

OBSERVATORY OF ILLICIT ECONOMIES IN EASTERN AND SOUTHERN AFRICA

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Summary highlights



Special report: Gangs in East and Southern Africa use lockdowns to target children for recruitment.

Our research in Kenya and South Africa has found that recruitment of children into gangs has risen alarmingly since the coronavirus pandemic started, with gangs deliberately targeting children for recruitment. School closures have left children more vulnerable to exploitation, and economic hardship and hunger as a result of the lockdowns have driven some children and their families to working for gangs as a means of making a living.



Cannabis trafficking and endangered-tortoise trade drive corruption in Madagascar.

Madagascar is home to some of the world's rarest tortoise species, which in recent years have fetched enormous prices on international black markets. It also boasts a booming market for illegal cannabis, both for domestic consumption and for export to other Indian Ocean island states. Although neither of these illegal markets are currently a national or international law-enforcement priority, our recent research into both has

found them to rely on extensive networks of corrupt officials to facilitate trafficking flows. This drives local-level corruption in source regions for cannabis and tortoises, as well as in key transit points on trafficking routes, which may overlap with the routes of other illicit flows.



Mining-related killings in South Africa's KwaZulu-Natal province fuel corruption and socio-political instability.

Killings of local residents who oppose mining developments have been on the rise in KwaZulu-Natal since 2016. In eMpembeni, a rural area near Richards Bay, a spate of assassinations and assassination attempts have terrorized the community since 2017, when residents began raising questions about a possible new mining development in the area. Investigations into the murders have stalled. eMpembeni is just one example of mining-related conflict in KwaZulu-Natal, where conflicts of interest in traditional authorities and legislation that does not protect the rights of communities drive conflict over the exploitation of mineral resources.





Following the money underpinning the Yemen-Somalia arms trade.

Remittance companies serving Somalia and Yemen – commonly referred to as ‘hawalas’ – have a long history of being abused by criminal networks seeking to avoid financial scrutiny. In a forthcoming publication, The Global Initiative Against Transnational Organized Crime (GI-TOC) will explore how hawala remittances facilitate the illicit arms trade between Yemen and Somalia. The paper will present data on arms-related remittances totalling US\$3.7 million that were sent between 2014 and 2020, and will seek to identify the gaps in financial compliance that are exploited by arms traffickers. The current Risk Bulletin includes excerpts from this upcoming publication, including an analysis of the illicit

activities of one prominent Somalia-based arms importer, Abdirahman Mohamed Omar, aka ‘Dhofayay’.



Pipeline fuel thefts skyrocket in South Africa.

Thefts from fuel pipelines have skyrocketed in South Africa over the past year. These pose environmental and safety risks, and cost the South African government millions in revenue. Although much of the fuel stolen in South Africa remains in the country, some is exported to neighbouring countries. This is part of a regional phenomenon of fuel smuggled across borders, where smugglers exploit price differentials between countries. Some responses, such as use of chemical markers, seem to be having an effect.

ABOUT THIS ISSUE

Some of the most pernicious aspects of the coronavirus pandemic are those which affect children. The impact of school closures, sharply declining economic conditions, hunger, and the narrowing of prospects for future employment will be felt for many years to come. In a special report by our East and Southern Africa team, we examine how, in addition to these threats, children in poor and vulnerable communities under lockdown have been targeted by gangs for recruitment and exploitation. For governments and civil society working to protect vulnerable children, this news should be both a warning and a call to action.

Remittance companies – commonly known as ‘hawalas’ – are a humanitarian necessity in Somalia and Yemen as they allow these countries’ economic sectors to function despite the state fragility and conflict that afflicts them both. However, these companies have a long history of being abused by criminal networks and terrorist organizations operating in the region. In this issue, we present findings from an upcoming Global Initiative Against Transnational Organised Crime (GI-TOC) report detailing how arms dealers are exploiting gaps in the system. The remittance system in its current system is a double-edged sword, and in need of reform to best serve Somalia and Yemen in future.

In our research, we aim to understand the commonalities and shared context between different forms of crime. Trafficking of cannabis and the trade in endangered tortoises are in many aspects very different: they cater to very different consumer markets, and only one is a very rare and highly-priced commodity. However, in Madagascar, these trades share some of the same trafficking routes and are able to flow through some of the same modalities of corruption. In particular in the south-east of Madagascar, the cannabis trade is notable not only for the scale of trafficking groups involved but its close links to historic security issues in the region such as cattle rustling and armed banditry.

We also explore two stories relating to natural resource exploitation in South Africa. First, in KwaZulu-Natal, locals who oppose mining developments are increasingly being murdered in seemingly professional assassinations. There have been at least 38 assassinations in the province since 2016. The right of these communities to protest and to retain autonomy over ancestral lands is at stake. Second, there has been a dramatic increase in thefts from fuel pipelines in South Africa since early 2019. Criminal syndicates tapping into pipelines and extracting tanker-loads of fuel presents a significant risk to public safety.

Special report: Gangs in East and Southern Africa use lockdowns to target children for recruitment

Some impacts of coronavirus lockdowns have hit vulnerable children and their families hardest. On 15 March 2020, after the country confirmed its first case of coronavirus,¹ the Kenyan government announced the closure of schools, which has since been extended to 2021.² Schools in South Africa also closed earlier than scheduled on 15 March for the Easter break, before nationwide lockdown was imposed on 27 March. This has not only left children struggling for their education, but has also rendered some even more vulnerable to exploitation by gangs.

Kenya

Sources across Kenya report that they have seen a rise in child recruitment into gangs. Kevin Kola, a mentor at Greater Heights Initiative – a civil-society organization based in Nakuru, western Kenya, which is involved in the rehabilitation of gang members – reported that Confirm, one of Nakuru’s most notorious gangs, has been on a recruiting spree since the pandemic started.³

In Nairobi, Lucas Ogara, a Kilimani Officer Commanding Police Division, reported to People Daily that incidents of juvenile-gang attacks had increased since the pandemic hit Kenya, attributing this to a mixture of unemployment, insufficient parental supervision, impoverished living conditions and poor education.⁴ Meanwhile, Nairobi Regional Police boss Philip Ndolo confirmed that crime involving primary-school and secondary-school students was on the rise.⁵

Civil-society leaders in Mombasa who are working on these issues said that many teenagers are joining gangs such as Wakali Kwanza, Wajukuu wa Bibi and Team Popular, some of the most notorious in the city.⁶

Starting small

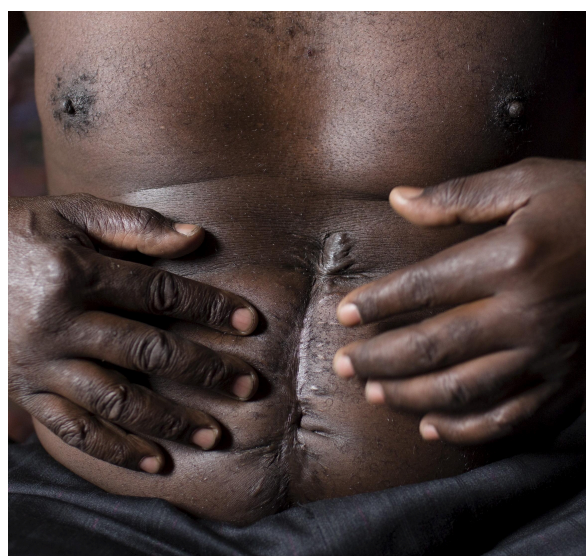
In an interview, Onyango (not his real name), a Confirm leader in Nakuru, described the gang’s recruitment process:

Casual interaction is one of the first steps we are taking. It helps us gauge the smart ones who can keep secrets. We then have them hang around us at



Nairobi’s Kibera slum under lockdown in July 2020.

© Thomas Mukoya/Reuters



A man shows scars from gunshot wounds sustained when he was attacked by a gang in Makadera in Nairobi, 27 April 2015.

© Reuters/Siegfried Modola

the base basically to get attracted to the lifestyle by seeing how our members live. They run small errands like purchasing airtime or snacks as a dry run. After a few weeks of random rewards for these errands, they are then tasked with sending

messages and reporting the numbers that go through, a key strategy in our online money heist.

Confirm are known for specializing in phone-based scams, namely so-called virtual kidnappings. In these, gang members use information drawn from platforms such as social media to threaten their victims, either claiming that they have a family member hostage, or that the family member needs money for urgent medical care. Once cash is transferred, they switch off the phone. The early steps of these scams are simple and monotonous tasks, and to perform them Confirm recruit children. As Kevin Kola explains:

As long as you can count and write numbers, you are eligible for recruitment. Many of the children who are picked are tasked with sending fake M-PESA [the Kenyan mobile-money system] messages, claiming that the recipient has won a certain amount of cash. Whereas this is based purely on guesswork, the kids note down which numbers went through and forward them to older gang members, who then make calls to the unsuspecting victims. For KSh 600 (US\$6) a day, the children often view this as a harmless task.

