

# ANTI-CORRUPTION HELPDESK

PROVIDING ON-DEMAND RESEARCH TO HELP FIGHT CORRUPTION

## LITERATURE REVIEW ON CORRUPTION, NARCOTICS AND ILLEGAL ARMS TRADE

### QUERY

Can you provide information on studies or surveys conducted by TI or other organisations on a) the illegal arms trade and b) narcotics?

### CONTENT

- 1 Corruption and narcotics
- 2 Corruption and illegal arms trade
- 3 Organised crime and corruption



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### SUMMARY

This answer provides a non-exhaustive list of resources on corruption and narcotics and illegal arms trafficking. In addition, considering the organised criminal groups are heavily involved in these activities, resources analysing the relationship between organised crime and corruption are also highlighted.

## 1 CORRUPTION AND NARCOTICS

In the past decade, there has been significant growth in the illicit trafficking of narcotics. Trafficking in this and other commodities is generally characterised by high levels of organisation and the presence of strong criminal groups and networks. The nexus between illicit drugs and organised crime is increasingly apparent<sup>1</sup>. Drug trafficking has been assessed as one of the most lucrative activities conducted by organised criminal groups, and one that offer significant corruption risks for producing and transit countries.

The cross-border flow of global proceeds from criminal activities, corruption and tax evasion is estimated at over US\$1 trillion, with illegal drugs and counterfeit goods each accounting for 8 per cent of world trade.

The narcotics trade is certainly facilitated by corruption. Narco-traffickers may make illegal payments to government officials (for example customs) and law enforcement agencies to make sure drugs can reach the consumer while they remain unpunished. More recently, studies have also shown how drug dealers have managed to infiltrate members into the government where they can easily exercise influence over decision-making and law enforcement priorities.

This section provides resources that analyse the linkages between corruption and drug trafficking more generally as well as specific case studies focusing on countries such as Guinea, India, Kenya and Mexico.

### Transparency International publications

#### [Fighting corruption in countries with serious narcotics problems](#)

Chene, M., 2008

State capture and the criminal infiltration of the public sector is a major feature of drug producing and transit countries. Drug traffickers seriously compromise the effectiveness of anti-corruption and

institution-building efforts as they permeate political and state administration institutions and build corrupt networks with state officials in order to facilitate or reduce the risks and costs of their operations.

Empirical evidence supported by case studies of Colombia, Mexico, Nigeria and Hong Kong demonstrate the critical importance of strengthening law enforcement authorities and the criminal justice system to effectively combat both organised crime and corruption. Other factors such as political will, strong and transparent institutions and public confidence in the political process contribute to create a supportive environment for anti-corruption reforms. However, general lessons cannot easily be extracted and applied to Afghanistan, as some specific challenges associated with post-conflict countries make the situation there very unique. Sequencing anti-corruption reforms based on an in-depth understanding of local circumstances and promoting greater accountability to the intended beneficiaries of reconstruction aid constitute promising starting points.

#### [Corruption as a Threat to Stability and Peace](#)

Transparency International Germany. 2014

This study discusses the threats corruption can pose to fragile and conflict affected states. It further explores the complex relationship between corruption, instability and conflict, which helps to examine the roles that external security actors in particular can play and have played in addressing corruption in such environments. Among other things, the study examines these relationships in more detail through three brief case studies, which underline the complexity of the challenges in different contexts. One of them focuses on West Africa where the burgeoning narcotics trade has fuelled transnational organised crime and the rise of the first narco-state in Guinea-Bissau.

### Country/regional specific studies

#### [Corruption, Drug Trafficking, and Violence in Mexico](#)

Morris, S. 2012

Corruption plays a central role in the drug trafficking and the related war that have violently scarred Mexico in recent years. Corruption facilitates the operation of Mexico's vast and powerful criminal

<sup>1</sup> World Economic Forum, 2013. *Global Agenda Council on Organized Crime 2012-2013* <http://www.weforum.org/content/global-agenda-council-organized-crime-2012-2013>

business enterprises while simultaneously debilitating the state's efforts to confront them. In fact, corruption makes it difficult at times to differentiate violators from enforcers. This paper first draws on recent events to describe the role of corruption in facilitating drug trafficking and handicapping the state, and then explores the underlying changes that have altered the historical and once stable pattern.

