup> These interventions should be informed by spatial economic mapping, in order to understand the nature and extent of the criminal economy, what form of aid would be less damaging, and to whom it should be directed. This analysis could also inform developmental aid in the post-conflict situation.

*Place the issue of combating organised crime and corruption on the agenda of peacekeepers and donors at the outset of their programme*

At the beginning of any project international organisations and peacekeepers should consider mechanisms that create disincentives for participation in organised crime. 'New generation' demobilisation, disarmament and reintegration (DDR) programmes consider what form of demobilisation packages will be awarded (monetary or non-monetary) and what policies should be implemented regarding the useful employment of ex-combatants to dissuade them from resorting to crime. While these schemes have not been uniformly successful, they do provide indications of the kinds of measures necessary to combat organised crime at an early stage of national reconstruction.

Similarly, there are short-term economic, military and other steps that can be taken to disrupt the supply, distribution and marketing chains of organised crime groups, and to discourage their growth.

---

<sup>5</sup> Collinson S (ed), *Power, Livelihoods and Conflict: Case Studies in Political Economy Analysis for Humanitarian Action*, HPG, Report 13, February 2003, pp. 1-98.

These measures may range from economic diplomacy aimed at buyers and processors of illicit goods internationally (which are often extended into sanctions regimes) to modifications to those economic policies that promote organised crime, such as price fixing and false exchange rate differentials. Roadblocks and cordon-and-search operations, which would disrupt this trade, may also be implemented. Clearly, some of these measures may require the co-operation of the transitional government, United Nations peacekeeping missions and international governments.

*Provide greater financial support to civil society organisations involved in the governance, security and corruption sectors, in a more coherent and co-ordinated manner*

African civil society is frequently fragile, owing to the lack of freedom of speech and absence of other civil liberties, poor capacity and limited funds. For these reasons it is necessary to provide more development aid to civil society groups in trade unions, churches, the media and the arts, and to specialist non-governmental organisations (NGOs) concerned with investigations, research, public education and advocacy about governance, organised crime and corruption. Donor co-ordination and strategic cohesion is necessary for such initiatives to achieve critical mass. In addition, employees of these organisations may benefit from south-south (and south-north) information exchanges, and capacity building and training. One of the foundations for more accountable government is a cadre of good investigative journalists and independent publishers and international human rights and media bodies should play a more active role in providing training and support for such groups. Civilian oversight mechanisms needed to ensure that the police or army authorities do not abuse their power often are also weak and NGOs working on security sector reform can play a significant role in strengthening these mechanisms. Finally, there is a need to build links between local NGOs and their international counterparts (for instance, Global Witness) and other initiatives (such as the Extractive Industry Transparency Initiative) in a manner that encourages stronger local participation.

*Conduct research on the implications of 'dollarisation' on the development and growth of organised crime*

In some countries the US dollar or other currencies are held as an investment or used in transactions either as legal tender, alongside the local currency, or on the black market. The 'dollarisation' of the economy may push the prices of basic commodities beyond the reach of ordinary citizens. Furthermore, in economies which use the dollar and other hard currencies as a shield against inflation and a falling local currency a disproportionate share of business transactions are conducted in cash. This may encourage the development of black markets and provide greater opportunities for laundering the proceeds of crime. This phenomenon is exacerbated when peacekeeping and aid missions are established, because they create demand for housing and goods and promote the growth of the black market for those commodities. Research is necessary to determine whether the benefits of dollarisation at a macro-economic level are undermined by the costs of the organised crime that may become associated with this process.

### **Recommendations for National Governments**

*Create greater definitional clarity and operational understanding of the concept of organised crime and the permutations of corruption*

Some of the policy challenges for African states relate to problems of defining organised crime. Many of the countries studied do not have particular legislation to combat organised crime. Where they do, they apply different definitions of organised crime (indeed the SAILA conference that presented the case studies in this book was the first time many of the participants had been exposed to the concept of organised crime, as defined in the international protocols). The UN Palermo Convention provides a very broad definition of an organised crime group in order to accommodate the various forms of organised crime in different contexts. There is a need for those African countries that have drafted definitions and implemented legislation, to share best practices with other states on the continent.

*Institute or promote legal regimes and procedures to ensure improved public sector governance*

In some countries (such as Angola, the DRC and others) published budgets have only recently been introduced and the amount of revenue collected and how it is to be spent is still relatively obscure. Angola has avoided scrutiny of its budgets by obtaining soft loans from countries such as China that place no conditions on how the money will be spent, despite the government's poor record of providing services for its people and widespread allegations of corruption. In addition, Angola has sold oil futures to obtain revenue to prosecute a civil war and service its operational budget.

The World Bank and the International Monetary Fund (Bretton Woods Institutions) have a vital role to play in countries where they are overseeing financial processes and payments. Such oversight should be regarded as an interim measure; the accountability of government is properly to its citizens and not foreign institutions and governments. In the absence of political will on the part of governments to change their practices, current constraints on civil society and the inadequate response of regional organisations such as the African Union, however, such intervention remains one of the few means to leverage improvements in this field, even if it comes at the expense of a measure of sovereignty. The focus should be on making state budgets accessible to the public, improving procedures for procurement and expenditure (including measures against conflicts of interest and corruption), the employment of civil servants, auditing of government departments and the creation of legislation providing for public access to information. Payment of salaries to unofficial militias and private security concerns should also come under sharper scrutiny by the public and the international community, as should the payment of extortion fees by expatriate and local companies to these groups. To this end Ian Bannon and Paul Collier, and Philippe Le Billion have argued for an international template for the acceptable governance of natural resources, comprising several elements:

- host governments should require companies to report the nature of their payments to the general public or to international financial institutions;
- private or government-owned natural resource extraction companies should be required to report in the same manner;

- the government should report and track receipts from natural resources as they pass through the budget;
- the World Bank should collate, reconcile and aggregate the information from companies and the IMF should integrate the net revenue into budget data, as they are currently doing under their Article IV consultations.<sup>6</sup>
- the sale of future natural resource entitlements ('booty futures') should be criminalised in the companies' host country (as will become the case when the OECD criminalises bribery).

*Regulate the activities of private sector companies, including those that operate in foreign countries, and adhere to international protocols, legislation and guidelines against corruption and bribery of local and foreign officials*

At a national level, enforceable principles of corporate governance are required to regulate the private and public sector interface and to discourage corruption and bribery. In addition, in some countries legislation has been passed that criminalises both corruption and bribery and compels private companies operating in other countries to report fraud and bribery to the authorities in the country in which they are listed.

While those measures create a favourable legal environment to combat corruption and bribery, there are gaps that can be exploited. In some developed countries, such as the US, multinational companies have been able to elude restrictions placed on them by the US Foreign Corrupt Practices Act (which addresses bribery of foreign government officials), by paying such officials first hand instead of transferring money electronically. In other cases, bribes are disguised as facilitation payments. Companies have recorded this expenditure as ordinary business expenses. It is commendable that these practices have been exposed but the experience highlights the need for governments to consider legislation that encourages greater disclosure of business payments and accounts, in which the boundaries between illicit and legal payments are clarified. In the absence of this national legislation,

---

<sup>6</sup> Bannon, I and P Collier (eds), *op cit.*, p.13.

international bodies should promote guidelines and regulation in this regard.

Despite a commitment to anti-corruption and bribery legislation with extra-judicial application, governments themselves may not live up to their promises. For example, it has emerged from a civil trial in South Africa that the government allegedly paid amounts into the South African bank accounts of senior officials from Equatorial Guinea for oil concessions. Similarly, South African companies are under investigation for paying kickbacks to Iraqi officials for oil shipments, which they allegedly obtained through government intervention. Investigations of similar accusations with regard to arms purchases by South Africa have been hampered by weak oversight by parliamentary bodies and narrowly defined terms of reference for independent inquiries launched into the matter. Wider support and adherence to UN protocols on corruption therefore should still be vigorously promoted, not least among states that have passed the required legislation but disdain to use it when it affects politically connected individuals.

*Establish organised crime and corruption legislation and coherent anti-corruption mechanisms within government as well as independent oversight bodies*

Fighting organised crime is about minimising and countering criminalisation of the state. To examine the role of institutions such as anti-corruption agencies, and the nature of effective and accountable leadership, is to start addressing the fundamental causes of organised crime. These relate both to systems of political and economic governance and to the creation of economic and income opportunities outside of a patrimonial state.

Countries with a large organised crime problem experience high levels of corruption and a corresponding loss of public confidence in the institutions of state. Many countries have inadequate or limited legal mechanisms to combat organised crime and corruption; some still retain out-dated colonial legislation that cannot be used in the prosecution of organised crime offences. This, in turn, influences the structure and operations of the police, the judiciary and the independent institutions established to combat the problem. Extensive

reform of the legislation and of the structures of crime and corruption fighting arms of government is required.

Frequently the public is aware of a gap between political rhetoric and the operational effectiveness of governments' commitment to combating organised crime and corruption and there is a need for clear advocacy on the part of government officials and leaders of civil institutions to build support for anti-crime and corruption measures. Many of the independent anti-corruption commissions (ACC) that have been established in African states are simply ignored by governments, which point to their mere presence as a sign of commitment to accountability. In the absence of an independent judiciary, to be successful the ACC requires an investigation and prosecution capacity. Attorneys general, or similar authorities, may actively block prosecutions instigated by the ACC. For this reason, in Sierra Leone for example expatriate judges have been seconded to hear such cases and this example may be followed by other African countries, which could 'import' foreign judges and lawyers on to anti-corruption commissions to strengthen their capacity, integrity and credibility among the public. In the longer term, however, there is a need for development and donor agencies to assist in building legal capacity in many states through scholarships, exchange programmes and the like, and strengthening professional associations in these countries. All these measures require partnership between African states and donors to be successful.

Another option is to locate anti-corruption initiatives within the office of the auditor-general, who may have greater political support than elected politicians. In the DRC, for example, the auditor-general has been actively involved in exposing corruption among members of the government.

Within government there is a need for a coherent strategy across all departments and into civil society, to stop corruption. Many government departments ignore the recommendations of the ACC, as they have done in Sierra Leone. The establishment of a public protector or ombudsman and a human rights commission on South African lines, further strengthens the range of mechanisms available to expose corruption, unfair administrative action and violations of human rights.



### ***Strengthen Policing in the Areas of Organised Crime and Corruption***

Few countries studied in this research have specialized units able to investigate organised crime, corruption and money laundering. Where such mechanisms have been established, there is a need for more international support for capacity building and training, which has become particularly important with the global growth in electronic crime and the increased sophistication of organised crime networks.

More detailed recommendations have been made in earlier chapters on measures to combat different forms of organised crime, such as advance fee fraud, money laundering, drug and human trafficking and the smuggling of natural resources and commodities.

### **Recommendations for the Private Sector**

***Promote strategic alliances between other corporate and local business, voluntary self-regulation within industries and stronger private-public partnerships***

Where corruption is widespread, private companies may face pressure to pay bribes in order to obtain business, which may deter more reputable companies from investing in the country. Strategic alliances between large businesses and local firms can help to resist such pressure. Larger firms may be able to blacklist corrupt suppliers, middlemen and state officials. As Bannon and Collier note, a governance model for companies may be the Chad and Cameroon oil pipeline, which includes civilian oversight mechanisms and makes provision for the expenditure of revenues on social services for the people. (At the time of writing the fate of this initiative was unclear.)<sup>7</sup>

Through the Kimberley Process certificate of origin process the diamond industry has agreed to regulate itself to ensure that 'conflict diamonds' are not traded. While this initiative has not been wholly successful it does provide a model for the voluntary regulation of other sectors. The expertise and knowledge that international companies bring to the industry in which they operate is useful for designing practical solutions to illicit trade. If, however, such trading

---

<sup>7</sup> Bannon, I and P. Collier, *op.cit.*, p.15.

regimes are not successful, as discussed below, further international regulation and monitoring may be required.

In many of the countries studied in this research, governments view business with some hostility or distrust. Nonetheless there is a need for regional industry associations such as banking councils and other representative bodies to be established, and to assist government in combating organised crime, commercial crime and corruption, including sharing information and best practice models. In addition, such groups can play an advocacy role in creating a favourable legislative environment beyond national borders within the region or the continent.

Businesses and industries could also, in appropriate circumstances, assist in strengthening the criminal justice system. There have been very successful partnerships between business and government in many countries to root out economic crime, bribery and corruption and organised crime, but such partnerships can only succeed given the requisite political will.

## Recommendations for the UN

### *Include experts on financial and organised crime in peacekeeping missions*

Although they are not yet fully integrated into reconstruction efforts, it is increasingly recognised that specific measures to address organised crime and corruption are necessary if much of the work of the international community in societies emerging from conflict is not to be undone. Civilian police contingents of UN peacekeeping missions are frequently not given the same attention as units involved in military demobilisation and reconstruction. There is a need to strengthen this aspect of UN peacekeeping missions and to ensure that lawyers, police officers and civilians who are experts in organised crime and corruption are deployed at the start of operations and for a longer period of time. They should work closely with local law enforcement agencies, prosecutorial authorities and other government departments in order to build the appropriate legal and policy framework and capacity. This process obviously requires commitment on the part of the incumbent government or transitional authority.

*Establish an international convention on illegal exploitation of natural and other resources and enforce existing protocols and legislation on prohibited trade*

It is important to draw a distinction between rebellion and organised crime. International protocols such as the Palermo Convention, and related instruments, may be used to deal with the phenomenon of organised crime, but additional measures are required at an international level to combat the exploitation of 'lootable' commodities (eg alluvial diamonds) by armed groups and criminal networks. The UN has attempted to establish norms against the exploitation of natural resources by some parties in a conflict situation by making them subject to sanction. This is evident in the ban on 'conflict diamonds' and more recently 'conflict timber', and in the 'naming and shaming' of individuals and companies involved in the exploitation of natural resources in the DRC. There is, however, no adequate definition of the behaviour that will attract sanctions, nor a comprehensive legal framework that will address all aspects of the problem. The successful adoption of the Kimberley certification process was the result of a unique set of circumstances, which may not be easily replicated in attempts to regulate the illegal trading of other commodities. Nor is the process without its difficulties.<sup>8</sup> Hence in some circumstances there may be a need to give teeth to initiatives of this kind through the use of sanctions and monitoring mechanisms, and inter-governmental legislation.

