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## Corruption at borders

### Query

**What are the linkages between borders and corruption? Is there any data that shows that corruption in border regions is higher than in non-border regions? Facts and figures on corruption in border regions (specifically but not exclusively in Africa) as well as its economic and social costs would be greatly appreciated.**

### Purpose

We are currently in the process of supporting the African Union in preparing information material for an event on borders and migration.

### Content

1. Corruption risks at borders
2. The cost of corruption at borders
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### Summary

In spite of the important challenges posed by the circulation of goods and people across borders in the context of globalisation, interest in border related corruption is largely limited to the issue of corruption in customs. More research would be needed to assess the prevalence of border corruption in Africa, its specific forms as well as the social and economic effects.

There are a number of specificities that make border activities particularly vulnerable to corruption, including: poor external oversight; the

level of autonomy and discretionary authority border officials enjoy; high tariffs and complex regulatory frameworks that provide traders with incentives to bribe; the pressure of organised crime networks; the inadequate salary and working conditions of border officials; and the specific organisational features of border protection agencies. Corruption at borders manifests itself through various forms, including petty bribery, bureaucratic corruption, misappropriation, organised crime related corruption and political corruption.

There is broad consensus in the literature that border corruption has a detrimental impact on shipping costs, trade, revenue collection, illegal migration as well as organised crime and security.

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*U4 is a web-based resource centre for development practitioners who wish to effectively address corruption challenges in their work. Expert Answers are produced by the U4 Helpdesk – operated by Transparency International – as quick responses to operational and policy questions from U4 Partner Agency staff.*

## 1. Corruption risks at borders

With globalisation, border control authorities play an important role in facilitating trade and the circulation of goods and people across countries while protecting borders and national security. In many countries, widespread corruption, under-resourced services and weak accountability make borders porous and difficult to control, fuelling various forms of illegal activities such as human and drug trafficking, weapon smuggling, organised crime and terrorism.

In spite of these important challenges, interest in border related corruption is largely limited in the literature to the issue of corruption in customs. It is mainly the economists who focus on this issue and try to clarify the relationships between tariffs and corruption. This is probably due to the impact corruption has on a country's revenue collection and business activity, while the specific role of corruption in border guard services is frequently omitted from cross-border corruption studies (Centre for the Study of Democracy 2012).

The Helpdesk has found only one study specifically looking at corruption in border guard services, whose regional coverage is limited to the EU. In some countries, especially in Europe, border protection units are related to the police, and some of the literature on corruption in police forces could be relevant but is out of the scope of this query. More research would be needed to assess the prevalence of border corruption in Africa, its specific forms and economic impact.

### Factors that increase corruption risks in border regions

There are a number of specificities that make border activities particularly vulnerable to corruption.

#### Geographic dispersion

Border and customs officials often lack resources and adequate supervision as they operate in remote and geographically dispersed areas that make careful supervision almost impossible while enjoying wide discretionary powers that provide them with opportunities to extract bribes (Ferreira, Engelschalk and Mayville 2007). In the EU, for example, the physical location of remote land borders and coastal regions have been found to present a higher risk of corruption (Centre for the Study of Democracy 2012).

In many developing countries, this situation is exacerbated by poor infrastructure, lack of human and institutional capacity, low levels of automation and computerisation, lack of training and professionalism, low public service salaries, and weak controls and oversight (Chêne 2013). In South Africa, for example, border posts are understaffed and some even lack basic material resources necessary for effective border policing, such as facsimile machines, a consistent electricity supply, and proper living quarters for border officers, vehicles and proper search and storage facilities (Hennop, Jefferson & Mclean 2001).

#### Size and type of border configuration

The size of the border crossing and of the border guard service may also have an impact on the scale and forms of border corruption.

In the EU, for example, larger border crossings along the eastern land borders and major international seaports are typically well staffed, well resourced, with well developed infrastructure including sophisticated anti-corruption measures such as video-monitoring. Where corruption occurs at major border crossings, it requires more sophisticated and financially costly schemes that commonly involve cooperation between several border guards, or more complex collaboration between teams of border guards, customs officers and sea-port employees (Centre for the Study of Democracy 2012).

At smaller border crossings, corruption more often involves doing favours for friends and family. In some EU countries, for example, direct contact between border guards and bribe-payers is frequently facilitated by some sort of informal social network that develops in casual places like local bars, coffee shops, gyms or schools which provide the opportunity for criminals and border guards to meet in a conducive atmosphere. In addition, in such settings, border guard forces are organised in more cohesive, smaller and tighter units where corruption may be more difficult to conceal when it involves individual corrupt officers. In such units, border guard forces are either generally corruption-free, due to strong team ethics, or are institutionally corrupt, with the whole team engaging in corruption (Centre for the Study of Democracy 2012).