[Drug Trafficking Related Violence and Corruption Among Specific Populations in Mexico](#)

Courtney, M. 2013

The trade of illegal narcotics through Mexico has resulted in the rise of powerful and organised criminal businesses that are not afraid to bribe, or kill, any who cross them. This has caused a dramatic increase in violent crime and government official corruption. This paper defines these organisations and examines their creation. It also examines current data to determine which populations are more prone to violent crime or corruption by looking at the victim's relationship to the drug trafficking market. The three possible categories are cartel members, government workers or citizens, and all three will be subcategorised. Lastly, the paper examines how the type or nature of the violence utilised by drug traffickers changes in order to accomplish specific goals.

[Termites at Work: Transnational Organized Crime and State Erosion in Kenya](#)

Gastrow, P. 2011. International Peace Institute

The threat posed by organised crime is not confined to serious crimes such as racketeering, the global drug trade, or human trafficking. For many developing countries and fragile states, powerful transnational criminal networks constitute a direct threat to the state itself, not through open confrontation but by penetrating state institutions through bribery and corruption and by subverting or undermining them from within. Governments that lack the capacity to counter such penetration, or that acquiesce in it, run the risk of becoming criminalised or captured states. This paper examines whether Kenya faces such a threat.

The paper discusses six types of activities carried by organised criminal groups in Kenya, including drug trafficking and trafficking in small arms.

With regard to drug trafficking, the report stresses that many criminal groups have developed very close ties with the country's law enforcement agencies and the judiciary. In addition, members of parliament and members of the government have been under investigation due to their alleged involvement in drug trafficking.

[The Development Response to Drug Trafficking in Africa: A Programming Guide](#)

USAID. 2013

Drug trafficking poses a growing problem in Africa. Increasing flows of illicit drugs threaten good governance, peace and security, economic growth and public health. This guide aims to help USAID and other development actors to understand the relationship between drug trafficking and development assistance and seek ways to mitigate any negative impacts. Where possible, development actors should consider programming targeted to counter the flow of drugs (for example, anticorruption efforts or judicial reform) or programming to ameliorate the impacts of drug trafficking such as demand reduction programmes including prevention and treatment.

[Narcotics Trafficking in West Africa: A Governance Challenge](#)

McGuire, P. 2010

This paper examines the effect that the surge in narcotics trafficking has had on governance and security in West Africa, paying particular attention to the experience of Guinea-Bissau and neighboring Republic of Guinea (Guinea-Conakry), two West African states that have been particularly affected by the illicit trade. The central argument presented is that narcotics trafficking is only one facet of the overall challenge of state weakness and fragility in the region. The profound weakness of many West African states has enabled foreign trafficking groups to develop West Africa into an entrepôt for cocaine destined for the large and profitable European market, sometimes with the active facilitation of high-level state actors. Thus, simply implementing counter-narcotics initiatives in the region will have a limited impact without a long-term commitment to strengthening state capacity, improving political transparency and accountability and tackling poverty

alleviation and underdevelopment.

[Drug Trafficking in India: A case for border security.](#)

Das, P. 2012. Institute for Defence Studies and Analyses

For the last three decades India has become a transit hub as well as a destination for heroin and hashish produced in the Golden Triangle and the Golden Crescent. In addition, various psychotropic and pharmaceutical preparations and precursor chemicals produced domestically as well as in various parts of the world are also trafficked through Indian territory. The nexus between drug traffickers, organised criminal networks and terrorists has created a force powerful enough to cause instability in the country.

The author argues that corruption in various concerned agencies has been one of the most difficult hurdles in the prevention of drug trafficking. Drug trafficking generates enormous profits and the lure of money has always been too difficult to resist. It has been alleged that officials not only take bribes from traffickers to look the other way when a drug consignment is trafficked, but some are themselves actively involved in drug trafficking.

[The Illicit Drug Trade through South-Eastern Europe](#)

UNODC. 2014

South Eastern Europe has long served as a corridor for several drug trafficking routes to Western and Central Europe. Owing to its geographical position between Afghanistan, the world's most important opiate-producing country, and the large and lucrative markets for opiates in Western and Central Europe, South Eastern Europe is a crucial stage on one of the world's most important heroin trafficking routes, the Balkan route

As in other places, corruption facilitates the transportation of illicit drugs across borders and their sale on local markets. The paper discusses a few examples of corruption related to drug trafficking in the region and recommends a series of actions to be taken to prevent and identify corruption and consequently make it harder to drug dealers to operate.

## 2 CORRUPTION AND ILLEGAL ARMS TRADE

Illegal arms trade or arms trafficking fuels civil wars and regional conflicts, terrorist groups and drug cartels, contributing to increased violence and crime.

The illicit trade in arms occurs in all parts of the globe but is concentrated in areas affected by armed conflict, violence and organised crime where governance is weak and corruption widespread.

