This report has identified several often overlapping or mutually reinforcing criminal economies operating in West Africa. They use different methods, and are enabled by networks of both domestic and international actors. This chapter proposes an analytical framework for understanding the implications of criminal economies and their IFFs, based on three factors: where the good is sourced and whether there is a local market; the actors or networks involved; and where the IFFs are earned and invested. Applying this analytical framework conveys the nature and scope of the criminal economy in question, the underlying actors, interests and incentives behind it and the priority for harm-mitigating responses. It then provides a brief look at 13 different forms of criminal economies, according to a three-part typology: illegal activities, illicit trade in legal goods and illicit resource extraction. Each case provides an overview of the scale of the flow, the geographic area of vulnerability, the key actors involved, and the implications and impacts of illicit financial flows.
Introduction

A wide range of criminal economies are operating in West Africa. They involve different operating modes, networks and actors (both domestic and international), and are prevalent in different states and locations across the region. The illicit profits generated by these criminal economies also exit the formal economy through different means as illicit financial flows (IFFs).

Both directly and indirectly, criminal economies and their associated IFFs reduce the physical security, well-being and productive opportunities of West African citizens. Criminal economies are often underpinned and sustained by violence, exacerbating insecurity for ordinary citizens, particularly women and youth. Profits from illicit trade can further enrich groups involved in ongoing conflicts, including terrorism, and act as a potent driver of conflict, thereby undermining the potential for development. This environment simultaneously constrains legitimate economic growth, which acts as a disincentive for both domestic and foreign actors to invest, and allows criminality to thrive. At the same time, unchecked exploitation of the region’s natural resources is causing irreparable damage to ecosystems, the environment and the livelihoods that depend on them, exacerbating the long-term fragility of the region as a whole. This study demonstrates the Gordian Knot of mutually reinforcing political, economic, social and developmental challenges facing the West African region. It also highlights the risks of simply falling back onto border-control strategies and law enforcement, which alone cannot effectively address the multidimensional nature of the threat.

This chapter establishes an analytical framework for understanding and prioritising the harms arising from criminal economies, thereby enabling a range of actors (national governments, regional actors and international partners) to better identify where they can apply their own set of responses. It then provides a brief overview of the major forms of criminal economies in the region, the scale of the flow, the geographic area of vulnerability, the key actors involved, and the implications and impacts of IFFs. To facilitate the analysis, the chapter breaks down criminal economies into three categories that align with the conceptual framework presented in Chapter 1: illegal activities, illicit trade in normally legal goods and illicit resource extraction. This typology divides criminal economies according to the nature of the good and practice, whether it is inherently illegal, and whether the traded commodity is generated inside or outside of the region. It also examines the extent to which it has a local market.

The next section draws on the findings of the report to propose a new framework featuring the five dimensions of harm. This framework may allow policy makers to rank the different forms of harm to inform policy design.

A development framework for analysing harm

Studies of criminology, sociology and development have put forth several ways of categorising and quantifying harm, with varying degrees of complexity (Dorn and Van der Bunt, 2012). The definition of harm also depends on perspective: different harms are experienced by different stakeholders – upstream, midstream and downstream – and in source, transit and destination countries. Thus, it is important for development actors to analyse harm through the lens of development objectives, as well as their own mandate to respond effectively to criminal economies and IFFs. A recent assessment (Global Initiative, 2014a) found that organised crime serves as a cross-cutting spoiler to achieving
the Sustainable Development Goals by 2030, and a serious threat to attaining several core goals related to health, the environment, and peaceful and stable societies.

Development objectives can be grouped into five broad areas, which can be commonly identified and provide a useful lens for further analysis. These harms or impacts can be analysed and felt at the individual, community, national or international level, albeit with differences based on demographics, gender and individual or group vulnerability.

These harms are:

- **Physical**: harm to persons (homicides, violent crime) or physical infrastructure (damage to property).
- **Societal**: harm that creates or exacerbates societal tensions (including by inciting violent conflict, targeting individuals or groups on the basis of their ethnicity, identity or gender), and engenders economic or social marginalisation or exclusion.
- **Economic**: direct or indirect harms including IFFs that draw funds away from the legitimate economy, or divert resources to prevent or respond to criminally motivated harms, or to treat and compensate its victims. Indirect harms include damages to the economic climate, competitiveness, and investment and entrepreneurship cultures.
- **Environmental**: harm to the environment resulting from the unsustainable use of environmental resources, as well as damage to the environment caused by the by-products of criminal activity.
- **Structural/governance**: harm having a detrimental effect on the rule of law or the quality of governance owing to corruption, as well as the erosion of the state’s reputation, legitimacy and authority.

The forthcoming case studies clearly demonstrate that different criminal economies in West Africa manifest themselves through different types of harm; all of the above categorisations can be found in one way or another in the region. Without a more granular analysis focusing on the specific criminal economy, the political-economy context and the respondent, it is not possible to argue that one type of harm is more important, dangerous or urgent than another. In fact, all stakeholders need to participate in this assessment, and the result will accordingly determine a shared course of action.

The nature of harm is subjective: moral and societal values both contribute to perceptions of what is “harmful”. Although they are perhaps desirable, there are no existing universal standards to be applied. What some nations might consider as criminal activity may not be viewed as such locally. When analysing and programming development co-operation, caution should be taken not to demonise what may be less than ideal or create new problems for which no solution readily exists. Aggressive moves to change these business practices, or prevent them altogether, must be accompanied by moves to replace them with alternative sustainable livelihoods; failing that, vulnerability will increase. A more appropriate response might be to enhance social protections for the individuals most exposed – typically the frontline workers – through better monitoring and oversight, offering government subsidies to replace those offered by opportunistic criminal networks, and gradually shifting these essentially informal economies into the formal sector.
Towards a prioritisation framework

Again, an analysis of criminal economies and IFFs in West Africa identifies three major determinants of their impact: (i) whether the good is sourced locally or externally, and whether there is a local market; (ii) the actors and networks involved; and (iii) how IFFs are earned and where they are invested. These questions are best analysed congruently, to determine the extent and nature of the harm.

(i) Where is the good sourced, and is there a local market?

Establishing where the goods are sourced is an important factor for determining the likely harm or impact of a given activity. When a good is sourced and traded close to home, the extent of the harm on the domestic economy in question is likely to be greater, given the range of local actors and interests who are likely involved. It is equally important to know whether there is a local market demand for those goods, as it will signal the level of engagement of the local population and the economic importance of that illicit activity, i.e. the extent to which it may be a source of livelihoods within the local economy. Do the goods have value for local consumers? Will local communities be invested in protecting their continued flow as an invaluable and potentially irreplaceable source of local income and employment? Asking these questions can help host governments better assess the likely success of potential measures seeking to address them.

(ii) Who are the actors and networks involved in the illicit trade or economy?

This is an important political-economy question, designed to examine the underlying agency and incentives associated with the specific activity and ascertain which individuals may be involved (e.g. public, private, entrepreneurial or criminal interests; communal, traditional or even faith-based networks); how heavily invested they are in the illicit activity; the extent of their influence (i.e. their access and control over the criminal economy); and the nature of their public and private interactions (e.g. do they interact with political figures, senior public officials, private-sector or entrepreneurial persons, and regional or international interests). Understanding these dynamics will enable policy actors to respond by crafting better tailored policies that have some likelihood of success.

(iii) Where is the IFF earned and invested?

The impact of a criminal economy – and hence the response required – largely depends on how the IFFs generated by the activity are earned and where they are invested. This study found that regardless of how they are earned, IFFs that remain in the community, country or region contribute to the informal economy, even when they are clearly illegal (i.e. cybercrime); this has important development consequences. On the one hand, tackling or diminishing these activities could prove difficult, because they generate local public goods (e.g. local services and secondary employment). On the other hand, these activities could be seen as displacing existing local-market activities, or spiriting away resources that could have benefitted the local community. In short, the nature of the revenues earned, and their subsequent investment, will dictate the feasibility or likely success of interventions aiming to address them.

Regardless of how they are earned – and even if they are outright illegal – IFFs that remain in the community, country or region contribute to informal economic activity. Understood in this way, they can be seen as distorting local market forces, as they impact
legitimate industries and the formal sector. At the same time, they generate income locally, which will grow the economy as a whole and create livelihood opportunities. If sustainable, these livelihood opportunities will attract people from across the region.

Where IFFs generate local income, they invariably garner the protection of those to whom the income accrues, who are likely to resist – including through violence or protest – efforts to restrict their income. Criminal economies with local markets and locally invested IFFs also typically play into local power hierarchies, resourcing and strengthening the individuals controlling the flow. This is significant, regardless of whether a terrorist group is extorting a protection tax, or local businesses or politicians are being enriched by the flow. Local distribution of IFFs also accrues local legitimacy, particularly if the local market is significantly larger than other industries. This is an issue in all cases, particularly when it relates to industries that increase the risks of conflict or terror.

By contrast, industries whose IFFs are mostly accrued or invested abroad have an entirely different dynamic. The extraction of goods indigenous to the region is a net loss to the state and its citizens. This is particularly true when the resource is finite, and its illegal extraction has a potentially irreversible impact on the environment or species sustainability. If the criminal economy lacks a local market and the IFF value chain is realised elsewhere, the trade is predominantly a transit trade (as is the case of cocaine trafficking). In such cases, interventions may simply serve to displace IFFs travelling through particular transit routes towards a more favourable environment; an effective response requires tackling both supply and demand issues. Where the IFF is mainly moving externally, responses should target those who benefit the most from the flow: the producers at the source (e.g. in the case of counterfeiting), those that pillage the market (e.g. illicit fishing), the vendors at the destination (e.g. drug trafficking) or the gatekeepers to the illicit resource (e.g. government officials negotiating extraction licences).

Criminal networks have demonstrated their ability to adapt to changing conditions and define new paths. National authorities should consider the local conditions that have made this a suitable transit route. Even if one criminal economy or commodity can be controlled, it will not take long for another criminal economy to emerge if the same conditions continue to exist.

Building on the findings of the first report delivered by the OECD on Illicit Financial Flows from Developing Countries: Measuring OECD Responses (OECD, 2014), this report focuses on illicit trade, and the illicit financial flows and developmental impacts arising from it. When analysed together, the three questions outlined above allow decision makers to better understand the potential harm generated by the illicit or criminal activity in question. They offer insights into the way in which development actors can frame, prioritise and sequence their prospective interventions.

To a large extent, gauging the developmental impacts or harm generated by these activities is a subjective exercise. Not all activities are strictly illegal, and not all illicit activities are stigmatised as criminal acts. Some may be seen as entrepreneurial measures, or as survival and subsistence strategies. Although the following section distinctly analyses the different forms of illicit trade, these often exhibit a high degree of overlap and convergence. In many cases, the same actors and networks enable multiple forms of illicit activities. As such, any attempt to map the continuously evolving context of illicit trade in the region involves identifying a confluence of different threads in a vast, transnational web of activity. It also requires knowing how the threads connect and influence each other.
Illegal activities

At a global level, the scale of criminal proceeds in the region has been estimated at 3.6% of global gross domestic product (GDP); the proceeds from transnational organised crime resulting from drug trafficking, counterfeiting, human trafficking, oil bunkering, environmental crimes, arms trafficking and others equal around 1.5% of GDP. About one-half of this amount relates to drug trafficking (United Nations Office on Drugs and Crime [UNODC], 2011a). The proportion may be higher in the informal economies of West Africa.

Deriving the value of flows at a continental or subregional level is challenging. It involves breaking down those flows, estimating where the profits are derived along the chain, understanding how they are entering the formal economy through money-laundering techniques, and estimating whether and how much of the flows leave the national jurisdiction.

Drug trafficking

Three major illicit drug flows transit through West Africa: cocaine, cannabis and methamphetamines. The cocaine trade is estimated to represent the highest value.

Nature and scale of the flow: since approximately 2007, West Africa has become known as a transit zone for cocaine from Latin America destined for European markets. Cocaine is widely considered the “king” of drug trafficking, generating the largest profits of any other illicit market in this region, as well as globally. Because of the flow’s high value and the lack of an indigenous market, cocaine trafficking has had the greatest impact of all drug flows on the region’s illicit economy and stability (Shaw, Reitano and Hunter, 2014).

An analysis of the global value chain of the cocaine trade has shown that only a small share of the profits from cocaine are realised in Africa. As shown in Table 3.1, the 2009 cocaine trade flow was worth USD 34.8 billion (US dollars) in North America and USD 27.5 billion in Europe; the value of the cocaine trade in Africa was a mere USD 1.6 billion, with only USD 600 million remaining on the continent, and 62% being laundered abroad (UNODC, 2011a). Although these figures cover the African continent as a whole rather than just West Africa, there has been little evidence of cocaine trafficking in other regions, besides a small amount in South Africa. Thus, it is broadly assumed that most of this flow is at least initially landing in West Africa. As a result most of the profits from the trade are likely being earned in this region. The forthcoming case study on illegal narcotics transiting through West Africa estimates that West African actors earn only USD 40 million per year from the drug trade (OECD, forthcoming a).

<table>
<thead>
<tr>
<th>Continent</th>
<th>Gross profits (USD billion)</th>
<th>Profits available for laundering (USD billion)</th>
<th>Overall share laundered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>27.5</td>
<td>15.1</td>
<td>55%</td>
</tr>
<tr>
<td>North America</td>
<td>34.8</td>
<td>20.0</td>
<td>57%</td>
</tr>
<tr>
<td>South America</td>
<td>17.8</td>
<td>15.1</td>
<td>85%</td>
</tr>
<tr>
<td>Asia</td>
<td>1.5</td>
<td>0.8</td>
<td>55%</td>
</tr>
<tr>
<td>Oceania</td>
<td>1.3</td>
<td>0.8</td>
<td>58%</td>
</tr>
<tr>
<td>Africa</td>
<td>1.6</td>
<td>1.0</td>
<td>62%</td>
</tr>
</tbody>
</table>

Source: UNODC (2011a).

