Organised Crime in the "2030 Agenda for Sustainable Development"

Indicators and Measurements for International and National Implementation

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At the end of September 2015, heads of states and governments of the member states of the United Nations (UN) adopted the "2030 Agenda for Sustainable Development," which contains 17 sustainable development goals (SDGs). In the run-up to the September summit, there were particularly intense debates on the goal addressing peace, justice and governance (SDG 16). The implementation of the targets anchored in SDG 16 are of central significance for the overall success of the agenda. That applies especially to the containment of organised crime (OC). The aspired reduction of illicit financial and arms flows, strengthening of stolen asset recovery and combating all forms of OC, all covered in one target, play an important role in removing obstacles to development. However, such objectives only take full effect when convincing indicators verify their implementation.

After more than two years of negotiations at the UN, the 2030 Agenda with its 17 SDGs was adopted at the UN Sustainable Development Summit in New York from 25th to 27th of September. The SDGs supersede the Millennium Development Goals (MDGs).

Now, the process enters a new stage. Crucial questions on the implementation will need to be answered in the coming months – especially which *indicators* should be selected to measure results against the 169 targets of the SDGs. Already during the negotiations, there were contentious political debates over the design of the follow-up and review processes and the status of global and national indicators. Therefore, the co-facilitators have tried to define the specification of indicators as a technical process; de facto, however, it comprises a number of politically controversial questions. In viewing this as a technical process, there is a risk that the implementation of disputed goals, above all SDG 16, could be impeded. However, progress in core areas that SDG 16 addresses, such as violence, OC and corruption, are essential to achieve the other SDGs.

Controversial but essential: SDG 16 and OC in the 2030 Agenda

The recently published final MDG-Report 2015 reveals the relevance of the issues covered in SDG 16. The report identifies

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violent conflicts as the greatest threat to human development, and as the central obstacle to the timely implementation of the MDGs. Fragile and conflict affected states typically show the highest poverty rates. To address this threat many donor countries but also fragile states and especially nongovernmental organisations (NGOs) have supported SDG 16 as part of the 2030-Agenda.

In fact, peace is now one of five core themes named in the preamble of the 2030 Agenda ("People, Planet, Prosperity, Peace, Partnership"). However, SDG 16 only made it into the goal catalogue after protracted and controversial discussions. While the UN's High Level Panel (HLP) suggested separate goals for peace and good governance in 2013, it was only at the last all-night session of the open working group (OWG) that negotiators managed to piece together agreement around one, rather patchy, goal. The targets comprised in this goal refer to the promotion of peaceful and inclusive societies, access to justice for all and building effective, accountable and inclusive institutions at all levels. Beyond the reduction of war and violence it is, therefore, a stated aim to contain corruption and OC, and to improve the rule of law and governance.

Clearly, all these aspects are extremely relevant for the implementation of the Agenda. At the same time, however, the targets are vaguely formulated, thereby leaving much room for interpretation. Therefore, the need to determine meaningful indicators becomes all the more important. However, the UN Statistics Division wants to limit the reporting burden and, therefore, has capped the number of global indicators for the 169 targets to around 120.

With the requirement to cut down the number of indicators, targets run the risk of being disregarded, especially when they are complex and politically sensitive. This is particularly relevant for target 16.4, which deals with reducing illicit financial and arms flows as well as OC. Yet it is these challenges in particular that deserve special attention. The World Development Report 2011 already stressed that criminal violence blocks economic development, and that OC is a stress factor, especially for fragile states. In the past years, OC has been increasingly identified as a specific challenge by international fora, various donors and not least by developing countries. The OECD report "States of Fragility" presented in 2015 even names transnational OC as one of the "global public 'bads'". Above all, OC is relevant as a *cross-cutting issue* for many SDGs: progress in areas such as health and environment could be endangered by repercussions of the drug trade or of environmental crime, such as illegal toxic waste dumping.

Indicators on OC: Pitfalls and potentials

Target 16.4, which strives for the significant reduction of illicit financial and arms flows, strengthening of recovery and return of stolen assets, and combating all forms of organized crime, contains four different components that cannot be evaluated by one common indicator. However, it appears highly unlikely that there will be more than one global indicator for this target. So far, reports and forums on SDG 16.4 tend to give preference to an indicator on *illicit financial flows* since these at least include profits from the illicit arms trade and OC.

Given the clandestine nature of criminal activities, generating adequate and consolidated data on OC will always remain difficult. Country estimates for the volume of illicit financial flows already exist, such as those for developing countries compiled by the NGO Global Financial Integrity, but these have also been controversial and draw upon a composite metric system. To establish a global indicator of illicit financial flows, methodologies would have to be further refined and a common definition agreed upon.

After experiences with the monitoring of the MDGs, the Inter-Agency and Expert Group (IAEG-MDG) has advised on a selection of indicators for the 2030 Agenda that

are not only relevant and methodologically founded but also practical, cost-effective and easy to communicate. This leads to a trade-off between the use of tested data sources, or relatively easy to measure data, and the demand for indicators with high significance. In addition, focusing on comprehensible and cost-effective indicators could compromise the intended development and extension of new instruments and capacities for data acquisition.