Indeed, the development of corrupt networks and collusion affecting an entire local customs office is not uncommon.

Staff transferred to remote offices permeated by corruption find it difficult to resist participation and expose themselves to peer pressure and group intimidation if they do, which undermine their working conditions and well-being (Ferreira, Engelschalk and Mayville 2007). In addition, in several cases, it is a family tradition that members of different generations or spouses work in the same agency, which also provides safe informal networks for corruption to develop inside the organisation.

### **Administrative monopoly and discretionary powers**

Border and customs officials are especially vulnerable to corruption due to the very nature of their work. In particular, border officials with customs powers enjoy particularly wide discretionary powers. They often have sole authority and responsibility to make various important decisions on the level of duty or taxes or admissibility of imports and exports, in an environment where supervision and accountability are difficult. In many cases, the value of the shipment provides further incentives to bribe: they make decisions over extremely high value shipments, which makes it worth bribing them with a lot of money. In addition, compared to other bureaucrats, law enforcement officers deal with especially high number of transactions on the border which provide more opportunities for corruption (De Wulf and Sokol 2005).

Border guards enjoy comparatively fewer discretionary powers than customs officials. And they have fewer opportunities to extort bribes from legitimate businesses and individuals than customs officers who can use the complexities and loopholes of a customs code and administrative procedures to slow down border crossing processes. There are three major areas where border guards may become involved in extortion: i) migration control; ii) schemes where they become complicit with customs officials who extort money from legitimate companies and private persons; and iii) administrative corruption regarding public contracts (Centre for the Study of Democracy 2012). They also have frequent face-to-face interactions with members of the trading community who have a strong incentive to influence their decisions (McLinden and Durrani 2013; De Wulf and Sokol 2005). Even with modern, more sophisticated clearance procedures, direct contact between traders and customs officials cannot be avoided while goods are being physically inspected. Corruption risks are particularly high when customs checks are not being conducted by a team but by an individual

officer, especially in small offices and during the night and weekend shifts (Ferreira, Engelschalk and Mayville 2007).

At small border crossings, people passing the border can frequently develop close relationships with specific officials, which can evolve into corrupt arrangements, as has been documented along the US/Mexico border (Heyman and Campbell 2007).

This unique combination of administrative monopoly and broad discretionary power over valuable goods makes customs and border officers, probably more than any other type of law enforcement agents, prone to corruption.

### **Salaries and working conditions**

The combination of poor pay, difficult working conditions and little probability of detection provides both incentives and opportunities for corruption (McLinden and Durrani 2013). If border officials' salary level is below a country's living wage, it may be difficult for officials to resist soliciting bribes as a coping strategy to supplement their incomes. In addition, the difference between a border guard or customs officer salary and the potential income from corruption will always be substantial and likely to fuel rent-seeking behaviour among border staff.

Given the huge potential to extract bribes, in some countries, positions in customs and border guard services can be bought by corrupt individuals for rent-seeking purposes. In Cambodia, for example, the value of the "concession fee" required to secure a customs post was reported to have increased within only a few years from US\$2,000 to US\$10,000 (Ferreira, Engelschalk and Mayville 2007).

In the EU, there are also wide salary disparities among personnel working at the external borders of the EU. Such disparities are seen as a factor that fuels both petty corruption and more serious corruption schemes (Centre for Democratic Studies 2012).

### **High tariffs and complex regulatory frameworks**

Border and customs officials ensure that a number of security and customs procedures foreseen in the national legislation are followed. Non-transparent, burdensome rules and procedures constitute vulnerabilities that can breed corrupt behaviour. At the same time, high tariffs and complex regulations offer significant

incentives for traders to reduce import charges and speed up transactions.

At the US/Mexico border, for example, over complex and numerous regulations make it impossible for border officials, especially at border points where the volume of goods and people is high, to enforce all laws and regulations. Officers enjoy some discretion in interpreting the law and neglecting some aspects of the law as some laws are unenforceable or only partly enforceable (Heyman and Campbell 2007). Meanwhile, those transporting legal products across the border often find it easier to simply bribe customs officials than comply with burdensome and complicated import procedures, forms and tariffs. This has made border officials especially susceptible to kickbacks (Flores 2017).