Demand for cocaine has been stable, if not slightly declining in Europe over the past few years, and global attention has increasingly targeted the West African drug trade,
resulting in greater interdiction efforts. Coupled with increased instability in the Sahel and North Africa, the 2009 estimates are likely higher than what is currently trafficked through the region. A 2014 UNODC report observed that the extent of drug trafficking in West Africa was hard to assess, and seizure rates were low, which has been attributed to corruption and complicity.

Since 2011, West Africa has become a prominent region for methamphetamine manufacturing. In that year alone, five methamphetamine labs were discovered and dismantled in Nigeria. According to seizure reports, methamphetamine has been trafficked from West Africa, either directly or through South Africa, to markets in Asia and Europe (UNODC, 2014b). Between 2007 and 2012, the highest levels of seizures of methamphetamines were recorded in Niger, followed by Benin, Ghana and Côte d’Ivoire. This indicates that both land and sea routes are used to disperse the drugs following their production in Nigeria and Ghana. In 2010, the value of the methamphetamine drug trade in the region was estimated at USD 330 000 (Bavier, 2013). Given the increased activity around the drug, and higher prices and demand for it in Asia, this value has likely increased.

Negligible information is available about the cannabis trade in West Africa, where the cannabis is of a lower quality than that produced in North Africa and not suitable for export to either North America or Europe. Produced predominantly in Nigeria, Ghana, Senegal and Togo, it is assumed to be sold predominantly in local markets. West and Central Africa number an estimated 11-31 million cannabis users (UNODC, 2011b).

Although the local demand for illicit drugs remains relatively low, there is considerable concern that drug use in the region is growing (West Africa Commission on Drugs [WACD], 2014). Profits from drug trafficking in the region are derived from the safe movement of the illicit commodity across the territory, rather than from domestic sales. A 2012 report singled out Nigeria as having significant levels of demand for cannabis and methamphetamines, and to a lesser extent, cocaine (UNODC, 2012a).

The extent to which the region is used for transit can change significantly year on year, depending on comparative controls of alternative routes. For example, the increasing role of West Africa, as well as East and South Africa, as heroin-trafficking hubs has been attributed to increasing controls along the traditional Balkan route from Central Asia to Europe (European Monitoring Centre for Drugs and Addiction, 2015).

Within the West African transit region, the criminal economies of the drug trade have concentrated around weaker states, in areas where state control is known to be low and it is easier to protect the flow. The innovation and relentless criminal entrepreneurism of the cocaine trade is particularly well documented. West Africa has gained a reputation as a safe haven for cocaine traffickers, and nearly all West African states have been accused of ties to the cocaine trade (Ellis, 2009). Nigeria has the longest history of drug trafficking: its status as a transport point for heroin was reported as early as the 1950s (Ellis, 2009); this is reflected in the country’s dominance of the region’s drug trade.

Seizure data between 2007 and 2011 indicated that most of the cocaine flow is channelled through the coastal states of West Africa, with corridors focusing on two hubs. Ghana is the entrance point of the southern locus, through which cocaine is taken to Togo, Benin and Nigeria before being shipped to consumption markets (Oxford Analytica, 2013). The northern platform has Guinea-Bissau as its primary entrance corridor, although Sierra Leone has also been used (Figure 3.1). Once on the African continent, cocaine is distributed to Senegal, Guinea, Gambia and Mali for movement to Europe (Madeira et al., 2011).
Over 2007-11, the largest volume of the cocaine trade through West Africa was conveyed by sea. A more recent UNODC report, based on 2012 drug seizures, asserted that cocaine trafficking is done mostly by air (UNODC, 2014c). A small proportion of the flow transits by land, moving northwards from the West African coastal states through Mali or Niger, across the Sahara to Libya and other North African states. Recent studies have suggested that French intervention in northern Mali only briefly interrupted (or diverted) this flow; it has subsequently resumed, shifting eastward as far as Lake Chad (Reitano and Shaw, 2015).

**Key actors:** Colombian drug cartels, as well as other South American groups, traditionally dominated the global cocaine market. When Latin American traffickers began moving their drugs through West Africa, the ownership of the drugs largely remained in foreign hands, and locals received only a small fraction for their logistical assistance (UNODC, 2011c). Under this system, the profits for West Africans employed by foreign criminal groups could be substantial: individuals could earn up to one-third ownership of cocaine shipments. This “commission in kind” was used to feed West African distribution networks in Europe, and to develop a domestic market (Alemika, 2013). A number of ethnographic studies have observed that Latin American drug dealers originally sought partners at the highest levels of the state to penetrate West African coastal states, especially those who could control transport hubs or deploy military assets among military and political networks to protect the trade. This is the case in Guinea-Bissau, where the trade has taken root most notoriously (Shaw, 2015), as well as in Sierra Leone and Liberia (Vorrath, 2014), and other neighbouring states.

There is evidence that South American organised-crime groups continue to play a major role in the region. Recent trends, however, indicate that Latin American cartels seem to be transferring more risk and responsibility to their African partners: African organised-crime groups are moving up the hierarchy, and becoming more proactive and powerful in the drug trade (Europol, 2011). In parallel, local groups (including key political and military actors in some countries, and more traditional organised criminal
groups) are taking greater vertical ownership of the lucrative trade, controlling flows from top to bottom. Corruption across West Africa plays a visible role in cocaine trafficking in the region, with high ranking and well-connected individuals in many states implicated in the trade (WACD, 2014).

Growing evidence suggests that criminal organisations involved in smuggling methamphetamine exploit West Africa in ways similar to cocaine traffickers (UNODC, 2012a). Seizures of methamphetamine emanating from West Africa started to increase in 2008; the substance was being smuggled into East Asian countries, predominantly Japan and Korea. Ultimately, however, little is known about the growing methamphetamine trafficking in the region. Until alarm bells are more aggressively sounded, national law-enforcement agencies will continue to concentrate efforts on cocaine and cannabis (UNODC, 2013a, 2013b).

**IFF implications and development impact:** cocaine, a commodity with an approximate value of USD 2 billion may be pocket change relative to the global market; in the small economies of West Africa, however, the amount is substantial. In 2009, it would have exceeded total GDP in a number of states, with significant impacts on the political economies of the countries in question (Table 3.2).

<table>
<thead>
<tr>
<th>Country</th>
<th>National GDP in 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liberia</td>
<td>1.155</td>
</tr>
<tr>
<td>Gambia</td>
<td>0.9</td>
</tr>
<tr>
<td>Guinea-Bissau</td>
<td>0.825</td>
</tr>
</tbody>
</table>

*Source: World Bank (2014a).*

No systematic estimates of the impact of drug trafficking on economic activities have been made, but the available evidence suggests that profits from the drug trade have remained concentrated in a few hands. WACD (2014) concluded that only a few individuals – who appear to be at the top of the pyramid of political actors – generally benefit from the trade. There is minimal trickle-down to the local economy, as – consistent with the UNODC (2011) report – little profit remains in the fragile countries through which narcotics transit (WACD, 2014). Bribes to low-level customs, borders, security and enforcement officials have largely remained in the country in which they are paid, and are most often used to better their living standards (Intergovernmental Action Group against Money Laundering in Africa [GIABA], 2010). According to estimates laid out in the relevant case study, 80% of the estimated USD 40 million earned every year remains in the region, and is spent on local operations and patronage systems. The remaining 20% enter the formal banking system and are laundered through the region’s larger economies, i.e. Ghana, Senegal or Nigeria (GIABA, 2010).

The literature documents the impact of illicit trafficking on governance, rule of law, and peace and security in the region (Ellis, 2009; Alemika, 2013; Bøås, 2012; Briscoe, 2013; Aning and Pokoo, 2014; Gberie, 2015; Howell and Atta-Asamoah, 2015). The funds generated by cocaine trafficking transiting through West Africa have reportedly been used to intimidate or corrupt government officials. Given the weakness of the region’s justice systems, payments have led to a widespread culture of impunity.

By many accounts, drug trafficking, state weakness, political corruption and powerful criminal organisations are part of a seemingly self-perpetuating cycle. Illicit profits can be used to influence political processes, and this enables actors involved with criminal groups to
stay in power and build on their organised criminal activity. State powers that are vested in the hands of an organised criminal group through entrenched kleptocracy can enhance the criminal organisation’s power by harnessing the infrastructure needed – i.e. its roads, seaports, airports, warehouses, security apparatus, justice sector and international political sovereignty – to further the group’s illicit business aims. The result is a self-reinforcing cycle. While social and political instability may attract a thriving drug industry, a drug-trafficking presence in a country can further increase corruption and undermine political stability (Alemika, 2013; Shaw, Reitano and Hunter, 2014; Gberie, 2015).

Besides the political dimension, other impacts have not been well documented, leading to speculation and anecdotal evidence on cocaine trafficking’s impact on a country’s development (e.g. on health, education or community stability). Significant investment has addressed drug trafficking in the region, dating back as far as two decades. These efforts, however, stem predominantly from international counter-narcotics regimes and focus on interdiction. The strategies initiated at the continental, regional and national levels may have expressed more balanced priorities; however, they have been under-resourced compared to the scale of the problem, with funding mainly directed at security and justice initiatives (Aning and Pokoo, 2014). The failure to build alliances with civil society, as well as non-governmental and community-based organisations, and to educate the population have been major lacunas (Asare Kyei, 2013). Although much analysis has focused on the weaker states in the region, the upcoming case study (OECD, forthcoming a) suggests that the greater, overlooked damage may be to the region’s more established democracies.

**Kidnapping for ransom (KFR)**

One of the emerging crimes generating illicit revenue is KFR. Although it has tight links to terrorism in the region, KFR is not restricted to terrorist groups, and has become a favoured and opportunistic means for criminal groups to raise funds.

**Nature and scale of the flow:** KFR has evolved from a largely politically motivated crime, often involving the kidnapping of Westerners in the Sahel, to a criminal act undertaken for profit. In 2004, the African continent accounted for just 2% of the world’s KFR cases (JLT Group, 2012). Since then, KFR cases have risen exponentially: in 2015, 13% of worldwide kidnappings happened on the African continent, mostly targeting local nationals (Control Risks, 2016).

KFR first became an issue in West Africa in 2003, when the Algerian Salafist Group for Preaching and Combat abducted 32 European tourists. The Government of Mali successfully mediated and secured the release of the prisoners. Since then, KFR cases, and the ransoms demanded, have increased; nationals of countries known not to pay ransoms are usually avoided or swiftly executed; criminal groups are prepared to hold captives for years until a ransom is paid (Reitano and Shaw, 2015).

Although KFR has increased in the Sahel as the region became more unstable, terrorist groups, such as Ansaru and Boko Haram in Nigeria and Al-Qaeda in the Islamic Maghreb (AQIM), as well as splinter groups in the Sahel region, reportedly use ransoms to fund their activities (JLT Group, 2012).

**Key actors:** KFR has great appeal in West Africa. It is a low-investment, low-risk activity. Politically or ideologically motivated groups have the additional benefit of sending strong political messages to the international community. Since May 2012, the United Nations Security Council (UNSC) has expressed concern over the practice.
In the Sahel, KFR is usually attributed to terrorist groups. However, investigations have shown that terrorist groups generally buy or commission a kidnap from a criminal associate (Reitano and Shaw, 2015). When committing a KFR offence, the criminal group generally follows a process involving target selection, planning, deployment, attack, escape and exploitation. This means that the group must identify a victim; plan the abduction, captivity and negotiation; abduct and secure the hostage; successfully leverage the life of the victim for financial or political gain; and then escape (Stewart, 2010). As long as the perpetrators control the victim, they are able to deter law-enforcement or military actions against them.

In Nigeria, a wide range of actors with different motivations perpetrate KFR. In the north, the terrorist groups of Ansaru and Boko Haram have targeted victims ranging from mid-level government officials to wealthy individuals and tourists. In February 2013, for example, Boko Haram was paid an estimated USD 3 million to release a family visiting a nature park in neighbouring Cameroon. The terrorist group is also notorious for mass kidnappings, including the high-profile abduction of more than 200 girls (Chothia, 2014). Nigeria’s House of Representatives issued a statement in 2015 that around 45 000 Nigerians had been kidnapped since 2012. Boko Haram has abducted at least 2 000 women since 2014 (Amnesty International, 2015).

In the Niger Delta, militants kidnapped oil company workers to demand greater control of the region’s resources, or express grievances over control of oil revenues or lack of economic development (Refworld, 2014). In the urban hubs of Lagos, especially Abuja and Jos, express kidnapping targeting high net-worth individuals has become a relatively low-risk, high-return means for criminal groups to earn funds (The Economist, 2013). Although KFR is generally not an industry-specific risk, some groups and industries – i.e. oil and gas, mining, construction and aid workers – are more commonly targeted, because they tend to operate in high-risk territories or because of their national affiliation (JLT Group, 2012).

**IFF implications and development impacts:** in the Sahel, ransom payments appear to have close connections to local and central governments in the region. A number of privileged ransom negotiators and intermediaries have emerged, often with close connections to heads of state (Reitano and Shaw, 2015); it is assumed they are taking a cut and feeding a portion back to their patron (Lacher, 2012). Ransom negotiators are known to receive 10% of the total ransom amount – a perverse disincentive to reduce the total amount paid (National Public Radio, 2014).

A direct correlation between ransom payments and election funding has also been observed in both the Sahel (Lacher, 2012) and Nigeria. Criminal groups associated with specific KFRs have been seen using violence and intimidation on behalf of specific candidates during local elections (Stewart and Wroughton, 2014).

Although the kidnapping aspect of KFR is often highly publicised, the same cannot be said for the payment of ransoms. The consensus among the international community is that paying ransoms only fuels further terrorism and loss of life (UNSC, 2014c). No recent, publicly available data has looked at the way in which ransom payments made in the Sahel or Nigeria enter and flow through financial systems. Both AQIM (Financial Action Task Force [FATF], 2011a) and Boko Haram (Stewart and Wroughton, 2014), for example, have relied for some time on KFR as their dominant source of funding. The connection to terrorism has complicated the ability to monitor and track ransom payments, as legislation counteracting the financing of terrorism has rendered the payment of ransoms that might benefit terrorist groups illegal. Hence, affected corporations and
victims' families are forced to negotiate and pay ransoms through private firms; in the case of domestic victims, they may not report the incident at all (FATF, 2011a).

