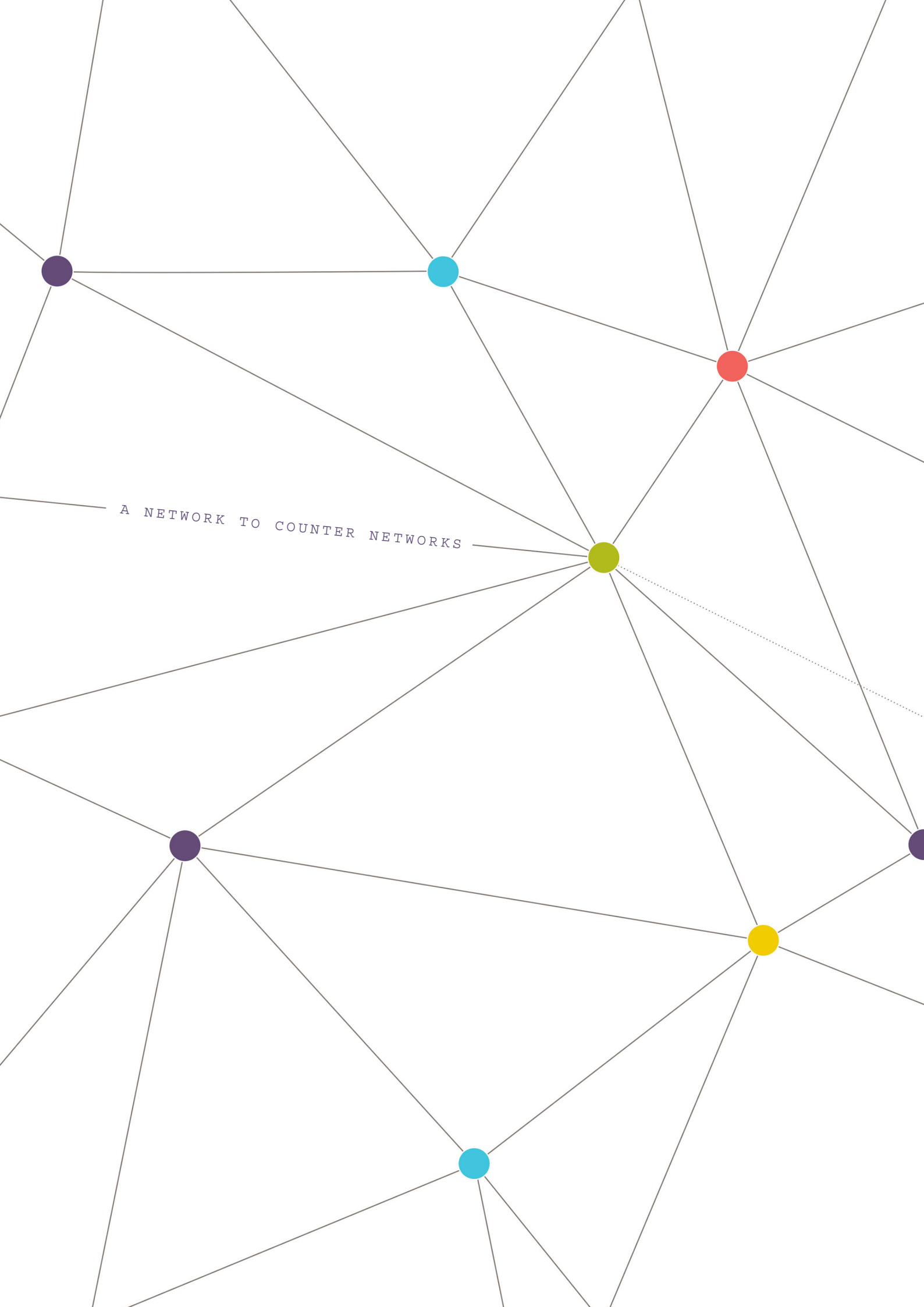


**THE GLOBAL INITIATIVE
AGAINST TRANSNATIONAL
ORGANIZED CRIME**

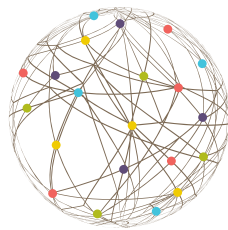
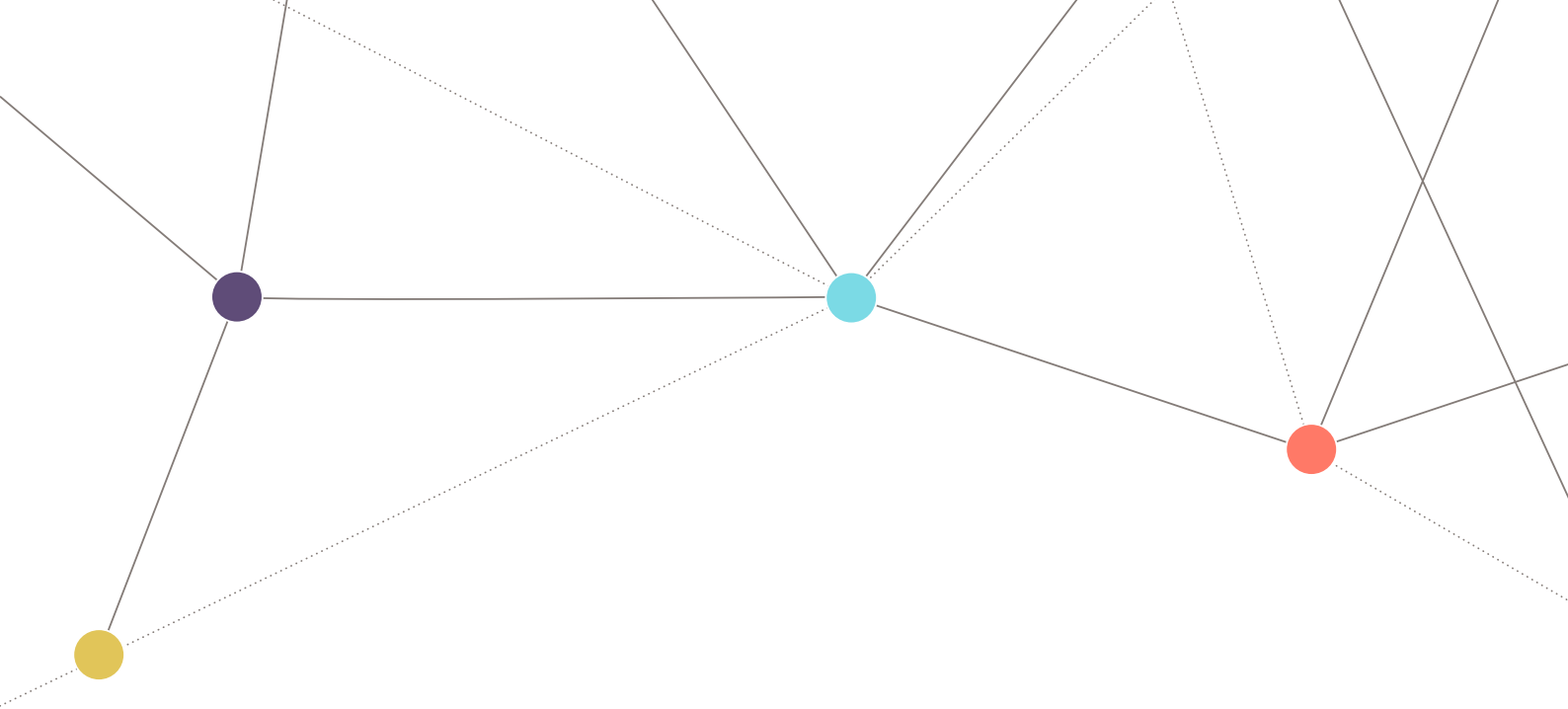
Development Responses to Organised Crime: An analysis and programme framework



April 2016



A NETWORK TO COUNTER NETWORKS



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Executive Summary

With the approval of the Sustainable Development Goals 2030, development actors are increasingly both recognising the need and being called upon to respond to the challenges of organised crime and its impact. But there remains a significant lacuna on what the implications are for how development programming should be delivered. This framework is an attempt to shift to a situation where development actors are proactively acknowledging and addressing crime and criminal actors in their work.