### Pressure from organised crime

Border control authorities also have the mandate to prevent the import of illegal goods (drugs, weapons, alcohol and cigarettes), persons and wildlife. These lucrative activities often involve organised crime syndicates that do not hesitate to resort to bribery, intimidation and violence to facilitate their illegal transactions. Given the high financial stakes, rent-seeking opportunities are difficult to staunch (Ferreira, Engelschalk and Mayville 2007).

In the EU, for example, member states located on major drugs/cigarettes trafficking routes are subject to higher levels of corruption pressure from organised crime, especially for countries situated along Europe's eastern borders (Centre for the Study of Democracy 2012).

### Extent of corruption at borders: a few figures

Border control authorities are often viewed by citizens as one of the most corrupt government institutions in many countries. However, as already mentioned, there is little data on the scale of corruption in border control agencies in general, and most figures and assessments are limited to assessing the prevalence of corruption in customs. The Helpdesk has also not found any study comparing levels of corruption in border regions with other regions.

Customs continues to be perceived among the most corrupt of government institutions in many countries (McLinden and Durrani 2013). In the United States, for instance, the US Customs and Border Protection agency has the highest per

capita record of law enforcement officers being arrested for corruption (Bennett 2015). According to a New York Times review, in the last 10 years almost 200 employees of the Department of Homeland Security have taken nearly US\$15,000 in bribes while being paid to protect the border, in exchange for allowing drugs and people to be smuggled into the country, illegally selling green cards, and providing information to cartels that included the name of an informant (Flores 2017).

Companies interviewed for the World Bank's [enterprise surveys](#) also routinely mention customs as one of the most serious constraints to business investment and cite it as one of the most corrupt government agencies. Almost 15% (14.4 %) of the firms interviewed worldwide expected to have to give gifts to obtain an import licence. There are some regional variations: in sub-Saharan Africa, this figure rises to 17.3 % of the firms.

Similarly, Transparency International's Global Corruption Barometer identifies customs as the third most corrupt government agency after the police and the tax administration (Transparency International 2005). This is especially true for low income countries. More recently, 15% of the respondents to Transparency International's Global Corruption Barometer 2013, who interacted with such institutions, reported having paid a bribe to the customs/tax authorities in the last 12 months. In Europe, 31% of the respondents of the European Barometer think that the giving and taking bribes and the abuse of power for personal gain is widespread among the police and customs officials (European Commission 2017).

In Africa, a 2007 study looking at corruption of customs officials at transit points along the northern corridor in Kenya, Uganda, Tanzania, Rwanda, Burundi and Democratic Republic of Congo found that delays and high taxations are perceived to be major constraints to cross-border business and one of the greatest opportunities for bribery. Incidence of corruption was particularly prevalent in declaration and valuation processes. Incidence of corruption ranged from 15% in Kenya to 59% in Tanzania, while, as a whole, 28% of all shipments were subject to bribery, with the value of the bribe based on consignment value (USAID 2007).

### Forms of corruption in customs

Forms of corruption in customs administration have been relatively well documented in a number of studies and practitioners' handbooks. Virtually

all customs processes are vulnerable to corruption as traders have strong incentives to evade high tariffs or circumvent burdensome rules and procedures to speed up the clearance of goods. Corruption can permeate: the assessment of origin, value and classification; cargo examination; the administration of concessions, suspense, exemption and drawback schemes; post-clearance audit; transit operations; passenger processing; the issuing of various licences and approvals. More recently, corruption can also facilitate access to authorised or preferred trader schemes which confer special privileges to selected traders (McLinden and Durrani 2013).

Corrupt behaviour can range from corrupt individuals (bad apples) to more systemic forms of corruption involving the development of corrupt networks within the customs administration. Many observers note that corruption in customs is often organised into networks, with members of the networks distributing the profits from corrupt practices with colleagues and superiors (Ferreira, Engelschalk and Mayville 2007; De Wulf and Sokol 2005).

More generally, the World Bank (2005) distinguishes three major drivers of corruption in customs authorities, including: i) "routine corruption" where private agents bribe the authorities to speed up routine procedures (facilitation payments); ii) "fraudulent corruption" whereby customs officials are paid to turn a blind eye to illegal practices often involving evading taxation liability or fiscal obligations; and iii) "criminal corruption" that involves criminal activities such as human trafficking. The author also differentiates between four major forms of corruption (De Wulf and Sokol 2005):

### Bribery

Bribery can take the form of petty bribery, which generally involves junior staff and typically includes the payment of money to secure or facilitate the issuance or processing of licences and clearances. Grand forms of corruption typically involve more senior officials. Bribery schemes can also involve the payment of money to alter or reduce duty or taxation liabilities, ensure that officials turn a blind eye to illegal activities and kickbacks to ensure access to lucrative exemption from normal administrative formalities.