Confirm are unique among Kenyan gangs for their specialization in technology-based crimes. Elsewhere in the country, children perform various other roles for gangs. Hip-hop artist Ohms Law Montana, who is also the Founder of Acha Gun Shika Mic (drop guns and hold mics), a movement that seeks to reform gangs in Mombasa, suggests that gang members have been approaching children for recruitment as, being younger, they are easier to manipulate: 'The corona period has confirmed that children are more malleable than adults, it is easy to bend their will and get them to do what you want.'⁷

Montana reports that, in Mombasa, some children act as lookouts during robberies, while others are used for getting into small spaces. During break-ins, these children climb into windows and pass stolen items to awaiting gang members. He added that the kids are taught some skills, including how to attack people and steal from them, and are deployed on missions. The availability of weapons, which are offered to the kids upon learning their new trade, including knives and machetes, has also been on the rise.

Closed schools aid recruitment efforts

School closures have been a major factor in children becoming more vulnerable to recruitment by gangs. In the absence of the structure, supervision and sense of inclusion that schools offer, disadvantaged children may find gang life increasingly appealing. Kola says that, in Nakuru, the few recruits who worked part-time are now working full-time, as there is no school to keep them occupied.

Montana and Kola argue that the sense of belonging and need for money are key factors leading to the pull of gangs for children. 'More and more children are now giving in due to peer pressure, both in their immediate surroundings and on social media, and the desire to upgrade their lifestyle,' said Kola.

Three recent Confirm recruits described how they benefit from being part of a gang. Brian, 14 (the names of the recruits have been changed),⁸ keeps an eye on law-enforcement officers: 'I ride bikes around the neighbourhood and spy around. No one suspects anything because children ride bikes all the time. I give reports of police operations for a KSh 100 [US\$1] tip.'

Stephen, 15, started out by forwarding messages: 'My brother is a member of the gang and he always has money. I inquired from him if I could join too. He taught me how to send the messages and how to get the money. I used to do it at night but one time I went in during the day and I have been doing it [ever] since as my full-time job.'⁹

Cyrus, 16, uses crime to fend for himself: 'I'm very proud of my accomplishments. My father and I are not in good terms and he calls me "useless" a lot. He does not provide for me at all, so I use crime to become self-sufficient. I hope one day I can make enough to furnish my single room and save up to invest in a mitumba [second-hand clothes and shoes] business. I don't want to do this forever.'¹⁰

The travel bans and business lockdowns have left many families in poor areas of Kenya's cities struggling to make ends meet. In Kibera, a slum area of Nairobi, several gang members reported that they were distributing food among the community, and specifically targeting children of primary- and secondary-school age. They pointed out that this immediately attracts children to the gangs, since ensuring regular meals has been a struggle in recent months.

'They even followed us, asking to help them learn the trade. Most are barely 13 but they feel the need to substantiate their parents' income. So far, we have more than 20 new dedicated recruits and they are keen to join us in minor crimes like pickpocketing and snatching phones while on a motorbike,' said one gang member. He said that the gang was also providing basic necessities, including water, a scarce commodity in the slums. 'We even have handwashing bays where we meet and interact with many young people on a day-to-day basis. In this exchange, some of them have shown interest in our flashy lifestyle and also keep asking where we get cash for the phones we use. This is the opportune time to talk to them about the benefits of being one of us.'

South Africa

As in Kenya, children have long been exploited by gangs on the Cape Flats. Referred to locally as 'springbokkies' – in reference to South Africa's symbolic antelope – child recruits are used by gangs to keep a lookout for the police, carry guns to shooters, or deliver drugs and other illicit goods.¹¹ Sometimes, more than three children positioned in different streets pass a gun to one another, so that the gun reaches the shooter and is moved out of the vicinity before police arrive. The children then hide the gun in their homes.¹²

Children are also used as shooters themselves, using their seeming innocence as an advantage, while some children are recruited simply to be sacrificed. When two gangs in conflict are required to 'pay back in blood' to settle a score, they may send a child as a sacrifice. The child is given a gun and told to shoot a member of the rival gang; yet the gun given to the child is faulty and the rival gang is prepared for the child's arrival. They do not know they are being set up until it is too late.

Gangs in South Africa have long exploited the fact that children below the age of 10 do not have criminal capacity in law¹³ and therefore cannot be arrested for an offence.¹⁴ People under the age of 18 are also considered minors and cannot be tried as adults. Recruiting children essentially lowers the gangs' risk of attracting attention from law enforcement.

Yet children have always been – and continue to be – drawn to the gangs' aura of power and money. Jamiel, a 36-year-old member of the Americans gang, described how he was recruited at a young age:

I was ... just really a junior when I joined the gangs at school. I didn't really know anything other than the fact that I wanted to be an American gang member. They all had guns and plus they had cool teeth, and all the best clothing and the best shoes, some of them had the newest Ford with the spoilers and the cool rims and I knew that when I became an American then I would be able to also get those things. So, when I started, I was maybe nine years old and they gave me a knife and I poked [stabbed] this other kid at school that was always looking for kak [looking to cause trouble] with me ... from then, nobody messed with me. They gave me a gun when I was 12 years old and I shot some people.

Jamiel said that, despite the killing and the prison time he has served since, he has no regrets about his choice of path, because people in the community respect and fear him.¹⁵

Ivan Daniels, a former member of the Hard Livings gang, now a pastor in Manenberg, Cape Town, describes how Jamiel's story is not unique:

These gangsters have very young shooters, some as young as 10 years old. ... I've seen an eight-year-old carry a knife and a gun. Because these areas are so destitute with poverty and unemployment, these kids only see the gangsters and the gang bosses as a possible career choice ... their own families don't have money and they live from hand-to-mouth, whereas the gangsters always have money and new clothes and jewellery ... and the gang boss is driving a new car every six months, and so it becomes a very attractive prospect for these children.¹⁶

Gangs have a sophisticated system of recruitment, involving recruiting children to sell drugs at schools to form junior school-age gangs. Those youngsters who show potential through their capacity for violence may then be brought into the main gang.¹⁷ Recruiting children provides the gangs with a stream of malleable young members willing to prove themselves.

Spuikers (not his real name)¹⁸ was born into a family of violence and gangsterism in Manenberg, a gang-ridden and poverty-stricken community in Cape Town. His grandfather and father were senior gang leaders. At the age of eight, Spuikers committed his first murder. He was taken to Manenberg Police Station, where police

officers arranged for a social worker to provide him with counselling.

At the age of 11, he bragged about how being a member of the Clever Kids gang provided him with money, drugs and women. At 13, while trying to kill a rival gang member, he killed a three-year-old boy in the crossfire. He was taken into custody, then, after being released on bail, shot the rival gang member he had initially failed to kill.

Now, at the age of 15, Spuikers has already committed four murders. On 28 October 2020, he will appear at the Child Justice Court where it will be argued if his sentence should include imprisonment. His story, like Jamiel's, demonstrates how children can be drawn from an incredibly young age into the gang ecosystem.

Murders committed by children on the rise

Monitoring of South Africa's crime trends suggests that child recruitment has been on the rise for some time. The number of children appearing in Child Justice Courts has increased in recent years,¹⁹ and in 2018–2019, 33 per cent of all criminal activity involving minors across South Africa took place in the Western Cape, home to the gang-ridden Cape Flats.²⁰ Murders committed by children also rose sharply between April 2019 and March 2020, along with an increase in the number of child victims of crime. Observers have argued that murders committed by children in the Western Cape are largely attributable to gangs, a phenomenon that contributes 'significantly to violence committed by children'.²¹

This trend has accelerated under lockdown. The GI-TOC commissioned a series of 42 interviews with former and

current gang members across the Cape Flats during the first three months following the beginning of lockdown on 27 March 2020. Recruitment trends changed over the period: at the start of lockdown, when restrictions on movement were severe and police presence in the streets was high, gang members reported that recruitment fell as the contexts in which they would interact with vulnerable children were restricted. As lockdown continued and restrictions were gradually relaxed, responses reported that recruitment was rising, particularly of school-age children who were not attending school.

Targeting the most vulnerable

Interviews with members of Cape Flats communities and activists working against gang violence showed the same drivers at work in South Africa as those observed in Kenya.

