

DFAT - NEW INTERNATIONAL DEVELOPMENT POLICY

Organized crime & the SDGs

The [Global Initiative Against Transnational Organized Crime \(GI-TOC\)](#) is an independent policy research institute dedicated to researching and understanding organized crime (cf. Annex A). Our extensive work understanding the impacts of organized crime has led us to some key findings regarding the relationship of organized crime with development. In short, organized crime threatens all aspects of sustainable development. The sometimes silo-ed response to organized crime, focused on specific illicit markets, ignores its broader more holistic impacts. Organized crime can also reinforce negative governance patterns that create unhealthy alliances between crime, government and business. And furthermore, development itself comes with organized crime risks which can further facilitate the growth of illicit markets. As outlined below, we see these trends replicated and reinforced across the Indo-Pacific and we strongly believe that if SDG goals in the Indo-Pacific are to be achieved, development must be both crime-sensitive and crime-proof.

What key trends or challenges will shape Australia's engagement in our region and globally over the next five to 10 years? What risks and opportunities does this present for Australia's development assistance?

Triple Challenges of climate change, COVID-19 recovery and strategic contest

The three risks of climate change, COVID-19 recovery and strategic contest are all compounded by organized crime and corruption. Criminal actors across the Indo-Pacific region profit, reinforcing the destructive role they play in many places. In many countries across Southeast Asia, and as the Organized Crime Index¹ and other indices and reporting show, state-embedded actors – actors operating from within state structures - are the most active and prolific actors in terms of running and profiting from illicit markets. This adds significant complexity to effectively tackling organized crime and development dynamics across this region.

The presence and impact of state-embedded actors, active in criminal markets when in an ideal world they should be on the frontline of tackling them, poses particular challenges in terms of promoting accountable states, building resilience and developing partnerships. Where government officials enrich themselves, their families and friends while exploiting the money, muscle, political influence, and global connections of criminal syndicates to cement and expand their own power, this drives further inequalities, compromises the effectiveness of international assistance as well jeopardizes the prospect of international relations and the way that the international system itself evolves.

At the same time, it is questionable as to how far the international law and rules-based international order actually applies or is applied to many countries in Southeast Asia. We support DFAT's intention to build effective and accountable states but question how complex this will be when countries across the region resist international scrutiny and apply significant costs to international presence and engagement in the region. This results in a situation where the privilege of a seat at the table comes at the cost of being able to speak uncomfortable truths, or being able to confront corruption and impunity and demand change.² Across the region we see many international partners, including multilateral partners engaging in polite relationships at the expense of impactful ones. And when considering the Indo-Pacific more broadly, the dynamics are difficult to manage where, it could be argued, Pacific Islands desire more attention and engagement only to be often ignored by the many and end up then courting and being courted by those with potentially nefarious intent.

Over and above these challenges, there are seven major trends that merit attention for Australia's engagement in the Indo-Pacific – all global trends but ones that have particular and pernicious impacts in the Indo-Pacific.