### Nepotism

In the customs context, such forms of corruption can affect: the selection, transfer or promotion of individuals or groups on the basis of an existing

relationship rather than on merit; the awarding of lucrative customs appointments; and the allocation of scarce government resources to individuals on a non-merit basis. Nepotism is more prevalent in the customs administrations of microstates or in border posts that are geographically remote from headquarters.

Some authors also note that the overall human resource management system in a country's public sector can affect customs integrity. When the civil service system does not promote transparent, competitive and merit-based recruitment of customs staff, it is not uncommon that lucrative positions in customs be sold for their potential to extract bribes (Ferreira, Engelschalk and Mayville 2007).

### Misappropriation

Misappropriation in customs can occur at the individual, group or organisational level and include a wide range of behaviours such as theft, embezzlement, falsification of records and fraud. Although also present in developed countries, it is a common feature of the customs administrations in many developing countries in which administrative controls or checks and balances are weak and where systems to ensure appropriate supervision and audit of financial transactions are not well developed.

### Collusive versus coercive forms of corruption

Other authors distinguish between two major types of corruption, which have different effects on firms' behaviours: cost-reducing collusive corruption where border officials and private actors collude to reduce or evade tariffs and cost-increasing coercive corruption, where border or customs officials extract bribes from companies or individuals for performing routine processes. Using evidence from African ports, Sequeira and Djankov (2011) suggest that firms respond differently to these types of corruption, with collusive forms of corruption associated with higher usage of the corrupt ports, while coercive corruption is associated with reduced demand for port services (see below).

### Forms of corruption in border guard forces

Corruption in border guard services receives less attention in the literature and few papers focus on the sub-Saharan region. This analysis of forms of corruption in border guard services is mainly based on a Centre for the Study of Democracy

2012 study of anti-corruption measures in EU border control.

Corruption mechanisms at the border may involve bribery schemes where border officials are in direct contact with the bribe payer or more complex schemes involving intermediaries who are in direct contact both with bribe-payers and with border guards. Border guards can collude with customs, local police, criminal police or private companies to carry out more complex corruption schemes, while intermediary bribe-payers in more complex corruption schemes may include lawyers, informants, former border guards and NGOs (Centre for the Study of Democracy 2012).

Similar to corruption forms identified in customs, the research categorises corruption practices in border guard services across the EU into three main groups.

### Petty (small-scale) corruption

As in customs services, petty forms of corruption relate to accepting or extorting small bribes to speed up routine border crossing procedures, relax strict surveillance, waive minor irregularities or seek payment for allowing the passage of known or wanted individuals. Small bribes are paid to facilitate the smuggling of consumer goods, such as cigarettes and petrol, especially where there is a significant price differential across a border or to speed up the border passage of vehicles and persons, particularly in peak seasons (Centre for the Study of Democracy 2012)

Petty corruption can facilitate the illegal border crossing by land, sea or air, the issuing and using of fraudulent or fraudulently obtained travel documents. Smugglers can also secure long-standing arrangements with corrupt senior border officials who are paid in advance when a "shipment" of irregular migrants is moved to a different location. The senior officials then inform their colleagues at checkpoints, which can result in compromising an entire border unit and the initial bribe trickling down the various layers of the border control authority. This form of collusion can also lead to extortion practices, as documented in East Africa where corrupt officials benefitted from intercepting migrants by introducing checkpoints (OECD 2013).

### Administrative corruption

Administrative corruption practices within border guard institutions are similar to the administrative corruption affecting other public institutions and

can involve the manipulation of procurement tenders, extracting kickbacks from service operators in the border area and appointment or promotion of officers based on nepotism (Rusev 2013). It is typically well organised and typically involves the participation of higher levels of management or leadership (Centre for the Study of Democracy 2012),

In the EU, among others, the main schemes identified include: the manipulation of public procurement tenders in exchange for kickbacks from suppliers of uniforms, fuel and technical equipment; extraction of bribes from service companies which need permits and authorisation to operate in border areas; appointment or promotion of officers based on nepotism; the sale at auction of excess border guard/police assets (real estate, used cars, etc.) at prices significantly under market value in exchange for kickbacks.

### Organised crime related corruption

Organised crime related corruption can take many forms, including the selling of information to criminal groups, facilitating the passage of illicit goods and migrants and obstructing investigations. Selling information can include providing information to criminal groups about on-going investigations or operational information that helps criminal groups avoid detection.