School closures have left already vulnerable children even more vulnerable. As in Kenya, the absence of school leaves some children bored, in need of money and lacking a sense of belonging. In the words of one Mr Jenkins, a resident of Mitchells Plain, Cape Town, 'With all the children being home now, I worry a lot because even the good children that used to go to school are now roaming the streets here with nothing to do [and] that is when the gangs jump on them and lure them into joining'.²²

In these communities, school does not only offer an education: many of the schools on the Cape Flats also run feeding schemes and after-school activity programmes aimed at keeping children away from gangsterism – support structures that are impossible in lockdown. Many children would also take food home to

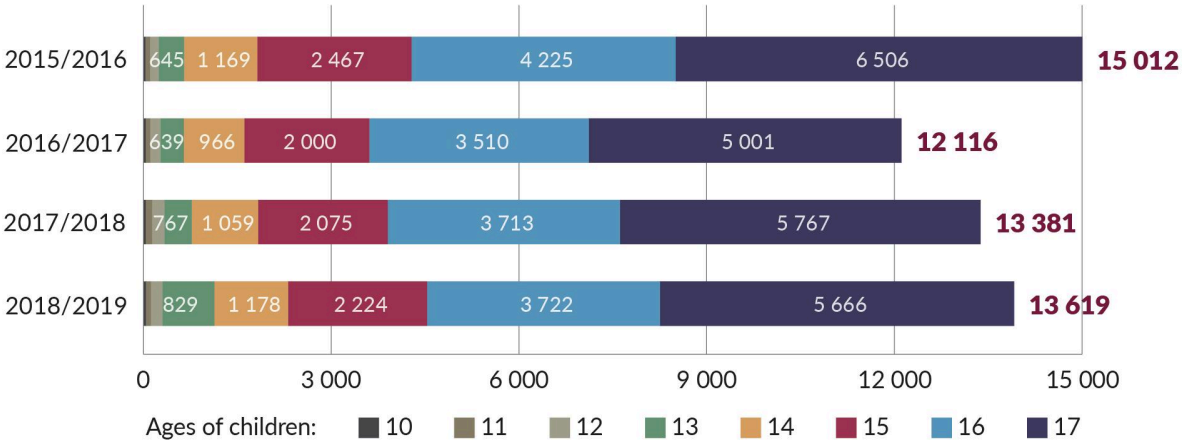


FIGURE 1 Total number of children in conflict with the law, South Africa, 2015–2019 by financial year.

SOURCE: Integrated Case Management System: Child Justice.

share with their families, who now face hunger. This has brought about an increase in the number of parents and guardians grooming their children to work for gangs in return for food and money.²³

Roegchanda Pascoe, an anti-gang activist from Manenberg, said that ‘families desperate for food are told by gangs that the police or army will not interrogate children, so all the child needs to do is deliver drugs to a buyer two blocks away. We see gangsters getting away with this because there are often images of army presence in the Cape Flats with one or two children in the background. Those children are being used by the gangs.’²⁴

Our ongoing research into the impact of the lockdown on gangs in Cape Town has found that they have become more economically and socially powerful. Employers’ businesses have closed down, communities have become more desperate and families have lost income. But, at the same time, illicit economies have continued, placing gangs in a better position. Civil society groups in Colombia have similarly warned that recruitment of children by armed and

criminal groups there has accelerated under lockdown, for similar reasons.²⁵

Reggie Jacobs, a pastor and community leader in Mitchells Plain, described how the increased power of gangs in lockdown is drawing in ever more young recruits:

When people were complaining that there’s no jobs [because of the lockdown], it was the gangs who still had their same identity ... the gangs also had money, drugs, alcohol, guns and power. ... They will know exactly how attractive they are to the youth, because they manipulate that power that they have like a spider luring an insect into its web. ... Now the children are also not going to school and they are therefore ripe pickings for the gang boss.²⁶

Although these main drivers have been accentuated during lockdown, when children are able to return to school in these settings, the hardship and hunger drawing young children to gangs will remain.



Manenberg residents march against a spike in gang violence as part of the Taking Back Our Streets Campaign, Manenberg, Cape Town.

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Members of the Young Gifted Bastards gang smoke a bottleneck pipe in Blikkiesdorp, Cape Town.

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Notes

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- 4 Zadock Angira and Roy Lumbe, Concern over rising teenage face of crime, *People Daily*, 15 May 2020, <https://www.pd.co.ke/news/national/concern-over-rising-teenage-face-of-crime-36671/>.
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- 7 Interview with Ohms Law Montana, founder, Acha Gun Shika Mic, by phone, 12 August 2020. See also Amina Wako, Number of students in crime on the rise in city – police, *Nairobi News*, 20 June 2020, <https://nairobineews.nation.co.ke/editors-picks/number-of-students-in-crime-on-the-rise-in-city-police>.
- 8 Interview in Kivumbini, Nakuru, 8 August 2020.
- 9 Interview in Kanyon, Nakuru, 8 August 2020.
- 10 Interview in Kwa Rhonda, Nakuru, 8 August 2020.
- 11 Rukshana Parker and Michael McLaggan, Cape gangs in lockdown: Saints or sinners in the shadow of COVID-19?, Global Initiative Against Transnational Organized Crime, 22 April 2020, <https://globalinitiative.net/gangs-in-lockdown-manenberg/>.
- 12 Warda Meyer, The kids who have to join a gang or die', IOL, 22 September 2014, <https://www.iol.co.za/news/the-kids-who-have-to-join-a-gang-or-die-1754378>.
- 13 Section 1 of the Child Justice Act, Act 75 of 2008.
- 14 In June 2020, the Child Justice Amendment Bill was passed. The Bill increased the minimum age of criminal capacity of children who have committed an offence from 10 to 12 years old. The new age of criminal capacity means that children up to 12 years old lack criminal capacity and cannot be arrested for committing an offence. Although this brings South African legislation in line with international standards, which acknowledge that children under the age of 12 in conflict with the law are most likely to be at risk and in need of intervention, gangs will certainly use loophole this to their advantage. Although the Amendment Bill has been signed into law, the amendment only becomes effective on a date yet to be stipulated by the president. Until then, the age limit remains at 10.
- 15 Interview with Mr Jamiel 'Killah' Hendricks, 36-year-old Americans leader, Heideveld, Cape Town, 20 June 2020.
- 16 Interview with Ivan Daniels, Manenberg, Cape Town, 28 May 2020.
- 17 Ibid.
- 18 Spuikers is known to an anti-gang activist working with the GI-TOC.

- 19 2017-18 Inter-departmental Annual Reports on the Implementation of the Child Justice Act, 75 of 2008 at p 25.
- 20 2018-19 Inter-departmental Annual Reports on the Implementation of the Child Justice Act, 75 of 2008 at p 33-34.
- 21 Sameer Naik, Children responsible for 779 murders in 2019/20, IOL, 31 July 2020, <https://www.iol.co.za/Saturday-star/news/children-responsible-for-779-murders-in-201920-d658ee2b-d17d-430b-9465-81300b6d62a0>.
- 22 Interview with Mr Jenkins, Cape Town, 2 May 2020.
- 23 Interview with Roegchanda Pascoe, Cape Town, 18 August 2020.
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Cannabis trafficking and endangered-tortoise trade drive corruption in Madagascar

The mountainous Andriiry region near the town of Betroka in south-eastern Madagascar is an inhospitable area: remote, difficult to access and with a reputation for danger due to long-standing banditry and armed cattle-rustling groups. It is also one of Madagascar's two main cannabis-producing regions, and home to organized groups of traffickers who control exports of the drug.

Hery (not his real name), the leader of one of these groups and a key cannabis supplier, described how his business works. He and his lieutenant reportedly control hundreds of young men in their trafficking organization,¹ a claim backed up by a police officer who spoke anonymously and is tasked with a mission to arrest Hery and bring him to justice. This officer estimates that Hery has around 150 people in his gang.²

They control the cannabis shipments to exchange points on the outskirts of Betroka, from where transporters then take the shipments by road to drug bosses based in the capital, Antananarivo, and other towns, including Toliara, Antsirabe, Ihosy and Fianarantsoa.³

A businessman and nightclub owner in Betroka explained how cannabis is brought from the mountain regions by transporters on foot, and left in clandestine drop-off places outside the city.⁴ Rehetse, an inmate in Betroka prison, who was arrested for acting as a cannabis transporter, described his own experience on this route. Working on behalf of a dealer based in Ihosy, he travelled with a group into the mountain region to collect a cannabis shipment. After paying his cut to Hery's gang in order to move cannabis freely, his group were intercepted by police on their way back to Betroka. As the oldest member of the group, Rehetse was not able to flee in time.⁵

How Betroka became a major cannabis production hub has links to cattle rustling. One ex-politician, also a former cattle rustler, reported that many of the major players have, in recent years, switched their focus from cattle rustling to cannabis.⁶ Hery said that some in his gang were once cattle rustlers, but were now concentrating on drugs and looking to invest in artisanal



The Gendarmerie Nationale carry out an operation to destroy cannabis fields in Analabe, a district of Ambanja, in July 2020. More than a hundred hectares of cannabis were burned in the operation.