As the International Crisis Group (ICG) notes, in some countries there may be a need to place foreign experts in key government departments (such as mining, ports and forestry) to monitor revenue inflows and allocations. Further, there may be a need to give international oversight bodies a mandate to investigate unwarranted

---

<sup>8</sup> In December 2005 the UN Security Council placed an embargo on all diamond exports from Côte d'Ivoire, based on the report of the Panel of Experts that found that diamonds from the rebel-controlled north were leaking into the legitimate diamond trade through Guinea and Mali. Côte d'Ivoire is a member of the Kimberley Process but has never issued a Kimberley certificate. The meeting of the members of the Kimberley Process Certification Scheme at the end of 2005 urged members to 'take action' against any of their nationals or companies caught trading Ivoirean diamonds, and promises were made to keep a watching brief on developments in this regard. How the KPCS deals with transgressions of the scheme will be the real test of its efficacy.

tax and duty exemptions given to those with political influence (as they are in Guinea) and the manner in which pre-shipment inspection companies conduct their business. In several countries, these companies have allegedly paid bribes to obtain contracts and overlooked this type of fraud. Finally, existing legislation should be used to reduce the profits to rebel groups from drug trafficking and money laundering.

*Establish a UN Convention requiring member states to return the proceeds of organised crime and corruption*

Nigerian President Olusegun Obasanjo has lobbied for a UN convention that binds member states to return money stolen and transferred outside the country by corrupt politicians and government officials. A precedent has been set by the return from Swiss banks of funds misappropriated by former Nigerian President Sani Abacha. Similarly, funds purportedly stolen by former Liberian President Charles Taylor have been frozen in international banks pending the completion of investigations. Such a convention would ensure that those involved in corrupt activities, including heads of state, would face the consequences of their actions and would not benefit from crime.

Establish an international convention against bribery (along the lines of the OECD Convention against the bribery of foreign public officials); sanction member states which do not comply with existing international conventions (such as the UN Convention against Corruption) that require governments to pass legislation against extra-territorial corruption and money laundering; and enhance the enforcement of these measures, with the technical assistance of international financial organisations.

Several banks, such as the Washington-based Riggs Bank, have consistently failed to report suspicious transactions to the authorities and others have refused to confirm the ownership of bank accounts into which misappropriated funds have been transferred, citing banking secrecy to justify their stance. Despite legislation prohibiting corrupt activities and money laundering in many countries, there are gaps in the legal regime that allow foreign companies to disguise bribes paid to state officials if a government attempts to avoid public scrutiny by establishing semi-private or front companies to exploit

mineral, gas and oil concessions. For this reason, countries in which trans-national companies are listed should compel them to make greater disclosure of the amounts they pay foreign officials, notably senior government officials and their relatives. (Greater scrutiny of 'Politically Exposed Persons' is provided for in the UN Convention against Corruption.) In addition, the agencies and mechanisms used to enforce money laundering and related financial legislation have proved ineffective, a judgement borne out by the relatively small amount of money that has been seized under legislation prohibiting the financing of terrorism, in which there has been unprecedented international co-operation between states. There is a need for an expert panel to conduct an investigation into loopholes in current legislation and to make recommendations on how law enforcement and regulatory authorities in developing and developed countries can be strengthened.

*The International Criminal Court (ICC) and truth and reconciliation commissions*

As the International Crisis Group has noted, the ICC, special tribunals and bodies established to investigate human rights violations seldom employ the skills of financial and organised crime specialists, with the exception of the Special Criminal Court for Sierra Leone. Such action will be essential in Liberia, which has stated its intention to establish a truth and reconciliation commission and in the DRC, where the ICC has launched investigations into atrocities committed during the conflict.

*Promote wider adherence to international sanctions that oblige member states to pass legislation and prosecute sanctions busters*

Since 1966 the UN has imposed international trade sanctions (on the basis of Article 41, Chapter VII of the UN Charter) against several African countries, including Rhodesia, South Africa, Angola, Sierra Leone and Liberia. These resolutions placed restrictions on all or part of the trade conducted with certain governments or rebel groups, with the aim of denying access to finance and encouraging a peaceful resolution to conflict. The UN sanctions committee and recently, UN expert panels, have investigated violations of these sanctions and made recommendations about how to avoid economic harm to third

parties. Where a UN peacekeeping mission has been established in the affected country, however, generally it has not had the mandate to enforce these provisions.

It is not clear whether economic sanctions regimes have been effective. Le Billion notes that in half of the cases where they were imposed conflicts were resolved by military intervention and most studies have concluded that these regimes have been effective in one third of cases.<sup>9</sup> Bannon *et al* suggest that at least these measures force rebels to sell illicit commodities at discount prices, while not completely stopping the trade.<sup>10</sup>

The problems lie first in the manner in which sanctions have been enforced and secondly, in widespread sanctions busting by rogue states and criminal networks, which contributes to the criminalisation of key economic sectors. More targeted sanctions against countries such as Zimbabwe, where travel bans and assets freezes have been imposed against senior officials implicated in human rights violations, arguably are unlikely to have serious consequences for the civilian population or encourage criminal networks. Many countries continue to ignore these types of resolutions, however, without incurring any moral or other forms of sanction.

Many countries, even those that profess a commitment to human rights, have failed to pass national legislation prohibiting sanctions busting, with the result that few have extra-territorial jurisdiction to prosecute those involved. In addition, enforcement of these sanctions has been weak. Le Billion has suggested that the regime should be strengthened with a new international law enforcement mechanism to inspect ports and airports in countries affected by civil war or who have played a role in promoting organised crime or terrorism.<sup>11</sup> This initiative could draw on the local knowledge of regional Interpol and other police structures. Alternatively, he argues that the UN should strengthen the panel of experts by making it a permanent body. This would also allow more extensive investigations, which would enhance the credibility of its reports. If member states, however, continue to either ignore these reports or to institute ineffectual commissions of inquiry, as have South Africa, Uganda and Belgium following the

---

<sup>9</sup> Le Billion, P, 'Getting It Done', in I Bannon and P Collier (Eds), *op cit.*, pp. 233-236.

<sup>10</sup> Bannon, I and P Collier (eds), *op cit.*, p.13.

<sup>11</sup> Le Billion, P, *op.cit.*

publication of the UN report on the exploitation of natural resources, problems in enforcing sanctions will remain.

*Acknowledge a need for long-term UN interventions aimed at rebuilding the political and institutional fabric in weak and failed states (an issue of long-term relevance for the AU)*

The ICG has argued (correctly) that UN peacekeeping and reconstruction interventions, planned to last for two to five years, have not created effective states. While longer interventions may be costly, they are the only way to restore the rule of law, create a professional police service and an independent judiciary and establish the framework for good public governance. In some countries, such as the DRC, inadequate attention has been paid to security sector reform, owing to the lack of donor co-ordination and the incorrect deployment of donor expertise. In addition, the DDR processes (see above) should be part of a wider political programme to build peace and restore the state. This requires technical and donor support to *strengthen the security environment and restore the rule of law*. In addition, there should be a clear emphasis on economic revival as a major instrument for building peace. This may involve revitalising agriculture and small-scale private sector activity, notably in industries that can rebound quickly and areas to which donors and NGOs will allocate resources in the reconstruction phase (such as transport, services, construction). More attention also needs to be paid to incorporating the informal economy by offering inducements to participants to move into the formal sector; incentives could include lifting controls such as import licensing and restrictions on distribution of goods and services, clarifying and simplifying taxes and business regulations and stabilising prices and exchange rates.

## Recommendations for the AU and African Regional Organisations

### *Rigorously enforce the AU Convention on Preventing and Combating Corruption*

The AU Convention provides a framework for the recovery of misappropriated funds and assets. Daniel Sher has suggested that the AU should establish an Asset Recovery Advice Unit to offer technical, financial and legal assistance to countries that wish to repatriate stolen funds or assets.<sup>12</sup> Questions on whether states have adopted and implemented the various protocols of the AU should be incorporated into the African Peer Review Mechanism (APRM) questionnaire.

### *Continue to build common values and standards on the management of natural resources*

The African Mining Partnership and other institutions within the New Partnership for Africa's Development (Nepad) have begun to discuss the formulation of agreements on the management of natural resources, which will assist in providing a legal and moral framework for African countries. This could be augmented by technical assistance, sub-contracted through the AU and regional organisations. South Africa and other countries have undertaken bilateral training and capacity building initiatives in public sector administration but more should be done to institutionalise the role of the AU and other bodies.

### *Ensure that trade regimes and agreements do not provide incentives for organised crime networks*

It is an unfortunate fact that throughout Africa, measures frequently instituted with the best intentions have encouraged the growth of organised crime, including price controls, rationing, non-import parity pricing and higher taxes on key commodities. There is a need for research into national and regional trade regimes and their costs and benefits, weighed against negative incentives offered organised crime to divert trade, and the possibility that downstream industries such as

---

<sup>12</sup> Sher, D, 'Asset Recovery: Repatriating Africa's looted billions', *African Security Review*, Institute for Security Studies, Volume 14 Number 4, 2005, pp. 17-26.



transport might suffer severe losses. More consideration should be given to harmonising trade tariffs over a shorter time period. In addition, many countries in Africa impose artificial exchange rates and encourage a black market in foreign currency that leads to widespread smuggling. Regional organisations should be more actively involved in sanctioning these practices. They should also consider the lessons learned from West African countries that have pegged their currency to the euro, thus helping to stabilise the currency and root out criminal practices that undermine regional convergence.

It is also necessary to pay greater attention to the economic regulatory environment as a whole. Investment codes in many countries are out of date and poorly enforced. International and African regional organisations should collaborate to transfer technical expertise and knowledge and to strengthen the regulatory bodies and government departments concerned.

*Increase police and intelligence agency co-operation across African borders through regional security organisations and Interpol*

While the AU does not have a convention against organised crime, many African countries have signed or ratified the Palermo Convention, which provides guidelines on a definition to member states and includes a proposed legal framework to counteract criminal groups. If there is to be legal co-operation between African states, however, there will be a need for wider compliance with the Convention. In addition, there should be greater convergence between the various security agencies' operational definitions of crime, in order to facilitate joint information collection, intelligence sharing and operations, particularly if in future this is to be conducted electronically on inter-operable systems. The lack of adequate legal and operational convergence can and has led to states making informal (frequently illegal) arrangements for the extradition of evidence and suspects, which may prejudice the trial and threaten the rule of law.

While there have been very successful joint police operations in many regions, there is little institutional sharing of information and intelligence, or joint strategic planning to address the problems of organised crime from a regional perspective.

At the moment low levels of trust between African and regional security agencies militate against intelligence sharing and co-operation. As an immediate issue the Interpol regional bureau in Harare should be relocated to a neutral, politically stable country and its operations strengthened continent-wide. There is also a need for greater engagement by security agencies across Africa to build relationships and trust on matters of shared interest. It is necessary for organisations such as the Southern African Regional Police Chiefs Co-operation Organisation unit of Interpol and Interpol itself, to raise additional funds for more capacity building, training and networking in the areas of organised crime and money laundering. Business organisations can also be called on to assist in training police officers in their areas of expertise; for example, the banking industry could assist with training in commercial and economic crime, money laundering and e-crime.

## **Recommendations for the Bretton Woods and other Financial Institutions**

### *Tougher measures against countries in transition*

The Bretton Woods Institutions can play, and have played, an influential role in promoting transparency and accountability in access to state tenders and the expenditure of revenue from agricultural commodities, natural resources and taxes in countries undergoing political and economic transition. In some countries (such as the DRC), however, it could be argued that pragmatism has taken precedence over principle. Years after the transition process has begun, those countries are still able to evade attempts to place controls on the manner in which they collect and spend public revenue, because key shareholders of the institution have a different view of the degree of corruption that will be tolerated while the peace process and its mechanisms are consolidated. In this way, rogue politicians and governments can continue to plunder the treasury and may gain advantage in the supervised elections that follow. Against this background allocating public finance or donor funding to political parties should be seriously considered, since it may prevent organised crime and corruption networks influencing elections.

***No privatisation without adequate regulation and transparency***

Many countries have witnessed corruption scandals because of ineffective control over privatisation schemes. In Mozambique, failure to follow procedures when banks were privatised gave organised crime and corruption networks opportunities to penetrate the banking sector. In Nigeria and Ghana privatisation of key industries has been marred by allegations of kickbacks to government officials by multinational companies. The international monitoring group Transparency International has argued that there are insufficient sanctions available for use against companies involved in these practices. For this reason, it suggests that privatisation tenders should be monitored by independent oversight bodies and civil society, and companies found to be paying bribes should be placed on a public blacklist for future projects and forfeit any profits. In addition, financial sector governance should be improved before embarking on extensive trade liberalisation, which may encourage money laundering.

***The Financial Action Task Force (FATF) should extend its recommendations to the laundering of money obtained from drug trafficking and other illicit trade***

Jonathan Winer and Trifin Roule suggest correctly that the FATF should include among its 40 recommendations to member governments, guidelines on the handling of money derived from illicit and prohibited trade.<sup>13</sup>

**Recommendations for National and International Civil Society**

***A campaign to gain greater access and participation in the structures and activities of the AU and regional organisations***

Throughout this chapter, it has been recommended that more support be provided to civil society groups to conduct investigations and

---

<sup>13</sup> Winer, J and T Roule, 'Follow the Money: The Finance of Illicit Resource Extraction', in I Bannan and P Collier (eds), *op cit.*, pp. 161-212.

research, hold governments to account and lobby for improvements in their security and the quality of their governance. While different circumstances may pertain to each country, many of the recommendations outlined were initiated, debated and where appropriate adopted by local and international activists.

The major challenge for civil society in Africa (and its partners elsewhere) is to build a critical mass of support for the recommendations discussed. On a national level, this requires civil society to mobilise support among the general public, extend activism to rural areas and build pressure on social and political movements. On a regional level, civil society still has effectively to be included in UN, AU and other regional organisation structures and activities. Human rights organisations and even specialist NGOs should become involved in a unified campaign to promote their participation in these forums.