In the EU, smuggling cigarettes, fuel, alcohol, drugs, stolen vehicles or irregular migrants are cross-border activities that are frequently linked to organised crime. In some cases, border guards can engage in smuggling activities themselves, as it has been documented at the US/Mexico border (Heyman and Campbell 2007).

While cash controls usually involve customs administrations, border guards can also facilitate the movement of large amounts of cash for money laundering purposes. There are some examples where border guards have been used as couriers by money-launderers to smuggle cash from North America to Mexico.

In some cases, criminal groups go to great lengths to identify vulnerable officials who are likely to respond to a corrupt transaction or to infiltrate law enforcement or border protection agencies, using bribery or intimidation. For example, some criminal organisations are known to gather intelligence on inspectors at ports of entry to identify those who have a drinking, gambling, financial or other problem that can mean they can be easily compromised. In some cases, they can collude with officials in

government agencies in conspiracies to smuggle migrants (OECD 2013).

Border guards can also allow the entry and exit of individuals for whom an arrest warrant has been issued, who are on probation, or are subject to some sort of a travel ban. They can also provide false alibis to organised criminals by falsifying records or entering information into the system showing that a criminal has left and re-entered the country on certain dates. This type of misconduct can result in obstructing an investigation (Centre for the Study of Democracy 2012).

### **Patronage and political corruption**

Political corruption can also affect border guard forces in various ways. It can take the form of amending regulations so that the new regulations serve the interests of certain individuals, groups or companies. Border guard forces can be consulted during the passage of various security-related laws and regulations, and the contribution of the forces' legal department or senior managers into the process may be unduly influenced by the interests of private companies or individuals (Centre for the Study of Democracy 2012).

Political patronage can also permeate border guard services. In some countries, the heads of border guard forces may be political appointees who have been rewarded by the ruling party for their political support by a position where they can potentially benefit from corrupt practices (Centre for the Study of Democracy 2012).

Another form of political corruption can develop at the local level, particularly in small towns. In the EU, particularly in small towns along the external land borders of the EU, complex corruption networks may involve local businesses engaged in the cross-border trafficking of goods. Local politicians associated with them can gain political prominence or benefit from this association for personal financial gain or to promote local projects that help raise their political status (Centre for the Study of Democracy 2012).

At another level, residents of border regions and towns often develop close family, social, political and business ties on both sides of the border, creating intimate interactions that can facilitate various forms of corruption. This has been documented along the US/Mexico border where such ties have been found to facilitate the emergence of corrupt networks and strong patterns of favours and obligations. These connections encourage under-enforcement of

laws and the tacit allowance of illegal activities (Heyman and Campbell 2007).

The US border also has a long tradition of political patronage, with for example "local bosses" or county sheriffs in remote areas in control of law enforcement. They can become "insiders", facilitators of corrupt activities. The activities of such local bosses are often tolerated by high level political actors because they bring cash and votes in a region characterised by clientelistic politics (Heyman and Campbell 2007).

### **Gender specific forms of corruption**

There are forms of corruption more specifically targeted to women: a border official could request sexual favours in exchange for allowing a woman into the country. Women can also use lighter forms of flirting to obtain preferential treatment at the border. This has been documented at the US/Mexican border (Heyman and Campbell 2007). According to experts consulted within the framework of this query, organised crime groups also use prostitutes who have sex with an officer who is then blackmailed with videos or photos to facilitate smuggling for the crime group.

## **2. Costs of corruption at borders**

There are a number of methodological challenges associated with assessing the costs of corruption in general and few studies specifically looking at the costs and impact of border related corruption. Where such studies exist, they also typically focus on the cost of corruption in customs. However, there is a broad consensus in the literature that, in addition to affecting intra-regional trade, international exports, revenue collection and the country's general business environment, corruption at borders is also likely to facilitate a wide range of cross-border crimes such as the smuggling of people and illicit goods, drug and human trafficking, weapon trafficking and, in some cases, terrorist activities, fuelling violence and insecurity in the border regions and beyond (Chêne 2013).

### **Economic costs of border corruption**

While not specifically looking at border related corruption, there is a large body of evidence suggesting that corruption is likely to adversely affect long-term economic growth through its impact on investment, taxation, public expenditures and human development. Corruption also has a corrosive effect on the regulatory environment, the legitimacy and the efficiency of

state institutions (Chêne 2014). This economic impact of corruption has been documented to a certain extent for customs corruption, which is perceived as a bigger threat in terms of its impact on lost budget revenue and business (Rusev 2013).