While most arms trafficking appears to be conducted by private entities, certain governments also contribute to the illicit trade by deliberately arming proxy groups involved in insurgencies against rival governments, terrorists with similar ideological agendas or other non-state armed groups. These types of transfers, which are prevalent in Africa and other regions where armed conflict is common, are often conducted in contravention of UN arms embargoes and have the potential to destabilise neighbouring countries<sup>2</sup>.

Andrew Feinstein, a South African arms trade expert, describes in his book ([The Shadow World: Inside the Global Arms Trade](#)) that the formal arms trade and the grey and black markets are interdependent, "with bribery and corruption de rigueur there are very few arms transactions that are entirely above board"<sup>3</sup>.

There have been cases where governments have officially bought arms from developed countries and then have illegally passed them to armed groups. This has allegedly been the case in Libya and Syria<sup>4</sup>.

Illegal arms trading may also be done through fake legal transactions where legally purchased arms are shifted into the hands of someone other than the reported legal recipient. This can be done by, for example, falsifying an end user certificate or by

<sup>2</sup> *Illicit Trafficking, Small Arms Survey.* <http://www.smallarmssurvey.org/weapons-and-markets/transfers/illicit-trafficking.html>

<sup>3</sup> *The New York Times.* 2012. "The legal vs. the illegal arms trade". [http://rendezvous.blogs.nytimes.com/2012/04/06/the-legal-vs-the-illegal-arms-trade/?\\_php=true&\\_type=blogs&\\_r=0](http://rendezvous.blogs.nytimes.com/2012/04/06/the-legal-vs-the-illegal-arms-trade/?_php=true&_type=blogs&_r=0)

<sup>4</sup> *Stewart, S., 2013. Global Arms Markets as Seen Through the Syrian Lens.* <http://www.stratfor.com/weekly/global-arms-markets-seen-through-syrian-lens#ixzz34VbUCsUe>



bribing officials in the destination country. For instance, Ukrainian small arms were sold to Ivory Coast on paper but were then transferred in violation of United Nations arms embargoes to Liberia and Sierra Leone<sup>5</sup>.

There are very few studies discussing corruption in illegal arms trade. More recent studies have focused on corruption risks in legal arms deals but, as mentioned above, both issues are intertwined, and more transparency and accountability in legal arms dealing may also help to stop the illegal arms trade. In fact, when corruption risks are not addressed in legal arms transfer laws, weapons can be easily diverted to the illicit market.

This section highlights recent studies conducted on these issues.

## International agreements

### [Illicit Trade in Small Arms and Light Weapons in all its Aspects Programme of Action \(POA\)](#)

The Programme of Action was adopted at the United Nations Conference on the Illicit Trade in Small Arms and Light Weapons in all its aspects in 2001. Participant countries agreed on a series of measures to be undertaken at the national, regional and global level aimed at preventing, combating and eradicating illegal arms trade.

More information about the POA is available [here](#).

### [Arms Trade Treaty UNODA. 2013](#)

On 2 April 2013, the United Nations General Assembly adopted the Arms Trade Treaty (ATT), regulating the international trade in conventional arms, from small arms to battle tanks, combat aircraft and warships. Inadequate controls on arms transfers have led to widespread availability and misuse of weapons. The treaty aims at establishing such controls. As of 2014, 118 states had signed the treaty and 40 had ratified it. The treaty will enter into force when it has been ratified by 50 states.

<sup>5</sup>Stewart, S., 2013. *Global Arms Markets as Seen Through the Syrian Lens*. <http://www.stratfor.com/weekly/global-arms-markets-seen-through-syrian-lens#ixzz34VbUCsUe>

Three sections in the treaty will help states to address the corruption risks at the various stages of an arms transfer, as [highlighted](#) by Transparency International UK.

## Transparency International publications

### [Corruption in Arms Trade](#)

Pospíšil, F. 2004

This paper, drafted under the umbrella of a Transparency International-Czech Republic (TIC) project Working Group on Arms Trade Control, identifies the leading risk factors supporting corruption in the arms trade in the Czech Republic. While it does not focus on the illegal arms trade, it offers recommendations that are useful to improve a country's overall governance structure, and hence reducing the opportunity for illegal dealings. It provides a complex overview of the problem and attempts to propose measures needed to reduce corruption in this particular area. The proposed solutions primarily follow principles stipulated in the Government Program to Combat Corruption and documents issued by the Council of Europe, the European Union, OECD and the United Nations.