At the international level, there is a need for greater co-operation in investigation, research and advocacy between local and international NGOs. Such co-operation is still relatively rare and consequently international NGOs may be perceived as prescriptive and out of touch with local conditions, even if they are merely protecting local activists who are unable to speak out for fear of ill treatment. For this reason, extensive efforts must be made to draw in local participants from civil society, despite the hazards and costs involved.

## Select Glossary

ACC	Anti-Corruption Commission
AFRC	Armed Forces Revolutionary Council
APC	All People's Congress (Sierra Leone)
ANC	African National Congress
ABSA	Amalgamated Banks of South Africa
Ademino	<i>Associação dos Deficientes Militares de Moçambique</i>
AFDL	<i>Alliance des Forces Démocratiques pour la Libération du Congo</i>
AFF	Advanced Fee Fraud
AliR	<i>Armée de Libération du Rwanda</i>
ARVs	Anti-retrovirals
Asadho	<i>Association Africaine des Droits de l'Homme</i>
AU	African Union
BCM	<i>Banco Comercial de Moçambique</i>
BCP	<i>Banco Commercial Portugues</i>
BdM	<i>Banco de Mozambique</i>
BIM	<i>Banco Internacional de Moçambique</i>
BPD	<i>Banco Popular de Desenvolvimento</i>
CIAT	<i>Comité International d'Accompagnement de la Transition</i>
CID	Criminal Investigation Department (Zimbabwe)
CPLP	<i>Comunidade dos Paises de Lingua Portuguesa</i>
CDF	Civil Defence Forces
CMRRD	Commission for Strategic Minerals and National Reconstruction and Development
DRC	Democratic Republic of Congo
DSP	<i>Division Spéciale Présidentielle</i>
Ecomog	Ecowas Monitoring Group
Ecowas	Economic Community of West African States
EFCC	Economic and Financial Commission (Nigeria)
EU	European Union
EIU	Economist Intelligence Unit
Endiama	<i>Empresa Nacional de Diamantes de Angola</i>
ESAP	Economic Structural Adjustment Programme

FATF	Financial Action Task Force
FBI	Federal Bureau of Investigations (US)
FAA	<i>Forces Armada Angolanas</i>
FAFO	Institute for Applied International Studies research group (Norwegian)
FAP	<i>Forces d'Auto-Defense Populaires</i>
FAR	Zairian Defence Force
FDLR	<i>Forces Démocratiques de Libération du Rwanda</i>
Frelimo	<i>Frente de Libertação de Mozambique</i>
GDO	Government Diamond Office
GDP	Gross Domestic Product
GRS	Governance Reform Secretariat
GMB	Grain Marketing Board
HIPC	Heavily Indebted Poor Countries
IMF	International Monetary Fund
IOM	International Organisation for Migration
ISS	Institute for Security Studies
ICG	International Crisis Group
IDA	International Development Assistance Association
ILO	International Labour Organisation
IOGT	International Organisation of Good Templars
JMC	Joint Military Commission
LRA	Lords Resistance Army
LNG	Liquified Natural Gas
LURD	Liberians United for Reconciliation and Democracy
MFDC	Movement of the Democratic Forces of Casamance
MDC	Movement for Democratic Change
MIBA	<i>Minières de Bakwanga</i>
MLC	<i>Mouvement pour la Libération du Congo</i>
Monuc	<i>Mission de l'Organisation des Nations Unies en République Démocratique du Congo (UN Mission to the DRC)</i>
MPLA	<i>Movimento Popular de Libertação de Angola</i>
MPR	<i>Mouvement Populaire de la Revolution</i>

NGO	Non-Governmental Organisation
NMBZ	National Merchant Bank of Zimbabwe Ltd
NCDDR	National Committee for Disarmament, Demobilisation and Reintegration
NDMC	National Diamond Mining Company
Nepad	New Partnership for Africa's Development
NPRC	National Provisional Ruling Council
ODCCP	UN Office for Drug Control and Crime Prevention
Ofida	<i>Office des Douanes et Accises</i>
OJM	<i>Organização da Juventude Moçambicana</i> (Organisation of Mozambican Youth)
Osisa	Open Society Initiative of Southern Africa
OECD	Organisation for Economic Co-operation and Development
OGD	Geopolitical Drug Watch
PAM	<i>Programa Alimentar Mundial</i>
POE	Panel of Experts
PPRD	<i>Parti pour la Réconciliation et le Développement</i>
PRM	<i>Polícia da República de Moçambique</i>
Propaz	<i>Programa de Reconstrução do Humanismo</i>
PMMC	Precious Metals Mining Company
RBF	Rockefeller Brothers' Fund
RCD	<i>Rassemblement Congolais pour la Démocratie</i>
RCD-ML	<i>RCD Mouvement de Libération</i>
Renamo	<i>Resistência Nacional Moçambicana</i>
RPF	Rwandese Patriotic Front
RUF	Revolutionary United Front (Sierra Leone)
SLP	Sierra Leone Police Force
SLPP	Sierra Leone People's Party
SABC	South African Broadcasting Corporation
SADF	South African Defence Force
Sanagol	<i>Sociedade Nacional de Combustiveis</i>
SANDF	South African National Defence Force
SAPS	South African Police Services
SBB	Sabah Bank Berhad (Malaysia)
Sodiam	<i>Sociedade de Comercialização de Diamantes de Angola</i>
Swapo	South West African People's Organisation

TAAG	<i>Linhas Aereas de Angola</i>
TI	Transparency International
TRC	Truth and Reconciliation Commission
UDI	Unilateral Declaration of Independence
UDPS	<i>Union Pour la Démocratie et le Progrès Social</i>
UK	United Kingdom
UN	United Nations
UNICEF	UN Children's Fund
Unita	<i>União Nacional para a Independência</i>
UEMOA	<i>Union Économique et Monétaire Ouest Africaine</i>
UNAMSIL	UN Mission in Sierra Leone
UNHCR	UN High Commission for Refugees
UNICEF	UN Children's Fund
UNODC	UN Office on Drugs and Crime
UNOMIL	UN Mission in Liberia
US	United States
VSV	<i>Voix des Sans Voix</i>
WHO	World Health Organisation
WAEMU	West African Economic and Monetary Union
WTO	World Trade Organisation
Zanla	Zimbabwe African National Liberation Army
Zanu	Zimbabwe African National Union
Zapu	Zimbabwean African Peoples Union
ZDF	Zimbabwe Defence Force
ZNLWVA	Zimbabwe National Liberation War Veterans Association
ZRP	Zimbabwe Republic Police



# Index

## A

- Abacha, General Sani of Nigeria 22-23
- ABB Vetco Gray Nigeria Ltd 53
- Abidjan Accord 181
- Abidjan, crime in (1991-1994) 92
- Achebe, Chinua 35-36
- Ademino Associação dos Deficientes Militares de Moçambique* 323
- advance/d fee fraud (AFF) 148, 149, 156, 159, 203-204, 301, 388, 398
  - see also* 419 scams; crimes of persuasion
  - in Angola 255-256, 258
  - in DRC 258
  - in Nigeria 52, 388
  - in Sierra Leone 203-204
  - in Zimbabwe 361-362
- Advance Fee Fraud and Other Related Offences Decree 149
- Africa
  - and organised crime 3-162
  - case studies 164-377
  - development indicators (2003) 95
  - post-colonial era 17
- African Development Bank 156-157
- African National Congress (ANC) 220, 222, 234
- African Peer Review Mechanism (APRM) 405
  - see also* voluntary peer review process
- African Regional Organisations
  - recommendations to reduce operations of crime networks 405-407
- African Union (AU) 5, 45, 60, 62, 394, 404-406, 408-409
  - recommendations to reduce operations of crime networks 405-407
- Afrobarometer surveys 68, 76, 81, 226
- Agricultural and Rural Development Fund 326
- Air Zimbabwe (Zimair) 352, 370
- Ake, Claude 52
- Alex Stuart International (ASIC) 298
- Algerian Islamic Salafi Group for Preaching and Combat 133, 140
- Alliance des Forces Démocratiques pour la Libération du Congo* (AFDL) 268-270
- All People's Congress (APC)
  - Sierra Leone 174, 176, 180, 208
- Alluvial Diamond Scheme (Sierra Leone) 172
- Amalgamated Banks of South Africa (ABSA) 330
- anarchic exploitation 10
- ANC
  - see* African National Congress
- Angola 16, 32, 263, 268-270, 292, 306, 323, 329, 379, 383, 385
  - advance fee fraud 255-256, 258
  - artisanal miners in 4
  - bank accounts, establishment of (1975-1991) 238
  - before independence 230-231
  - black market trade
    - 1975-1991 238-239
    - 1992-2001 239-240
  - current state 251-252
  - case study 229-262
  - civil wars 16, 217, 222, 225, 381
  - corporate governance rating 76
  - crime networks 257-261
    - Congolese networks 258
    - FAA networks 259-260
    - Lebanese networks 257-258
    - SADC networks 260
    - Unita networks 260
    - West African networks 259
    - Zambian networks 258-259
  - criminal justice system 252
  - counterfeit market 255-256
  - development of 229-230
  - diamonds, illicit trade 324, 382
    - 1992-2001 240-245
    - current state of 250-261
  - diamonds trade, private security and (1992-2001) 245
  - drug trafficking 252-253
  - GDP 227

- economic data 227
  - economic history 220
  - economic policies after
  - independence 235-237
    - fishing sector, illegal (1992-2001) 240
    - front companies, establishment of (1975-1991) 238
    - gangsterism 256-257
    - genesis of organised crime 237-247
    - governance 385, 388
    - governance indicators 69
    - historical roots in pre-independence era to present day 218, 221, 223-225, 227-228
    - human trafficking 254
    - influence peddling and corruption
      - 1992-2001 247
      - current state 253-254
    - ivory trafficking 222-223
    - marine resources, plundering of 255
    - minerals trafficking 222-223
    - money laundering 251-252
    - natural resources 220, 229
      - exploitation (1975-1991) 237-238
    - oil reserves (1992-2001) 245
    - organised crime
      - before 1975 232
      - current state of 250-261
      - initiatives to address 261-262
    - piracy 255
    - Post-War Angola 247-250
    - protection rackets and extortion (1992-2001) 246
    - public sector improvements 394-395
    - rebel movements 382-383
    - regime type 226
    - smuggling 255-256
    - struggle for control after independence 233-235
    - timber trafficking 222-223
    - trade sanctions 402
    - vehicles, illicit trade in 255
    - vehicles, trafficking in stolen (1992-2001) 247
    - war and organised crime 16
      - 1975-1991 237-239
      - 1992-2001 239-247
  - Angolan National Assembly 254
  - animals and their by-products
    - illicit trade in 130-131, 360
  - Anti-Corruption Commission (ACC) 73-74, 186, 197, 397
    - Sierra Leone 61, 203, 214-215
  - anti-retrovirals (ARVs)
    - illicit trade in 359
  - Area boys* 80
  - Armed Forces Revolutionary Council (AFRC)
    - Sierra Leone 181-184, 187, 190, 194, 207
  - Armed Forces Ruling Council 115
  - armed robberies 140-141
    - in Sierra Leone 205
    - in Zimbabwe 362
  - Armée de Libération du Rwanda* (AliR) 267
  - arms
    - proliferation and trafficking in 136-140
  - Associação dos Deficientes Militares de Moçambique* (Ademimo) 323
  - Association Africaine des Droits de l'Homme* (Asadho) 280
  - Association Internationale du Congo* 265, 282,
  - AU
    - see African Union
  - AU Convention on Preventing and Combating Corruption 405
  - AU Convention on Combating Corruption and Related Offences (2003) 52
  - authoritarian states, in West Africa 39-51
  - Ayittey, George 35
- B
- Bach, Daniel 103
  - Banco Austral* 328-330
  - Banco Comercial de Moçambique* (BCM) 326-330
  - Banco Commercial Portugues* (BCP) 327, 329-330
  - Banco de Mozambique* (BdM) 326-327
  - Banco Internacional de Moçambique* (BIM) 327, 329-330
  - Banco Mello* (Portugal) 327

- Banco Popular de Desenvolvimento* (BPD) 326-328
- bank/ing fraud 46, 151  
     in DRC 285  
     in Mozambique 325-330, 336  
     in Zimbabwe 363-364
- 'bank note rippers'  
     LIF *klebes*  
     customs fraud 135  
     in Benin 135
- Banque Centrale des États de l'Afrique de l'Ouest* 47
- Banque Centrale du Congo* 281
- banqueiros* 261
- Banyarwanda 267
- Bayart, Jean-Francois 33-34, 36, 39
- Benin 33, 93  
     'bank note rippers' 135  
     car hijackings 140-141  
     children trafficking 123-124  
     corruption 74-75  
     corruption control 72, 74  
     corruption perception surveys 70-71  
     criminal activity by Benin nationals  
     in SA 120  
     Dahomey nation 22  
     development indicators (2003) 95  
     drug use in 114-115  
     economic integration 101  
     financial institutions in (2000) 154  
     GDP 90, 95  
     government accountability 69  
     history 22  
     human development index 96  
     human trafficking 122-124  
     informal economy (1999-2003) 98  
     informal settlements 92  
     military rule (1980s) 22-23  
     mining and manufacturing  
     industries 86  
     oil bunkering 128-129  
     regime type 68  
     regulatory quality (2004) 99  
     rule of law 79  
     smuggling hub of West Africa 132  
     theft of state funds (1988) 30  
     women trafficking 123-125
- Bicesse Accord 233-234, 239, 256-257
- Bikoma, Santos Pascal 117
- Bilongo, Gen Likulia 270
- black dollar fraud 151  
     *see also* 419 scams
- black market trade  
     in Angola 238-240, 251-252  
     in Sierra Leone 201-202  
     in Zimbabwe 358-360  
     currency 358-359  
     food 360  
     fuel 359  
     medicines 359
- blood diamonds  
     *see* conflict diamonds
- Boas 17, 175
- body parts trafficking  
     children 334  
     Mozambique 334-335  
     South Africa 334-335  
     Swaziland 334
- Botswana 347  
     ARVs, illicit trade 359  
     black market  
     fuel 359  
     medicines 359  
     crime in Early Independence Era 220  
     democracy 220, 226  
     economic data 227-228  
     GDP 227  
     Mandrax smuggling 352  
     organised crime 385  
     regime types 226  
     smuggling 389  
     stolen vehicles trafficking 247, 365
- Bourename, Mohamed 157
- Bout, Victor 285-286
- BP plc 43
- Branch Energy Ltd 181, 185
- brand piracy 145
- Bretton Woods Institutions  
     recommendations to reduce  
     operations of crime networks 407-408
- British Extractive Industries  
     Transparency Initiative 43
- British South African Company (BSA)
- Brooks, Doug 33-34
- Burkina Faso 24, 44  
     APRM process 26  
     children trafficking 123