1. **Climate change & Environmental Degradation.** On the one hand, extreme weather like droughts, floods, and fires put pressure on local economies, increase resource scarcity and drive people out of their homes. These impacts are particularly felt amongst the most vulnerable communities across the region who are disproportionately affected by adverse weather conditions to the point that climate change is now regarded as the number one security threat for island countries in the Pacific. This creates criminal opportunities. But organized crime not only profits from the effects of climate change, it also drives much of the degradation. Nearly half of all tropical deforestation is caused by illegal logging – this afflicts both Southeast Asia and the Pacific most intensely.³ Or think of illegal, unreported or unregulated fishing likewise a particular issue that is present and destructive across both regions and their oceans.⁴ Or the dumping of electronic and hazardous waste – again, another global threat that is felt most keenly in Southeast Asia especially.⁵ And the illicit wildlife trade – much of which is taking place in plain sight on the Internet – where once again Southeast Asia, as a biodiversity hotspot and home to some of the largest domestic markets for such trade and with China’s omnipotent market also sucking up much of the trade, ranks as one of the most affected and afflicted regions of the world.
2. **COVID-19’s** influence on the globe and on criminal markets has been significant. It has enhanced opportunities for illicit actors to engage in and exploit both online and offline markets especially in light of reduced border and law enforcement capacities, and we have seen that closed borders have reduced the capacity of civil society actors to monitor, report and contribute to challenging the political economies enabling crime across continents. Many criminal organizations have come out of the crisis wealthier and better positioned. COVID also provided new opportunities in the digital sphere – where greater technology use became an enabler of crime. Twenty years ago, 6 percent of the world’s population had access to the Internet. Today it is 60 percent. In the year 2000, around 400 million mobile phones were sold, today the figure is more than 5 billion. And this trend is again very keenly felt in Southeast Asia which is the second largest growing region globally, dwarfed only by China and India ⁶ which, as outlined below, raises its own challenges.
3. **Strategic Contest** - Geostrategic competition globally is intensifying risks to security and stability and posing ongoing challenges to the international law and rules-based international order. The Indo-Pacific is one of the regions that feels the direct impacts of this most keenly. In the case of Southeast Asia its proximity to China - one of the world’s largest markets (licit and illicit), its close historical and cultural ties combined with the vulnerabilities and dependencies that many of the countries display greatly increase the impact and risk that China and its networks of politics, business and crime has on the trajectory of the region. The Pacific does not escape this influence and the GI-TOC is currently studying the role of Chinese networks across the region as a result. The Pacific is also regularly used as a transshipment corridor by South American and Asian criminal networks for the trafficking of cocaine, methamphetamine, and precursor chemicals destined for the Australian and New Zealand markets.⁷ Additionally, the increased production, trafficking and use of synthetic drugs is causing increased law enforcement and health challenges domestically, both in Australia and New Zealand and in Pacific island countries.
4. **Technology** is revolutionizing both organized crime and development but also the ways that we prevent and fight it. Examples include: the impact of artificial intelligence e.g. “deep fakes”; encryption that enables criminals to send messages anonymously; deeper infiltration of criminal groups into energy markets; the further penetration of digital currencies and their impact on illicit financial flows; cheaper production of synthetic drugs and counterfeit goods; increased use of unmanned autonomous vehicles for trafficking; and the further expansion of the dark web and cyber-enabled crime including the use of social media for illicit trade purposes. The development of bio-technology could also open up new opportunities for crime and

particular attention should be paid to the abuse of data including the misuse of biometric data for identity fraud.

Australia and the wider region already feel both the positive and more nefarious impacts of technological change. The Internet has become a target rich environment for attracting customers, delivering goods, and exploiting victims as we have seen with cyberscams across Southeast Asia especially.⁸ And there is the risk of further ransomware attacks, including on critical infrastructure, where we see the particular geostrategic challenges of the Indo-Pacific region play out where some foreign governments use these cyber interventions⁹ as a tool of statecraft to destabilize other states and also where states use their increasing cyber capabilities to target their own populations with systematic and sometimes violent suppression.¹⁰

5. **Urbanization and the concentration of crime:** A few years ago, we passed the threshold where more than half of the world's population lives in cities. And in Southeast Asia especially the demographic shift towards urban areas, whilst it has slowed since 2000, nonetheless has no global parallel for the massive increase post 1950 and includes a complex mix of metropolitan but also smaller and medium-sized cities.¹¹ Looking at urban areas of rapid growth in countries with high rates of criminality and in regions of instability show clusters of concern that deserve special attention. Considering data from our global index in a geospatial filter which measures connectivity between multiple criminal markets, criminal actors and their risk of displacement, four global clusters of criminal concentration and potential contagion emerge: in Latin America, in a band across the Sahel, in West Asia, and, important here, also in Southeast Asia.