KFR is growing rapidly as a strategy for criminal groups to secure funds and is empowering terrorist groups in the region. Extortion through kidnappings, particularly in the Sahel, has become a new security-policy challenge. The increased use of KFR by insurgent groups has led to governments and policy makers debating the most appropriate response strategies – i.e. whether or not to pay ransom, and whether to negotiate for release or attempt a rescue – particularly as kidnappers are targeting nationals from those countries that pay ransoms (Reitano and Shaw, 2015).

Kidnapping appears to reinforce the links between politics and crime, and is a growing source of local insecurity. The growing number of domestic targets in urban areas means it is increasingly becoming a financially motivated extortion racket. Because it often targets wealthy private individuals, kidnapping discourages entrepreneurship and foreign investment, damaging the region’s potential for economic growth. It is particularly difficult to address in environments beset by poor rule of law, weak police and justice institutions, and minimal capacity for economic regulation.

Maritime piracy

Maritime piracy and armed robbery at sea are growing concerns in the Gulf of Guinea, with significant economic and security implications. Beginning in the mid-2000s, piracy in West Africa was initially confined to the Niger Delta and tied directly to conflicts over the oil industry. In recent years, maritime attacks have increased, both in frequency and geographic scope. In 2012, piracy incidents in the Gulf of Guinea surpassed those in the Gulf of Aden; they now constitute a major threat in the region. The International Maritime Bureau noted that 41 of the recorded incident took place in West Africa, including 18 attacks in Nigeria (14 of them against tankers and vessels associated with the oil industry). These attacks still primarily focus on the oil industry, as it is the most lucrative; however, there are now attacks on a far wider range of vessels (International Maritime Bureau, 2015).

To be classified as piracy, an act must have taken place on the high seas, i.e. in international waters beyond the territorial waters and exclusive economic zones (or EEZs) of sovereign states. Attacks within territorial waters constitute armed robbery against ships, or at sea (Kamal-Deen, 2015).

Nature and scale of the flow: more and better data exists on piracy and armed robbery at sea than on any other form of organised crime. Nevertheless, reporting rates are low, as shipping countries are reluctant to damage their reputations or risk higher insurance premiums; as a result, 70% of attacks may go unreported (Oceans Beyond Piracy, 2014). The Nigerian navy estimates that 10 to 15 attacks have occurred every month in recent years; at least 15 cases of piracy are reported in the Niger Delta alone each month. Independent maritime-security agencies within the region estimate that at least one act of piracy is reported within the Gulf of Guinea every day, and that this number could increase to two per day (European Union, 2014a).

Attacks in West Africa generally occur during ship-to-ship transfers, with a view to stealing oil cargo and other high-value assets. Rarely do West African pirates employ the kidnap for ransom (KFR) model used in the Gulf of Aden. Estimates of the annual cost of piracy in West Africa range from USD 565 million to USD 2 billion; the strategic development plans of many countries in the region rely on hydrocarbon resources,
sourced from or transferring through the Gulf of Guinea (Osinowo, 2015). However, most of these piracy-related costs are indirect costs to the countries or companies involved in insuring, protecting or responding to the attacks, and the resulting net loss. Most attacks are simple robberies of cargo ships, valued at only USD 10 000-15 000 each. Consequently, the pirates themselves are estimated to have earned a mere USD 1.3 million annually in recent years (UNODC, 2013b).

In 2006, attacks were scarce and concentrated around Nigeria’s two ports, Lagos and Port Harcourt (which services the Niger Delta). Nigeria has remained the epicentre of maritime piracy, accounting for 80% of all reported incidents. As shown in Figure 3.2, however, attacks have extended both laterally along the coastline and farther into the Gulf of Guinea (Osinowo, 2015).

![Figure 3.2. Criminal incidents along the Gulf of Guinea Coast, 2006-14](image)

*Source: International Maritime Bureau (2014).*

Collectively, the coasts of Nigeria, Benin and Togo are at the highest risk of piracy in the region. Recently, attacks have put Côte d’Ivoire and Sierra Leone in the same category. Although the attacks off the coast of Sierra Leone are fewer than those off Côte d’Ivoire, they have involved high levels of violence (Kamal-Deen, 2015).

Arguably, the turning point for the expansion of piracy in the Gulf of Guinea was 2011. Previously, attacks on oil assets had been linked to overtly political motivations, i.e. the desire of Delta militants to see a broader distribution of Nigeria’s oil resources. In 2011, the Nigerian government offered an amnesty to Delta militants, and the conflict largely ceased. The political rationale is still used to justify acts of criminality, both on land and at sea (see the section below on KFR), although the link is now more tenuous. Since 2011, attacks have become much more strategic and aggressive, even occurring in port areas (previously, a ship would be considered safe by the time it reached port) (Kamal-Deen, 2015).
What is more concerning is that efforts to strengthen naval capacity in the region have displaced it to an increasingly wider area. Operation Prosperity, the 2011 joint naval action between Nigeria and Benin, resulted in the first piracy attacks off the coast of Togo (Kamal-Deen, 2015). The largest span of piracy attacks along the Gulf of Guinea, with attacks as far south as Ghana and Angola, occurred in 2014 (International Maritime Bureau, 2015).

**Key actors:** the individuals committing acts of piracy in the Gulf of Guinea are local youth. The pirates are described as heavily armed and violent. They show signs of significant levels of organisation; hijacked ships often sail across maritime borders, where cargo is transferred to other vessels (International Maritime Bureau, 2015). Furthermore, given the nature of the cargo (see the section below on oil theft), local pirates require a connection to transnational organised-crime groups to ensure the onward sale of their stolen goods.

**IFF implications and development impacts:** piracy in the Gulf of Guinea is becoming more sophisticated. Associations with transnational crime groups indicate a widening spectrum of actors, including international investors, negotiators, accountants and foreign resources. Solutions that address the capacity to track and freeze piracy assets become particularly relevant. Cargo theft, rather than the KFR model followed by pirates in the Gulf of Aden, emphasises the need to identify how proceeds are obtained and laundered. States in the Gulf of Guinea have stronger naval and enforcement capacity, increasing the likelihood of interdicting piracy suspects. Given the nature of West Africa piracy, however, most of these crimes take place within territorial waters. The onus of prosecution, therefore, rests on the states themselves. Liberia and Togo are the only states in the region to have up-to-date piracy legislation.

A United Nations (UN) assessment mission in 2012 observed a lack of legislation in West African states to combat piracy, such that even captured pirates could not be prosecuted under national law (Kamal-Deen, 2015). Nigeria did not initiate the process of enacting a law to combat piracy and other maritime crimes until January 2013. The process is still ongoing.

In absolute terms, the actual costs of maritime piracy and armed robbery are lower than the huge losses incurred through total oil theft, estimated at USD 2-3 billion per year (see the section on oil theft below). Moreover, the regionalisation of the problem is having widespread effects on the economy and is increasing the costs of doing business in the region, both for importers and exporters. The wave of attacks in 2011 led international maritime-insurance adjustors to place Benin’s waters in the same category as Nigeria’s, increasing the costs of shipping to and from the country, and impacting on international trade and government tax revenues. The economic cost of maritime piracy in the Gulf of Guinea is estimated at USD 982 million in 2014; 47% of these costs are borne by the industry (Oceans Beyond Piracy, 2014). As the zone of vulnerability widens, so do the impacts on the region’s states. The greatest cost is the weakened security of the Gulf of Guinea’s maritime zone, enabling related criminal acts such as the trafficking of drugs and other contraband goods (United Nations Security Council [UNSC], 2012a), and the practice of illegal, unreported and unregulated (IUU) fishing (see the section on environmental crimes below). Yet the scale of maritime piracy is incomparable to the scale of illicit trade by sea through the region’s largely unregulated ports. Limited resources, corruption within the port authorities, as well as the inability to physically inspect containers, provide a highly conducive environment for contraband shipments.
Cybercrime

West African countries play a prominent role in the growth and innovation of cybercrime. As a general rule, cybercrime evolved from the widely known advance-fee scams (or “419 scams”) emanating mainly from Nigeria and Ghana to more complex operations perpetrated across a wider array of countries. The sprawl of first-generation cybercrime has already become so pronounced that the scam traditionally called the “Nigerian Letter” is now called the “West African Letter.”

While cybercrime takes a wide array of forms, it can largely be broken down into three categories in West Africa: traditional criminal activity enabled by technological advances; first-generation cybercrime (the Nigerian Letter); and second-generation cybercrime.1 These three types of crime illustrate that improved technology increases the efficiency of criminal cyber activity. Moreover, as more individuals gain access to the Internet, more people will have access to the tools necessary to commit cybercrime.

Nature and scale of the flow: cyber solicitations have been around for more than a decade. While public awareness is relatively high, significant amounts of funds continue to be lost to these schemes. Criminals have become adept at drafting requests and communicating convincingly with their intended victims. The growing prevalence of the Internet is also expanding the potential threat (Figure 3.3).2

In 2013, the estimated losses from 419 scams totalled USD 12.7 billion; over 78% of perpetrators were Nigerian or from the Nigerian diaspora (UltraScan, 2014). While Nigeria is the epicentre of cyber scams, the practice is spreading. Since 2011, 419 scams have been increasingly reported in other West African countries, including Senegal, Côte d’Ivoire, Cameroon, Sierra Leone, Gambia, Benin and Ghana (Boateng et al., 2011). More advanced iterations of cybercrime are also following in the wake of basic scams and frauds. The anti-cybercrime unit in Côte d’Ivoire reported scams totalling USD 6.2 million in 2012 and USD 6.6 million in 2013; a growing number of scams target nationals, as well as international victims (Kobo, 2014).

Figure 3.3. Percentage of individuals using the Internet, 2002-16

![Graph showing percentage of individuals using the Internet in various West African countries from 2002 to 2016.](image_url)

Source: International Telecommunication Union (2016).
Key actors: cybercriminals are mostly young males between 18 and 30 years of age. Although cyber criminality is becoming more geographically widespread and involves more nationals, Nigerians still play a major role. Over 80% of cybercrime acts are estimated to originate in organised crime (UNODC, 2013c). The firms creating and perpetuating cybercrime are making it readily accessible and supporting its use, reducing the level of basic skills required for entry. Once perpetrated by individuals in cybercafés, cybercrime has metamorphosed into an operation organised by loosely affiliated networks working across several state boundaries and nationalities.

IFF implications and impacts: determining the true scale of cyber victimisation is difficult, as the crime is largely unreported, both internationally and in West and Central Africa. Most victims so far have been international targets, thanks to their higher levels of disposable income and access to the Internet, but as citizens in West Africa shift away from predominantly cash-based economies, and begin to bank and transact online, the risks for people in the region will increase. Internet users in developing countries with low levels of cybersecurity awareness are also vulnerable to second-generation crimes, such as unauthorised access, phishing and identity theft (UNODC, 2013c). Cybercrime is a form of organised crime in its own right, but it also significantly enables illicit trade. The Internet has changed fundamentally changed the nature of criminal activity: it allows people to connect in new ways, facilitating all forms of crime, from drug markets to human trafficking and money laundering. It allows greater degrees of anonymity, making detection difficult or impossible. It also enables criminal groups to make transnational connections easily, giving them access to new victims, associates and markets.

The capacity to regulate and monitor cybercrime or cyber victimisation (or even Internet usage) across the region is extremely low, and limited information is available on the changing nature of the threat. Regional instruments include the Economic Community of West African States (ECOWAS) Directive on Fighting Cyber Crime within ECOWAS (ECOWAS, 2011) and the African Union Convention on Cyber Security and Personal Data Protection (African Union, 2014). Neither has jurisdiction in the region’s countries, and neither offers resources to fight cybercrime (Table 3.3). In fact, the region has yet to legislate to render these incidents criminal acts.

Table 3.3. Status of cybersecurity laws in ECOWAS countries

<table>
<thead>
<tr>
<th>E-transactions</th>
<th>Privacy</th>
<th>Cybercrime</th>
</tr>
</thead>
<tbody>
<tr>
<td>Laws</td>
<td>Burkina Faso</td>
<td>Benin</td>
</tr>
<tr>
<td>Cabo Verde</td>
<td>Burkina Faso</td>
<td>Cabo Verde</td>
</tr>
<tr>
<td>Gambia</td>
<td>Côte d’Ivoire</td>
<td>Gambia</td>
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<tr>
<td>Ghana</td>
<td>Gambia</td>
<td>Ghana</td>
</tr>
<tr>
<td>Senegal</td>
<td>Senegal</td>
<td>Senegal</td>
</tr>
<tr>
<td>Bills</td>
<td>Liberia</td>
<td>Liberia</td>
</tr>
<tr>
<td>Liberia</td>
<td>Mali</td>
<td>Mali</td>
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<td>Mali</td>
<td>Niger</td>
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<td>Nigeria</td>
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Measuring the impact of cybercrimes resulting in IFFs across West and Central Africa presents further complications. Banks and other financial institutions are not reporting cybercrime, owing to fear of damaging their reputation and losing consumer...
confidence, and victims often do not report cybercrime because of embarrassment, or their own involvement in Internet fraud. They may also be popular figures wanting to avoid police and court attention (Boateng et al., 2011).

In 2009, MoneyGram International, Inc. paid USD 18 million to settle the Federal Trade Commission charges that the company had allowed its money transfer system to be used by fraudulent telemarketers to trick United States consumers into wiring more than USD 84 million within the United States and to Canada. Since then, money transfer operators have become more vigilant in protecting their services from online frauds (Federal Trade Commission, 2009). While increasing controls on financial transfers is one way to reduce the IFFs related to cybercrime, it comes at a price when it reduces people’s capacity to access formal finance and banking services, pushing them into informal financial-intermediation markets.

**Migrant smuggling**

Following the collapse of the Libyan state in 2012, the nature of trans-Saharan migration to Europe fundamentally changed. The impact of these changes on the informal networks facilitating migration in sub-Saharan Africa has been considerable.