- corruption, government officials 29, 31
  - corruption control (2004) 72
  - customs fraud 47-48
  - banditry 141
  - breach of UN arms embargoes 137
  - development indicators (2003) 95
  - diamonds, illicit trade 71, 188, 199, 243
  - economic integration 101
  - financial institutions (2000) 154
  - GDP 90, 95
  - government accountability 69
  - human trafficking 122-124
  - immigrants 44
  - inequality 96
  - informal economy 98
  - informal settlements 92
  - military rule 22
  - mining and manufacturing industries 86
  - public spending 74
  - regime type 68
  - regulatory control (2004) 99
  - rule of law (2004) 79
  - smuggling 33
  - tobacco/cigarettes smuggling 132-133
  - trade, exports 91
  - voluntary peer review process 26
  - wars, threats posed to 24
  - weapons/firearms proliferation 137-138
  - weapons trafficking/smuggling 111-112, 189, 285-286
  - women trafficking 122-124
- C**
- Cabinda Gulf Oil Company (Cabco) 231
  - Cairns, Edmund 19
  - Caixa Genral de Depósitos* 327
  - Calil, Ely 42
  - Cameroon
    - children trafficking 123
    - corruption control (2004) 72
    - criminal activities in SA by Cameroonians 120
    - fuel smuggling 128
    - government accountability 69
    - human trafficking 122
    - money laundering 155
    - oil pipeline 398
    - regulatory quality 97
    - rule of law (2004) 79
    - voluntary peer review process (APRM process) 26
  - cannabis 59, 114, 116, 119
    - Angola 252
    - drug use and urban cannabis trade, Sierra Leone 178
    - Mozambique 319
    - production by MFDC 58
    - Senegal 116
    - Sierra Leone 80, 178, 190
    - southern Africa 219
    - Zimbabwe 352
  - Cape Verde
    - corruption control (2004) 72
    - corruption perception surveys 74
    - development indicators (2003) 95
    - drug trafficking
      - cocaine 116
    - economic growth incentives 155
    - financial institutions (2000) 154
    - GDP 95
    - government accountability 69
    - human development index 96
    - mining and manufacturing industries 86
    - regime type 68
    - regulatory control (2004) 99
    - rule of law (2004) 79
    - wars – use of weapons 111
    - weapons trafficking 137
  - car hijackings
    - see also* car theft
    - Angola, Luanda 255
    - Benin 140-141
    - Côte d'Ivoire, Abidjan 92, 387
    - Mozambique 319, 330-332
    - Sierra Leone, Freetown 141
    - Togo 141
    - transnational crime networks 338
    - West Africa 111
    - Zimbabwe 351-352, 361, 364
  - car trade, illicit

- see* stolen vehicles
- case studies
  - Angola 229-262
  - DRC 263-307
  - Mozambique 306-346
  - Sierra Leone 165-215
  - Zimbabwe 229-262
- Chabal, Patrick 36, 218
- Chad 32, 133-134
  - armed conflict 32
  - human trafficking 122
  - oil bunkering 128
  - oil pipeline 398
  - women enslavement 123
- Child Network 334
- children
  - abductions 191
  - body parts trafficking 334
  - forced drug use, Sierra Leone 190
  - school education
    - Benin 123
    - DRC 271
    - Gambia 91
    - Ghana 91
    - Guinea 91
    - Mali 91
    - Nigeria 123
    - Sierra Leone 185
  - trafficking in 123-124
    - Angola 254
    - Benin 123-124
    - DRC 258
    - forced labour 123, 205
    - Mali 123
    - Mozambique 315, 333-334
    - sexual exploitation 91-92, 123
    - West Africa 121
- Chinese crime networks 338
  - UF Chinese triad gangs
- Chissano, Pres Joaquim 311, 314, 327
- Chua, Amy 15, 85, 169, 175
- civil conflict 70
- Civil Defence Forces (CDF) 111, 194, 198
- civilian assets 97, 165
- civilian oversight mechanisms 398
- civilian police 399
- civil liberties 22, 69, 226, 392
- Civil Liberties Organisation 55
- civil servants 23, 31, 51, 66, 69, 77, 394
  - Angola 230
  - bribery 5, 73
  - corruption 70, 371
  - DRC 299-300
  - Mozambique 316-317, 340-341
  - Zimbabwe 371
- civil service 21, 69
  - Angola 229, 239-240
  - corruption 73
  - Zimbabwe 357
- civil society 17, 26-27, 38-39, 100
  - bribery 408
  - DRC 264, 273, 280, 304
  - fight against organised crime 409
  - government strategy to stop corruption 397
    - groups 32, 75
    - growth of organised crime 112
    - Nigeria 52
    - resources distribution 22
    - resurgence of 23
    - weak 67-68, 384
- civil society, national and international
  - recommendations to reduce operations of crime networks 408-409
  - reforms 60, 280
- civil society organisations 113, 392, 408
  - DRC 307
  - support for 392
  - Zimbabwe 350
- civil unrest 51, 388
- civil wars 3-19, 22, 59-60, 65, 142, 379
  - and organised crime 8-19, 380-384, 403
  - and violent crime 18
    - Angola 16, 217, 221-223, 225, 250, 252, 257, 381-383
    - Zambian crime networks 258-259
  - arms proliferation and trafficking 136, 138
  - Biafran civil war 22
  - causes of 12-14
    - state weakness 14
  - Côte d'Ivoire 24
  - criminalisation of economy 380-381
  - criminal state, conflicts and 21-64
  - democracy, free market and 14-15

- DRC 3, 16, 217-218, 222, 263, 302, 305-306
  - drug use during 114
  - duration of 15-16
  - Ecowas states 23-24
  - effects of 11
  - environmental degradation 380-381
  - financing of 4, 154
  - Guinea-Bissau 23, 90
  - humanitarian assistance, abuse of 391
  - human rights violations 107
  - impact on economic welfare 11
  - institutions of government 381-383
  - legal tools to distinguish between war and organised crime 9-12
    - Liberia 23, 77, 90, 107, 137
    - Mozambique 217, 221-222, 225, 310, 312, 336, 339-340, 344
    - Namibia 220-222
    - onset of, state weakness 14
    - political instability and 379
    - political tools to distinguish between war and organised crime 12-19
    - politics, crime and 37-38
    - poor political governance, result of 66
    - predictors of 91
    - protection during 106
    - relationship between organised crime and 3-19
      - Sierra Leone 16, 23, 38, 77, 90, 93, 107, 165, 168-169, 176
      - 1991-2001 180-191
      - drug trafficking during 200
      - drug use during 114, 178
      - Lebanese 179
      - Liberian and Guinean crime networks 209
      - Russian crime networks 208
      - social disintegration 105
      - social disruption 381
      - South Africa 18, 220
      - third party interventions 15-16
      - types 8
      - West Africa 21-64, 66, 76, 89, 93, 107, 111-112, 137
      - Zimbabwe 220, 222
- Clapham, Christopher 167, 174
- Cobra 79
- cocaine 388
  - see also* drug trafficking
  - Angola 252
  - influx into Africa 114
  - markets 112
  - Moroccan crime networks 114
  - Nigerian crime networks 37, 115, 190
  - routes 116
  - smuggling 119
  - soldiers, forced use 190
  - trade in Angola 252-253
  - trade in Benin 115
  - trade in Colombia 12, 148
  - trade in Ghana 115
  - trade in Mozambique 319-320, 322-324, 339
  - trade in Senegal 116
  - trade in Sierra Leone 80, 166, 178, 189-190, 200-201
  - trade in South Africa 120
  - trade in Togo 115
  - trade in West Africa 115, 117-118
  - trade in Zimbabwe 352, 361, 373
  - West African crime networks 120-121
- Cold Storage Commission 363
- Collier, Paul 8, 13, 379, 390, 394, 398
- Collier, Valentine 186, 213
- coltan 302
  - UF tantalum
    - mining in DRC 293-294
    - resources in DRC 263
    - trade in DRC 287-289
- Commission for Strategic Minerals and National Reconstruction and Development (CMRRD) 183
- commodities smuggling 51, 89, 360, 398
  - see also* commodities trafficking
  - in Benin 132, 135, 138
  - in Sierra Leone 199, 202, 212
  - 1960s 172-173
  - 1970-2000 178-179
  - Nigerian crime networks 209
- commodities trafficking 85

- see also* diamonds; oil; gold; timber;
- endangered animals; arms
  - commodities smuggling
  - Angola 246
  - black markets 389, 393
  - conflict commodities trade 127-131
  - DRC 294-295
  - financing of civil wars 13, 37, 86
  - illicit 26, 64, 71, 86, 113, 295, 400, 403
  - state plundering 29
  - Zimbabwe, black market 358
- Commonwealth Community Safety and Security Project 212
- Companhia de Diamantes de Angola* (Diamag) 230, 235
- Companhia de Seguros de Moçambique* (Impar) 327
- Companhia Moçambicana de Trefilarias* (Trefil) 327
- Companhia Siderúrgica de Moçambique* (CSM) 327
- Comunidade dos Países de Língua Portuguesa* (CPLP) 252
- conflict commodities 127-131
- conflict diamonds 38, 165, 189, 196, 209, 242, 398, 400
  - blood diamonds 12
- Congolese crime networks 258
- Conté, Pres Lansana 49
- Convention against Bribery of Foreign Officials, 1999 100
- conventional crime
  - difference between organised crime and 5-8
- copper
  - illicit trade in 282, 289-290, 296
- corporate governance rating
  - in Angola 76
- corruption
  - see also* state corruption
  - control in West Africa (2004) 72
  - in Angola 247, 253-254
  - in authoritarian states in West Africa 39-51
  - in DRC 284-290, 299-301
  - in Zimbabwe 353, 376-377
    - in business sector 368-369
    - in government 370-373
  - legislation, establishment of 396-397
  - permutations of 393
- Corruption Perceptions Index, 2004 71
- Cosa Nostra* 6, 79, 264
- Côte d'Ivoire 24
  - corruption and organised crime 43-49
  - corruption control (2004) 72
  - corruption perception surveys 70-71
  - crime wave 92-94
  - criminal justice system and Rule of Law
    - case studies 79-80
    - development indicators (2003) 95
    - Donzo ton* 79-80
    - economic recession (mid-1980s) 23
    - financial institutions (2000) 154
    - GDP 95
    - government accountability 69
    - history 21-22
    - Kamajors* 79-80
    - mining and manufacturing industries 86
    - rule of law (2004) 79
- counterfeit goods trade
  - in Angola 255-256
  - in DRC 258
  - in Mozambique 332-333
  - in Sierra Leone 202-203
- counterfeiting
  - see* brand piracy; intellectual property theft
- crime
  - see also* organised crime
  - causes of 19
  - in Abidjan (1991-1994) 92
  - in DRC, factors contributing to 302-306
  - in Nigeria 96-97
  - manifestations of 96
  - politics, civil wars and 37-38
- crime networks
  - see also* transnational crime networks
  - extraction of natural resources 26
  - humanitarian aid/assistance abuse 391
  - in Angola 257-261
  - recommendations to reduce operations of 379-409

- for AU and African Regional Organisations 405-407
  - for Bretton Woods and other financial institutions 407-408
  - for donors and aid agencies 391-393
  - for national and international civil society 408-409
  - for national governments 393-398
  - for private sector 398-399
  - for UN 399-404
  - recognition of multiplicity of actors, activities and solutions 389-390
  - short- to medium term 391-393
  - Crime Investigation Division (CID) 200
  - crimes of persuasion
    - advance fee fraud 145-147
    - 419 scam 145-147
  - Criminal Investigation Department (CID) 204, 210, 362, 377
  - criminalisation 33
    - consumer goods market 86
    - key sectors of the economy 89, 403
    - of behaviour of power-holders 32
    - of child exploitation 121
    - of politics 32-33, 39, 82, 383
    - of the economy 380
    - of the state 28, 34, 59, 383, 396
  - criminal justice systems
    - and Rule of Law 76-78, 81
    - in Africa states 33, 67, 386, 399
    - in Angola 252
    - in Mozambique 339-340, 343
    - in West Africa 76-81
    - in Zimbabwe 357, 376
  - re-establishment in Sierra Leone 212, 214
  - criminalised transactions, defined by FAFO 10
  - criminal networks
    - see* crime networks
  - cross-border trade 384
    - Angola 255
    - DRC 302
    - Mali 51
    - Mozambique 317
    - Zimbabwe 351-352, 365, 373
  - West Africa 28, 48, 51, 87, 103, 109, 132, 134
  - Crown Agents 261, 325, 332-333, 338, 344
  - currency forgery/fraud
    - black market in Zimbabwe 358-359, 369
    - in Sierra Leone 201-202
    - in Zimbabwe 358-359
    - in West Africa 144
    - occurrence of, in Nigeria (1994-2003) 143-144
  - customs and tax evasion
    - and trafficking in commodities 131-136
    - in Benin 135
  - customs fraud
    - see also* customs and tax evasion
    - in Angola 256
    - in Benin 135
    - in Equatorial Guinea 135
    - in Mali 136
    - in Nigeria 52
    - in Senegal 135-136
    - in Sierra Leone 203
    - in Zimbabwe 368
- D
- D'Almeida, Christiane 118
  - Daloz, Jean-Pascal 36
  - Davidson, Basil 28
  - De Almeida, Roberto 254
  - De Beers Central Selling Organisation 170
  - Declaration and Plan of Action on Trafficking in Persons (2001) 124
  - Decree 33 118
  - Deliso, Christopher 60
  - democracy
    - free market and civil war 14-15
  - democratic consolidators 38
  - Democratic Republic of Congo (DRC)
    - see also* DRC
    - artisanal miners in 4
    - case study 263-307
    - civil wars 16
    - coltan (tantalum), trade in 287-289