In general terms, the World Bank lists a number of negative effects of corruption within customs administration, including a reduction in public trust and confidence in government institutions, significant revenue leakage, a reduction in the level of voluntary compliance with customs laws and regulations by the business sector and the maintenance of unnecessary barriers to international trade and economic growth, among others (De Wulf and Sokol 2005).

However, the estimation of revenues lost to corruption in customs is challenging, as it is almost impossible to isolate the consequences of customs' inefficiency and inability to prevent smuggling activities from corruption. However, there is anecdotal evidence that customs corruption can have a serious, negative effect on a country's budget. In Russia, the minister of economy complained that in 2004 that the country was losing US\$4.5 billion in duties on goods imported from Europe, which could be attributed to organised corruption in customs. In Bangladesh in 2000, the customs revenue lost to corruption and inefficiency, as well as to the income tax department, was estimated to exceed 5% of GDP (Ferreira, Engelschalk and Mayville 2007). In Nigeria, in March 2017, the president of the National Association of Nigerian Traders declared that "in these past three months alone, Nigeria has lost more than N130 billion due to the porosity of our borders and the corrupt practices going along the border routes" and that unnecessary delays in the movement of goods had further increased the cost of doing business. While he failed to indicate how this amount was estimated, such declarations confirm that business actors perceive corruption at borders as a major constraint to doing business in a country (Sahara Reporters 2017).

As mentioned above, border corruption has a distortive impact on regional trade and revenue collection as firms adjust their behaviour to the scale, cost and form of corruption. A comparative study on trade and corruption costs in the competing ports of Durban and Maputo shows that the choice of port is largely determined by the interaction between transport and corruption costs at each port.

Coercive forms of corruption are associated with reduced demand for port services, with firms travelling further, and in some cases almost doubling their transport costs just to avoid this type of corruption at a port. Collusive corruption, which reduces costs is, however, associated with higher usage of the corrupt port services but a significant reduction of customs revenues (Sequeira and Djankov 2011).

The study also shows how corruption can affect the relative cost of imports by determining the total cost of using port services and clearing goods through customs. It suggests that firms adjust their decision on whether to source inputs in domestic or international markets accordingly. Cost-reducing collusive corruption is associated with a higher proportion of imported inputs, whereas cost-increasing coercive corruption is associated with a higher proportion of domestic inputs. This indicates that firms respond to different types of corruption by organising production in ways that increase or decrease demand for the public services.

Finally, the study shows that both forms of corruption can affect economic activity beyond the immediate cost of the bribe. Avoiding coercive corruption at port services through extorting bribes increases congestion and transport costs in the region by generating imbalanced flows of cargo along the transport network. Collusive corruption is on the other hand associated with significant tariff revenue loss for the government, equivalent to a 5-percentage point reduction in the average nominal tariff rate (Sequeira and Djankov 2011).

### Costs related to corruption and the illegal drug trade

Trafficking of drugs, natural resources, weapons, stolen vehicles or even consumer goods such as oil, alcohol or cigarettes also rely on smuggling and on avoiding investigation, which is facilitated by corruption, including border corruption. A report exploring the link between organised crime and corruption in Europe, for example, shows how some illegal markets, like the illegal cigarette trade, target primarily customs or local governments and law enforcement in border areas to facilitate their operations (Centre for the Study of Democracy 2010).

As such, border corruption can be seen as indirectly contributing to the devastating impact of drug trafficking on society. The social and economic impact of drug trafficking on society are many. Direct and indirect costs attributable to illicit

drug use are estimated in three principal areas: crime, health and productivity, totalling in 2007 an estimated US\$193 billion in the US (US Department of Justice National Drug Intelligence Centre 2011).

Drug use is a serious public health issue in many countries, imposing heavy costs on national public health systems. In the US, drug-poisoning deaths are the leading cause of death, outnumbering deaths by firearms, motor vehicle crashes, suicide and homicide (US Drug Enforcement Administration 2017). Illicit drug use also affects the entire criminal justice system, taxing resources at each stage of the arrest, adjudication, incarceration, and post-release supervision process. In the US, for example, drug violations, the most common arrest crime category, represented 12.2% of arrests in 2008 and 4% of homicides (US Department of Justice 2010).