Migration in itself is not a crime, but many migrants employ the services of migrant smugglers, i.e. fixers who arrange passage either for one leg of the journey or the entire route. Under the United Nations Convention against Transnational Organized Crime (UNTOC), smuggling of migrants is illegal. Although often referenced interchangeably, smuggling of migrants and human trafficking are distinct crimes. Both human smuggling and trafficking involve the recruitment, movement and delivery of migrants from a host to a destination state, the difference lies in whether the migrants have a consensual relationship with smugglers, and whether they are free at the end of the journey (Shelley, 2014). The inclusion of these crimes as Protocols to the Convention indicate that they are both internationally recognised organised crimes.

**Nature and scale of the flow:** the number of West Africans migrating northward has steadily increased over the past three years, driven by conflicts in the Sahel, Central Africa and Nigeria, and by increased opportunities elsewhere. In 2014, Nigerians and Gambians were the most often detected nationalities, increasing more than 80% over the previous year and recording the highest levels ever registered for the region. Malians represented the third-largest migrant flow overall, after Syrians and Eritreans (Frontex, 2014a) (Figure 3.4). In parallel, over the same period, Italy reported a large number of sub-Saharan Africans of unidentified nationality (included in the “Other” category in Figure 3.4). Before 2014, hardly any migrants had been reported in this category; in the last quarter of 2014, 12 such detections were recorded.

A large proportion of the people of undetected nationality may come from the West African region. This spike in unspecified nationality could stem from the inability of authorities to register migrants properly, or from the fact that smugglers have encouraged migrants to avoid giving their real nationalities to improve their chances of not being returned. Importantly, much of the data and analysis on migration and smuggling of migrants predates the increased movement over the last three years, and assumptions underpinning policy making and responses may no longer hold true.

All West African countries are vulnerable to illegal migration, often motivated by economic reasons. Although West African migrants transiting Europe are the highest-profile migrant flow, migrants also target the Gulf States – albeit in lesser numbers.
Moreover, the bulk of Western and Central African migration takes place within the regions, and the numbers reaching European shores are quite limited (Kleist, 2011). In 2011, 70-90% of West African movement occurred within the subregion, where free movement in the ECOWAS zone makes it easy and legal. By contrast, 90% of North African migrants travel to countries outside of the region (International Organization for Migration, 2011).

Figure 3.4. Arrivals by sea to European borders through the Central Mediterranean route


Key actors: sub-Saharan migration has traditionally been characterised as “ad hoc”. Smugglers are usually not part of well-organised transnational networks; instead, they act alone, or with a few partners (Shelley, 2014), or they work through clan and family networks.

The evidence also shows that a greater diversity of nationalities have become involved, indicating a growth in smuggling networks. Local smugglers appear to be more connected with international organised-crime groups. Reports suggest a growth in the number of smugglers from North African countries – Egypt, Morocco and Libya – as well as Turkey and other countries. These smugglers then recruit unemployed youth in Mauritania, Senegal, Gambia, Guinea, Côte d’Ivoire and Ghana to serve as recruiters in local communities (Frontex, 2014b).

When using the less sophisticated smuggling routes prior to the 2013-14 surge, migrants would typically pay each leg of their journey in cash, slowly progressing northward and often stopping to work to pay for the next leg (Shelley, 2014). Payments would be made to the facilitator of the leg, who would arrange passage and accommodation as needed; a fee would be paid to the transport provider; and typically a portion of the fee would be paid as a bribe to municipal authorities, the police or the town’s dominant security force (UNODC, 2011d). Overland routes have become a significant source of income for many borderland regions, where local populations have begun to provide services to both the smugglers and the smuggled, including accommodation, food and frequently brothels (Reitano and Tinti, 2015). The abrupt loss of this collateral industry would impact on the sustainability of those towns.

More recently, due to the increasing flow and the relatively higher purchasing power of Syrian migrants, and the tightening of controls, smuggling services across sub-Saharan Africa and along the North African coast have increased their level of professionalism. Smugglers have developed specialised skills (such as document fraud) and commission
higher fees from migrants seeking to reach Europe or the Persian Gulf. The heightened levels of conflict, and the proliferation of armed militia groups across the Sahara related to conflicts in Mali and Libya, further incite smuggling groups to carry more weapons to ensure safe passage (Reitano and Tinti, 2015).

**IFF implications and development impacts:** Migrants are most vulnerable to exploitation, corruption or abuse when leaving the ECOWAS region to cross into North Africa. For Malian nationals, the move into the Maghreb is easier: individuals holding a Malian passport, or fake Malian identity papers, do not need a visa to enter Algeria (International Organization for Migration and UNHCR, 2011). The journey across the Sahara is full of danger: many face abuse, harsh conditions and even death. Often, the trip is much longer and more expensive than many migrants had anticipated, taking weeks or even years to complete, with many migrants getting stuck along the way. Survivors offer stories of setbacks, long waits without shelter, periods of hunger and thirst, and dangerous border crossings at night (Dixon, 2013).

It is difficult to determine the exact profits generated by the migrant-smuggling industry, or who is profiting. Earlier estimates of the total profit generated in West Africa amounted to USD 155 million in 2010 and about USD 105 million in 2011 (UNODC, 2013b). Given the increasing size of the flow in recent years, peaking in 2015 (Global Initiative, 2016), these figures are expected to have increased considerably. A 2015 report suggested that an African tribe heavily involved in the migrant trade in northern Niger and southern Libya may have been earning around USD 60 000 per week (Reitano and Tinti, 2015).

Understanding who is profiting is complex, and depends on the migrant’s origin, desired destination and journey duration. Some reports state that migrants are forced to pay a percentage before the journey begins; their families are asked to release the balance when the journey is concluded. In some cases, the costs of the journey are repaid with labour at the destination – which for women, often means working in the sex industry. This exposes migrants and their families to extortion (UNODC, 2011d).

Until now, the economy around migrant smuggling has been largely cash-based, and the capacity to track resulting IFFs has been limited (FATF, 2011b). As more international networks are formed to measure and track IFFs, this should increase international capacities to identify and seize the assets related to migrant smuggling.

The use of migrant smuggling to facilitate irregular economic migration, and the services provided to facilitate it, have long been a local source of income. As the practice becomes more professionalised, and transnational organised-crime networks become more prominent, the risk of migrants being abused or trafficked will increase. Migrants often have their passports and all other items removed, making it incredibly difficult to obtain help or to return (International Organization for Migration, 2011).

While men are likely to be trafficked for labour, women are extremely vulnerable to sexual abuse and sex trafficking. Smugglers may force migrants to have sex with police or law-enforcement officials as a form of payment for letting them pass. Sexual assault along trafficking routes has been increasingly reported (Amnesty International, 2015). For example, non-governmental organisations, and the Director of the Ministry of Employment and Social Security of the Spanish government, have reported that almost all Nigerian women who reach Morocco have experienced sexual abuse before arriving at the reception centres. A number of cases of rituals aiming to tie victims to traffickers were also reported. A particularly violent group of “juju traffickers” was sentenced to jail in the United Kingdom for raping a Nigerian woman as part of a binding ceremony before forcing her to work in Italy as a prostitute (Frontex, 2014b).
Human trafficking

People do not have to cross borders to be trafficked. Human trafficking serves as an umbrella term for “the act of recruiting, harbouring, transporting, providing or obtaining a person for compelled labour or commercial sex acts through the use of force, fraud or coercion … People may be considered trafficking victims regardless of whether they were born into a state of servitude, were transported to the exploitative situation, previously consented to work for a trafficker, or participated in a crime as a direct result of being trafficked” (US Department of State, 2014).

For most jurisdictions in the West African region, the trafficking of adults is not a crime, although child trafficking – still widespread – is a criminal offence in all of the countries in the region (UNODC, 2014d). Many countries criminalise similar offences, such as illegal adoption, economic exploitation, forced services, kidnapping and rape, that often encompass human trafficking. This may mean that human-trafficking offences are being prosecuted, but as another crime.

Nature and scale of the flow: human trafficking is prevalent across West Africa; Côte d’Ivoire, Ghana, Mali, Nigeria and Togo have been identified as having particularly high rates of trafficking for the region (UNODC, 2012b). Especially vulnerable groups include persons with disabilities, albinos in rural communities and refugees (UNODC, 2014d).

Within the ECOWAS region, trafficking takes place mainly from rural to urban areas. Both men and women have been identified as victims of labour trafficking. The greatest number of internally trafficked persons were found working in the farming and fishing sectors, followed by working in servitude and subjected to sexual exploitation. An example of intraregional trafficking of women is the Wahaya practice, wherein a man brings young women to work (including to perform sex work) for him. This exists today as cross-border trafficking between Niger and Nigeria (Abdelkader and Zangaou, 2012). The trafficking flow also goes from the poorer countries in the region to the more economically stable countries: Benin, Burkina Faso, Guinea-Bissau, Guinea, Ghana, Mali, Nigeria and Togo are the main countries from which child workers are trafficked to the urban centres and agricultural sites of countries including Côte d’Ivoire, Gabon, Nigeria and Senegal, or to neighbouring countries in Central Africa (e.g. the Democratic Republic of the Congo).

Human trafficking is estimated to victimise 3.7 million people on the African continent, but the lack of comprehensive data and investigative research on the topic makes it difficult to measure the specific numbers in West Africa. The lack of border controls also makes it difficult to know when an individual is moving voluntarily or is being trafficked across borders. The available literature indicates that human trafficking is largely intraregional. Children make up the majority of victims, and labour is the dominant form of trafficking.

As with the literature on smuggled-migration flows, a disproportionate amount of reporting focuses on flows of sex-trade victims to Europe and more specifically, the conditions in destination countries. The data show that West and Central African victims were detected in 20 countries in Western and Central Europe, accounting for roughly 14% of the total victims identified in the region. Although Nigerians comprise the vast majority of victims, citizens of Cameroon, Ghana, Guinea and Sierra Leone were also detected. According to the United Nations Children’s Fund and the International Labour Organization, around 200 000 to 300 000 children are trafficked each year in West Africa into forced labour and sexual exploitation (UNODC, 2012b).
Internal trafficking within the region is often overshadowed by the focus on transnational trafficking (UN.GIFT, 2008); as such, the widespread practice of trafficking for labour is broadly ignored in debates on human trafficking in West Africa, even though it often contributes to the supply chains of several international industries. For example, West African countries supply more than 70% of the world’s cocoa market; Côte d’Ivoire alone represents 4%. This industry is said to be fuelled by the forced labour of an estimated 1.8 million children (Global Initiative, 2014b). Over the last ten years, INTERPOL has co-ordinated investigations into child trafficking in West African countries implicating the mining, agricultural and cocoa industries in Benin, Burkina Faso and Mali (INTERPOL, 2014a).

**Key actors:** the 2014 *Global Report on Trafficking in Persons* (UNODC, 2014d) establishes a typology spectrum for groups engaged in human trafficking, ranging from small-scale local operations, through medium-size subregional operations, to large transnational operations (Table 3.4). All are active in the West African region, although (as noted) with increasing professionalism.

<table>
<thead>
<tr>
<th>Small local operators</th>
<th>Medium subregional operations</th>
<th>Large trans-regional operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic or short-distance trafficking flows</td>
<td>Trafficking flows within the subregion or neighbouring subregions</td>
<td>Long-distance trafficking flows involving different regions</td>
</tr>
<tr>
<td>One or few traffickers</td>
<td>Small groups of traffickers</td>
<td>Traffickers involved in organised crime</td>
</tr>
<tr>
<td>Small number of victims</td>
<td>More than one victim</td>
<td>Large number of victims</td>
</tr>
<tr>
<td>Intimate partner exploitation</td>
<td>Some investments and some profits depending on the number of victims</td>
<td>High investments and profits</td>
</tr>
<tr>
<td>Limited investment and profits</td>
<td>Border crossings with or without travel documents</td>
<td>Border crossings always require travel documents</td>
</tr>
<tr>
<td>No travel documents needed for border crossings</td>
<td>Some organisation needed depending on the border crossings and number of victims</td>
<td>Sophisticated organisation needed to move large number of victims along long distances</td>
</tr>
<tr>
<td>No or limited organisation required</td>
<td>Endurance of the operation</td>
<td></td>
</tr>
</tbody>
</table>


**IFF implications and development impacts:** little systematic exploration has taken place into the linkages between human trafficking and IFFs (FATF, 2011b). Human trafficking is predominantly an interregional flow.

Human trafficking shares a number of linkages with other organised-crime activities. Smuggled migration and human trafficking often overlap. Human trafficking also has a close relationship with environmental crimes, especially mineral-resource crimes. Victims – especially children – are trafficked to mineral-rich areas and forced to mine. In October 2012, for example, an operation rescued nearly 400 child-trafficking victims, some as young as six years old, who were forced to work in illegally operated gold mines and cotton fields across Burkina Faso (INTERPOL, 2014a). As subsequent sections will discuss, the use of children in the fishing industry is also documented.

Children are also trafficked into military and rebel groups, where they are exploited as child soldiers. Child-soldier trafficking and small-arms trafficking are closely interlinked: both crimes have played major roles in regional conflicts over the years. Exceptionally, international companies may also be turning a blind eye to national labour regulation.
Illicit trade in “normally legal” goods

The informal economy generates considerable economic activity in the region, and is the income source for most non-food-producing households (OECD, 2013) (Figure 3.5). As described in the forthcoming working paper on the illicit trade in legal goods (OECD, forthcoming b), these goods are normally legal, but divert into the grey economies of the West African region. Consequently, a large share of the goods consumed, including significant volumes of contraband products (i.e. goods avoiding taxation and counterfeit goods), are sourced from the informal economy. The limited data provide no comprehensive estimates quantifying all sectors in all countries. Yet, should one aggregate the illicit trade in normally legal goods in terms of monetary turnover, it would by far comprise the largest single category of illicit trade in West Africa (as in large parts of the rest of the world).

While large volumes of illicit goods displace normally legal goods imported into West Africa, there is also production in the region itself. Asia is a major source of contraband consumer goods and medications, while North Africa is a source of smuggled subsidised goods. The Sahel smuggling routes have also helped West Africa function as a thoroughfare for certain imported goods, such as cigarettes (Shaw and Reitano, 2014), although low state capacity for regulation or control in post-revolutionary Libya has increased the likelihood of shipments entering directly through North African ports, making the Sahel land routes less attractive.