- crime, factors contributing to 302-306
  - continuing influence of Uganda and Rwanda 305
  - demobilisation and existence of militias 302-303
  - lack of industrial monitoring and implementation capacity 305-306
  - lack of transparency and accountability 304
  - natural resources availability 302
  - porous borders 302
  - regime type 226
  - regional approach to trade 304
  - state of economy and infrastructure 303-304
  - trade, need for a regional approach to trade 304
- definition of organised crime in 264-265
- demobilisation and problems posed by weapons 278-280
  - diamonds, trade in 289
  - economic data 227
  - economic policy and trends 280-282
  - forests, plunder of 290
  - GDP 227
  - gold and copper, trade in 289-290
  - history 265-271
  - history of crime and exploitation 282-284
  - Monuc, role of 276-278
  - organised crime in current situation 295-301
    - abuse of exemptions 299
    - corruption 299-301
    - illegal importation and exportation 295-297
    - illegal/unethical business practices 298-299
    - money laundering 297-298
    - tax evasion 295
    - role players in conflict 290-295
      - Laurent Kabila's government and allies 290
      - Rwandan forces and their allies 292-293
      - Ugandan forces 293-294
      - socio-economic factors 271-273
    - threats to peace 274-278
    - transitional government (2003) 272-273
      - war, cost of 272
      - war, organised crime and corruption 284-290
      - weapons trade 285-287
- demographics 84
  - and poor government services 91-92
  - organised crime in West Africa 91-92
- development indicators for Africa (2003) 95
- Diallo, Cellou Dalein 50
- diamonds
  - blood diamonds (*see also* conflict diamonds) 12
  - conflict diamonds 38, 165, 189, 196, 209, 242, 398, 400
  - counterfeit 203
  - illicit trade 4, 10, 12, 38, 49, 71, 85, 127-129
    - Angola 234, 240-245, 250-261, 324, 382
    - Mozambique 324, 382, 388
    - Sierra Leone 165, 169-170, 172-173, 179, 186-189, 199, 206, 208-209
    - money laundering, use of 206, 251
    - output and exports, Sierra Leone 1963-1968 172
    - 1968-1991 177
    - smuggling 207, 210, 232, 237, 241, 250-251, 296, 360
      - Sierra Leone, 1968-1991 176-177, 198-199
    - trade in DRC 289, 366
    - trade, private security and, in Angola 245
    - trafficking in 127-128
- Diamonds and Human Security project 169, 184-185
- Diamond Works 181
- diaspora 13, 105, 384
  - networks, and organised crime 107-109
    - West African 84, 147
- Dietrich, Christian 127
- Division Spéciale Présidentielle* (DSP) 274
- Doe, Pres Samuel (Liberia) 22
- Dokubo, Asari 55-56

- donors and aid agencies
  - recommendations to reduce operations of crime networks 391-393
  - Donzo ton* 79-80
  - drug markets 114
    - see also* drug trafficking
    - Mozambique 323-324
    - Sierra Leone 200
  - drug smuggling 388
    - Mozambique 319-320
    - Nigerians 323
    - Sierra Leone 200
    - Zimbabwe 352-353, 361
  - drug trafficking
    - see also* cocaine
    - in Angola 252-253
    - in Mozambique 319-323
      - trade in cocaine 322-323
      - trade in hashish and heroin 321-322
      - trade in mandrax 321
    - in Sierra Leone 189-190
      - 2001-2005 200-201
    - in South Africa 18
    - in West Africa 113-121
      - South Africa on 120-121
      - UK and Europe on 119
      - US authorities on 118-119
  - drug use in Sierra Leone
    - 1950-1965 173
    - 1960s 178
  - Du Toit, Nick 42
- E
  - École des Hautes Études en Sciences Sociales* 75
  - Economic and Financial Commission (Nigeria) (EFCC) 143, 149-150
  - Economic and Financial Crimes Commission 52, 129, 149, 156
  - Economic and Financial Crimes Commission Act (Nigeria) 156
  - Economic Community of West African States (Ecowas) 22, 24, 38, 44, 50, 62, 70, 74, 84, 90, 101, 103, 108, 115, 124, 133, 138-150, 144, 156, 182, 389
    - Ecogas Monitoring Group (Ecomog) 182-183, 189, 194, 208
    - Ecogas Protocol on the Free Movement of Persons 142
    - economic governance
      - and organised crime 83-104
    - economic indicators
      - Sierra Leone
        - 1961-1997 175
        - 2002 193
    - economic reform*
      - and trade liberalisation in West Africa 97-103
    - Economic Structural Adjustment Programme (ESAP) 349, 353
    - Economist Intelligence Unit (EIU) 73-74, 277, 279, 296
    - Ecogas Monitoring Group (Ecomog) 182-183, 189, 194, 208
    - Ecogas Protocol on the Free Movement of Persons 142
    - Ellis, Stephen 32, 34, 36, 137
    - email scams
      - Netherlands case study 148
      - UK case study 148
      - US case study 148
    - Emaxon Finance International (EFI) 299
    - Empresa Nacional de Diamantes de Angola* (Endiama) 236, 241, 247
    - Equatorial Guinea 24
      - corruption and organised crime 40-43
        - corruption control (2004) 72
        - corruption perception surveys 71
        - crime 388
        - development indicators (2003) 95
        - GDP 95
        - governance 385
        - government accountability 69
        - rule of law (2004) 79
    - Europe
      - authorities on drug trafficking in West Africa 119
    - European Union (EU) 46, 114, 125, 131, 161
    - Europol 114, 117, 119, 160-161
    - Executive Outcomes 181
    - Eyadema, Pres Gnassingbe 30, 74
  - F

- FAA  
   *see* Forces Armada Angolanas  
 FAA crime networks  
   in Angola 259-260  
 FAFO  
   *see* Institute for Applied International  
 Studies research group  
 Fall, Francois 50  
 FAP  
   *see* Forces d'Auto-Defense Populaires  
 FAR  
   *see* Zaïrian Defence Force  
 FATF  
   *see* Financial Action Task Force  
 FBI  
   *see* Federal Bureau of Investigations  
 FDLR  
   *see* Forces Démocratiques de  
 Libération du Rwanda  
 Fearon, James 14  
 Federal Bureau of Investigations (US)  
 (FBI) 118-119, 160  
*Fédération des Entreprises du Congo* 291  
 Financial Action Task Force (FATF)  
 156  
   recommendations to money  
   laundering 408  
   financial fraud  
     *see* bank fraud  
   financial institutions  
     in West Africa (2000) 154  
     recommendations to reduce  
     operations of crime networks 407-408  
   financing, exploitative forms of  
   financing 3  
*Fina Petróleos de Angola* (Petroangola)  
 231  
 fish/fishing sector  
   illegal, in Angola 240  
   illicit trade in 131, 202, 208, 240, 255,  
 335-336, 342  
   trafficking in 131  
 food 30  
   aid, Mozambique 312  
   black market  
     Mozambique 313, 345  
     Zimbabwe 360  
   Coupons, Mali 155  
   donations, Angola 240  
   illegal trade, Zimbabwe 360  
   imports, Angola 235  
   market in Angola 257  
     money laundering Angola 251  
     money laundering DRC 297  
   prices  
     DRC 272  
     West Africa 86  
     Zimbabwe 354  
   provision during civil war 77  
   riots, Zimbabwe (1998) 354  
   sector, Angola 257  
   security 138, 192  
   shortages 87, 175  
     Angola 238  
     Mozambique 313  
     Zimbabwe 353, 357, 375  
   subsistence foods 192  
   supplies  
     Angola 246, 251  
     Sierra Leone 166  
*Forces Armada Angolanas* (FAA) 233,  
 235, 240-241, 244-248, 259-260  
*Forces d'Auto-Defense Populaires* (FAP)  
 280  
*Forces Démocratiques de Libération du  
 Rwanda* (FDLR) 276, 280  
 Foreign Corrupt Practices Act (US) 43,  
 53, 395  
 forests  
   Angola 229  
   environmental exploitation,  
   Mozambique 335  
   forestry concessions, Zimbabwe 366  
   plundering of, in DRC 290  
 fraud 121, 159, 395, 401  
   *see also* bank fraud; customs fraud;  
   419 scams; currency fraud  
   and advance fee fraud, Zimbabwe  
   361-362  
   computer fraud, Sierra Leone 150  
   crimes of persuasion and 145-147  
   economic 111  
   Equatorial Guinea 40  
   financial fraud (*see* bank fraud)  
   incidence in Africa 112, 119  
   in Angola 259-260  
   in DRC 300, 307

- in Mozambique 309, 328-330
  - in Nigeria 150
  - in Sierra Leone 199, 204, 208
  - in Zimbabwean business sector 368-371, 388
  - in West Africa 148
  - networks 159
  - pre-emptive and reactive measures suggested by international law enforcement agencies 152-153
  - prevention, measures 152-153
  - West Africans involved in SA 209
  - wire fraud 148
  - fraud case studies
    - Ghana 149
    - Nigeria 149-151
    - South Africa 150
  - Freeman, Steven 83
  - free market
    - democracy and civil war 14-15
  - Frelimo 221-222, 224, 310, 314, 325, 337
    - UF Frente de Libertação de Mozambique*
    - Frente de Libertação de Mozambique*
    - see Frelimo
  - front companies
    - in Angola 256-257
  - Front Nord* 58
  - Front Sud* 58
  - fuel
    - see also oil
    - black market in Zimbabwe 359
  - fuel shortages
    - in Zimbabwe 359
- G
- Gabon
    - corruption control (2004) 72
    - GDP 90
    - government accountability 69
    - human trafficking 122-123
    - 'politics of the belly' 33
    - regulatory control 99
    - rule of law (2004) 79
    - voluntary peer review process 26
  - Gambia
    - corporate governance rating 76
    - corruption control (2004) 72
    - corruption perception surveys 71
    - development indicators (2003) 95
    - financial institutions (2000) 154
    - GDP 95
    - governance indicators 69
    - government accountability 69
    - rule of law (2004) 79
  - garimpeiros* 237-238, 240-242, 244
  - gangsterism, Angola 250, 256-257
  - gangs, Western Cape 18
  - Gas Corporation 53
  - Gastrow, Peter 219, 320-322, 335, 353, 361, 370
  - Gbagbo, Pres Laurent 30, 43
  - Gécamines 281, 290-291, 366-367
  - General Peace Accord 311
  - General Secretariat for Good Governance (Côte d'Ivoire) 73
  - Geopolitical Drug Watch (OGD) 114
  - Ghana
    - 'African' socialism, history 21
    - Ashanti in 21
    - corporate governance rating 70, 76
    - corruption control (2004) 72
    - development indicators (2003) 95
    - financial institutions (2000) 154
    - fraud case study 149-150
    - GDP 95
    - governance indicators 69
    - government accountability 69
    - independence (1957) 21
    - mining and manufacturing industries 86
    - rule of law (2004) 79
    - voluntary peer review process 26
  - Ghanaian Commission for Human Rights and Administrative Justice 75
  - Global Witness 11, 41, 56, 165, 243, 259, 392
  - Godson, Roy 6-7
  - gold
    - illicit trade in 47, 71, 84-85, 127, 129-130, 146, 150, 160, 209, 217, 238, 289-290, 294, 360, 366, 388
    - trade in DRC 289-290
    - trafficking in 129-130
  - Gono, Gideon 377
  - governance 65
    - economic governance 24, 28, 65, 396
    - and organised crime 83-104

- national governance 7-8
- political governance 65, 217, 385
- social governance 7, 64-65
  - and organised crime 105-110
- Governance Reform Secretariat (GRS) 211
- government accountability, in West Africa 68-69
- Government Diamond Office (GDO) 170
- government services
  - organised crime in West Africa 91-92
- Grain Marketing Board (GMB) 356, 360
- grand corruption 35, 71
- Greenpeace 131
- 'grey' products, in Zimbabwe 368
- Gross Domestic Product (GDP) 13, 40, 44, 83-84, 90, 92, 95-96, 103, 154, 220-221
  - Angola 220-221, 227, 229, 237, 249
  - DRC 220, 272, 281
  - Malawi 220
  - Mozambique 221
  - Sierra Leone 168, 173, 175, 179, 193
  - Zambia 220
  - Zimbabwe 353
- Group for Inter-Governmental Action against Money Laundering 156
- Guei, Gen Robert 43
- Guinea 24
  - 'African' socialism, history 21
  - corruption and organised crime 49-51
  - civil wars 24
  - corruption control (2004) 72
  - corruption perception surveys 71
  - crime networks in Sierra Leone 209-210
  - development indicators (2003) 95
  - Fante and Akwuma 21
  - financial institutions (2000) 154
  - GDP 95
  - government accountability 69
  - mining and manufacturing industries 86
  - rule of law (2004) 79
- Guinea Bissau
  - civil wars (1990s) 23
  - corruption control (2004) 72
  - development indicators (2003) 95
  - financial institutions (2000) 154
  - GDP 95
  - government accountability 69
  - rule of law (2004) 79
- Gulf of Guinea
  - economic dominance and organised crime 89-91
- H
- hashish
  - trade in Mozambique 319-322, 324
  - transit points 116
  - West Africa 114
- Heavily Indebted Poor Countries (HIPC) 281-282
- Herbst, Jeffrey 14
- Heritage Oil 181
- heroin 80, 111
  - abuse in Angola 253
  - Ghanaian groups 116
  - influx into West Africa 114-116
  - international trafficking 119-120
  - Nigerian groups 37, 116
  - Senegal 116
  - Sierra Leone 189-190
  - trade in Mozambique 218, 319-322, 324
  - trade in Zimbabwe 352, 361, 373
  - West African crime networks 117-118, 126
- Hibou, Beatrice 32, 34
- High Authority Against Corruption 261
- hijackings
  - see* car hijackings
- Hippocrates Foundation 122
- Hoefler, Anke 8, 12-13
- Houphouet-Boigny, Pres Felix 22
- humanitarian aid/assistance
  - abuse by crime networks 391
- Human Rights Watch 56, 71, 97, 142
- human trafficking
  - Angola 254
  - Sierra Leone 191, 204
  - West Africa and elsewhere 121-127