The paper suggests that to effectively fight corruption in the arms trade, a series of reforms should be implemented, including measures to strengthen the country's public procurement act; the introduction of preliminary and follow-up parliamentary arms trade control; and the regular publishing of detailed reports on the arms trade in consultation with the general public.

## Other studies

### [Small Arms Survey 2013](#)

The Small Arms Survey is an independent research project that aims at improving the understanding and knowledge on all aspects of small arms and armed violence. The 2012 publication analysed data on illicit small arms, light weapons and rounds of light weapons ammunition in three high-intensity armed conflict zones: Afghanistan, Iraq and Somalia. In 2013, the publication focused on countries affected by high-intensity organised criminal group activities

and low-intensity conflict: Mexico and the Philippines. It found, for example, that thousands of firearms seized in Mexico are traced to the United States annually. These weapons are often purchased from gun shops in small numbers and then smuggled over the border. While individual transactions occur on a small scale, the sum total of the weapons trafficked into Mexico is large.

#### [Detecting Illegal Arms Trade](#)

DellaVigna, S and La Ferrara, E. 2009

This paper proposes a method to detect illegal arms trade based on investor knowledge. It focuses on countries under arms embargo and identifies events that suddenly increase or decrease conflict intensity. If a weapon-making company is trading illegally, an event that increases the demand for arms may increase stock prices. The authors find positive event returns for companies headquartered in countries with high corruption and low transparency in arms trade. The result holds in 13 out of 18 events. The event returns suggest that companies in high-corruption countries are more likely to violate arms embargoes, with yearly profits in the order of US\$1 million to US\$3 million per company.

#### [Fighting the Illicit Trafficking of Small Arms](#)

Stohl, R. 2005

The illicit trafficking in small arms is a transnational phenomenon. This trade arms terrorists and terrorist groups operating around the world and is central to the US global war on terror. The line between the often blurred, fuelled by the lack of strict international criteria and controls. Around the world, the illegal income generated by exploiting resources such as timber, drugs, diamonds and other minerals perpetuates conflicts and corruption. Arms brokers can operate, because they are able to circumvent national arms controls and international arms embargoes or obtain official protection. Developing policies to address the illicit trafficking in small arms cannot be done in a vacuum or by the United States unilaterally. Other countries, on a national, regional and international level, must develop stronger controls on legal sales and increase and enhance international cooperation.

### 3 ORGANISED CRIME AND CORRUPTION

As mentioned, organised crime manifests itself in many forms, including as trafficking in drugs and firearms. There are several challenges in researching organised crime, corruption and the linkages between them. Nevertheless, recent studies have provided evidence of how organised criminal groups and corruption are related and the areas considered of risk. In fact, there is now a far better understanding of how criminal groups can permeate government agencies and institutions, and the influence that they can have in the private commercial sector, using bribery and corruption to undermine legitimate trade and undermine entrepreneurship and investment<sup>6</sup>.

As such, organised crime makes use of different forms of corruption to operate. For instance, bribes may be paid to public officials in order to obtain false identities and documents, which can then be used for the purposes of drug trafficking and illegal arms trade; to manipulate official documents; and obtain information about investigations and court cases, among others. Corruption may also exist in the form of infiltration of criminal group members into government agencies, such as in the police or higher ranking offices. Infiltration can also be seen at the political arena where members of organised criminal groups capture the decision-making process<sup>7</sup>.

#### *Transparency International studies*

##### [Organised crime, corruption and the vulnerability of defence and security forces](#)

Transparency International UK Defence and Security Programme. 2011

This report explores the concrete links between organised crime and corruption and highlights how defence and security forces can themselves become involved in organised crime. It is corruption that is often the medium by which the army and police officers that are meant to secure citizens are in fact

<sup>6</sup>UNODC Thematic Programme on Transnational Organised Crime. <http://www.worldcat.org/title/thematic-programme-action-against-transnational-organized-crime-and-illicit-trafficking-including-drug-trafficking-2011-2013/oclc/790491477>

<sup>7</sup>UN CIP, *Corruption and Organised Crime*. <http://www.10iacc.org/download/workshops/cs22a.pdf>

directly criminally harming them. It also points to the growth of organised crime, often associated with corruption, in post-conflict countries as a result of insufficient attention being paid to these issues during the post-conflict reconstruction phase.

#### [Organised crime and corruption](#)

Chene, M. 2008. U4 Helpdesk answer

Instrumental violence, corruption and money laundering are regarded as key defining characteristics of organised crime. Although there is little empirical research specifically focussing on the link between organised crime and corruption, abundant circumstantial evidence indicates frequent collusion between organised criminals and corrupt officials at all levels of government. Through corruption, criminals can obtain protection from public officials, influence political decisions and infiltrate state structures and legitimate businesses. Case studies of Nigeria, Mozambique and South Africa illustrate the specific characteristics of organised criminal groups in Africa and how corruption is used as part of their modus operandi to facilitate their criminal activities, avoid punishment and infiltrate public institutions.