Figure 3.5. Comparative values of trafficking flows, 2009


Medicines

As discussed in the forthcoming working paper (OECD, forthcoming b), substandard or counterfeit medicines are a significant problem in West Africa (Figure 3.6). According to the European Union (2014b), 60% of the market value of all medication in the region is estimated to be falsified or substandard. Estimates of the market share of counterfeit goods also vary widely. A 2009 study found that 27% of anti-malarial medication in Nigeria, and 82% in Ghana, failed chemical analyses; in 2011, the World Health Organization (WHO) found that 77% of Nigerian medications, and 64% of Ghanaian medications, failed to meet quality-control standards (UNODC, 2013b).

Nature and scale of the flow: the class of medication most affected in West Africa has been anti-malarial drugs. A 2012 study (Gaurvika et al., 2012) found that 35% of anti-malarial medicine tested in 21 studies across 21 sub-Saharan countries failed
chemical analysis, and 20% of the overall total were classified as falsified. A WHO cross-national study found that non-compliant anti-malarial medicines were the most prevalent in West African countries compared to all other tested countries (Gaurvika et al., 2012).

In 2013, the annual value of counterfeit medicine imported into West Africa was USD 150 million (Mackey and Liang, 2013). UNODC estimates are considerably higher and suggest that the market for counterfeit anti-malarial drugs in the region was more than USD 400 million per year (UNODC, 2009). The Ghanaian sources interviewed for this study, however, claim that the Global Fund’s subsidised anti-malarial medicines have reduced the incidence of falsified and substandard drugs.

Figure 3.6. Share of anti-malarial medication found to be non-compliant with quality standards, 2012


West Africa is one of the regions most affected by malaria, and thus particularly vulnerable to counterfeit anti-malarial medication. Nigeria has by far the world’s most severe malaria problem: in 2013, the country accounted for an estimated 37 million (18.7%) of the world’s 198 million malaria cases. Other West African countries (Ghana, Niger, Burkina Faso, Côte d’Ivoire, Mali, Guinea, Benin and Senegal) were among the 16 countries that experienced the most deaths from malaria in 2013 (WHO, 2014).

Key actors: any discussion of counterfeit and substandard medication in West Africa should focus on two sets of key actors: those who produce the pills and those who distribute them. Companies in the People’s Republic of China (hereafter China) and India are responsible for 70-80% of all active pharmaceutical ingredients, with China producing the majority (World Customs Organization [WCO], 2013). A 2008 investigation by INTERPOL and the WHO into the production of fake artemisates (the active ingredient in anti-malarial medication) seized in Southeast Asia determined that “all were produced in relatively temperate areas on the China/South East Asia borders” (Newton, 2008). The evidence from drug seizures within or transiting to Africa also supports the Asian connection: in 2012, for example, NAFDAC, the Nigerian pharmaceutical enforcement agency, seized 40 cartons of counterfeit Coartem (an anti-malarial) in a consumer-electronics store in Lagos. The tablets’ shipping documentation pointed to a Nigerian trader based in the Chinese city of Guangzhou, home to street markets where merchants buy wholesale goods destined for African clients (Faucon et al., 2013).
As the region’s largest economy, Nigeria plays a leading role as a regional distribution hub. In 2010, UNODC noted that “Nigeria appears to act as a clearing house for goods imported for regional distribution,” including counterfeit medication (UNODC, 2014c). As noted above, Nigerian residents in China have been implicated in several large-scale counterfeit-medicine busts. In 2013, authorities in Lagos broke up an operation involving the illicit import of medications, including Coartem, Ibuprofen and Maloxine, from China (INTERPOL, 2014b). In 2013, a customs operation co-ordinated by the WCO and involving 23 African countries seized 1 billion items, 49% of them fake pharmaceuticals (WCO, 2013).

Formal retailers (e.g. pharmacists) and informal sellers sell fake or substandard medications directly to consumers. Although not as important as producers or traders, they are much more numerous and play an important role in ensuring drug availability. Indirect actors also include intermediaries, who facilitate or enable illicit flows. For example, counterfeit or substandard shipments are transported by container. Payments for shipments – as well as illicit profits – are wired through banks or other transfer solutions. Consequently, illicit actors providing counterfeit or substandard goods largely depend on the ecosystem of the legitimate economy.

**IFF implications and development impacts:** dealing in counterfeit and substandard medications in West Africa is a lucrative business, without a commensurate risk of apprehension. In Nigeria, for example, as of September 2013, the maximum penalty for trafficking in counterfeit medication was a fine of 500,000 naira (roughly USD 3,000), and between three months and five years in prison (Akinyandenu, 2013).

First and foremost, counterfeit medications directly harm consumers. In 2009, at least 84 children were killed in Nigeria after taking a pain-relieving syrup contaminated with diethylene glycol, a solvent used in antifreeze and brake fluid (Polgreen, 2009). Counterfeit medicines also have a substantial negative impact on pharmaceutical companies’ profits, costing the industry USD 75 billion in 2010 (WHO, 2010). The regulatory measures companies would need to take to reduce counterfeiting, and the security requirements to control networks engaged in smuggling, divert limited resources from other priorities.

The illicit trade in counterfeit and substandard medicine has other potentially severe global consequences. Counterfeit medicines frequently contain insufficient amounts of effective or active ingredients and are therefore often unable to kill pathogens, facilitating the development of disease-resistant pathogen strains. Near the border between Thailand and Myanmar, drug-resistant strains may account for as many as 80% of malaria cases – a situation attributed in part to the prevalence of counterfeits (McLaughlin, 2014). So far, Africa has been spared from infection by such strains, but that is likely to change if counterfeit anti-malarial medications remain prevalent.

The main linkage between counterfeit medications and IFFs is through trade fraud. Many of the schemes employed by medication smugglers to evade detection also defraud customs authorities. One technique used by smugglers is to list a landlocked country as the final destination for medications shipped by sea, allowing them to avoid customs inspection upon making landfall. After leaving the port, the shipments are simply diverted. Free-trade zones are also potential links in the smugglers’ transportation chain (UNODC, 2014c); here, smugglers can modify the cargo, or alter documentation, without worrying about customs controls or import duties (WCO, 2013).

Although reliable data on illicit trade in normally legal goods are lacking, the scale of trade mis invoicing is thought to be significant. While this form of illicit trade is often considered relatively harmless, it has a number of negative impacts beyond the economic
damage. Tax deprivation is the most commonly cited, but counterfeit medicines and substandard products (e.g. foodstuffs, and electrical and automotive components) also pose a risk to public health. These flows are often given lower priority by law enforcement, and yet they have synergistic effects with potentially more serious forms of crime, enabling smuggling routes to be used for other illicit goods (e.g. narcotics) or crimes, and they are also a proven a source of income for terrorist groups. The UNODC (2009) threat assessment for West Africa estimated that three of the four largest categories, in terms of value, are illicitly traded goods that displace normally legal goods.

**Tobacco**

In 2010, British American Tobacco (BAT), one of West Africa’s largest cigarette suppliers, estimated that 330-660 billion illicit cigarettes were smoked worldwide every year, costing governments USD 20-40 billion in taxes and tobacco companies USD 5-10 billion in sales (BAT, 2010a). Cigarettes are lightweight and easily portable; many customs-interdiction programmes (e.g. drug-sniffing dogs) fail to detect their presence. Armed groups worldwide have funded their activities through the sale of illicit tobacco (Shelley and Melzer, 2008).

**Nature and scale of the flow:** in 2009, the UNODC estimated that illicit cigarettes generated USD 774 million in annual revenue in the region (UNODC, 2009). West Africans themselves smoke few cigarettes: despite accounting for 30% of Africa’s total population, they smoked only 17% of Africa’s cigarettes in 2009 (Maertens and de Andres, 2009). Even so, the levels of counterfeit penetration can be quite high.

Despite this high prevalence of illicit cigarettes on local markets, the region has been more important as a conduit for illicit cigarettes to North Africa. Nevertheless, the ports of Lomé in Benin and Cotonou in Togo are among the two most important conduits for tobacco imported illegally into West Africa and generally headed to Nigeria, which has established high tariffs on tobacco. In 2008, Benin and Togo imported a total of CFA 31.1 billion (West African CFA francs) (USD 30-50 million) worth of cigarettes destined for re-export, much of which ended up crossing illegally into Nigeria (Golub, 2012). Smugglers in other West African countries also benefit from imports through Togo and Benin: in March 2009, a shipment of 32 400 000 illicit cigarettes was seized in Côte d’Ivoire, after landing in Togo and transiting through Ghana (WCO, 2010).

The other zone of major vulnerability is the Sahel, owing to the smuggling routes connecting West Africa to North Africa. The proceeds from the sale of these cigarettes fund the operations of several militant and terrorist groups (see below), enabling them to continue to engage in drug trafficking, human trafficking and other violent enterprises (Wilson, 2009).

**Key actors:** several globally renowned individuals and organisations are closely involved in smuggling tobacco through West Africa. Warlords in the Sahara have engaged in cigarette smuggling across the Sahel to finance activities under the banner of the Signed-in-Blood Battalion (Lacher, 2013) and have also been associated with several lucrative hostage-taking operations in Algeria, including the capture of employees at a natural-gas plant in January 2013 (Jenkins, 2013; BBC, 2015).

In Nigeria, rather than terrorist or other ideological forces, smaller-scale enterprises and individuals looking to make money appear to dominate the tobacco-smuggling industry. According to an investigative report by a Nigerian newspaper (Ogala, 2014) most illegal cigarettes imported into the country are transported by vehicle smugglers
known as “Yan-Pitos”, which pick up shipments at southern Benin ports and then drive north before crossing into Nigeria, either directly or via Niger. Nigeria’s porous borders make this a comparatively low-risk operation for the Yan-Pitos, which also reportedly hedge their bets by bribing border guards and customs officials (Ogala, 2014).

**IFF implications and development impacts:** as cigarette smuggling is by definition illegal, it does not generally serve as an instrument for money laundering. It does, however, provide smugglers with significant financial resources. Most of the proceeds are moved to offshore accounts, whereupon the money is used for other purposes (FATF, 2012). The WCO notes that “[the] illicit trade in tobacco is an important predicate offence of money laundering.” However, due to limitations on jurisdiction or capability, many customs authorities do not investigate money laundering related to illicit tobacco trade and focus instead on the smuggling itself (WCO, 2013).

The impact of illicit tobacco on West Africa is twofold. First, the profits earned by armed groups from tobacco smuggling have significantly helped them to continue their illicit activities. This has, of course, negatively impacted on the lives of law-abiding local residents, either directly (e.g. through kidnappings) or indirectly (e.g. by discouraging legitimate businesses).

More directly, the prevalence of illicit tobacco products entails significant losses in tax revenue. In 2014, the Imperial Tobacco company estimated that smuggling cost the Government of Mali CFA 10 billion (USD 16.6 million) every year (Imperial Tobacco, 2014). While specific numbers are not available for Nigeria, the large number of illicit cigarettes consumed in the country also represents a sizeable loss in tax revenue, given that cigarettes are subject to a significant excise tax.

**Firearms**

Illicit firearms and ammunition are normally legal goods diverted from the legitimate supply chain. In a region vulnerable to terrorists and serious organised crime, the availability of illicit firearms constitutes a serious challenge. If income from criminal activities is a prerequisite for the economic power base of criminal actors, illicit firearms and ammunition are a prerequisite for their military power. In the most extreme cases, these firearms can challenge the state’s legitimate monopoly on force.

The West African region is awash in illicit weapons from countless sources, driving armed conflict and facilitating the commission of many other types of crime. In some cases, these weapons enter the region in small quantities through poorly policed borders. In other cases, large shipments are orchestrated by regional governments or other powerful actors. Even those illicit firearms that have been found and seized are not safe: the region’s stockpiles of confiscated weapons have repeatedly been burgled. Thieves use these weapons to commit other crimes, or fight armed struggles; they can also turn in weapons to regional disarmament programmes or sell the surplus (Small Arms Survey, 2013).

**Nature and scale of the flow:** no reliable statistics exist on arms trafficking in West Africa. The Small Arms Survey’s methodology underscores “the importance of developing – and using – an information gathering system to complement national reporting” (Carlson, 2013). A general picture can be pieced together from isolated data, such as those from Côte d’Ivoire and Liberia, both of which were subjected to arms embargoes during the 2000s. Embargoes help increase attention to arms trafficking in a particular country. By making all arms transactions illegal, they make it easier to discern which arms were trafficked, and which were legitimately acquired. Between 2005 and 2010, just over
USD 25 million worth of firearms were smuggled into Côte d’Ivoire; Liberia imported some USD 8 million while under an embargo between 2000 and 2010 (Oxfam, 2012). The other major external source of arms in West Africa is Libya: since the fall of the Gaddafi regime, as many as 12 000 weapons may have been illegally trafficked from Libya into Mali in 2013 (UNODC, 2013b; Shaw and Mangan, 2014).

More important than these inflows is the large quantity of firearms already available in the region. In 2004, an estimated 8-10 million illicit firearms were circulating in West Africa (Bah, 2004). In the decade since, those weapons changed hands. In the case of Côte d’Ivoire, for example, researchers have repeatedly found small quantities of unusual ammunition in circulation, suggesting that fighters simply reuse rather than import modern weaponry (Anders, 2014).

Few, if any, areas in West Africa are considered safe from the threat of arms trafficking (Figure 3.7): the multiple conflict systems across the region have provided millions of people with the means, motive and opportunity to acquire weapons on the black market.

Figure 3.7. Major arms flows in the region

Nevertheless, some areas of the region are more vulnerable than others. Nigeria’s long history of armed conflict, combined with the country’s notoriously porous borders, has made it a regional hub for arms trafficking (Onuoha, 2013). Two other prime locations for arms smugglers are the desert of northern Mali (Reitano and Shaw, 2015) and West Africa’s Atlantic coast (O’Regan and Thompson, 2013).