In terms of development outcomes, illegal drug trade has far reaching consequences and contributes to a set of long-term barriers to development, including: i) the rise of crime and community violence; ii) the corruption of public and social institutions; iii) the development of drug related health problems; iv) the lowering of worker productivity; v) the ensnarement of youth in drug distribution and away from productive education or employment; vi) the skewing of economies to drug production and money laundering, among others (Singer MC 2009).

### Costs related to border corruption and security

#### Organised crime as a threat to national security

“Organised crime feeds corruption and corruption feeds organised crime” (Transparency International UK 2011). Beyond its social and economic impact, border corruption facilitates the operations of organised crime and transnational trafficking – whether of drugs, people or illegal arms – that present serious threats to public security.

Collusion of organised crime with corrupt customs officials poses a major security risk as it undermines not only the detection of illicit drug trade but also that of high-risk and prohibited goods such as weapons and explosives. For instance, a high-tech X-ray machine operated at a corrupt customs post can hamper all efforts to detect potential terrorist activities (Ferreira, Engelschalk and Mayville 2007).

At another level, organised crime has a corrosive impact on state institutions, using corruption to carry out criminal activity, avoid investigation, escape prosecution and undermine the criminal justice system. There are a wide range of corrupt services that border guards can provide to organised groups such as the selling of information; ignoring travel bans; provision of false alibis; and obstructing an investigation (Centre for the Study of Democracy 2012).

Any breach of criminal justice constitutes a failure in governance and ultimately undermines state stability and security. In West Africa, for example, trafficking of cocaine and natural resources, which are passed to Europe from their points of origin in South America through Ghana and the Niger Delta, constitute direct threats to regional and state stability. The exponentially high value of cocaine in relation to local commodities and ill-gotten proceeds provide criminals with a highly potent leverage that can be used to undermine security, military and law enforcement institutions (Transparency International UK 2011).

#### Border corruption, terrorist activities and security

In addition to the dramatic toll drug and human trafficking takes on lives, this trade also has significant security implications as illicit money flows generated by these activities may be used to finance terrorist activity (OECD 2015). In fact, the increasing interconnectedness between terrorism and organised crime in many parts of the world is widely recognised, and many analysts speak of a terror-crime nexus, with the development of collusive relationships between many terrorist groups and drug traffickers. In Central Asia and Afghanistan, drug trafficking is a common “fundraising” method for insurgents and terrorists. Similarly, the Niger Delta rebels rely on oil smuggling to sustain violence in the region (Transparency International UK 2011).

When not involved in trafficking activities themselves, terrorist groups also use smuggling channels to physically relocate themselves. There is anecdotal evidence of terrorists misusing the disorder created by the current refugee crisis to smuggle their members into Europe (OECD 2015). In the Sahel region, deficient border control contributes to increased porosity of the borders between Nigeria, Niger and Mali and exposes the region to a number of interrelated threats including illegal trade, criminal networks, smuggling of weapons and drugs, human

trafficking and the spread of terrorists. In fact, this is likely to exacerbate a highly volatile security context in which weapons, illegal goods, terrorists and money circulate across borders. Since the collapse of the Gaddafi's regime in Libya in 2011, insurgent movements, terrorist organisations, militias and other armed groups benefitted from deficient borders to facilitate the circulation of weapons and fighters across national borders (Komlavi Hahonou 2016.)

### Border corruption, conflict and security

Border control is therefore crucial to hinder the expansion of armed conflicts across national borders. Corruption also plays a large role in facilitating cross-border the smuggling of weapons and insurgents, which are then used to undermine state stability and the functioning of state institutions. In conflict-affected countries, this can contribute to prolonged conflict and create major incentives for people to leave the affected areas (Mungiu-Pippidi 2015; North, Wallis & Weingast 2013).

In addition, in such fragile contexts, the growth of organised crime – often associated with corruption – is a growing issue of security concern. In Iraq, for example, the growth of organised crime and corruption have been neglected to focus efforts on brokering immediate peace between the warring factions. This continues to fuel instability, jeopardise the peace process and undermine citizens' security (Transparency International UK 2011).

For more information please see [this](#) Helpdesk literature review on corruption and conflict/fragility

## 3. Corruption, borders and migration

Migration is one of the major challenges facing the modern world. In 2015, the number of international migrants reached 244 million for the world as a whole, including almost 20 million refugees, a 41% increase compared to 2000 (UN 2016). There is a growing body of evidence that shows that corruption facilitates the migration process, especially illegal migration, for example, through bribery at border control points.

A previous Helpdesk answer has compiled a literature review on corruption as a driver of migration.