Associated with urbanization is migration and the smuggling of migrants which has been described as the “growth industry” of organized crime in the 21st century. The number of international migrants has jumped by more than 60 percent in the past twenty years to more than 281 million,¹² over 10 million of these from Southeast Asia alone, while the number of displaced persons has quadrupled to around 89 million.¹³ Meanwhile, it has become harder to move. Remarkably, in 1990, only 15 countries worldwide had border walls. Today there are 74, and 15 more are under construction – and one very important one is on the border between East and Southeast Asia. This increases the risks and costs for people on the move, but also the benefits for smugglers. Handled badly, these flows will add to the pressures of urbanization, fuel populism, and make people vulnerable to becoming victims of human trafficking or other forms of exploitation. This we already see extensively across the Indo-Pacific with severe harm being created and caused within vulnerable communities as a result of poor socio-economic conditions and limited employment opportunities, fueled also by the criminal exploitation of social media recruitment techniques.

6. **Illicit financial flows,** and the prevalence and proliferation of special economic zones across the Indo-Pacific especially, also linked with China's Belt and Road Initiative, can be serious impediments to effective, equitable and sustainable development policies. Organized crime, particularly when it is linked so closely to state actors as is the case in Southeast Asia, sucks up revenue and profits that would otherwise ideally be in the public coffers. Unregulated free trade and special economic zones compound the system further and there are always incentives especially for corrupted or compromised states to negotiate new ones in an attempt to attract lucrative trade routes through their jurisdictions, and to further conceal both illicit trade but also the proceeds of those trades.
7. Finally the issue of **vulnerable populations.** A youth bulge is foreseen in the demographic growth in Asia, which will in turn likely contribute to unsustainable urbanization in some cities, and either potentially create pool of foot soldiers for organized crime groups or force those without solid economic prospects into harmful situations e.g. organ trafficking, bride trafficking, labor exploitation etc. Systemic vulnerabilities already exist across the Indo-Pacific where the engagement of civil society actors as positive influencers and change actors is largely ignored by donors, and actively repressed by their own states. Whilst the

dynamics of motivations across the region might be different, the net results remain the same where vulnerable populations are marginalized, responses are limited and vulnerabilities persist. These vulnerabilities are compounded by inequality of wealth and opportunity that persists across the region.

What development capabilities will Australia need to respond to these challenges?

A clearer picture of the Indo-Pacific crime scene and how it is impacting on domestic and also international development goals is needed. Australia does this very well domestically but there is a paucity of information and analysis on these dynamics across the region and this impacts significantly on the development of evidence-based policy. Only focusing on data from seizures for example is not a good measure of state responses to illicit economies, especially in criminally-converted or compromised states such as in Southeast Asia, nor is it anything close to a measure of the extent, harm and impact of organized crime. We need to take this a step further and carry out a 'systems analysis' of conditions and inter-dependent variables of the eco-systems in which these trends flourish. This would mean, for example, a greater focus on impact of urbanization and alternative development options in affected neighborhoods.

At the national level, crime fighting agencies need to fundamentally change. For example, we need criminal justice personnel with the skill sets to deal with cyber crime, to track illicit financial flows, to use the latest technology, and to carry out cross-border operations with foreign counterparts. They also need to work better with civil society and local communities.

Technological advancement can also improve surveillance; carry out mining of social networks and texts to detect and disrupt criminal activity; speed up the use of forensics; enhance preventive policing; and improve analytics and mapping tools. Some tasks (like surveillance and bomb disposal) may also be delegated to robots. And technology enables greater access to information (for open-source intelligence) and a democratization of crime analysis which has enabled the growth of anti-crime networks like the Global Initiative itself. In short, technology can also be disruptive to criminals and this, along with engaging effectively in the regulation of private sector companies, is where states can have the most positive impacts.

How can Australia best utilise its national strengths to enhance the impact of our development program and address multidimensional vulnerabilities?

Australian domestic policies and responses are starting to take into account the holistic nature of development issues and organized crime and understanding the varied vulnerabilities at play. For example, there are innovative steps now being taken to broader socio-economic and alternative pathways to tackling biker gang issues. There is a growing recognition that fighting crime is not just a law enforcement response and that a whole-of-society approach that engages civil society actors as service providers, role models and advocates for change.