SOURCE: Gendarmerie Nationale, Ambanja, Madagascar.

mining. According to Hery, his gang recently reached a pact with regional law enforcement, whereby they would surrender any arms from cattle-rustling operations in return for being able to trade cannabis with impunity.⁷

The way Hery operates, and those like him, relies on complicity and protection. He reports that grands patrons 'big bosses' in Antananarivo ensure their protection and cover their activities.⁸ In Betroka, he claims that his group and their 30 or so subgroups pay annual fees to regional civil servants to ensure their collaboration.⁹ Other interviewees, from former politicians to public prosecutors, businessmen and police, also corroborated that corruption linked to the cannabis trade is widespread in the area.¹⁰

The World's Rarest Reptiles

The south-west of Madagascar is the home range of the radiated tortoise, one of the world's rarest reptile species. Along with the ploughshare tortoise – also native to Madagascar and even more endangered, as only a few hundred specimens are known to remain in the wild – radiated tortoises have in the past decade become highly sought after by reptile collectors in the international pet trade,¹¹ as a forthcoming GI-TOC study explores.¹²

In the radiated tortoises' home ranges, a large proportion of people depend on rural subsistence livelihoods. For centuries, tortoises have been part of the local diet as an important source of protein. Herilala Randriamahazo, a conservationist with the Turtle Survival Alliance, working on tortoise protection, told us that poaching for bushmeat remains a primary danger to tortoise populations.¹³

Theft of young radiated tortoises for international sale has grown significantly in the past decade. In 2018, two seizures of unprecedented scale – numbering over thousands of tortoises – were made in the island's south-west.¹⁴ One of the experts interviewed believes that the buyer of the seized tortoises will be waiting for this order to be fulfilled, meaning that the pressure remains for thousands of more tortoises to be taken from the wild.¹⁵

Tortoise traffickers – predominantly Malagasy and Asian nationals resident in Antananarivo – use intermediaries who approach communities to conscript locals to poach live tortoises for a cash income.¹⁶ In this impoverished

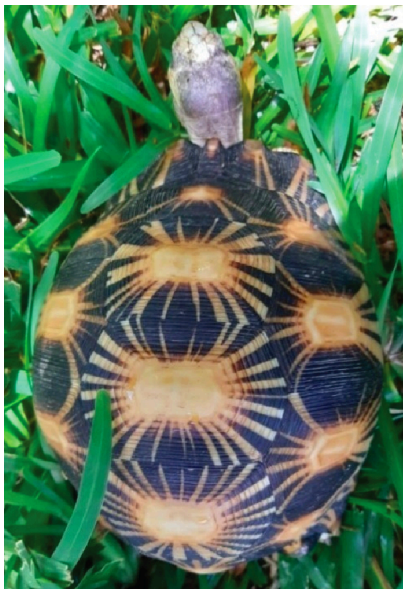
region, in which tortoises have traditionally been a food source to exploit, and not an endangered species to protect, this proves a strong incentive. The intermediaries then make payment on collection and arrange transport for the tortoises.

Different Markets, Similar Dynamics

The markets for cannabis and radiated tortoises may initially seem to be quite different: very different commodities, originating in different regions of Madagascar, and operating in very different social and political contexts.

However, in both cases, one of the challenges inherent in governing these markets is a lack of local-government legitimacy and a local acceptance of these trades. Conservationists try to integrate anti-poaching edicts into local law systems in a bid to encourage community compliance with national-level efforts to counter the tortoise trade.¹⁷ In the cannabis trade, Hery and his gang argued that producers and traffickers in the region are simply trying to find a source of income in a difficult environment, and that they saw cannabis as a legitimate way of making a living.

Both trades rely on the complicity of officials in source regions and along trafficking routes. Just like the multitude of officials on Hery's gang's payroll, officials in the south-west are encouraged to turn a blind eye to the tortoise trade, and trafficking intermediaries reportedly have strong links to law enforcement.¹⁸



Radiated tortoises seized in Maputo, January 2020. The distinctive radiated markings can be seen across their shells.

SOURCE: National Administration of Conservation Areas (ANAC), Mozambique.

Police inspection points along the main roads in Madagascar are widespread. Moving tortoises from the south-west to Antananarivo may entail passing up to 20 checkpoints. However, there are few reports of seizures at these checkpoints, implying that low-level corruption is common.¹⁹ The transport of large shipments of cannabis uses the same trunk roads leading to Antananarivo as those used for tortoise trafficking. These flows may be relying on the same modalities of corruption to move illegal goods, and their establishment along transport routes paves the way for multiple types of trafficking.

Shipments of tortoise and drugs other than cannabis also pass through many of the same transport hubs and regional destinations. Tortoises are transported overland to Antananarivo, and thence to Asian destination markets by air from Ivato airport. Alternatively, some traffickers ship radiated tortoises from the south-west by boat to Mahajanga for export to the Comoros islands.²⁰ Similarly, international law-enforcement sources identified Mahajanga as a major hub port for drug shipments entering Madagascar,²¹ and previous Risk Bulletins have documented smuggling of migrants c.²²

Secondary routes include regional flights from smaller airports to Comoros, Mayotte or Reunion. More recently, there have been reports of radiated tortoises going

directly from south-west Madagascar on ships to China, or by fishing boat to Mozambique.²³

Cannabis from Betroka is primarily shipped to Antananarivo and also services regional consumption markets across southern Madagascar. Cannabis from Madagascar's other major production area, the northern Analabe Ambanja, is also shipped to Comoros via Nosy Be, an island off the north-west coast of Madagascar.²⁴ Nosy Be is also an important hub for heroin shipments from Madagascar to other Indian Ocean island states, after heroin is brought into the country through other ports (particularly Toamasina) and consolidated, cut and repackaged in Antananarivo.²⁵

Conclusion

Neither the illegal tortoise trade nor the cannabis market in Madagascar is a major priority for national or international law enforcement. However, our research into both shows similar dynamics of local corruption and acceptance of the illegal market at the community level. In the case of cannabis trafficking in Betroka, where our research has been centred, the reported corruption is significant and endemic. In illicit markets, corruption in source regions and along transport routes undermines the rule of law and also acts as a gateway for other forms of organized crime to operate through the same routes.

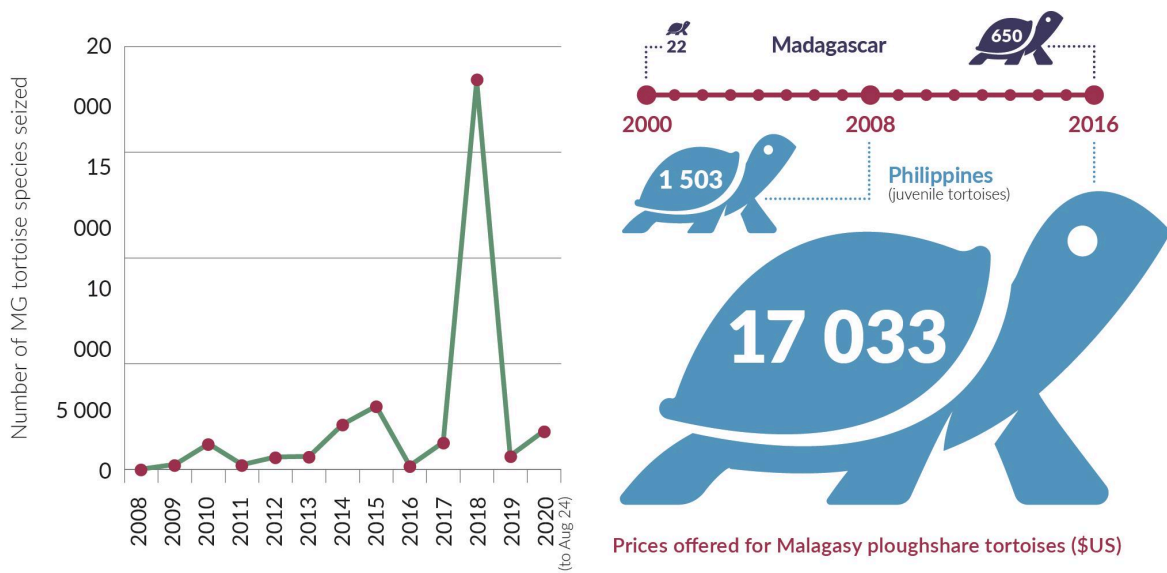


FIGURE 2 The graph on the left shows the trend in the number of trafficked tortoises seized globally. Two seizures involving thousands of radiated tortoises in 2018 were by far the largest on record. The timeline on the right shows the change in asking prices for ploughshare tortoises over time, both in Madagascar (the source country) and the Philippines (a market country). In both cases, there has been a marked price increase.

SOURCE: J Morgan et al, Ploughing towards extinction: An overview of the illegal international ploughshare tortoise trade, TRAFFIC (unpublished), thereafter compilation of media reports drawing on pricing surveys conducted by the authors over several years.



FIGURE 3 Major trafficking routes for ploughshare and radiated tortoises within and out of Madagascar.

SOURCE: GI-TOC fieldwork.



FIGURE 4 Major cannabis production areas and trafficking routes in Madagascar, both national and regional.

SOURCE: GI-TOC fieldwork.

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Mining-related killings in South Africa's KwaZulu-Natal province fuel corruption and socio-political instability

Since 2016, there have been at least 38 assassinations and 14 attempted assassinations in mining localities in South Africa's KwaZulu-Natal (KZN) province. Mining-related assassinations are even more difficult to track than political killings. Motives can often be multilayered, the rural environment in which most attacks take place can render accurate data collection challenging, mainstream media rarely report on what is often viewed as 'just another murder' in a poor rural community, and police investigations hardly ever lead to successful prosecutions.¹

The deadly conditions prevailing among KZN's mining-affected communities is best illustrated by events at eMpembeni, a small rural community south of Richards Bay.

Richards Bay Minerals (RBM) is soon expected to begin operations nearby at its Zulti South site. Tronox KZN Sands, another mining company, has also applied for a water license in the area (which is usually a forerunner to mining development).² There is also a refinery and natural gas hub in the pipeline, but proper information about future development plans for eMpembeni remain shrouded in mystery.