### Corruption as a facilitator of human trafficking, migrant and refugee smuggling

Broadly speaking, the concept of illegal migration covers both human smuggling and human trafficking. Both activities generally involve the movement and delivery of people from a source location to a destination and distinguish themselves by the presence or absence of consent. According to OECD (2015), they represent the fastest growing transnational criminal activities and one of the most lucrative forms of organised crime, second only to the drug trade. Organised crime groups involved in human trafficking tend to operate very much alike those involved in human smuggling, as loosely connected networks, although origin and destination countries, routes and the profiles of people moved appear to be quite different (Rusev 2013).

Human smuggling refers to the facilitation, transportation or illegal entry of a person(s) across an international border in violation of one or more countries laws, either clandestinely or through deception, such as the use of fraudulent documents. In human smuggling, the relationship between the migrant and the smuggler is typically consensual. Human trafficking involves similar criminal operations and the use of corruption to facilitate the provision of identity papers, visas or permits, as well as the transportation and exploitation of victims by corrupt actors within the chain of trafficking activities. However, unlike people smuggling, in human trafficking activities, the relationship between the victim and the trafficker is not consensual, and usually based on fraud, coercion or force. It also does not always involve the crossing of international borders, although it often does have a transnational aspect (OECD 2015).

Information on the role of corruption in migrant smuggling is still very limited. At a general level, corruption of border guards, policemen or the military facilitates the movement of people in the same way it facilitates the movements of goods and animals. However, it is not currently possible to estimate the prevalence of corruption related to migrant smuggling and irregular migration as countries typically do not publish data on corruption incidents in their law enforcement, border protection or immigration control agencies (OECD 2013).

There is evidence that corruption is a significant predictor of migrant smuggling out of a country because, like poverty, personal insecurity and violence, it may be a push factor for emigration

and thus create a market for migrant smugglers (Poprawe 2015; Schneider 2015). There is also evidence that corruption is a facilitator of human smuggling and trafficking activities, as criminal organisations resort to corruption not only to circumvent border controls, but to abuse irregular migrants and protect their activities from law enforcement and prosecution, often in combination with the use of violence and intimidation to facilitate the smuggling of migrants and refugees.

When smuggling operations are conducted on a large scale, corruption is a means to maximise profits, reduce risks of arrest and prosecution and offer a “reliable service” to migrants (OECD 2013). This is made possible by the large revenues generated by migrant smuggling (OECD 2013). Migrant and refugee smuggling has become a very lucrative activity. In 2015, smugglers capitalising on the Syrian crisis made an estimated US\$6 billion from refugees attempting to reach the European mainland (Moore 2016). Prices charged by human smugglers can range from hundreds of dollars to the tens and even hundreds of thousands. The estimated human smuggling profit in the United States alone for 2008 was US\$2.16 billion, while some estimates place the global profits from smuggling to be in the US\$26 billion range per year. An empirical study following 50 illegal immigrants smuggled to the United Kingdom from Afghanistan and Pakistan found that, on average, smugglers’ fees amounted to 262% of a household’s annual income (OECD 2015).

### **The human cost of smuggling**

People and refugee smuggling impose a heavy human cost on migrants, leading to unsafe travel conditions and major human tragedies that are well documented in the media. More than 300 people drowned off the coast of Lampedusa in October 2013 (OECD 2015). In 2016, while these figures are estimates, there were about 8,000 recorded migrant deaths along migratory routes across the globe, with about 65% of deaths occurring within the Mediterranean (Missing Migrant Project 2017). In addition to unsafe crossing conditions, it is not uncommon for smuggled people to be subjected to physical and sexual violence or extortion (OECD 2015).

### **Law enforcement and border control institutions’ loss of credibility**

When borders are relatively porous and poorly protected, such as in many African countries, the whole region can be affected by the large amount of corruption related migrant smuggling. In many

parts of Africa, for example, while immigration controls are more efficient at major border crossings, the longer borders between states remain vulnerable to corruption, allowing migrant smuggling to become a major industry. This contributes to a significant weakening of local law enforcement and border control institutions, eroding their legitimacy and public credibility. This in turn undermines international cooperation in migration and border management and protection, law enforcement, and even refugee protection. (OECD 2013).

This is illustrated by a case study of corruption and human trafficking in Nigeria. There is a well established Nigerian system of human trafficking for prostitution in Europe facilitated by endemic corruption. The whole trafficking industry encourages the entrenchment of corrupt social structures throughout law enforcement and border control institutions with a corrosive impact on the rule of law, weakening institutions that offer little protection for victims and small risks to trafficking networks (Carling, Paasche and Siegel 2015).

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