#### *Other reports*

#### [Transnational Crime in the Developing World](#)

Haken, J. 2011. Global Financial Integrity

This report analyses the scale, flow, profit distribution and impact of 12 different types of illicit trade, including drugs, and small arms. Though the specific characteristics of each market vary, in general it can be said that these profitable and complex criminal operations originate primarily in developing countries, thrive in the space created by poverty, inequality and state weakness and contribute to forestalling economic prosperity for billions of people in countries around the world.

Though data is scarce and experts are constantly debating the relative merits and weaknesses of every new study, it is generally accepted that illicit drug trafficking and counterfeiting are the two most valuable markets. This report finds the illicit drug trade to be worth roughly US\$320 billion and counterfeiting US\$250 billion.

The report also finds that drug profits will often be used to criminalise the state itself. This ordinarily occurs when traffickers induce state officials to abandon their commitment to uphold the rule of law. This corruption is achieved through the promise of some material gain and, if necessary, the threat of harm. In some cases, traffickers will use profits to fund electoral campaigns, thus securing the goodwill of an incoming elected official for the duration of his or her term. In extreme cases, traffickers will simply use funds to field their own candidates in elections.

#### [Squeezing a balloon? Challenging the nexus between organised crime and corruption](#)

Reed, Q. 2008. U4 Issue

Corruption and organised crime are of great concern to the international community. While the first is regarded as one of the greatest barriers to development, the second is seen as a key threat to international security and stability. In this context, corruption is best understood as the way in which organised crime infiltrates the state. Corruption is one of the primary enabling activities of organised crime. It makes possible and/or facilitates the conduct of these types of criminal activities.

This U4 Issue argues that understanding the connections between both phenomena require a deeper analysis of the relationships between organised criminals and public officials at different levels of the state. First, international standards and conventional wisdom tend to embrace a limited range of the possible policies that may be employed to tackle organised crime and corruption, and are heavily oriented towards criminal law and enforcement. Second, policies to tackle both problems are usually developed without applying sound principles of policy making. The author argues for the development of policies based on proper analysis of the specific context, breaking down the problem into clear components, identifying their causes and selecting specific and appropriate measures to address each component or causal factor. In particular, the author suggests there is a pressing need to correct the current bias towards criminal law enforcement solutions.

#### [Transnational Organized Crime in East Asia and the Pacific: A Threat Assessment](#)

UNODC. 2013

This report takes a look at the manner in which criminal enterprises have developed alongside legitimate commerce in the region. It attempts to outline the mechanics of illicit trade: the how, where, when, who and why of selected contraband markets affecting the region, including information on illicit drugs (heroin and methamphetamine). According to the report, drug-related corruption has a significant impact on the economy and political system in the region, undermining governance and the rule of law.

[Fighting Organized Crime in the Asia Pacific Region: New weapons, lost wars.](#)

Schloenhardt, A. 2011

This paper analyses offences dealing with the incrimination of organised crime under international and domestic law in the Asia Pacific region and develops recommendations to improve existing and proposed provisions. The article frames the arguments for and against offenses such as participation in an organised crime group, gangsterism or racketeering and critically examines the rationale, elements and application of existing and proposed organised crime offences in the Asia Pacific region.

[Examining the links between organised crime and corruption](#)

Center for Study and Democracy. 2010

This study aims at identifying causes and factors that engender corruption by organised crime in European Union member states; the scope and the impact of that corruption on society; organised crime's main corruption schemes, the areas of risk they create as well as best practice examples in prevention and curbing corruption linked to organised crime.

The report concludes that prostitution and illegal drugs markets exert the most corruptive effect in the European Union.

With regards to targets of corruption, due to the big differences among member states' institutions, the criminal structures in the EU take advantage of corruption in a variety of ways. In some countries, such as Bulgaria, Italy and Romania, political patronage creates a vertical system of corruption that functions from top to bottom in all public institutions.

The most widespread and systematic forms of corruption targeted by organised crime are associated with the low-ranking employees of the police and public administration. The report describes how political corruption, police, judicial, customs and private sector corruption are used by organised criminal groups, providing a list of anti-corruption strategies that could be adopted. Case studies on Italy, Bulgaria and Greece focus on the links between drug trafficking, organised crime and corruption.

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