Trouble began in eMpembeni in 2017, when residents raised queries about surveyors seen operating in the area. The local traditional authority, which falls under the Ingonyama Trust, subsequently told the community that some residents would need to relocate for what they described as an oil-development project³ which had been 'approved by the King', seemingly a reference to the Zulu monarch King Goodwill Zwelithini, the sole trustee of the Ingonyama Trust Board. The Ingonyama Trust is an entity formed in 1994 ostensibly for the 'benefit, material welfare and social well-being of the tribes and communities' living within the boundaries of the apartheid-era KwaZulu Bantustan.⁴

Four days after letters requesting information about the mysterious oil project were sent to provincial and national government departments, the assassinations began.⁵ Geshege Nkwanyana, chairperson of a local youth organization and a subcontractor for RBM, was

gunned down on 10 July 2018.⁶ Three days later, Nthuthuko Dladla, who had been involved in a local business forum, was shot dead in his car after leaving work.⁷ A community protest against the relocations was called off.

A traditional leader reported at the time: 'We are scared for our lives. Right now, every house in this area is dark, closed. People are scared to open their doors. Some of us are in hiding. I have had to leave my house and rent a flat in town because I am not safe. There are people who are moving around here with guns. They are looking for me and other people up and down. Somebody is paying them for this.'⁸

On 16 September 2018, resident Khaya Ncube was shot dead; another, Ndoda Ngcobo, survived an attempted hit.⁹ On 10 October, hitmen tracked down and tried to kill Vumani Shandu,¹⁰ a relative of Geshege Nkwanyana, who had been among the aborted-protest march organizers and had been threatened that he and his family would be killed.¹¹ By the end of 2018, three more residents were killed and three more survived assassination attempts.¹²

Some of the victims allegedly had insider knowledge of corruption involving RBM contracts, while others had accused the local traditional authorities of irregularly leasing land to prominent politicians.¹³ All had opposed relocation for the purported oil venture.

A breakthrough in investigations came only after a member of the police parliamentary committee intervened at national police level, and a task team from outside the area was established.¹⁴ Previous appeals to the provincial police commissioner had fallen on deaf ears, as had repeated complaints to various government departments.¹⁵ Emails sent to the Ingonyama Trust had bounced back.

On 14 February 2019, Justice Ngwane, who reportedly benefitted from contracts with RBM,¹⁶ and his uncle Meshack Ngwane were arrested for three eMpembeni murders and a number of other serious crimes including

killings in other areas.¹⁷ Two hitmen turned state witnesses and were placed under witness protection.¹⁸ The wealthy Ngwane family allegedly enjoyed close connections with local police officers,¹⁹ and during his bail application Ngwane boasted of relationships with Durban and Pietermaritzburg prosecutors.²⁰

In early May, Meshack Ngwane was released on bail.²¹ Although his bail conditions required he stay away from eMpembeni, he was seen there shortly after his release.²² Police patrols had been withdrawn after the Ngwane arrests, and repeated calls for their reinstatement were ignored.²³ The community was once more living in terror.

On 10 May 2019, three relatives of Khaya Ncube (an assassination victim killed the year before) were shot dead and their bodies set alight.²⁴ This included two-year-old Angel Ncube.²⁵ Other members of the family escaped the massacre, another was reportedly killed the same night²⁶ and yet another had previously fled to Johannesburg earlier after receiving death threats. Mxolisi Mjadu, a local man, was later arrested for the massacre and charged with three counts of murder, arson and two counts of attempted murder.²⁷ He was refused bail and the trial is yet to be concluded.

The three eMpembeni murder charges against Justice Ngwane were subsequently withdrawn, due to a combination of lack of evidence, a missing witness,²⁸ and the two hitmen state witnesses claiming they had been forced to make statements under duress.²⁹ Ngwane and the hitmen were released. Community members claimed Ngwane bribed the prosecutor, as he had allegedly sold one of his properties shortly before his release.³⁰ The remaining cases against him will be heard in a different court, and application has been made for charges against the two hitmen to be reinstated.

On his return home, Ngwane reportedly fired shots in the air and made public threats about revenge.³¹ He also threw a party that was allegedly attended by local police officers.³² There have been no further killings at eMpembeni nor news about the mysterious oil venture, but the community remains on edge and unsure about their future.

A Growing Phenomenon

As seen at eMpembeni, the frequency of mining-related assassinations in KZN has accelerated in recent years.

Our research found only one hit definitively linked to the KZN mining industry prior to 2016.

Other organizations such as Human Rights Watch have documented the climate of fear and oppression which activists in South African mining communities endure.³³ It now seems that ordinary people perceived to be 'standing in the way' of the alleged benefits of mining developments are being systematically hunted down and eliminated.

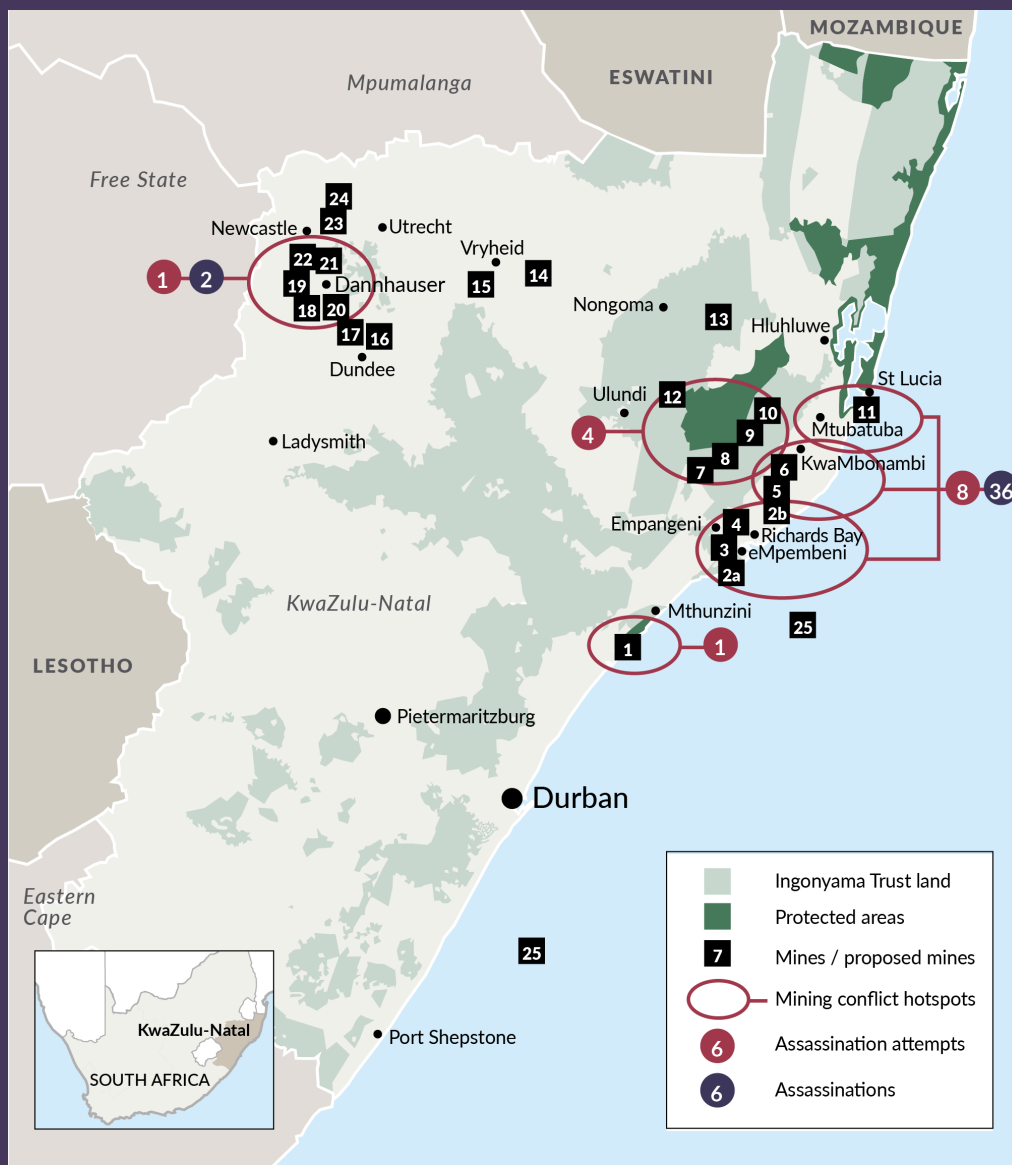
Conflicts of interest within traditional authorities – between lucrative mining royalties and contracts on the one hand, and respecting the wishes of the communities they supposedly represent on the other – are one factor driving the community division and violence. Nowhere is this more apparent than with respect to the Ingonyama Trust. The traditional authorities implicated in the mysterious oil project in eMpembeni fall under the Trust and residents were told that the project had been 'approved by the King', in an oblique suggestion that the Trust had given approval. Elsewhere in KZN, traditional authorities falling under the Trust have also been accused of intimidation tactics and violence.