Key actors: a wide variety of actors across West Africa are active in the trade. The first category are groups actively fighting an armed conflict. The Nigerian Islamist group Boko Haram, for example, has been caught smuggling guns into Nigeria (IRIN News, 2014a). In addition, Malian rebels have imported weaponry from Libya and other sources (Small Arms Survey, 2013).
A second category of key actors is small-time smugglers and weapons dealers. All across the region, people unaffiliated with groups fighting in armed conflicts regularly smuggle weapons for a variety of reasons. In Liberia, the United Nations has reported that agricultural communities traffic 12-gauge shotguns from Guinea for hunting, although they are also used in robberies (UNSC, 2013a). As the level of violence has increased in the Sahel and Maghreb, those involved in illicit trade possess more arms to protect their goods; many traffic weapons as part of cargo transiting the Sahel to and from Mali and Niger (Reitano and Shaw, 2015). Several countries (e.g. Benin and Ghana) have robust local cottage industries producing artisanal firearms, many of which are trafficked as a way of earning a living (Ohene-Asare et al., 2014).

The third category of key actor is governments. Looking at ammunition with a shorter life span than firearms, manufacturers outside West Africa clearly play a role in maintaining the operability of military firearms held by non-state actors. For example, UN investigators in Côte d’Ivoire identified ammunition that entered the country in violation of the 2004-16 arms embargo as having been originally sold to the government of Burkina Faso (UNSC, 2012b). Just weeks before the imposition of the UN arms embargo, Côte d’Ivoire began acquiring firearms in violation of the ECOWAS Moratorium established in 1998 and renewed in 2001 and 2004 (de Tessieres, 2012). The evidence has also shown that the Guinea-Bissau government has trafficked firearms for its own use, as well as to supply the conflict in Casamance (O’Regan and Thompson, 2013).

Although governments – or at least individuals within them – play an important role in the arms trade, there are also cases of direct external deliveries to criminal actors. Ten pan-African investigations found Iranian ammunition and weapons in the service of a variety of non-state entities (Ohene-Asare et al., 2014); other source countries included Romania, Sudan and China. The 2012 UN Group of Experts Concerning Côte d’Ivoire established that Romanian ammunition had likely been diverted from government stockpiles in Burkina Faso, and that Chinese ammunition was likely diverted from government stocks in Niger. Chinese ammunition packaged in polyethylene bags also suggests diversion from Sudan after legal delivery, yet the means of delivery could not be confirmed (Anders, 2014).

**IFF implications and development impacts:** with the exception of certain conflict hotspots, the monetary turnover of the illicit market in firearms is unlikely to be significant compared to other illicit flows. However, it has a disproportionate importance in empowering criminal groups, insurgents and terrorists, who contribute to regional instability and the rising levels of violence.

Arms trafficking and IFFs are intimately connected in West Africa, as they are in the rest of the world. These linkages generally take one of two forms. First, arms trafficking may be used to generate revenue for armed groups. Detained arms traffickers in Nigeria, for example, have told police that the proceeds from their sales were destined for Boko Haram (FATF, 2013). Second, the revenue obtained from selling arms illegally may simply be kept for the benefit of the sellers: arms dealers in Nigeria have been caught trying to hide their gains overseas, or in Nigerian soldiers’ bank accounts; in Senegal, criminals of various types have reportedly used the houses of arms dealers to store their cash (GIABA, 2013).

The illicit movement of arms perpetuates armed conflict, and undermines peacebuilding and development. By definition, armed conflict cannot occur without arms; the large quantities of readily available illegal weapons facilitate the escalation of local disputes into internal or regional warfare. In addition to providing ingredients for armed conflict,
arms trafficking also plays a role in commissioning other types of criminal activity (Shaw, Reitano and Hunter, 2014). In the Niger Delta, trafficked firearms are regularly used in oil theft and piracy (GIABA, 2010). Côte d’Ivoire and Sierra Leone suffered high rates of armed robberies and vehicle hijackings in the 2000s, many of them committed with illicit firearms (Alemika, 2013). Arms trafficking has also played a key role in the rise of large-scale drug trafficking throughout West Africa and has allowed the development of powerful protection economies to protect those flows (Reitano and Shaw, 2015). All of this, of course, takes a toll on legitimate business and violence levels in the community, and thus on local residents’ security and quality of life.

**Counterfeit and stolen goods**

While medicines and tobacco have received some attention, other neglected areas of criminal activity also include trade in stolen goods (e.g. motor vehicles) and other counterfeit or substandard goods. The wide range of criminal activities of this nature has implications beyond the region, with links being made between the illicit trade in vehicles, international organised-crime groups and terrorist financing.

**Nature and scale of the flow:** although it is not possible to fully identify the scale of the flow of counterfeits, anecdotal evidence suggests it is rising. These practices are not unique to West Africa; the discovery of a large trafficking ring revealed that the most popular destinations for vehicles are Ghana, Gambia and Nigeria (Golub, 2012). The ring also shows increased professionalism (INTERPOL, 2014c). In 2013, Togo, Côte d’Ivoire, Benin and Nigeria accounted for more than 56 million counterfeited items seized in one year, ranking in the top-15 countries worldwide in terms of intellectual property-rights infringement. The goods seized in the region ranged from household goods and electrical appliances to brand-name luxury goods (WCO, 2013).

Coastal states such as Gambia, Benin and Togo facilitate smuggling to landlocked countries (Golub, 2012). While goods are spread across the region, Nigeria, with its large economy, is a hub. For example, the rate of Benin’s imports of second-hand cars rose from 200 000 vehicles per year in 2010 to 314 000 in 2014. Around 80-90% of these vehicles go to Nigeria; it is likely that a number of transactions are illegal, and that Benin and Togo compete to smuggle vehicles into Nigeria (INTERPOL, 2014c).

Asia and Europe are also implicated. Cars are stolen from markets in Europe, most notably those with easy port access, although some vehicles are stolen from landlocked states. In an impressive display of logistical capacity, a car stolen in Europe can take less than 24 hours to arrive in West Africa for resale (INTERPOL, 2014c).

**Key actors:** while financial gain is the common denominator of organised-crime networks, terrorist groups have also been involved. Cases involving vehicle theft and sales substantiate these claims, with arrests of Nigerian actors in recent years (US Immigration and Customs Enforcement, 2014). Given the broad nature of the supply chain, criminal groups in the region have connections to international networks to facilitate the purchase, transfer and sale of counterfeit and stolen goods. The nations with the highest rate of counterfeiting are China; Hong Kong, China; and India; China alone supplies over one-half of the world’s counterfeit goods (WCO, 2013). Because law enforcement in the region generally grants low priority to these crimes, they have become relatively lucrative and low risk, providing an easy way for groups to launder money from other activities (SEN-GIABA-130515; UK-Gov-LE-220615).
Impact: the prevalence of counterfeit and other goods displacing normally legal goods in West Africa has multiple impacts. The three most important are lost tax revenues, lost sales for legitimate enterprises (domestic businesses, such as the textiles sector, or foreign exporters), and public health risks. Smuggling also contributes to a culture of corruption and tax avoidance (Golub, 2012).

Illicit resource extraction

West Africa is rich in national resources, and yet illicit resource extraction remains a particularly worrisome category of IFFs. These assets are indigenous to the region; while they play a pivotal role in the formal economy, they can readily be diverted into the illicit economy at various points of the supply chain (source, transit, sale and export), thereby generating IFFs. Rather than driving development, the story of the region’s natural-resource exploitation is one of oil and minerals driving institutional corrosion, instability, violence and conflict.

Nevertheless, demonising the sector as a whole would be a misstep, with potentially detrimental effects on the livelihoods of a large share of the population. Most natural-resource industries in West Africa feature a degree of subsistence-level criminal activity, e.g. poaching for individual use, artisanal mining and small-scale tapping of oil pipelines. These typically comprise income strategies for ordinary people lacking credible alternative livelihoods; both the products and profits may be invested in the local economy. In fact, as artisanal trades are increasingly identified as an important driver of development, there is growing momentum to formalise these sectors.6

Oil theft

Nigeria is the world’s thirteenth-largest oil producer; in fact, oil is the main driver of its prosperity (World Bank, 2014b). At its peak in 2012, the country was exporting over 2 million barrels per day (b/d) with an average daily value of USD 178 million.7 Petroleum accounted for more than one-half of Nigeria’s GDP, about 85% of government revenues and over 90% of exports (Gboyega et al., 2011). Yet the country’s inability to control the integrity of its oil trade has made it the African country with the highest cumulative IFFs: Nigeria represents 79% of total West African IFFs and 30.5% of Africa’s (HLP, 2015); this has spillover implications for neighbouring countries.

Nature and scale of the flow: estimates of the total scale of oil lost to illicit activity differ vastly – from 100 000 barrels per day (b/d) to 250 000 barrels per day – valued at approximately USD 3-8 billion per year (Katsouris and Sayne, 2013). The International Energy Agency (IEA) estimated that oil theft in Nigeria amounted to 150 000 b/d; this would comprise a loss of over USD 5 billion per year – a sum that would fund access to electricity for all Nigerians by 2030 (IEA, 2014).

Chatham House published the most in-depth examination of the illicit oil trade in Nigeria in 2013 (Katsouris and Sayne, 2013), describing in detail the methods used to divert oil. Some illicit trade consists in small-scale pilfering for domestic use, but most is industrial-scale bunkering to take the oil out into international waters and sell it in another jurisdiction (Katsouris and Sayne, 2013). The large oil tankers (licit and illicit) on their way to export platforms are also highly vulnerable to piracy in the Gulf of Guinea, which has become a rising threat driven by Nigerian oil (see the section above on maritime piracy).

Key actors: domestic engagement in Nigerian oil theft is extensive, and is based on has established organised criminal industries and protection networks. The Chatham House (Katsouris and Sayne, 2013) report describes networks as more cellular than
hierarchical in nature, a logical route given the degree of flexibility this affords to those involved. However, a number of key personnel and operating factors remain (Table 3.5).

Table 3.5. Anatomy of a typical large-scale oil-theft operation

<table>
<thead>
<tr>
<th>Role</th>
<th>Actions</th>
<th>Alleged common identities</th>
</tr>
</thead>
<tbody>
<tr>
<td>High-level opportunists</td>
<td>Collect profits from theft by virtue of their status</td>
<td>Mostly government officials and security-force personnel; some traditional rulers and local godfathers</td>
</tr>
<tr>
<td></td>
<td>and ability to restrict and control others' access to the trade</td>
<td></td>
</tr>
<tr>
<td>Facilitators</td>
<td>Source necessary equipment and cash for operations; serve as paymasters</td>
<td>Accountants, lawyers, real-estate brokers, money changers, corrupt bank managers or other staff</td>
</tr>
<tr>
<td></td>
<td>for ground-level operators; launder money</td>
<td></td>
</tr>
<tr>
<td>Operations</td>
<td>Install illegal taps; staff taps and oversee loading;</td>
<td>Local youths; former employees and contractors of the oil commission (alleged);</td>
</tr>
<tr>
<td></td>
<td>gather intelligence on oil, ship and state security-service movements</td>
<td>small consortia of local elites; militant groups</td>
</tr>
<tr>
<td>Security</td>
<td>Stand sentry at tap point; secure the transport</td>
<td>Local armed groups or “militants”; private security contractors; rank-and-file state</td>
</tr>
<tr>
<td></td>
<td>corridor; escort vessels in inland and coastal waters;</td>
<td>security forces personnel (alleged)</td>
</tr>
<tr>
<td></td>
<td>gather intelligence; otherwise protect the network’s “turf”</td>
<td></td>
</tr>
<tr>
<td>Local transport</td>
<td>Provide the smaller ships, trucks and associated human resources needed</td>
<td>Some local armed groups or “militants”; local and foreign shipping concerns; current and former politicians</td>
</tr>
<tr>
<td></td>
<td>to store stolen crude and/or carry it to ship-to-ship points in inland or coastal waters</td>
<td></td>
</tr>
<tr>
<td>Foreign transport</td>
<td>Provide the commercial-grade tankers and other vessels to carry stolen</td>
<td>Foreign shipping concerns and agents; some private commodities traders?</td>
</tr>
<tr>
<td></td>
<td>crude to destination points outside of Nigeria</td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>Broker sales of stolen parcels to foreign buyers; arrange for financing</td>
<td>Well-connected local intermediaries; some private commodities traders?</td>
</tr>
<tr>
<td></td>
<td>and shipment; remit profits to others in the network</td>
<td></td>
</tr>
<tr>
<td>Low-level opportunists</td>
<td>Operate various types of protection/extortion</td>
<td>“Host” and “passage” communities, local elites, local armed groups and various types of youth gangs, rank-and-file security personnel</td>
</tr>
<tr>
<td></td>
<td>racketes around theft rings to profit by exploiting oil thefts illegitimacy</td>
<td></td>
</tr>
<tr>
<td></td>
<td>and/or by providing political cover</td>
<td></td>
</tr>
</tbody>
</table>

Source: Katsouris and Sayne (2013).

The more professional bunkering operations are highly armed and linked to foreigners. These include Moroccans, Venezuelans, Lebanese, Chinese and Russians, who own ships that load crude oil and deliver it for refining to Ghana, Cameroon and Côte d’Ivoire before transferring it to other markets (Alemika, 2013).

High-level involvement in Nigeria’s oil theft has been a facet of the oil smuggling trade since the 1970s. Diverting oil through illicit channels permitted the then-military government to boost revenues and circumvent Organization of the Petroleum Exporting Countries (OPEC) restrictions. When the military junta turned into a democratic government, little was done to ensure more equitable division of resources; discontent grew substantially, along with greater opportunities for crime (Gboyega et al., 2011). Moreover, the Niger Delta has become a source of growing conflict, as oil theft has triggered what appears to be politically motivated violence and targeted attacks.

Considerable evidence exists of the ongoing association of senior levels of the government and military acting to facilitate the illicit trade in oil (Gillies, 2009). Protection unions operate along the illicit supply chain, taxing all actors engaged. Table 3.6 indicates the protection economy that has developed around the oil theft industry.