Hurungwe Rural District Authority  
370

## I

identity theft 151  
 IDI Diamonds (IDI) 291  
 Independent Electoral Commission 45  
 income inequality 26, 94, 96  
 importing, illegal in Mozambique 332-333  
 informal economy  
   size in West Africa (1999-2003) 98  
 Interahamwe 269  
 International Crisis Group 45, 198, 215, 400, 402  
 International Organisation for Migration (IOM) 125, 334  
 Institute for Applied International Studies  
 Institute for Security Studies (ISS)  
   research conducted in Mozambique 320-322, 325, 334-335, 339  
   research conducted in Zimbabwe 352, 361-362, 364-365, 367, 371, 376  
 Inter-Congolese Dialogue 270  
 International Criminal Court (ICC)  
   fight against organised crime 402  
 International Crisis Group (ICG) 45-46, 48, 50, 61, 81, 123, 400, 404  
 International Development Assistance Association (IDA) 49  
 International Labour Organisation (ILO) 123  
 International Monetary Fund (IMF)  
   46, 49-50, 73, 102, 158, 395  
   DRC 272, 279, 281-282  
   Mozambique 309, 311, 316, 326-328, 345  
   Sierra Leone 176  
   Zimbabwe 228, 349, 353-354  
 International Narcotics Control Board 115  
 International Organisation for Migration (IOM) 125  
 International Organisation of Good Templars (IOGT) 189, 200  
 Interpol, fighting organised crime 406

Institute for Applied International Studies research group (FAFO) 9-11  
*intellectual property theft* 145  
 Israeli crime networks  
   in Sierra Leone 208  
 Italy  
   women trafficking between Edo State (Nigeria) and Italy 125-126  
 ivory trafficking in Angola 222-223

## J

Johnson-Sirleaf, Ellen 61  
 Joint Military Commission (JMC) 276-277

## K

Kabila-Bemba pact 271  
 Kabila, Pres Laurent 149, 223, 243, 268-274, 276, 290-292, 299-300, 355, 366  
 Kagame, Pres Paul 276  
 Kalashnikov assault rifles 139  
*Kamajors* 79-80  
 Kaplan, Robert 25  
 Kellogg Brown and Root 53  
 killers for hire  
   Mozambique 335  
 Kimberley Process 10, 127, 165, 196, 304, 398, 400  
*klebes*  
   *see* bank note rippers  
 Koromo, Dr Abdul Karim 29  
 Kuruneri, Chris 371, 377

## L

Laitin, David 14  
 Lamizana, Sangoule 29  
 land issue, in Zimbabwe 355-356  
 Lebanese crime networks  
   in Angola 257-258  
   in Mozambique 338  
   in Sierra Leone 206-208  
 legal tools  
   to distinguish between war and organised crime 9-12  
 Lesotho  
   economic data 227

- GDP 227  
 regime type 226
- Liberia 32  
 civil wars 16, 23-24  
 corruption control (2004) 72  
 corruption perception surveys 71  
 development indicators (2003) 95  
 financial institutions (2000) 154  
 GDP 95  
 government accountability 69  
 mining and manufacturing industries 86  
 National Ports Authority 30  
 rule of law (2004) 79  
 Liberian crime networks  
 in Sierra Leone 209  
 Liberians United for Reconciliation and Democracy (LURD) 49-50, 137, 184  
*Linhas Aereas de Angola* (TAAG) 253  
 Liquefied Natural Gas (LNG) 43, 53  
 Lomé-Abidjan coastal corridor 93  
 Lomé Peace Accord 182, 191  
 Lords Resistance Army (LRA) 293  
 Luena Memorandum 235, 248, 257, 260  
 Lusaka Protocol 234-235, 241, 245, 247-249
- M
- Maguma Guma*  
 in Zimbabwe 367-368
- Maier, Karl 23, 30, 52, 108, 128, 143  
 Mai Mai 269, 273, 280, 287, 292  
 Malawi 220, 309, 317  
 democracy 226  
 development indicators 227  
 economic data 227  
 GDP 227  
 illegal imports 332  
 mandrax 321  
 regime type 226
- Mali 21, 47, 57, 84, 141, 386  
 'African' socialism, history 21  
 armed robberies 141  
 banditry 141  
 children trafficking 123  
 cigarette smuggling 133-134  
 contraband activity 199  
 corporate governance rating 76  
 corruption control (2004) 72, 74-75  
 corruption perception surveys 70-71  
 crime networks 259  
 cross-border trade 51  
 customs fraud 136  
 development indicators (2003) 95  
 economic integration 101  
 financial institutions (2000) 154  
 GDP 90, 95  
 governance indicators 69, 76  
 government accountability 69  
 human development index 96  
 human trafficking 122-124  
 illegal miners 241  
 informal economy 98  
 informal settlements 92  
 military rule 22  
 mining and manufacturing industries 86  
 money laundering 155  
 primary education 91  
 regime type 68  
 regulatory control (2004) 99  
 rule of law (2004) 79  
 smuggling 33, 132-133  
 state plundering 29  
 trade 91  
 voluntary peer review process 26  
 wars 137  
 weapons trafficking 111, 137, 139  
 mandrax, trade in Mozambique 321  
 Mano River Union 90, 101, 131, 202, 205, 210  
 manufacturing industry, in West Africa 86  
 Marathon Oil 43  
 Margai, Milton 167  
 marginalisation of society  
 contributor to crime 94-96  
 marine resources, plundering of, in Angola 55  
 Mauritius  
 economic data 227  
 GDP 227  
 regime type 226  
 Mbeki, Pres Thabo 45  
 Mbiya Cultural Association 274  
 medicines

- black market in Zimbabwe 359
  - import of expired and faked in Sierra Leone 205-206
  - methaqualone
    - see mandrax
  - Mifuno, Miguel 42
  - militarised production 10-11
  - minerals, trafficking in Angola 222-223
  - Minières de Bakwanga* (MIBA) 281, 289, 291, 299
  - mining industry, in West Africa 86
  - Mission de l'Organisation des Nations Unies en République* (Monuc) 270, 276-279
  - Mobutu, Pres Joseph-Désiré 222, 233, 243, 263, 266-268, 270, 274, 278, 283-285, 289-290, 292, 299, 303-304, 355, 366
  - modernisation effect 72
  - Mohammed, Jamil 175-176, 189
  - Mokhtar, Mokhtar bin 133
  - Momoh, Joseph 174, 176, 180, 208
  - money laundering 153-159
    - challenges in combating 159
    - in Angola 251-252
    - in DRC 297-298
    - in Mozambique 324-325
    - in Sierra Leone 206
  - Money Laundering (Prohibition) Act 2004 (Nigeria) 156
  - Monuc, role in DRC 276-278
  - Mouride Brotherhood 59, 134
  - Mouvement Populaire de la Revolution* (MPR) 266
  - Mouvement pour la Libération du Congo* (MLC) 269-271, 273, 294
  - Movement for Democracy in Liberia 46, 130
  - Movement for Democratic Change (MDC) 221, 354-355
  - Movement of the Democratic Forces of Casamance (MFDC, *Maquis*) 58
    - cannabis production 58
  - Movimento Popular de Libertação de Angola* (MPLA) 221, 224, 231-239, 243, 245-246, 248-249, 257
  - Mozambique
    - bank fraud 325-330
    - beneficiaries of crime 340-342
    - body parts trafficking 334-335
    - car hijackings 330-332
    - case study 306-346
    - children trafficking 333-334
    - counterfeit goods 332-333
    - criminal justice system in 339-340
    - drug market in 323-324
    - drug trafficking in 319-323
    - economic data 227
    - economic impact of organised crime 342-343
    - environmental exploitation 335-336
    - factor contributing to organised crime 312-318
    - GDP 227
    - impact of crime 340-342
    - importing, illegal 332-333
    - killers for hire 335
    - measures to address organised crime 343-344
    - money laundering 324-325
    - organised crime in 318-336
      - external factors 317-318
      - factors linked to transition process 316-317
      - factors unique to 317
    - regime type 226
    - stolen goods, trade in 333
    - stolen vehicles, trade in 330-332
    - transnational organised crime networks in 336-339
      - Chinese networks 338
      - Lebanese networks 338
      - Nigerian networks 337-338
      - Pakistani networks 336-337
      - Portuguese networks 337
      - South African networks 338
      - South American networks 339
      - Tanzanian networks 337
    - women trafficking 333-334
  - Mugabe, Pres Robert 220, 291, 348, 364, 366
  - Mulumba, Prof Mabi 300
  - Museveni, Yoweri 294
- N
- Namibia 112, 229
    - children trafficking 254
    - civil war 222



- covert operations, SA troops 222
- democracy 226
- development indicators 227
- diamonds smuggling 251
- drug trafficking 252
- economic data 227
- GDP 227
- history 233-234
- human trafficking 254
- immigration to SA 224
- initiatives to address organised crime 261
  - ivory smuggling 223
  - organised crime in Early Independence Era 219-220
    - regime type 226
    - stolen vehicles trafficking 247, 255
  - support for DRC 223, 269
- National Bank of Angola 262
- National Commission to Combat Petrol Smuggling 128
- National Committee for Disarmament, Demobilisation and Reintegration (NCDDR) 194
- National Council for the Prevention of Alcoholism and Drug Dependency 190
- National Diamond Mining Company (NDMC) 175-176
- National Drug Law Enforcement Administration 118
- National Drug Law Enforcement Agency 156
- National Electric Power Authority (Nigeria) 73
- national governments
  - recommendations to reduce operations of crime networks 393-398
- National Investment and Empowerment Company of Zimbabwe 350
- National Merchant Bank of Zimbabwe Ltd (NMBZ) 327
- National Petroleum Investment Management Service 53
- National Ports Authority (Liberia) 30
- National Provisional Ruling Council (NPRC) 180-181
- National Railways of Zimbabwe 372
- National Reformation Council (Sierra Leone) 174
- National Trading Company 175
- natural resources
  - Angola, exploitation in 220, 229, 237-238
    - availability, crime factor in DRC 302
    - corruption in countries rich in 26
    - international convention on illegal exploitation of 400-401
    - management of 405
    - smuggling in Sierra Leone 199-200, 202
    - theft in Zimbabwe 366-367
    - trafficking in 127-131
- Naylor, RT 18, 37-38, 113, 132
- Netherlands
  - email scams involving Nigerians 148
- New Partnership for Africa's Development (Nepad) 26, 62, 405
  - voluntary peer review mechanism 26
- Nguema, Pres Teodoro Obiang 40-43
- Niger
  - corruption control (2004) 72
  - corruption perception surveys 71
  - development indicators (2003) 95
  - financial institutions (2000) 154
  - GDP 95
  - government accountability 69
  - mining and manufacturing industries 86
  - rule of law (2004) 79
- Niger Delta 54-55, 57, 106, 128, 138, 141
- Nigeria
  - advance fee fraud 52, 388
  - Area boys 80
  - Biafran civil war 22
  - corporate governance rating 76
  - corruption and organised crime 52-57
    - corruption control (2004) 72
    - corruption perception surveys 70-71
    - crime in 96-97
  - criminal justice system and Rule of Law
    - case studies 80
    - currency forgery, in Nigeria (1994-2003) 143-144

- development indicators (2003) 95
- email scams involving Nigerians 148
- financial institutions (2000) 154
- fraud case study 148-150
- GDP 95
- governance indicators 69
- government accountability 69
- kingdoms of Ife, Oyo and Benin 21
- mining and manufacturing industries 86
- rule of law (2004) 79
- voluntary peer review process 26
- women trafficking between Edo State and Italy 125-126
- Nigerian crime networks
  - in Mozambique 337-338
  - in Sierra Leone 208-209
- Nigerian Economic and Financial Commission (EFCC) 143
- Nigerian Economic and Financial Crimes Commission 129
- Nkrumah, Pres Kwame (Ghana) 21
- non governmental organisation (NGO) 200, 280, 287, 303
  - Association Africaine des Droits de l'Homme* 280
  - Child Network 334
  - Global Witness 11, 243
  - Greenpeace 131
  - Human Rights Watch 142
  - International Crisis Group 198
  - International Organisation for Migration 333-334
  - International Organisation of Good Templars 189
  - International Peace Information Service 293
    - Search for Common Ground 200
    - Terres des Hommes* 334
    - Transparency International 70
  - Nouvelle Forces* 44-45
- O
- Obasanjo, Pres Olusegun 31, 53, 401
- Office des Douanes et Accises* (Ofida) 300-301
- Office of the Gold Mines of Kilo-Moto (Okimo) 289
- oil 14, 26, 32, 40-41, 56, 71-72
  - Angola 229, 231, 236, 245-246, 249
  - bunkering 54, 128-129, 143
  - commodities 13
  - companies 41-43, 56, 74, 299
  - concessions 42-43, 402
  - corporations 56
  - diesel 359
  - DRC 263, 292, 296
  - exploitation of reserves 10, 40, 74
  - fields 53, 231, 234, 236
  - illegal oil exports 54, 56, 128-129, 143, 332
    - oil-for-arms deals 246
    - oil-producing regions 57, 71, 128
    - oil reserves (1992-2001) in Angola 245
      - pipelines 54, 128, 398
      - prices 23, 85, 128, 146, 150, 178, 220
      - production 57, 236
      - production in Nigeria 54, 57, 90, 128, 143
        - projects 53
        - refinery 231
        - reserves 129, 229, 245-246, 292
        - revenue 46, 55, 57, 72, 236, 388
        - smuggling 223
        - theft 56, 128
        - trafficking 127-129
  - oil bunkering 54, 128-129, 143
  - Olympio, Pres Sylvanus 22
  - Open Society Initiative of Southern Africa* (Osisa) 56
  - Operation Cancer Two 241
  - Operation Sovereign Legitimacy (Osleg) 292, 367
  - organised crime
    - see also* crime
    - and African State 3-162
    - and civil war 16-19
    - and economic governance 83-104
    - and political governance 65-82
    - and social governance 105-110
    - and state plunder 29-32
    - and war in Angola 237-247
    - and war in southern Africa 217-228
    - causes and manifestations of 6-7, 108, 383-389
    - colonial era exploitation 217-219