Somkhele coal mine, in northern KZN, has been the site of one of the province's most protracted struggles against mining. Tendele Coal, the company which owns the mine, wants to expand its operation,³⁴ which would require residents to move from land belonging to a traditional authority which also falls under the Ingonyama Trust.³⁵ The Trust's board chairman, Justice Jerome Ngwenya, is a shareholder of the nearby Zululand Anthracite Colliery, and so indirectly stands to benefit from the further mining at Somkhele.³⁶

Residents have accused the local traditional council of using 'terror tactics' to force them to sign compensation and relocation acceptance forms.³⁷ Those who refused, claim they have been subjected to assassination attempts,³⁸ death threats,³⁹ their homes have been vandalized and shot at by rifle-wielding gunmen,⁴⁰ and they have been told their names are on a hit list.⁴¹ With support from environmental groups, families facing eviction have lodged two court cases challenging Tendele's operations.⁴²

Legislation that allows traditional authorities to make agreements without consulting communities compounds this problem. For example, the 1996 Interim Protection of Informal Land Rights (IPILRA) was established to protect the rights of traditional communities and requires majority

THERE HAVE BEEN AT LEAST 50 MINING-RELATED ASSASSINATIONS AND ATTEMPTED ASSASSINATIONS IN KWAZULU-NATAL BETWEEN JANUARY 2016 AND JUNE 2020



Proposed and active mining operations in KwaZulu-Natal

- | | |
|--|---|
| 1 Fairbreeze (Tronox Sands KZN) | 13 Rhino Oil & Gas Exploration SA (proposed) |
| 2a Zulti South (Richards Bay Minerals) | 14 Waterval Colliery (Century Carbon) |
| 2b Zulti North (Richards Bay Minerals) | 15 Klipfontein (Ingwe Collieries) |
| 3 eMpembeni (unknown 'oil' venture) | 16 Magdalena & Avimore (Forbes Coal) |
| 4 Hillendale (Tronox Sands KZN) | 17 Springlake Colliery (Shanduka Coal) |
| 5 South32 Hillside Smelter | 18 Coastal Coal (Durnacol Coal Mines) |
| 6 KwaMbonambi (RBM Smelter) | 19 Chelmsford Colliery (Future Coal) |
| 7 Mpisi Coal Mine (Mpisi Trading 143 - proposed) | 20 Izimbiwa Coal (Glencore) |
| 8 Fuleni Coal Mine (Imvukuzane Resources - proposed) | 21 Kliprand Colliery (Ikwezi Mining) |
| 9 eSiyembeni Coal Mine (Tendele Coal - proposed) | 22 Natal Cambrian Colliery (Shanduka Coal) |
| 10 Somkhele Coal Mine (Tendele Coal) | 23 ArcelorMittal Newcastle |
| 11 Sokhulu (Eyamakhosi Resources - proposed) | 24 Uitkomst Colliery (MC Mining) |
| 12 Zululand Anthracite Colliery | 25 ENI / Sasol natural gas off-shore prospecting (proposed) |

FIGURE 5 Mining-related assassinations and attempted assassinations, January 2016 to June 2020.

SOURCE: Vanessa Burger.

What is happening at Richards Bay?

In 2017 Richards Bay Minerals (RBM) – South Africa's largest mineral sands producer – reportedly contributed 3.4% to KwaZulu-Natal's economy and employed over 4 500 people. But its operations in the province have been dogged by violence, in eMpembeni and elsewhere. The timeline below maps deaths which have been linked to conflicts over RBM's operations and their beneficiaries. While shocking in themselves, these deaths are just one part of the wider picture of allegations of intimidation, violence and corruption connected to mining operations.

Since 2016 at least 12 community members and 4 workers have been killed in a Mbuyazi clan conflict over mining royalties and a R74.5m payment for KwaMbonambi land where RBM runs its smelting operation.

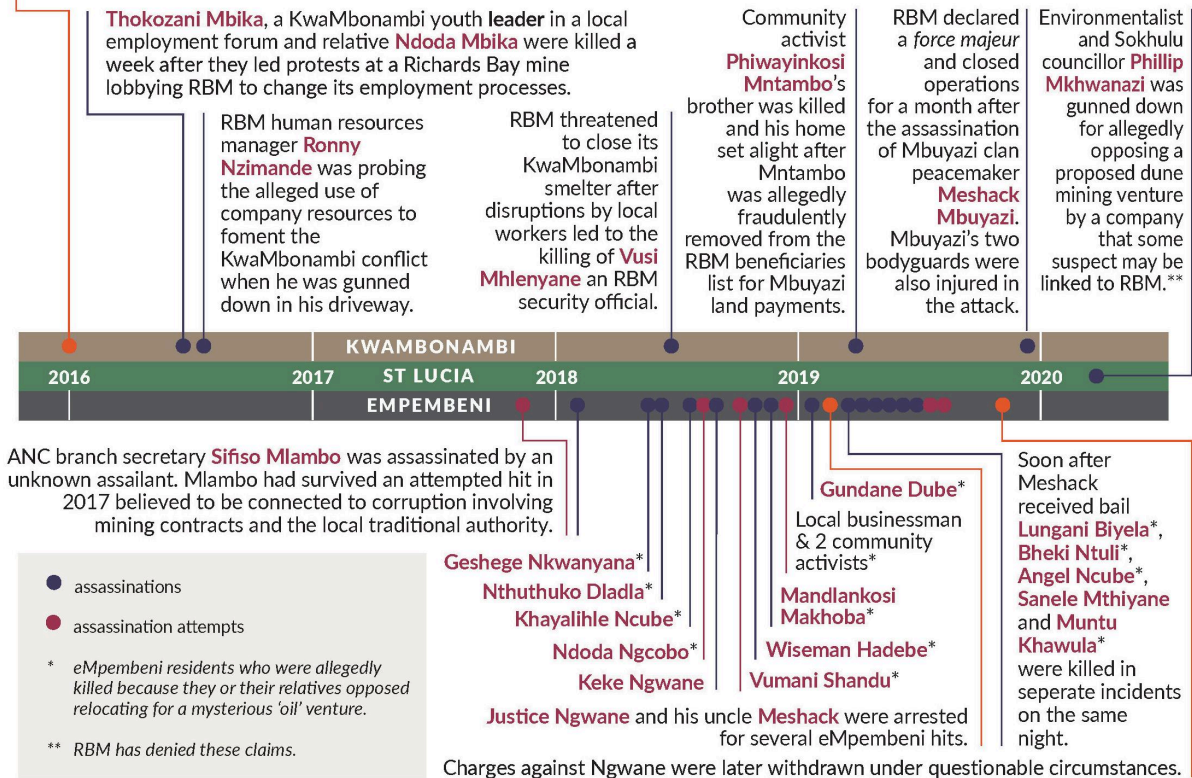


FIGURE 6 Key cases of assassinations connected to the operations of Richards Bay Minerals, KwaZulu-Natal, 2016–2020.

SOURCE: Vanessa Burger.

consent for decisions regarding land use. However, the later 2002 Mineral and Petroleum Resources Development Act is often invoked to give mines the right to evict communities that were previously protected by the IPILRA, or mining companies bypass the legislation altogether by negotiating lease deals directly with traditional authorities. Recently-passed, regressive legislation such as the Khoisan and Traditional Leaders Bill and upcoming Traditional Courts Bill will give traditional leaders' total power over their communities and write into law the existing practice of excluding communities from decision-making processes.⁴³

However, a landmark court case ruled in November 2018 that the Department of Mineral Resources and Energy (DMRE) has to obtain free, prior and informed consent from the community before granting mining

rights in any area.⁴⁴ The government announced its intention to appeal parts of the ruling.⁴⁵ As many senior ANC leaders and government officials have extensive mineral interests, it remains to be seen how effectively this ruling will be enforced, as most rural communities have little access to the type of legal representation needed to take on the powerful mining lobby. In the meantime, mining-affected communities are increasingly under fire.

KZN has a long history of assassinations, linked to the taxi industry, corruption in local government and factional battles within the ruling African National Congress (ANC). Inequality and poverty-driven social instability is rising, and South African mines are frequently finding themselves at the frontline of community frustration.⁴⁶ The industry itself has noted



Dune mining, Richards Bay, KwaZulu-Natal, South Africa.

© Homebrew Films

increased opposition to its operations among neighbouring communities. Incidents such as roadblocks, hijacking of vehicles to transport protesters, arson, damage to property and labour disruption have

reportedly almost doubled in some areas between 2018 and 2019.⁴⁷ It seems that this conflict has evolved into deadly violence, making mining the new frontier of assassinations in KZN.

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Following the money underpinning the Yemen-Somalia arms trade

This is an excerpt from a forthcoming GI-TOC publication that examines the role of the *hawala* remittance system in the Yemen-Somalia arms trade, 'Following the money'.

The ubiquity of small arms and light weapons in Yemen, as well as centuries-old cultural and commercial ties with Somalia, has made Yemen the primary source for illicit arms among Somali importers. Consignments of small arms and ammunition from Yemen cross the Gulf of Aden in a matter of hours to the northern coast of Puntland, a semi-autonomous region in northern Somalia. The port city of Bosaso, Puntland's largest city and commercial capital, is the financial epicentre of the illicit trade. The influx of arms from Yemen fuels the ongoing civil conflict in Somalia, and some weapons are believed to be transported on throughout the broader East African region.¹

The *hawala* system, a semi-informal mechanism of international money transfer, underpins the financing of the arms trade. This study focuses on the use of four Somali *hawala* money-transfer operators (MTOs) by six prominent arms dealers and middlemen based in Yemen and Somalia. GI-TOC analyzed data – provided by an independent third-party researcher – from 176 arms-related remittance transactions totalling US\$3.7 million and dating between 2014 and 2020. These transactions were conducted through the four primary MTOs operating in Puntland: Amal Express, Dahabshiil, Iftin Express and Taaj.