The role of neighbouring countries is also relevant. While some neighbouring countries, like Benin, have made seizures and investigated oil theft (Gillies, 2009), other states seem to be profiting from the spillover effects (Mayah, 2014). Fundamentally, only
a few places in the world exist to offload tonnes of stolen fuel, and buyers with links to formal distribution operations are likely to be customers (UNODC, 2013b). Following money trails may help understand the flow’s international dimensions.

Table 3.6. Sample of alleged protection payments by oil thieves

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bribes to navy officers for tanker clearance</td>
<td>N 1.5 million (USD 950) for 500 000 litres (USD 3 per barrel)</td>
</tr>
<tr>
<td>“Security” payments at the tap point to: Local youth</td>
<td>N 700 000/week (USD 4375)</td>
</tr>
<tr>
<td>Community government</td>
<td>N 1 million/week (USD 6 250)</td>
</tr>
<tr>
<td>Community government</td>
<td>N 2 million/week (USD 12 500)</td>
</tr>
</tbody>
</table>

Note: N = Naira.

Source: Katsouris and Sayne (2013).

Stealing oil beyond the local level requires the participation of transnational organised-crime groups, who can ensure its transportation and sale once the oil leaves Nigeria’s territorial waters (Gboyega et al., 2011). According to UNODC (2013b), the major international markets for stolen Nigerian oil are China, Democratic People’s Republic of Korea, Israel and South Africa. International companies also play a role in the trade; the combination of tax write-offs and subsidies makes the level of theft a negligible expense (Katsouris and Sayne, 2013). In fact, whether companies are also involved in illicit trade is up for debate. In 2003, an investigation claimed that Nigeria could be losing as much as USD 600 million from illicit activities by international oil companies (Gboyega et al., 2011).

**IFF implications and development impacts:** Nigerian oil theft is largely cash-based, and bulk cash smuggling is common. For example, low-level employees may prefer to be paid in cash, while senior individuals may elect to purchase luxury goods or property through cash sales, taking advantage of these resources without resorting to the formal banking system. Nevertheless, it is assumed that the volume of illicit revenue raised through oil theft is far too high for the physical movement of currency to be the primary money-laundering vehicle. It is believed that the money-laundering process may be facilitated by bankers, lawyers and accountants, or may also use banks in other jurisdictions featuring less-robust anti-money laundering regimes (Katsouris and Sayne, 2013).

Beyond estimates of the scale of oil theft, its economic and developmental impact is not well researched. This knowledge gap can be filled by identifying transaction points and conducting investigations. For example, Chatham House reports that complex oil thefts require money to buy or rent vessels that move or store oil, as well as to pay intermediaries to launder the illicit proceeds. These are all entry points for a better investigation (Katsouris and Sayne, 2013).

Beyond Nigeria, the widespread practice of oil theft is also affecting neighbouring countries. In Benin, for example, a UN assessment mission found that smuggled fuel represented some 80% of all petroleum sold in the country, leading to the closure of many legal petrol stations (UNSC, 2012a). Furthermore, the failure to bring order and transparency to the oil industry in Nigeria is likely to dampen enthusiasm for further oil exploration in the region. Unless controls over the regional market in petroleum products can be reinforced, this will serve as a significant disincentive for investment (UNODC, 2013b).
**Extractive industries**

The ECOWAS region is endowed with significant mineral wealth, which has powered much of its economic growth over the past two decades. Ten of the 20 resource-rich African countries identified by the International Monetary Fund are located in West Africa. Some – such as Nigeria, Sierra Leone, Niger and Ghana – have been in the top tier of global economic performers; in each case, extractive minerals contributed 25% or more of their GDP. Yet that wealth has rarely translated into reduced poverty or inequality (Africa Progress Panel, 2013).

The negative relationship between extractive industries and illicit trade, crime, governance, conflict and development in West Africa is most clearly illustrated by the story of two of the region’s most famous commodities: diamonds and gold. But this story is playing out again in relation to more recent, emerging industries, such as uranium in Niger or iron ore in Guinea.

**Nature and scale of the flow:** there are multiple ways to divert extractive resources and the revenue gained from them. These practices differ depending on the industry and country, making it difficult to estimate the magnitude and challenge of the trade. Some single data-point statistics provide a basis for evaluating the scale of the outflows:

- Estimates put the number of artisanal gold miners in Mali at between 100 000 and 200 000, producing around 4 tonnes of gold a year – 8% of national output – valued at USD 240 million (Africa Progress Panel, 2013). In Ghana, artisanal and small-scale miners are thought to number as many as 1 million today (Punam, Dabalen and Land, 2017).

- As of late 2013, the illicit trade in Ivorian diamonds was estimated at USD 12-23 million per year (UNSC, 2014a).

- In 2011, exports of mining products from Guinea reached USD 1.4 billion, representing 12% of GDP, but government mining revenues were just USD 48 million, or 0.4% of GDP (Africa Progress Panel, 2013).

- Between 50% and 90% of the diamond trade in Sierra Leone is lost through smuggling (Fanthorpe and Gabelle, 2013). At the same time, only one of the five major mining companies in Sierra Leone paid any corporate tax in 2011 (Africa Progress Panel, 2013).

The best data come from countries that were under embargo, and thus subject to international monitoring of their resource extraction. Côte d’Ivoire, until 2014 the subject of a UN diamond embargo, was shown to have an illicit trade almost equal to the USD 25 million in Ivorian diamonds exported legally before the embargo was imposed (UNSC, 2014a). The same document described an illegal river-dredging operation between Yamoussoukro and Seguela, in which 25 boats were reportedly extracting some USD 125 000 per month in gold (UNSC, 2014a). In Sierra Leone, anywhere from 50% to 90% of all diamonds mined by small-scale mining operations are not registered with local Kimberley Process offices, and many of these unregistered stones are smuggled out of the country (Vorrath, 2014). In Liberia, official gold exports over January-September 2013 stood at 416.5 kilogrammes, but actual production likely totalled around 3 000 kilogrammes, with most of the excess smuggled out of the country (UNSC, 2013a). An estimated 80% of Liberian gold miners operate without a licence, facilitating this large volume of illicit production (Vorrath, 2014).
The most vulnerable regions are those with the highest levels of mineral deposits. Sierra Leone was by far the largest diamond producer in West Africa in 2013, followed by Guinea, Ghana, Liberia and Togo (Kimberley Process, 2014). Production in Sierra Leone is concentrated in the districts of Kono (bordering Guinea), Kenema (bordering Liberia) and Bo. South-eastern Guinea and north-western Côte d’Ivoire are also active diamond-mining regions, with the area around the Ivorian city of Seguela notorious for smuggling (UNSC, 2014a). The mines are often located in isolated, heavily forested border regions with poor transportation links to national capitals, allowing smugglers to cross borders with ease. The same goes for gold: many diamond-mining regions are also active in the production and smuggling of gold.

Other mineral deposits can also be found across West Africa. The northern Niger regions of Zinder and Agadez are rich in uranium and oil, with concessions mined by French, Chinese and Canadian firms (International Crisis Group, 2013). The Simandou Mountains of Guinea contain one of the world’s largest and highest-quality iron ore deposits (Samb, 2014). Iron ore in Simandou in Guinea, and petroleum projects in Liberia, could generate average annual revenues of USD 1.6 billion in each country; they represented 31% of GDP in Guinea and 147% of GDP in Liberia 2011 (Africa Progress Panel, 2013). Other major minerals mined in the region include bauxite, coal, rutile and coal.

Key actors: extractive-industry supply chains and related financial flows (both licit and illicit) involve a complex web and diverse set of actors. The forthcoming working paper on ASGM (OECD, forthcoming c) illustrates the complexity of these financial flows and the key actors involved. A number of criminal entrepreneurs have been identified in various UN monitoring reports for their role in smuggling gold and diamonds out of the region. West Africa is also allegedly a transit zone for diamonds from other parts of Africa; for example, diamond brokers in Monrovia have bought diamonds from Zimbabwe and the Central African Republic, and trafficked them to Liberia to evade Kimberley Process restrictions (UNSC, 2013a). Yet none of those who have been individually named have been prosecuted.

Some of the major players in this illicit economy also operate other legitimate businesses, which they use to launder their ill-gotten gains. The financier behind the trade in Ivorian diamonds from Seguela, for example, is the largest importer of motorcycles in northern Côte d’Ivoire, as well as managing trading companies specialising in agricultural products. Most of the gold illegally imported to Burkina Faso passes through the hands of an unnamed intermediary who owns a construction company that launders the proceeds of gold smuggling (UNSC, 2014a).

The issue of conflict minerals, where current or former combatants engage in predatory extraction, blurs the lines between political and criminal motivations for conflict. In 2014, the UN Panel of Experts on Liberia found that large numbers of former combatants were engaged in illicit mining (UNSC, 2014b). Similarly, a local commander for the Forces Nouvelles de Côte d’Ivoire, the main rebel group during the Ivorian Civil War and now a major political party, is allegedly smuggling both diamonds and gold out of the Seguela area. Gold operations are said to use labourers from Burkina Faso, which is also the final destination for the illicitly mined gold. The same commander also reportedly uses his connections to current and former security forces in the area to safeguard the cross-border illicit trade in Ivorian diamonds (UNSC, 2014a).

To protect illicit resource flows, criminal groups co-opt the state. One of the reasons for the lack of consistent data on illicit mining is that relatively few arrests are made, owing to corruption in the criminal-justice sector (Vorrath, 2014).
**IFF implications and development impacts:** the Kimberley Process requires members to certify shipments of rough diamonds as “conflict-free” and prevent conflict diamonds from entering the legitimate trade. This necessitates licences for all related activities, from mining to exportation, reinforced by international sanctions (Kimberley Process, 2014). Liberia became a party to the Kimberley Process Certification Scheme in 2007, and Sierra Leone became a party in 2003 (Vorrath, 2014).

Initially, the Kimberley Process was heralded as a remarkable pact between the international community and the private sector to regulate the control of illicit diamonds along the supply chain. However, as open conflicts have been resolved and illicit activity has morphed into hybrid arrangements, the Kimberley Process has seen a significant reduction in efficacy. For example, it has been recently estimated that 50-90% of the diamond trade in Sierra Leone continues to be lost through smuggling (Fanthorpe and Gabelle, 2013).

Little is known about how the proceeds of illicit transactions are brought out of the region and laundered, perhaps due to the heavy emphasis on the trade in conflict minerals to the exclusion of other illicit flows and transactions. The trade in minerals can include diamond brokers and/or dealers, who engage miners and landowners, and allow illicit mining to occur on the land of which they are custodians. Legal licence holders may also use their licence to help legalise illicitly mined materials. National controls may also be avoided by sending diamonds to a factory, which polishes them to the point where they are no longer subject to Kimberley Process restrictions on rough diamonds before shipping them abroad, as occurred in Côte d’Ivoire (UNSC, 2013b). In many instances, no transactions appear to actually occur until the minerals leave West Africa. The UN Group of Experts on Côte d’Ivoire, for example, noted that “a portion of the Ivorian diamond production is sent to international trading, cutting and polishing centres directly through Abidjan and its international airport,” and then sold in foreign markets (UNSC, 2013b).

A problematic consequence of diamond and gold smuggling is the loss of tax revenues for the region’s governments. In 2009, for example, Sierra Leone passed the Mines and Minerals Act, which imposed export taxes of 5% on gold, 6.5% on precious stones and 15% on special stones with values exceeding USD 500 000. In the six months following the bill’s passage, the country recorded zero official exports of gold or precious stones, while neighbouring Guinea and Liberia recorded increased exports. Between the Act’s passage in 2009 and late 2014, only two special stones were exported from Sierra Leone (Vorrath, 2014). Desperate to recoup at least some of its lost tax revenue, the Government of Sierra Leone slashed the precious-stone tax from 6.5% to 3% in March 2011. In August 2012, it similarly cut the gold tax from 5% to 3% (Akam, 2012).

However, even if government revenues from the extractive industries were to be fully realised, there is little indication they would be put to work for development priorities. Resource-rich countries stand out as systematically underinvesting in social protection. Guinea and Niger both spend less than 0.5% of GDP on social protection, compared with a regional average of 2.5%. Nigeria also spends 1.5% of GDP on social protection, with limited coverage.

**Flora and fauna**

A large number of activities, including illegal fishing and logging, wildlife poaching, toxic-waste dumping and illicit trade in ozone-depleting chemicals, fall under the rubric of environmental crime. Although diverse, all these crimes either trade in environmental resources or critically harm the environment. These are rarely the most profitable forms of illicit trade, but they are often highly lucrative. Given their damage to local ecosystems –
and, concomitantly, local livelihoods — they also have a particularly detrimental impact on communities.

**Nature and scale of the flow:** illegal, unreported and unregulated (IUU) fishing and logging are the two most prevalent flora and fauna-related crimes in the West African context.

The West African Marine Eco-Region is one of the most bountiful fishing areas in the world. The fisheries sector employs approximately 1.5 million people, and comprises 15-17% of GDP and 25-30% of export revenues for the West African Marine Eco-Region (UNDP, 2012). The fishing industry earns countries like Mauritania, Senegal, Guinea, Guinea-Bissau, Ghana, Liberia and Sierra Leone an estimated USD 4.9 billion per year (World Bank, 2013). Estimates of the loss resulting from IUU range from USD 1.3 billion to USD 23.5 billion per year (Environmental Justice Foundation, 2012; Africa Progress Panel, 2014).

For IUU fishing, UNODC has identified two main trans-shipment hubs in West Africa: one in the eastern central Atlantic around Guinea and Guinea-Bissau, including Cabo Verde, Senegal and Gambia, and the other in the Gulf of Guinea, including Ghana, Togo, Benin and Nigeria (UNODC, 2011e). Illicit logging is concentrated in West Africa’s coastal states, particularly Sierra Leone, Guinea-Bissau, Guinea and Liberia.