- conditions for emergence 6-8
- definition of, in DRC 264-265
- definitions 4-8
- demographics 91-92
- diaspora networks and 107-109
- difference between conventional crime and 5-8
- dollarisation implications on development and growth of 393
- fighting
  - private-public partnerships 398
  - voluntary self-regulation 398-399
- government services 91-92
- in Angola 232, 250-262
- in authoritarian states in West Africa 39-51
  - in DRC 295-301
  - in 1980s 224-225
  - in Early Independence Era 219-224
  - in present day 225-228
  - in Zimbabwe 351-353
- legislation, establishment of 396-397
- legal tools to distinguish between war and 9-12
  - Mozambique 318-336
    - external factors 317-318
    - factors contributing to 312-318
    - factors linked to transition process 316-317
      - factors unique to 317
      - measures to address 343-344
  - political tools to distinguish between war and 12-19
    - recommendations 379-409
      - for AU and African Regional Organisations 405-407
      - for Bretton Woods and other financial institutions 407-408
      - for donors and aid agencies 391-393
        - for national and international civil society 408-409
        - for national governments 393-398
        - for private sector 398-399
        - for UN 399-404
    - recognition of multiplicity of actors, activities and solutions 389-390
      - short- to medium term 391-393
        - relationship between civil war and 3-19
          - Sierra Leone
            - 1968-1991 176-179
            - 1991-2001 185
            - 2001-2005 198-206
          - transnational crime networks, in Sierra Leone 206-210
          - transnational networks supporting, in West Africa 111-162
            - types of 111-162
            - West Africa, in 38-39
            - what is? 4-8
  - Organisation for Economic Co-operation and Development (OECD) 100, 395, 401
  - Organisation of Mozambican Youth
    - see Organização da Juventude Moçambicana
  - Organisation of West African Criminal Networks 159-162
  - organised criminals 3-19
    - or political entrepreneurs 3-19
  - Organização da Juventude Moçambicana* (OJM) 318, 323

P

  - Pajeros, *corruption in West Africa* 70-76
  - Pakistani crime networks 309, 334
    - drug trafficking 322
    - in Mozambique 336-337
    - killers for hire 335
    - mandrax 321, 352
    - money laundering 324
    - stolen vehicles trade 365
  - Palermo Convention 4-5, 121, 265, 393, 400, 406
  - Panel of Experts (POE) 243-244, 264, 285-286, 291, 295, 403
  - partial destruction of the state 4
  - Parti pour la Réconciliation et le Développement* (PPRD) 271, 273
  - Parti pour l'unité et sauvegarde d'intégrité du Congo* (PUSIC) 278
  - PC Crise 80
  - Peace Diamond Alliance 196

- peacekeeping missions
    - recommendations to fight organised crime 399
  - People's Volunteer Force 55
  - people trafficking
    - see human trafficking
  - Perouse de Montclos, Marc-Antoinette 132, 144, 146, 148, 155
  - Petrofina 231
  - Petro SA 42-43
  - piracy 11, 54, 139
    - see also ship hijackings
    - in Angola 255
    - marine resources plundering 255
    - occurrence of 143
  - plants and their by-products
    - illicit trade in 130-131, 360
  - Plasmex 320
  - Polícia da República de Moçambique* (PRM) 320
  - political entrepreneurs
    - or organised criminals 3-19
  - political governance
    - and organised crime 65-82
    - West Africa, in 66-76
      - corruption in 70-76
      - government accountability 68-69
      - in flux 67
      - political participation 68-69
      - war against *Pajeros* 70-76
  - political interest groups 3-19
  - political tools
    - to distinguish between war and organised crime 12-19
  - politics
    - crime, civil wars and 37-38
  - Portugese crime networks, in Mozambique 337
  - Precious Metals Mining Company (PMMC) 175
  - Pretoria Accord 272
  - Pretoria Agreement 45, 271
  - private-public partnerships
    - fighting organised crime 398
  - private sector
    - recommendations to reduce operations of crime networks 398-399
  - private sector companies
    - regulation of activities 395-396
  - privatisation 408
  - Proesda 241, 244
  - Programa Alimentar Mundial* (PAM) 240, 330
  - Programa de Reabilitação Económica* (Economic Rehabilitation Programme) 309
  - Programa de Reconstrução do Humanismo* (Propaz) 323-324
  - public sector governance
    - improvement of 394
- R
- Rarah boys* 80
  - Rassemblement Congolais pour la Démocratie* (RCD) 223, 269-271, 273, 293
    - RCD-Goma 269, 273, 275-276, 278-279
      - RCD-ML 269, 273, 294
      - RCD-National 273
    - RCD-Goma 269, 273, 275-276, 278-279
    - RCD Mouvement de Libération (RCD-ML) 269, 273, 294
    - RCD-National 273
  - rebel movements in Angola 382-383
  - recommendations to fight organised crime
    - for AU and African Regional Organisations 405-407
    - for Bretton Woods and other financial institutions 407-408
    - for donors and aid agencies 391-393
    - for national and international civil society 408-409
    - for national governments 393-398
    - for private sector 398-399
    - for UN 399-404
    - recognition of multiplicity of actors, activities and solutions 389-390
    - short- to medium term 391-393
  - Red Brigade* 79
  - regime types 226
  - regional security organisations
    - fighting organised crime 406
  - Regulation of Traffic Unit (Côte d'Ivoire) 73
  - regulatory quality, West African region (2004) 99

- Renamo (*Resistência Nacional Moçambicana*) 221-222, 310-311, 313-314, 336-339  
*rentier effect* 72  
*repression effect* 72  
 Republican Front for Democratic Change 49  
*Resemblément Démocratique pour le Rwanda* 267  
*Resistência Nacional Moçambicana*  
*see* Renamo  
 Revolutionary United Front (Sierra Leone) (RUF) 24, 38, 49, 127, 176, 180-183, 185-191, 194-195, 198, 207-209, 382  
 Ridgepoint Overseas Development Ltd 366  
 Riggs Bank 41, 43, 401  
 Ross, Michael 14, 72  
 rubber  
   illicit trade in 47, 127, 130, 282  
   trafficking in 130  
 Russian crime networks, in Sierra Leone 208  
 Rwanda 223, 263, 267-271, 275-276, 280, 286, 305  
   cross-border attacks 276  
   diamonds smuggling 304  
   forces and allies in DRC conflict 275, 292-293, 296  
   genocide 224  
   Hutus 267, 271, 275, 277  
   influence in DRC 305  
   Tutsis 267  
   weapons trade 280  
 Rwandese Patriotic Front (RPF) 267
- S
- Sabah Bank Berhad (Malaysia) (SBB) 328, 330  
 SADC 291, 372, 389  
   circumstances within contributing to increase in organised crime in Zimbabwe 372-374  
   crime networks 260, 374  
   customs fraud in 368  
   drug trafficking 360, 373  
   effect of conflict in DRC on 223  
   exports within 90  
   involvement in DRC 269  
   organised crime in 373  
   police perceptions of organised crime in 352  
   stolen vehicles trade 365  
 Sambanis, Nicholas 8, 379  
 Sandline 181  
 Sankara, Thomas 31  
 Sankoh, Foday 176, 180-181, 183-184, 204  
 Sao Tome & Principe  
   corruption control (2004) 72  
   government accountability 69  
   rule of law (2004) 80  
 Savimbi, Jonas 221, 233, 235, 242, 382  
 419 scams 120, 149-150, 152, 156, 159-161  
   *UF* black dollar fraud  
   *see also* crimes of persuasion; advance fee fraud  
     bank fraud  
     occurrence of 145-148, 203, 209  
 self-regulation, voluntary  
   fighting organised crime 398-399  
 Senegal 149  
   'African' socialism, history 21-22  
   cannabis production 113-114  
   corruption and government 75  
   corruption and organised crime 57-59  
   corruption at borders 135  
   corruption control (2004) 72, 74  
   corruption perception surveys 70-71  
   crime networks 206, 259, 337  
   cross-border trade 134  
   customs fraud 136  
   development indicators (2003) 95  
   diamonds smuggling 199  
   drug trafficking 116  
     hashish 116  
     financing arms 113-114  
   drug use 59  
   economic integration 101  
   financial institutions (2000) 154  
   fish sector 131  
   GDP 90, 95  
   government accountability 69  
   Gulf of Guinea, contribution to economy of 90

- human trafficking 122, 125
- informal economy (1999-2003) 98
- mining and manufacturing industries 86
- money laundering 155
- organised crime 89
- piracy 143
- 'politics of the belly' 33
- regime type 68
- regulatory control (2004) 99
- resurrection of *Maquis* 57-59
- rule of law (2004) 79
- 419 scams 151
- voluntary peer review process 26
- weapons, manufacturing 139
- Seychelles
  - development indicators 227
  - economic data 227
  - free trade zones and offshore banking centres 155
  - GDP 227
  - regime type 226
- Shaw, Dr Mark 112, 316, 339
- ship hijackings 143
  - see also* piracy
- Sierra Leone 166-167
  - advance fee fraud 203-204
  - Anti-Corruption Commission 214
  - artisanal miners in 4
  - cannabis use 178
  - case study 165-215
  - civil wars 16, 23-24
    - 1991-2001 180-191
  - colonisation and early independence 167-174
  - commodities smuggling
    - 1960s 172-173
    - 1970-2000) 178-179
  - comparative economic indicators 175
  - corruption control (2004) 72
  - corruption perception surveys 71
  - criminal justice system and Rule of Law
    - case studies 80
    - development indicators (2003) 95
    - diamond output and exports
      - 1963-1968 172
      - 1968-1991 177
    - diamond smuggling (1968-1991) 176-177
    - diamond trade, illicit 186-189
    - drug trafficking 189-190
    - drug use
      - 1950-1965 173
      - 1960s 178
    - economic history 168-173
    - economic indicators (2002) 193
    - financial institutions (2000) 154
    - first 'Diamond War' (1950s) 170-172
    - GDP 95
    - government accountability 69
    - history 21
      - 1968-1991 174-179
    - human trafficking 191
    - justice system 213
    - mining and manufacturing industries 86
      - organised crime (1968-1991) 176-179
      - organised crime (1991-2001) 185
      - organised crime (2001-2005) 198-206
        - advance fee fraud (419 scam) 203-204
        - armed robberies 205
        - black market, counterfeit currency and illicit foreign currency 201-202
        - commodities smuggling 202
        - counterfeit goods trade 202-203
        - customs fraud 203
        - drug trafficking 200-201
        - factors contributing to 210-212
        - human trafficking 204
        - medicines, import of expired and faked 205-206
        - money laundering 206
        - natural resources smuggling 199-200, 202
      - Police, Sierra Leone 212-213
      - political history 174-176
      - post-conflict Sierra Leone, 2002 to date 191-198
        - corruption 197
        - demobilisation and disarmament 194
        - government authority, extent of 195
        - livelihoods and services 192-193
        - natural resources 195-197

- return of refugees and displaced people 194-195
  - TRC and special court 195
  - youth, concerns relating to 197-198
- Rarah boys* 80
- rule of law (2004) 79
- Special Court for Sierra Leone 31, 137, 156, 184, 195, 206
- Stevens era 174-176
- transnational crime networks 206-210
  - Guinea 209-210
  - Israeli 208
  - Lebanese 206-208
  - Liberian 209
  - Nigerian 208-209
  - Russian 208
- transnational organised crime elements 206-214
  - Anti-Corruption Commission 214
  - crime networks 206-210
  - criminal justice system, re-establishing 212
  - factors contributing to organised crime 210-212
  - justice system 213
  - Sierra Leone Police 212-213
  - weapons trafficking 189
- Sierra Leone Central Bank 201
- Sierra Leone National Forum for Human Rights 77
- Sierra Leone People's Party (SLPP) 167, 175, 180-182, 186, 191, 197
- Sierra Leone Police 77, 212-213
- Sierra Leone Police Force (SLP) 77, 142, 189, 200, 203, 205, 210, 212
- Sierra Leone Produce Marketing Board 170
- Sierra Leone Selection Trust (SLST) 170
- small arms proliferation 138
  - see also* arms trafficking; weapons trafficking
- smuggling
  - in Angola 255-256
  - in Zimbabwe 351, 360-361
- Snamprogetti 53
- social disintegration
  - in West Africa 105-107
- social governance
  - and organised crime 105-110
- social security nets
  - in South Africa 18
- Sociedade de Comercialização de Diamantes de Angola*
  - see* Sodiam
- Sociedade Nacional de Combustíveis (Sonangol)* 236, 245-246
- Société Internationale de Plantations d'Heveas* 100
- Société Minière de Senga Senga (Sengamines)* 291
- Sodiam (*Sociedade de Comercialização de Diamantes de Angola*) 251
- South Africa
  - 1980s 225
  - armed robberies 386
  - authorities on drug trafficking in West Africa 120-121
  - body parts trafficking 334-335
  - borders 317, 347
  - Chinese triad gangs 338
  - civil war, low-intensity 18
  - corporate governance rating 76
  - counterfeit products 333
  - crime figures 386
  - crime networks in 121, 150, 244, 307, 309, 318, 338, 368, 388
  - crimes committed by Zimbabweans in SA 372
  - 'crimes of persuasion' and fraud 147, 150
  - currency fraud 337
  - democracy, transition to 223
  - development indicators 227
  - drug trafficking/smuggling 252, 321-324, 352, 362
  - economic data 227
  - fraud case study 150
  - GDP 227
  - Gini co-efficient 96
  - human trafficking 124
  - immigrants in 224
  - inequality 96
  - influx of Nigerians into SA 337
  - ivory smuggling 223
  - medicines smuggling 359