We need a stronger focus on prevention and not just repression. We need to shrink the opportunity space for criminals who impact on our development goals. This could involve a wide range of interventions including: strengthening resilience and promoting development in vulnerable communities; reducing inequality; fighting corruption; protecting civil society; understanding why crime and violence are attractive to many people who see few alternatives; and reforming legislation to prevent overregulation in some areas and under regulation in others. The debate on drug control will be key in this regard. These are all policies and approaches that Australia deploys domestically and has a strong track record in. This means linking the local and the national to the global. Australia has a national interest in preventing crime at its source, and along trafficking routes which naturally leads it to interventions across the Indo-Pacific, but furthermore, this could suggest an extension of the holistic, all of partner approach overseas as well as at home. In this regard especially there is an urgent need for Australia to invest in and enhance the capabilities of civil society actors across the Indo-Pacific, not seeing them only in the context of victims of crime or vulnerability, but as change agents and 'antibodies' to otherwise criminalized states. Civil society groups

can provide information, push for greater institutional accountability, advocate for marginalized or vulnerable groups, build systems of resilience in local communities and provide alternative visions for state building and across Southeast Asia and the Pacific islands there is much greater scope for these capabilities and opportunities to be enhanced, developed and protected.

How should the new policy reflect the Government's commitments to build stronger and more meaningful partnerships in our region, founded on mutual trust and respect and shared values of fairness and equality?

Action can be taken in this regard across three levels; at a strategic level, globally i.e. multilaterally and with partners and finally at the local level – that is to say with host governments across the region. Firstly, supporting the case that organized crime is not only a globally pervasive and corrosive threat but that it also significantly undermines and impact on development goals would be hugely helpful. There is currently no global strategy or effective mechanism to combat this. We encourage Australia to join GI-TOC-led efforts to identify the building blocks of such a strategy and response. Relatedly, use organized crime as a unifying issue among regional partners and in others formats like OECD and G20 to put a stronger focus on preventing and fighting organized crime and corruption, recognizing their impacts on development goals and outcomes. Founding meaningful and impactful partnerships at the global and regional level in this regard will support the strength and integrity in tackling the final strand – the engagement with local partners.

Recognizing the challenges in engaging with criminally governed, complicit states – especially across Southeast Asia – is the start to a more meaningful relationship and going further we need to move ahead with a message of integrity and service delivery and responsiveness at its core. It is necessary to strengthen institutions and individuals where we find beacons of light and to coordinate international pressure and oversight to insist on the establishment of those where they do not currently exist. It is necessary to build linkages between a range of different actors in the private sector and in civil society. We need to invest, in parallel, in non-state integrity and resilience that can be used to hold states and their different institutions under scrutiny and to account.

What lessons from Australia's past development efforts should inform the policy? What is Australia seen to be doing comparatively well?

There is a growing recognition of the limitations of the 'traditional' sets of tools and responses. Capacity building interventions are failing because they don't take into account that states lack integrity and/or are actively resisting well-founded development measures because they contradict their own powerful and corrupted systems. And likewise a realisation that our multilateral systems are not fit for purpose. Generating collective action on these shared challenges through stronger more active connections with international and regional institutions and genuine donor coordination that strategically tackles issues of joint concern are essential to have more positive impacts on reducing illicit markets, building good governance and promoting core objectives of poverty reduction and development across the Indo-Pacific.

How should the new policy address the role of ODA and non-ODA in supporting the development of our regional partners?

Development policies need to recognize the potential of engaging with both recipient, developing countries (usually in receipt of ODA funds) but also those middle-income and more developed states (including through the use of non-ODA funds where appropriate). There are some actions and interventions that those in the latter category could take which could shift development dynamics e.g in the field of illicit financial flows, enabling them and/or harboring them in tax havens. Responding to organized crime and its development impacts is a collective action problem, hence needing a collective approach that tackles both supply and demand across the many places where those both exist and interlink.

ANNEX A

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GI-TOC – who we are

[The Global Initiative Against Transnational Organized Crime \(GI-TOC\)](#) is an independent policy research institute dedicated to researching and understanding organized crime. We have over a hundred staff, spread across 42 countries of which more than half are developing countries, organized in a series of regional observatories and thematic expert units, which work through local networks of hundreds of individuals and civil society organizations based in the most affected communities. This unique model combines high-level global analytical capacity and experience with local knowledge, perspectives and a view of emerging trends and priorities. We are underpinned by a network of some 700 global experts, practitioners and serving state officials who stand on the frontlines of the fight against organized crime. Our [Asia-Pacific Observatory](#), based out of Bangkok, covers the geographical regions covered by this consultation, and this submission concerns our insights and perspectives on Southeast Asia and the Pacific especially.