These arms dealers and middlemen all exploited gaps among MTOs in basic anti-money laundering/countering the financing of terrorism (AML/CFT) controls, including the principle of 'know your customer', to facilitate arms deals between Yemen and Somalia. Arms traffickers routinely used dozens of aliases, names and spelling variations. Additionally, the use of proxy agents by arms dealers to conduct transactions on their behalf appeared to be common.

For their part, MTOs serving Somalia face significant challenges in implementing effective AML/CFT measures. Somalia has recently entered its fourth decade of civil war and is routinely categorized as a

'failed state'. Government institutions are extremely underdeveloped, human capital is limited and the Islamist militant group al-Shabaab controls vast swathes of the country. While the current study does not attribute any specific wrongdoing to the MTOs serving Somalia and Yemen, it is clear that the remittance system in Somalia and Yemen requires significant reform in order to prevent its abuse by criminal actors.

What is the *hawala* system?

There is no universal definition of what constitutes a *hawala* money-transfer service. *hawala* (Arabic for 'trade' or sometimes 'trust') can refer to many kinds of informal or semi-informal money-transfer systems.² Customers use brokers based in their respective locations to send and receive money, paying a small commission and sometimes using a password to release the money.³ Traditional *hawala* networks are based entirely on trust and the honour system, meaning they can function in areas that lack a functioning banking system.⁴ The *hawala* system also offers a number of other advantages. These include the system's competitive pricing, faster money transmission and suitability to specific cultural contexts, as well as the transfer or concealment of criminal proceeds and evasion of currency controls, sanctions and taxes.⁵

While such 'pure' *hawala* operations still exist, most MTOs serving Somalia are now closely affiliated or have partnered with the growing Somali domestic banking sector, as well as with Gulf-based financial institutions.⁶ Nonetheless, the majority of remittance companies serving Somalia are still excluded from access to the international banking system. To transfer remittances from Europe, for instance, most Somali MTOs use private security companies – such as Brink's and G4S – to collect cash from their agents and physically transport it to Dubai, which effectively functions as a financial clearing house for remittance companies transacting business in Somalia.

Abdirahman Mohamed Omar (aka 'Dhofaye')

Abdirahman Mohamed Omar, also known as 'Dhofaye', is arguably the most active illicit-arms importer in Puntland. Of the 176 arms-related remittance transactions analyzed by the GI-TOC, 98 were executed

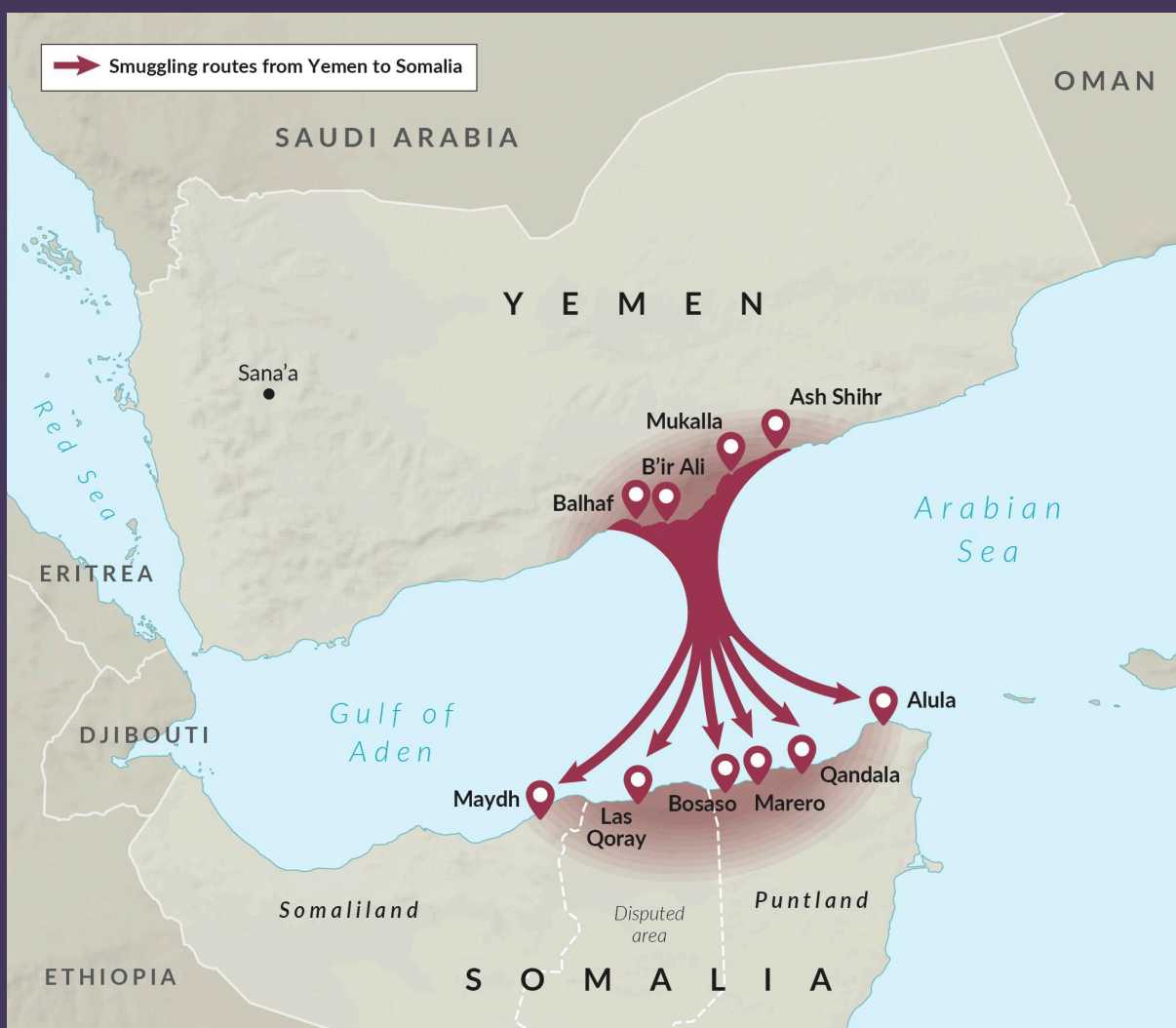


FIGURE 7 Arms smuggling routes from Yemen to Somalia.

SOURCE: GI-TOC.

by Dhofaye between October 2016 and April 2020. The value of these 98 transactions totalled more than US\$2.1 million, or approximately 57 per cent of the total financial flows examined by the GI-TOC.

According to United Nations sanctions monitors, Dhofaye was one of two individuals identified by Puntland security forces aboard a skiff that was transporting a consignment of arms when it was interdicted by Puntland authorities in September 2017.⁷ In April of the same year, Dhofaye allegedly facilitated a shipment of weapons to the Islamic State faction based in north-eastern Puntland.⁸ Information provided to the

GI-TOC by Puntland-based security sources, as well as analysis of phone and financial records, strongly indicates that Dhofaye remains active in the illicit arms trade at the time of writing.

Exploiting MTO compliance gaps

MTOs operating in Somalia routinely maintain that they are compliant with national AML/CFT regulations.⁹ One senior MTO executive told the GI-TOC that if his company did not have a proper know your customer system in place, it would no longer be in business.¹⁰ 'We know all our customers and we have a system of verifying each and every one of them', he wrote.¹¹



FIGURE 8 Abdirahman Mohamed Omar’s name variations and aliases used for cash transfers.

SOURCE: GI-TOC.

The 176 arms-related transactions analyzed by the GI-TOC suggest a different conclusion. For the six arms importers and suppliers highlighted in its study, the GI-TOC found dozens of name variants, spelling variations and spelling errors across transactions conducted through the four MTOs. In numerous instances, the GI-TOC found the names of entirely different individuals listed on remittances transacted under the mobile-phone numbers of known arms dealers. For instance, Dhofaye’s identity was rendered in 24 distinct ways – including nine entirely dissimilar names – across the 98 transactions associated with him. The GI-TOC also identified five distinct mobile-phone numbers affiliated with transactions conducted by Dhofaye.

According to representatives of MTOs interviewed by the GI-TOC, it is company policy to require clients to physically present themselves at the branch in order to remit funds.¹² However, the GI-TOC cross-referenced the 98 transactions attributed to Dhofaye with tower location data for the primary mobile-phone number affiliated to Dhofaye. The analysis revealed that Dhofaye was not physically present in Bosaso on at least 29 occasions on the dates of the transfers. In most of these instances, he was not within hundreds of kilometres of

the city. Whether Dhofaye had sent proxies to transact the remittances on his behalf or whether he had provided instructions to the MTO agents remotely was not possible for the GI-TOC to determine.