- money laundering 324-325, 337
  - organised crime 385-386
  - regime type 226
  - stolen goods trafficking 333
  - theft of vehicles 247, 331-332, 365
  - tobacco smuggling 351, 360-361
  - weapons smuggling into 313
  - South African Broadcasting Corporation (SABC) 279, 322
  - South African Defence Force (SADF) 233, 238
  - South African National Defence Force (SANDF) 360, 367
  - South African Police Force
    - see* South African Police Services
  - South African Police Services (SAPS) 121, 320, 331, 338, 372, 388
  - South West African People's Organisation (Swapo) 221, 224, 234
  - South African Foreign Military Assistance Act 42-43
  - South African Military Intelligence Directorate 310
  - southern Africa
    - colonial era exploitation and organised crime 217-219
    - development indicators 227
    - organised crime in 1980s 224-225
    - organised crime in Early Independence Era 219-224
    - organised crime in present day 225-228
    - regime types 226
    - war and organised crime in 217-228
  - Southern African Development Community (SADC)
    - see* SADC
  - Southern African Development Indicators 227
  - Southern African Regional Police Chiefs Co-ordinating Organisation 374
  - South American crime networks 117, 252, 338
    - in Mozambique 339
  - Special Court for Sierra Leone 31, 137, 156, 184, 195, 206
  - state corruption 28-29, 36
    - and organised crime in West Africa 38-39
    - forms of 29
  - state plunder
    - and organised crime 29-32
  - Stevens, Siaka 31, 36, 174, 176
  - stolen goods
    - in Mozambique 333, 337-338
    - transnational organised crime networks 336
  - stolen vehicles
    - crime networks in SA involved in 388
    - recovered in West Africa 142
    - SADC crime networks 260
    - trade in Angola 255
    - trade in Mozambique 309, 321, 330-332
    - trade in Zimbabwe 364-365, 373
    - trafficking in 247, 321
  - Strasser, Capt Valentine 180-181
  - sugar smuggling 133, 223, 332, 342, 360-361
  - Swaziland
    - body parts trafficking 334
    - Chinese triad gangs 338
    - cocaine trafficking 323
    - criminal networks 333, 337
    - development indicators 227
    - economic data 227
    - GDP 227
    - regime type 226
  - Syndicat Autonome des Magistrats du Niger* 77
- T
- tabula rasa* 60
  - tantalum
    - see* coltan
  - Tanzania 263, 286, 386
    - crime networks in Mozambique 309, 317, 322-323, 337-338
    - development indicators 227
    - economic data 227
    - GDP 221, 227
    - regime type 226
    - stolen vehicles shipped to 331
  - tax evasion 388
    - and transfer pricing 153
    - in DRC 288, 295, 307



- in Sierra Leone 211
    - in West Africa 87
    - trafficking in commodities, and customs, and 131-136
  - Taylor, Pres Charles (Liberia) 24
  - Technip 53
  - Telecom Malaysia 99
  - telephone card fraud 152
  - The Gambia
    - see* Gambia
  - third party interventions
    - and civil war 15-16
  - Tidalwave 148
  - Tilley, Charles 16-17
  - timber
    - illicit trade in 47, 58, 130, 138, 199, 222-223, 290, 294, 305-306, 400
    - trafficking 130
  - tobacco smuggling, in Zimbabwe 360-361
  - Togo 24
    - corruption control (2004)* 72
    - corruption perception surveys 71
    - development indicators (2003) 95
    - financial institutions (2000) 154
    - GDP 95
    - government accountability 69
    - mining and manufacturing industries 86
    - rule of law (2004) 79
  - trade
    - growth of informal and criminal West African trade 84-89
    - trade liberalisation 23, 100, 408
      - and economic reform in West Africa 97-103, 109
    - trade sanctions against Angola 402
  - trading blocs
    - African 102
  - trafficking
    - arms 136-140
    - humans 121-127
    - in commodities, and customs and tax evasion 131-136
    - in conflict commodities 127-131
    - natural resources 127-131
  - Transformação de Armas em Enxadas* ('Swords into Ploughshares': TAE) 314
  - transition, countries in
    - tough measures to fight organised crime 407
  - transnational communities 107-109
  - transnational crime networks
    - see also* crime networks
    - in Mozambique 336-339
    - in Sierra Leone 206-210
  - Transparency International (TI) 70, 100, 408
  - Traore, Moussa 29
  - Trinity Investment 294
  - Triple Option Trading 42
  - Truth and Reconciliation Commission (TRC) 187-188, 195, 200
    - Sierra Leone 195
    - South Africa 222
  - truth and reconciliation commissions
    - to fight against organised crime 402
  - Tsvangirai, Morgan 354
- U
- Uganda 32
    - forces and allies in DRC conflict 293-294
    - influence in DRC 305
  - Ulba Mechanical Works 288
  - Unicorn Import/Export 350
  - Unilateral Declaration of Independence (UDI) 348
  - Union Pour la Démocratie et le Progrès Social* (UDPS) 266, 271
  - Unita (*União Nacional para a Independência*) 221-222, 231, 233-245, 247-248, 258-260, 268, 292, 382-383
  - Unita crime networks 260
  - United Kingdom (UK) 43, 53, 60, 90, 138, 160, 162
    - aid to Sierra Leone 214
    - authorities on drug trafficking in West Africa 119
    - banking fraud in, by Zimbabwe 363
    - drug trafficking to 119, 124, 148, 200, 352
    - email scams involving Nigerians 148
    - export partner of Sierra Leone 193
    - fraud in, sex chat lines 152
    - funding of Sierra Leone police 213
    - import partner of Sierra Leone 193

- people smuggling into 204
  - smuggling during war 211
  - UN Children's Fund (UNICEF) 123, 240, 271
  - UN Convention against Crime 401-402
  - UN Convention against Transnational Organised Crime 2000 4, 29, 347
  - UN Convention
    - establishment to fight organised crime 401-402
  - União Nacional para a Independência* see Unita
  - Union Économique et Monétaire Ouest Africaine* (UEMOA) 90, 101, 144
  - UN (United Nations) 392
    - interventions, to fight organised crime 404
    - peacekeeping missions, fighting organised crime 399
    - recommendations to reduce operations of crime networks 399-404
    - sanctions, to fight organised crime 402-404
  - UN Children's Fund (UNICEF) 240, 271
  - UN Convention Against Transnational Organised Crime 4, 29, 347
  - UN Development Programme 355
  - UN Human Development Index 40, 96, 166
  - UN High Commission for Refugees (UNHCR) 194
  - UN Integrated Office for Sierra Leone (UNIOSL) 191
  - Union des Nationalistes et Fédéralistes du Congo* 273
  - Union Économique et Monétaire Ouest Africaine* (UEMOA) 101
  - Union Pour la Démocratie et le Progrès Social* (UDPS) 266, 271
  - UN Millennium Development Goal 228
  - UN Mission in Sierra Leone (UNAMSIL) 142, 183, 189, 191, 200, 208-209, 212, 215
  - UN Mission in Liberia (UNOMIL) 136
  - UN Mission to the DRC
    - see *Mouvement pour la Libération du Congo*
  - UN Office for Drug Control and Crime Prevention (ODCCP) 344
  - UN Office on Drugs and Crime (UNODC) 26, 386
  - UN Palermo Convention 393
    - Supplementary Protocol of the 121 UN Security Council 48, 165, 183-184, 191, 270, 276-277
  - UN Security Council passed Resolution 1291 277
  - UN Security Council Resolution 1300 184
  - UN Security Council Resolution 1493 277
  - UN Security Council Resolution 1533 277
  - Unusual Transaction Reporting Centre (Netherlands) 148
  - US (United States)
    - authorities on drug trafficking in West Africa 118-119
    - email scams involving Nigerians 148
  - US African Growth and Opportunity Act of 2004 78
  - US Central Intelligence Agency 265
  - US National Intelligence Council 38
  - US National Intelligence Council Report (2005) 38, 133
  - US Securities and Exchange Commission 53
- V
- Van Brink, Arthur 285
  - vehicle theft 141-143
    - see also car hijackings
    - illicit trade
      - in Angola 255
      - in Zimbabwe 364-365
    - stolen vehicles, trade in Mozambique 330-332
      - trafficking in stolen, in Angola 247
    - Victoria Group 294
  - violent crime 8, 121
    - causes of 18
    - Equatorial Guinea 41, 388
    - increase in West Africa since 1990s 26
    - inequality as cause 19

- Mozambique 315, 335, 342, 344, 389  
 Sierra Leone 139  
 Zimbabwe 389  
*Voix des Sans Voix* (VSV) 274  
 Von Lampe, Klaus 7
- W
- Wade, Pres Abdoulaye 75
- war/s  
*see also* civil wars  
 and organised crime in Angola 237-247  
 and organised crime in DRC 284-290  
 and organised crime in southern Africa 217-228  
 and organised crime in Zimbabwe 355  
 warlord culture, in West Africa 107  
 weapons  
 demobilisation and problems posed by, in DRC 278-280  
 trade in DRC 285-287  
 weapons trafficking  
*see also* arms trafficking  
 in Sierra Leone 189
- West Africa  
 corruption and organised crime 39-59  
 corruption control (2004) 72  
 crime networks 113-121, 259  
 criminalisation of state 32-34  
 causes of 34-37  
 criminal justice system and Rule of Law 76-81  
 case studies 79-81  
 countries' percentile ranking (2004) 79  
 drug trafficking 113-121  
 economic governance and organised crime 83-104  
 economic reform and trade liberalisation in 97-103  
 government accountability 68-69  
 growth of informal and criminal trade 84-89  
 human trafficking 121-127  
 impact of post-1990 economic reform policies and trade liberalisation on nature of  
 criminal networks  
 informal economy size (1999-2003) 98  
 manufacturing industry 86  
 mining industry 86  
 money laundering, combating of 158  
 organised crime 38-39  
 diaspora networks and 107-109  
 political governance in 66-76  
 corruption in 70-76  
 government accountability 68-69  
 in flux 67  
 political participation 68-69  
 war against *Pajeros* 70-76  
 population 25  
 regulatory quality (2004) 99  
 Rule of Law (2004), countries' percentile ranking 79  
 state corruption in 38-39  
 transnational communities 107-109  
 transnational networks supporting organised crime in 111-162  
 types of organised crime 111-162  
 warlord culture 107
- West African Currency Board 88, 172  
 West African Economic and Monetary Union (WAEMU) 91, 135  
 West African Monetary Zone 144  
 Williams, Phil 6, 159-160  
 Winer, Jonathan 9, 408
- women  
 drug trafficking using women as mules 252-253  
 imprisonment of couriers 119  
 rape of, in Zimbabwe 367  
 trafficking in 123-124  
 between Edo State (Nigeria) and Italy 125-126  
 in Angola 254  
 in Mozambique 333-334  
 West Africa 121-124, 204
- Woods, Geoffrey 40  
 World Bank Industrial Enterprise Restructuring Project 327

- World Bank Small and Medium Enterprise Development Project 327  
 World Health Organisation (WHO) 272  
 World Trade Organisation (WTO) 102
- Z
- Zambia  
 crime networks in Angola 258-259  
 economic data 227  
 GDP 227  
 regime types 226
- Zairian Defence Force (FAR) 267-270
- Zhong-Zhong* goods 368
- Zimbabwe  
 advance fee fraud 361-362  
 after independence 349-350  
 armed robberies 362  
 artisanal miners in 4  
 banking fraud 363-364  
 black market  
   currency 358-359  
   food 360  
   fuel 359  
   medicines 359  
 car trade, illicit 364-365  
 case study 347-377  
 corruption 353, 376-377  
   in business sector 368-369  
   in government 370-372  
 criminal justice system,  
 emasculation of 357  
 crisis, current factors linked to 375-377  
 cross-border trade 351-352  
 currency fraud 358-359  
 customs fraud 368  
 drug smuggling 352-353  
 economic data 227  
 economic impasse 353-354  
 economy, fragile 375-376  
 GDP 227  
 fraud 361-362  
   in business sector 368-369  
 fuel shortages 359  
 'grey' products 368  
 hijackings 351-352  
 involvement in crime in other countries 372  
 land issue 355-356  
*Maguma Guma* 367-368  
 natural resources, theft of 366-367  
   diamonds from DRC 366-367  
 organised crime 351-353  
   black market 358-360  
   current situation 353-357  
   factors contributing to increase in 372-374  
   political crisis 354  
   regime type 226  
 smuggling 351, 360-361  
   drugs 361  
   sugar 361  
   tobacco 360-361  
   war in DRC 355  
 Zimbabwe African National Liberation Army (Zanla) 310  
 Zimbabwe African National Union (Zanu) 348, 350, 353-357, 369, 371, 376-377  
 Zimbabwean African Peoples Union (Zapu) 348, 350  
 Zimbabwean Defence Force (ZDF) 291-292, 348, 350, 353, 355, 366, 377  
 Zimbabwe National Liberation War Veterans Association (ZNLWVA) 355  
 Zimbabwe Republic Police (ZRP) 357-358, 361, 366, 372, 376  
 Zimbabwean Reserve Bank 354, 358  
 Zimbabwean Revenue Authority 376

The links between war and organised crime do exist. The presence of natural resources may prolong civil wars in Africa. However, in many instances civil wars and organised crime have the same origin: a combination of poor political, economic and social governance at a national, regional and international level. Both resource-rich (Sierra Leone, Angola and the Democratic Republic of Congo) and poorer nations (Mozambique) experienced organised crime prior to, during and after the eruption of civil wars.

Political instability and civil wars have had an impact on the nature and extent of organised crime. However, it is also clear that the phenomenon of organised crime in Africa cannot be disaggregated from the broader challenges that face African states and societies. The most significant underlying causes of organised crime lie in the nature of the state, the economy and society, combined with external global crime trends and globalisation. Weak, ineffective and authoritarian states, which are unaccountable to their citizens, are likely to experience high levels of organised crime. The growth in international syndicated crime, the development of global markets and supply chains for the transfer of illicit goods and the ease of international travel and communications provide multiple opportunities for criminal entrepreneurs.

This book is the culmination of a three-year research project at the South African Institute of International Affairs, which examined the relationship between civil war and organised crime in West and Southern Africa, focusing specifically on Angola, the DRC, Zimbabwe, Mozambique and Sierra Leone. The volume is organised into two sections. The first focuses on definitional issues and the theoretical background of the nexus between organised crime and conflict and its various manifestations. This is done mainly against the backdrop of the growth of organised crime in West Africa. The second section includes an in-depth discussion of the presence of organised crime in each of the individual case studies.

This publication is funded by the Rockefeller Brothers' Fund (RBF), the Open Society Initiative of Southern Africa (OSISA), and the Austrian Embassy, Pretoria.



Austrian Embassy  
Pretoria

ISBN: 1-919969-41-1  
The South African Institute of International Affairs (SAIIA)  
P O Box 31596 Braamfontein 2017, South Africa  
Tel: 27-11-339-2021  
Fax: 27-11-339-2154  
[www.saiia.org.za](http://www.saiia.org.za)

ISBN 1-919969-41-1



9 781919 969411