ABOUT THE GI-TOC

The Global Initiative Against Transnational Organized Crime is an independent, international civil society organization headquartered in Geneva, Switzerland, with a globally dispersed Secretariat and a high-level advisory board. The GI-TOC was established in 2013 and has grown to 100+ full-time staff members, with regional offices in Austria, Malta and South Africa, and six regional civil society observatories. More regional offices and observatories are planned in the near future.



533

2020

598

2021

610

2022

THE TEAM

The GI-TOC consists of a globally dispersed and culturally diverse team. As of September 2022, there are 101 people of 41 nationalities working in 34 countries. The team is almost gender balanced, with 53% of staff identifying as female and 47% identifying as male.

101 staff members

41 nationalities

34 countries

PUBLICATIONS AND MULTIMEDIA OUTREACH

The GI-TOC's published research and analysis is a central part of the organization's global strategy. In the 2022 reporting period, we increased the number of publications. The publications continue to promulgate a better understanding of transnational organized crime dynamics around the world and, aligned with this, the regional coverage was global in perspective. We translated 27 publications, into a total of 11 target languages, providing significantly greater audience reach and influence than would be the case with English-only outputs in certain regions.

Publications	Count
Research reports	21
Policy briefs	16
Risk bulletins	6
Donor briefing documents	3
Trend reports	1
Handbooks/guidance documents	9
Blogs/analysis articles/commentaries	37

40+ Podcast episodes

The GI-TOC's podcast network, which was launched in 2020, continues to grow. Since its establishment, the GI-TOC has produced over 175 episodes and our audience is steadily growing.



396k Main website users

1.5m Pageviews of all digital projects

Compared to the previous year, our main website, globalinitiative.net, recorded a 13.5% rise in 'sessions' (period of time in which the user is actively engaged) and a 22.5% increase in the number of users (213 000 vs 173 000) in the first six months of 2022.



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ABOUT THE GI-TOC

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¹ Ocindex.net

² <https://www.refworld.org/docid/50cb225d24.html>, <https://www.nytimes.com/2017/08/23/world/asia/cambodia-us-ngo-hun-sen-nonprofit-crackdown.html>, <https://odi.org/en/insights/msfs-expulsion-from-rakhine-can-only-harm-myanmars-reform-process/> as selected examples.

³ See <https://globalinitiative.net/analysis/forest-crimes-cambodia/>, <https://globalinitiative.net/analysis/myanmar-illicit-timber-flows/>, <https://www.nationalgeographic.com/science/article/deforestation-in-the-solomon-islands> and <https://www.forest-trends.org/wp-content/uploads/2022/01/Solomon-Islands-Timber-Legality-Risk-Dashboard-IDAT-Risk.pdf>.

⁴ <https://iuufishingindex.net>

⁵ <https://globalinitiative.net/analysis/illicit-trade-plastic-waste/>

⁶ <https://www.insiderintelligence.com/content/upside-internet-user-growth-remains-high-southeast-asia>

⁷ Jose Sousa-Santos, "Drug trafficking in the Pacific Islands: The impact of transnational crime," 15 June 2022, <https://www.lowyinstitute.org/publications/drug-trafficking-pacific-islands-impact-transnational-crime>

⁸ <https://globalinitiative.net/analysis/modern-slavery-mekong-casinos/>

⁹ <https://www.cisa.gov/uscert/ncas/alerts/aa22-187a>

¹⁰ <https://southeastasiaglobe.com/vietnamese-cybersecurity-law-reveals-hanoi-obsession-with-control/>

¹¹ https://www.globalasia.org/v9no3/feature/southeast-asia-and-sustainable-urbanization_bharat-dahiya

¹² <https://worldmigrationreport.iom.int/wmr-2022-interactive/>

¹³ <https://www.unhcr.org/figures-at-a-glance.html>