Moreover, in early 2015 the Sustainable Development Solutions Network (SDSN) suggested that global indicators should not only be limited in number and connected closely to well established data bases, but also be supported by a *broad international consensus*. Since such a consensus does not exist with regard to dealing with illicit financial flows, there is a real danger that no global indicator will be adopted for target 16.4.

But even if a global indicator on illicit financial flows is selected in the end, important components of this target would not be under review as the origin of the money would not be exposed. Instead, such an indicator would usually capture profits from OC, but also financial flows from tax evasion and tax avoidance. Therefore, a reduction of the overall volume of illicit financial flows does not necessarily indicate a reduction of OC activities.

It is all the more important to use *synergies* when selecting global indicators in the measurement of different SDGs. These may at least capture the implementation of some harmful forms of OC. For instance, this applies to the monitoring of the targets on the elimination of violence against and exploitation of woman and girls (5.2) and children (16.2), which have clear links to human trafficking. It also applies to the review of successes in combating illegal, unreported and unregulated (IUU) fishing (14.4), as well as poaching and trafficking of protected species of flora and fauna (15.7). Well-connected international networks attributed to OC run a significant number of these criminal activities, which

particularly affect developing countries. Hence, progress in these areas can be considered as an indirect contribution to the implementation of target 16.4.

There is an additional link to SDG 10 (reduction of inequality within and among countries). The respective targets require a resolute response to corruption and the embezzlement of assets, including in the context of development cooperation. According to World Bank estimates, embezzlement of public funds in developing countries reaches between US$20 and 40 billion each year. This corresponds to 20–40 percent of total yearly global official development assistance.

Global indicators, synergies and national responsibility

The UN Inter-agency and Expert Group on the SDG indicators (IAEG-SDGs) is currently compiling a draft set of *global indicators.* The group will present a proposal to the UN Statistical Division by the end of November 2015. The UN Statistical Commission will decide about this proposal at its next session in March 2016. This process shall include several rounds of consultation, amongst others with national statistical offices and NGOs. The German Federal Statistical Office recently became a member of the IAEG-SDG. The German Federal Government is also working on adjusting the German sustainability strategy. Currently, *national goals and indicators* are being developed to be implemented within Germany as well as for fostering sustainable development in the EU and worldwide.

The first priority for SDG 16 is to determine the best possible set of *global indicators.* Despite this task being politically delicate and practically challenging, it is essential because neglecting SDG 16 would have grave consequences for the whole Agenda. It would also send a fatal message if only those targets that are easy to measure and politically undisputed are captured and reviewed. The final document of an expert meeting at the Commission of the African

Union in Addis Ababa in June 2014 strongly emphasises that the themes of SDG 16 should not be excluded from monitoring due to insufficient capacities, as this could even endanger the progress already achieved with regard to improving data compilation on peace, security and governance. Participants referred to the potential of initiatives such as the Strategy for the Harmonisation of Statistics in Africa (SHaSA). A meaningful selection of global indicators for SDG 16 is not only possible but would also be a significant contribution to the advancement of data collection methodology, and to the intended building of statistical capacities in developing countries. Especially in the area of OC more knowledge about the damages caused by the illicit arms trade or human trafficking as well as phenomena like illegal logging or fishing is urgently needed because developing countries are particularly affected by those.

In selecting *national indicators* for SDG 16.4, priority should be given to aspects that are not or cannot be sufficiently addressed at a global level, as well as where German policies can have the greatest impact. The German Council for Sustainable Development (RNE, Rat für Nachhaltige Entwicklung) emphasises the relevance of OC but remains sceptical towards using the existing goal of the German sustainability strategy to combat crime, which uses the number of offenses as an indicator. Indeed, it would be more appropriate to focus on those fields of OC where German or European demand is an important driver, for example in international drug trafficking or the illicit trade in natural resources. Moreover, meaningful indicators on the extent of money laundering in Germany or on stolen asset recovery could be established as well.

Beyond that, both Germany and the EU should insist that the *synergies,* which were highlighted concerning the implementation and evaluation of goals linked to OC, are taken into consideration in the consultations of the IEAG-SDGs and the UN Statistical Commission. Here, Germany should

also support initiatives at the EU level such as the draft regulation proposed by the European Parliament on an obligatory certification of EU importers of particular minerals and metals originating from conflict zones where criminal activities help finance armed groups.

Actors in *development cooperation* should also think of ways to combat OC, corruption and the misappropriation of public funds more efficiently when implementing their projects. They should also work in cooperation with the Stolen Asset Recovery Initiative of the World Bank and the UN, as well as with banks in Europe to systematically advance the recovery and return of stolen assets, as well as the implementation of preventive measures.

Finally, it is essential for the UN to actually work with the data collected. Germany and the EU should ensure that the topic of peace and governance is addressed early on within the framework of the *thematic reviews* at the UN High-level Political Forum on Sustainable Development (HLPF). Here, UN member states should elaborate concrete recommendations for the further implementation of SDG 16, based on existing data and voluntary country reports, and supplemented by information from the UN, civil society and experts.