Environmental damage is occurring thanks to poor regulation in the logging sector and dumping of electronic waste. Between 2010 and 2012, the Liberian government sold one-quarter of the country’s surface in logging permits. Without the capacity to properly oversee the rate of timber production, the country is estimated to have lost millions of dollars (Global Witness, 2013). Other countries in the region have struggled with the challenge; Guinea-Bissau’s electoral campaigns in 2014 were allegedly funded by illicit logging revenue (IRIN News, 2014b).

While it has not reached the scale of Southern and Central Africa, wildlife poaching in West Africa is also a big concern. West Africa has become a hub for elephant-poaching. Abidjan’s port has seen a number of major seizures (above 500 kilogrammes); Nigerians and Guinean networks are involved in the trade, while French-speaking West Africans supply ivory as far south as Angola. An investigation found an extensive operation by a Chinese syndicate active through Nigerian airports (Vira, Ewing and Miller, 2014).

The region’s key species, such as the West African elephant population, have been poached to near-extinction, and the region is now becoming a transit hub for wildlife trafficking from East, Southern and Central Africa. Nigeria is a hub for trafficking of wildlife and wildlife products – particularly ivory, as it is well positioned to be resourced by multiple elephant-poaching hotspots, including Cameroon, Gabon, Republic of Congo and the Democratic Republic of the Congo (Vira, Ewing and Miller, 2014). Wildlife trafficking is now estimated to be the fifth most lucrative criminal activity, after the global trade in narcotics, arms, counterfeits and humans; it has more than doubled since 2007 (OECD, 2016).

**Key actors:** the illicit trade in flora and fauna in West Africa is facilitated by three types of actors: international corporations; national governments and state officials; and community-level local artisanal fishers and poachers.

International trawlers and fishers who exploit the weak regulatory capacity of West African coastal states are mainly responsible for illegal fishing (INTERPOL, 2014d). Between 1 January 2010 and 31 July 2012, the Environmental Justice Foundation received 252 reports of IUU fishing by industrial vessels within inshore areas. Commercial IUU fishers operate under flags of convenience or multiple identities to avoid detection.
Trans-shipment between trawlers is common, highlighting the degree of organisation in the illicit industry (Bondaroff, 2015). There is also evidence of collusion between local-level artisanal illegal fishers and international actors (INTERPOL, 2014d). The vessels engaging in industrial-scale illegal fishing in West Africa mainly come from Korea, China and other Asian countries (Lewerenz and Vorrath, 2015).

Lack of transparency and corruption in some coastal countries significantly enable IUU fishing. Information regarding the number of licences granted by governments and sold to foreign or nationally flagged commercial fishing boats is considered confidential. However, there are known cases of forged licences and complicity of senior-level officials allowing IUU (INTERPOL, 2014d; Lewerenz and Vorrath, 2015).

West African governments also have a long history of direct involvement in timber smuggling. In 2008, Sierra Leone imposed a ban on timber exports in response to indiscriminate exploitation of its forests by companies from China and other countries. Although domestic timber production went through a dizzying cycle of legalisation and prohibition in subsequent years, timber export remained illegal. At the same time, a strict timber ban in neighbouring Guinea drove smugglers across the border into Sierra Leone (Kavanagh, 2013). Allegations have surfaced that Chinese timber merchants, driven out of Guinea, entered Sierra Leone and relaunched their business ventures, paying locals with chainsaws rather than cash (Energy for Opportunity, 2012). A 2011 Al Jazeera investigation into illegal timber exportation in Sierra Leone found that local chieftains were felling trees and selling them indiscriminately. At the port in Freetown, police and customs officials looked the other way while containers with illegal logs bypassed cargo scanners. The investigation also found that the Office of the Vice President of Ghana had expedited the process of registering a timber-export company in exchange for the promise of nearly USD 100 000 in bribes; paperwork for the company was signed on the premises of the Ministry of Forestry (Samura, 2011). In June 2014, the President of Sierra Leone fired his chief of staff over accusations of improper mining deals and involvement in illegal timber exportation (Reuters, 2014).

**IFF implications and development impacts:** Despite the prevalence and seriousness of environmental crime, law-enforcement officials in the region give it relatively low priority. Table 3.7 shows the extent to which the region’s customs officers perceive the illegal trade in wildlife as a threat. It is notable that West Africa has the lowest rate of respondents globally, and that scores indicate a relatively low degree of concern. The unregulated selling of concessions has been a revenue-generation strategy for a number of countries in the region. Low regulatory capacity, coupled with corruption, has also allowed firms to overexploit natural resources.

<table>
<thead>
<tr>
<th>Region</th>
<th>Number of respondents</th>
<th>Response rate (%)</th>
<th>Poaching</th>
<th>Illegal export</th>
<th>Illegal import</th>
<th>Illegal transit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Middle East North Africa</td>
<td>10</td>
<td>58.8</td>
<td>3.1</td>
<td>3.3</td>
<td>3.3</td>
<td>2.7</td>
</tr>
<tr>
<td>West and Central Africa</td>
<td>10</td>
<td>43.5</td>
<td>3.1</td>
<td>2.9</td>
<td>2.6</td>
<td>2.4</td>
</tr>
<tr>
<td>East and Southern Asia</td>
<td>16</td>
<td>66.7</td>
<td>2.9</td>
<td>2.9</td>
<td>2.1</td>
<td>2.6</td>
</tr>
<tr>
<td>Americas and Caribbean</td>
<td>17</td>
<td>54.8</td>
<td>3.1</td>
<td>3.1</td>
<td>3.1</td>
<td>2.8</td>
</tr>
<tr>
<td>Europe</td>
<td>41</td>
<td>80.4</td>
<td>2.6</td>
<td>2.6</td>
<td>3.0</td>
<td>2.7</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>20</td>
<td>60.0</td>
<td>2.8</td>
<td>2.8</td>
<td>2.6</td>
<td>2.5</td>
</tr>
</tbody>
</table>


Environmental crime challenges the region’s ability to achieve its biodiversity goals and generate sustainable livelihoods. The proliferation of criminal networks means that local communities are more likely to engage in illicit trade, as legitimate opportunities are threatened. IUU fishing has a threefold impact on West Africa. First, it results in a direct financial loss to the economy. Second, it has an indirect – but more devastating – impact on communities that rely on fishing for sustenance. Third, IUU fishing has played a supporting role in other criminal operations: fishing vessels are a common method for trafficking drugs, and smuggling migrants and weapons, and are also used to perform acts of terrorism (UNODC, 2008; Platov, 2014).

The prioritisation framework applied to case studies

Table 3.8 shows how the analytical framework can be applied to three of the five case studies (to be published as separate Working Papers). Understanding the local market for a given criminal economy, the actors involved and what harm is caused can help policy makers to prioritise and tailor their intervention. The outcome highlights considerable differences between the impact of criminal economies and the response required, depending on where the IFF is earned and invested.

<table>
<thead>
<tr>
<th></th>
<th>Cocaine traffic</th>
<th>Counterfeit goods</th>
<th>Artisanal gold mining</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Where is the good sourced; and is there a local market?</strong></td>
<td>Externally: cocaine is produced outside of the region, with only a small existing market for cocaine within the region. Trade is concentrated in a limited number of hands regionally; the main facilitators of the trade and beneficiaries of the IFFs generated are high-level public officials.</td>
<td>Externally: counterfeit goods are predominantly produced outside of the region, and yet enjoy a large local market. Depending on the goods, they sometimes compete with local products. Many actors engage in the movement and marketing of counterfeit goods. Depending on the product, the barriers to entry into the country are generally low.</td>
<td>Locally: gold is indigenous to the region. There is a sizeable local market for the good, which is used as a currency equivalent for local and cross-border trading.</td>
</tr>
<tr>
<td><strong>Who are the actors involved?</strong></td>
<td>Latin American Cartels and high-level military and political officials. Colombian or Latin American drug cartels work through high ranking and well-connected individuals, including key political and military personnel – individuals that control transport hubs or deploy military assets to protect trade.</td>
<td>Entrepreneurs and corrupt officials/border guards. The higher-level perpetrators of illicit trade in counterfeit or fake goods are “business executives” operating legitimately registered enterprises, corrupt officials and border guards. The producers and distributors of these goods are also important actors in the supply chain.</td>
<td>Networks of local actors. There is a diverse array of actors, from buyers to dealers, exporters and pre-financiers. Criminal groups co-opt state officials to protect the illicit flows, and former combatants are known to be involved in some ground-level operations. China and India lead the global demand for gold. Dubai and Switzerland are seen as leading the transit hubs.</td>
</tr>
<tr>
<td><strong>Where are the IFFs earned and invested?</strong></td>
<td>Externally. The bulk of the profits from the cocaine trade are realised externally to the region. The local IFFs are predominantly used to finance local operations, corruption and protection for those involved in the illegal trade. A small proportion of the locally realised flows are then laundered abroad.</td>
<td>Externally. The bulk of the IFFs are accrued outside of West Africa. Some profits are accrued by local importers and traders, but the majority are realised by producers. Locally accrued IFFs are often re-invested in local counterfeit operations, or make their way into the local economy.</td>
<td>Locally. The bulk of the IFFs accrued locally by the miners are invested locally in subsistence livelihoods or used in cross-border trade. A minority share of the IFFs produced along the value chain leaves the country through a limited number of mining companies or gold-dealing corporations.</td>
</tr>
</tbody>
</table>
Table 3.8. Applying an analytical framework to selected criminal economies (continued)

<table>
<thead>
<tr>
<th>Assessment of harm</th>
<th>Cocaine traffic</th>
<th>Counterfeit goods</th>
<th>Artisanal gold mining</th>
</tr>
</thead>
<tbody>
<tr>
<td>The primary results from the cocaine trade include:</td>
<td>- damage to health from drug use, which is still limited in West Africa</td>
<td>The primary harms from the counterfeits include:</td>
<td>The primary harms from artisanal scale mining include:</td>
</tr>
<tr>
<td></td>
<td>- increased corruption through enrichment of local powerful elites, which may be colluding with criminals</td>
<td>- negative impact on local industries</td>
<td>- health and safety risks for artisanal miners, e.g. resulting from dangerous work practices or the use of toxic products</td>
</tr>
<tr>
<td></td>
<td>- violence resulting from increased armed protection and competition among groups that control the trade.</td>
<td>- increased corruption through enrichment of local powerful elites, which may be colluding with criminals.</td>
<td>- damage to the environment, resulting from the use of toxic products (e.g. mercury)</td>
</tr>
<tr>
<td>Implications of the response</td>
<td>Because of the limited local cocaine market (cocaine’s penetration into social groups is commensurate with its high cost), responses should concentrate on their impact on the balance of power:</td>
<td>Counterfeit goods, though the object of limited attention from authorities in the region, are in heavy demand, mostly because of the lack of affordable legitimate alternatives. Responses should include:</td>
<td>Artisanal gold mining is more an informal than a criminal activity. Most of the value-chain benefits remain in the country, particularly in the community of the individuals involved. Responses should include:</td>
</tr>
<tr>
<td></td>
<td>- improved measures to seize the commodity prior to its transiting through West Africa (with the caveat that this will displace flows elsewhere)</td>
<td>- for the goods most likely to cause physical harm (e.g. counterfeit medications), controlling the flows that cause the most harm to consumers and raising consumer awareness of the risks involved</td>
<td>- mitigating harm to the environment</td>
</tr>
<tr>
<td></td>
<td>- targeted interventions (e.g. strengthening transparency and oversight to keep senior government officials from controlling the flow of drugs)</td>
<td>- providing viable market alternatives to consumers, possibly through government investment or subsidies</td>
<td>- protecting those exposed, such as small-scale miners</td>
</tr>
<tr>
<td></td>
<td>- interventions focusing on breaking down the trafficking networks.</td>
<td>- intervening with those producing and supplying the goods</td>
<td>- shifting informal activity into the formal sector, both through legal and regulatory action, and providing incentives to the actors involved</td>
</tr>
</tbody>
</table>

Notes

1. The Nigerian Letter – also commonly referred to as “419 scams”, named after section 419 of the Nigerian criminal code – was the first major type of cybercrime to emerge out of West Africa, with roots some analysts date back as far as the 1920s (Ellis, 2015). The Nigerian Letter is a scam that combines impersonation fraud with a variation of an advance-fee scheme in which the recipient is encouraged to send personal information to the scammer, which then uses it to defraud the victim of their personal assets. Perpetrators have been known to use personal information to impersonate the victim, draining bank accounts and credit-card balances. Some victims have been lured to Nigeria, where they are imprisoned against their will and lose large sums of money (Federal Bureau of Investigation, 2013). Second-generation cybercrime, including phishing, hacking and website cloning, is a significant evolution from crime based on unsolicited letters towards a more sophisticated internet-based criminal activity supported by document falsification, identity theft and money laundering (Shaw, Reitano and Hunter, 2014).
2. The risks remain low, as only five countries in West Africa (Cabo Verde, Nigeria, Senegal, Gambia and Ghana) are showing greater than 10% Internet prevalence.

3. Nigerian scammers are moving to Benin, but 40% of the individuals arrested in Ghana for cybercrime in 2008 were Nigerian (Boateng et al., 2011).

4. The Internet Crime Complaint Center in the United States reports that complaints originating in Nigeria only account for 0.08% of complaints received, ranking Nigeria 24th on the list of complaints received by country. However, Nigerian individuals are losing much greater sums of money (nearly USD 3 million) than other countries, ranking Nigerians 12th on the list of complaint losses by country (Internet Crime Complaint Center, 2014).

5. Algeria, Egypt, Libya, Morocco and Tunisia smoke 44% of all cigarettes consumed in Africa; an estimated 80% of all cigarettes smoked in Libya are thought to be illicit (UNODC, 2009).

6. For example, as highlighted in the forthcoming working paper on artisanal gold mining in Liberia and Ghana (OECD, forthcoming c), 34% of Ghana’s gold in 2013 came from artisanal and small-scale gold mining activity (GHEITI, 2014), with over one million Ghanaians directly dependent on artisanal mining for their livelihoods (Africa Progress Panel, 2013).

7. Calculation at the annual inflation-adjusted price per barrel in 2012.

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**Interviews**

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UK-Gov-LE-220615: Multiple, National Crime Agency Officers, United Kingdom, interviewed in person, 22 June 2015.