Reforming the *hawala* system

The *hawala* remittance system underpins the financing of the Yemen–Somalia arms trade, an illicit economy that has grave security ramifications not only for Somalia but also for the broader East Africa region. The *hawala* system is also abused by other criminal networks and terrorist organizations operating in the region. Yet in seeking to address these problems, one must not lose sight of the fact that *hawala* remittances, on the whole, do far more good than harm. The continued presence of remittance systems in both Yemen and Somalia is a humanitarian necessity,¹³ and is critical to the functioning of their respective national economies. Any effort to address the behaviour of *hawala* operators must therefore focus on reforming the system, not destroying it. Towards this end, the forthcoming long-form version of this study will propose a series of recommendations aimed at addressing compliance gaps among remittance operators serving Somalia and Yemen.

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Pipeline fuel thefts skyrocket in South Africa

In December 2019, two Zimbabwean nationals were arrested while transporting R3 million worth of stolen fuel from the Free State to Gauteng, South Africa.¹ Days later, a section of a fuel pipeline caught fire in Alberton, Gauteng, after it had allegedly been tampered with during a theft.² The illicit trade in fuel, which poses significant environmental and public-safety risks, has surged in South Africa in the past year and is prevalent throughout southern Africa. It suggests the emergence of a new criminal market in South Africa and poses a threat to the country's farming and transport economy as well as a serious public safety hazard.

143 incidents reported in 2019/20

Before 2019, fuel theft from pipelines in South Africa was scarce: there were just two incidents in the 2018/19 financial year involving the Transnet pipeline network, the largest operator of South Africa's fuel pipelines, and none in the preceding two years.³ However, in 2019/20, 143 theft incidents were reported and 10 million litres of fuel stolen.⁴ Refined products, especially diesel, are the main targets, as crude oil is not very useful in its unrefined form.⁵ Incidents have continued in the 2020/21 year: in spite of a brief disruption due to the coronavirus pandemic, there have been 54 confirmed thefts and a loss of 4 million litres as of mid-August.⁶

Oil thieves drill into the pipeline and then transfer the fuel into containers or industrial-sized tankers. The puncture left behind is often left unsealed, meaning that fuel continues to flow after the theft, which presents a serious risk of fire, as seen in the Alberton incident.⁷

Besides the safety and environmental hazards, food security is threatened by hampered supply. During the early stage of the coronavirus lockdown, fuel imports to South Africa were slowed by travel restrictions, draining the country's fuel reserves.⁸ Incidents of theft compounded this shortage, leaving farmers, who rely on diesel, short supplied.⁹

Where fuel stolen in South Africa ends up is a matter of debate. Richard Chelin, of the Institute for Security Studies in Pretoria, believes that unlicensed service stations in South Africa could be a primary point for the

sale of stolen products, and that at least some of these stations are owned by taxi drivers.¹⁰ South Africa's taxi industry is known for criminal activity, so this may suggest that the industry is a prime driver of fuel theft.

Transnet believes that most of the stolen pipeline fuel remains in South Africa, but that at least a portion exits the country.¹² Unlicensed outlets are likely points of sale for stolen fuel, with farmers and mining companies the possible buyers, Transnet group CEO Portia Derby said recently. Consumers may not be aware of the illicit nature of the fuel.¹¹ Where foreign nationals have been arrested as part of pipeline-tampering operations, they have often been the drivers of the tankers used during these illicit operations.¹² This could suggest that the tankers follow routes towards South Africa's neighbouring countries, possibly selling off stolen fuel along the way before continuing with whatever residue is left.

Interceptions along borders also suggest that some fuel is smuggled internationally. According to media reports, the Zimbabwean Revenue Authority made close to a dozen seizures at the Beitbridge border post between 2017 and 2020, involving South African-registered vehicles that attempted to smuggle fuel.¹³ One incident in 2018, where an attempt was made to transport R3 million worth of fuel from South Africa to Botswana, involved collaboration between two members of the South African Revenue Service and a police official.¹⁴ This suggests that smuggling operations may be large-scale and sophisticated, and that South Africa may play a notable role in supplying the regional illicit fuel market.

Regional illicit fuel trading

Fuel smuggling across jurisdictions where price differences are notable is a well-established practice in southern Africa. Although much of the trade involves stolen fuel, some is bought legitimately and then moved across borders illegally. The latter is true of fuel smuggled into Zimbabwe from Mozambique.¹⁵ Mozambican diesel marked for 'key economic areas' (as determined by the Mozambican government) is subsidized by the state, so that it is more affordable.¹⁶ By contrast, in Zimbabwe's collapsed economy, fuel fetches a high price, often in US dollars. In 2020, 42

registered companies were under investigation by the Zimbabwean Revenue Authority for suspected smuggling and fraud.¹⁷

Given its high fuel prices, Zimbabwe is a favoured destination for smuggled fuel in the region¹⁸ – from Mozambique, South Africa and Botswana.¹⁹ Some smugglers use boats to carry fuel purchased in Mozambique across rivers that flow into Zimbabwe, such as the Rusitu.²⁰ For larger-scale smuggling, tankers with false documentation – such as marking fuel as commodities that are not subject to duty, like soy oil – are also used.²¹

Tankers transporting fuel destined for regional trading may also have a portion of their load siphoned off and sold on the black market. The remaining load is then adulterated to make up the missing volume, or the documents are altered to show a smaller amount of fuel in the shipment.

Reports of fuel stolen in transit have also surfaced elsewhere in the region, such as the Maputo Corridor, where Mozambique, eSwatini and South Africa converge. The Maputo Corridor Logistics Initiative was established in 2004 to engage the revenue authorities of the three countries, and provide a safe transport route for goods, as well as countering smuggling and encouraging regional trade.²² Before its closure in 2019 due to lack of funding,²³ the Initiative said that large quantities of fuel were lost in transit through eSwatini, South Africa and other neighbouring countries while being transported from Mozambique.²⁴ Due to lack of

resources and limited investigative capacity, exact volumes and frequency were undetermined.

Revenue authorities in Zambia have also uncovered large-scale scams involving tankers transporting illicit fuel from Namibia and Mozambique. During one incident in 2018, 60 trucks were seized in Zambia for carrying illicit fuel.²⁵ Again, the Maputo Corridor is a route along which smuggling into Zambia is allegedly common.²⁶

Arrests and seizures

In South Africa, joint operations by Transnet, the Directorate for Priority Crime Investigation and the South African Police Service have yielded results. In 2019/20, 84 arrests were made, along with the seizure of 25 private vehicles and 30 tankers used in thefts.²⁷ For the year 2020/21, 14 arrests and seizures of three private vehicles and eight tankers have been reported as of August 2020.²⁸

In Mozambique, a tracking programme was launched in May 2018 involving marking fuel with an invisible chemical, which allow authorities to more easily identify adulterated fuel.²⁹ Within six months, revenue collection increased by 32 per cent.³⁰ A corresponding 60 per cent reduction in kerosene sales indicated its widespread use as an adulterant, and further indicates a potential decline in adulteration.³¹

Zimbabwean authorities have started escorting tankers to their destination countries to ensure that no fuel is illicitly siphoned off in transit.³² However, how effective this approach has been is unclear.

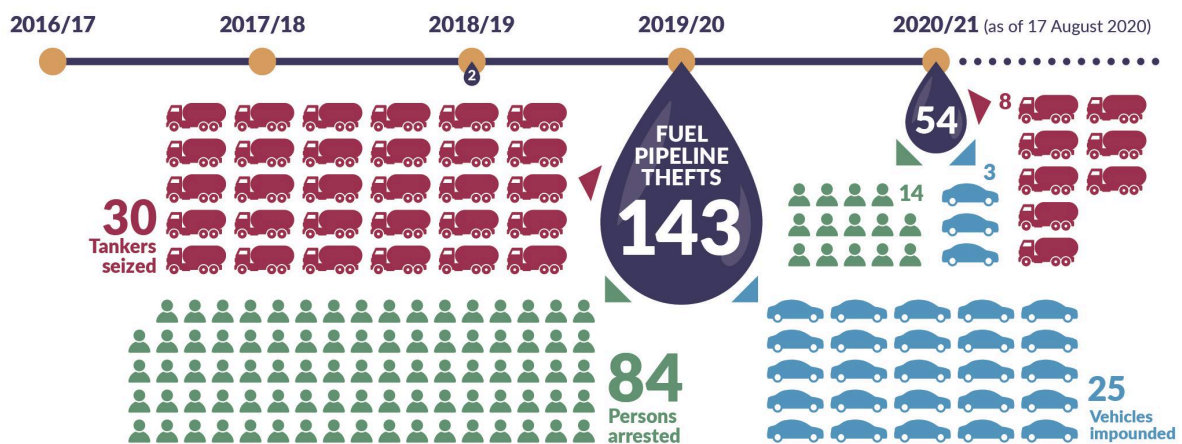


FIGURE 9 Fuel theft incidents along Transnet pipeline, along with results of investigations into the thefts.

SOURCE: Transnet Pipelines.

The sudden rise in fuel thefts, particularly in South Africa, is a new shift in fuel-smuggling dynamics in the region. Smart policy decisions, such as Mozambique's successful

fuel-marking initiative, and greater regional cooperation between revenue and law-enforcement bodies, may prove useful in countering this growing problem.

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