This framework provides a three-step exercise, which attempts to move beyond traditional approaches by offering

- a means for policy-focused analysis,
- a structure through which responses can be prioritised using the nature of the impact and harm caused as the primary lens of analysis, and
- a set of programmatic responses that are sensitive to opportunities and entry points for engagement.



The Global Initiative against Transnational Organized Crime, along with selected development partners, has hosted a sequence of meetings over the last two years focussed on debating and determining how development actors can engage more effectively on responding to organised crime. This framework distills many of the discussions that have taken place within the Dialogue and seeks to provide a clear approach as to how development actors can both analyse and respond to organised crime and illicit markets more generally.

Analysis for Development

Traditionally, policy makers trying to respond to organised crime typically get caught in trying to measure the crime itself, rather than its impact. Threat assessments of organised crime try to capture what is moving, how much is moving, and look less at why it is moving along a specific path and who has enabled it. Instead, this framework proposes a development-centric means by which to understand organised crime and the impact that it is having and that should provide a relevant analytical and evidence basis upon which to design development programming. It focuses less on the *modus operandi* of criminal groups, but instead looks at the market in a specific locality or along a supply chain, and maps the entities involved in the criminal market, their inter-relationships and interests.

Criminal networks of any substantial size will have a core set of actors and a periphery, reflecting asymmetries of power, influence and status within the network itself and within the market more broadly. The study of power has therefore become increasingly important in the analysis of organised crime, as 'power syndicates' have developed whose role is to exert control over illicit business and to extract rent from their perpetuation through protection or extortion. Accordingly, a key finding that has been emphasised throughout the Development



Dialogue discussions has been that organised crime and criminal enterprises can no longer be viewed as being distinct to the state or legitimate enterprise.

In order to capture this nuance, the analytical framework therefore contains two interlocking dimensions, a political economy analysis (PEA), which analyses the nature of the environment around the criminal market, and a criminal market and power analysis which analyses the nature of the market itself. The fundamental objective of pairing these two analytical exercises is (i) to identify and monitoring local criminal rents and the actors that seek to strategically exploit them; and (ii) understanding out how these rents translate into social, military, and political power.

The main goal of the PEA is to map out the main actors, interest groups and stakeholders, and their association with the illicit market or flow and with each other. The PEA also focuses upon the characteristics of the environment that will influence the development of the criminal market, for example demographic and ethnographic factors, and identifies the data that would provide a longitudinal baseline of evidence of changing trends, for example crime data, or health data.

A market and power based analysis is something that should resonate strongly with development actors, as it seeks to draw a set of conclusions around market maturity, costs, possibilities for intervention and developmental implications. There are five key areas of analysis: price; ease of market entry; levels of violence; the extent of protection and the legitimacy of the criminal market amongst different actors. While each of these analytical factors offer some insights, it is only when taken together that it is possible to ascertain an effective set of overlapping data from which to draw a set of conclusions upon which programming can be predicated.

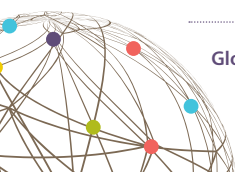
Prioritising Harm, Identifying Entry Points

There are a myriad of criminal enterprises and networks present and active in every continent, country and jurisdiction, regardless of income level and strength of the state. It is therefore an impossible quest to attempt to suppress all of them, especially in a context where resources are limited, and therefore prioritisation becomes a key concern. Not all of crimes are equally serious, dangerous and harmful. Development actors need to analyse harm through the lens of development objectives and their own mandate to respond effectively to criminal markets and their impacts.

As an earlier Global Initiative publication concluded, development harms can broadly be grouped into five main areas: physical; societal; economic; environmental, and structural or governance related. Harm can occur at a number of levels, from the individual to the society in which that person lives. In some cases, the security of major cities, regions, or even an entire state may be jeopardised. Harm may take different forms: some harm may be intentional or directly related to the activity considered; other forms of harm may be entirely unintentional. Some forms of harm (a physical injury to a person for example) may be immediately apparent; other forms of harm may take years to manifest themselves (such as harm to the environment). Using this multidimensional framework provides a means by which policymakers can rank forms of harm. It can subsequently guide who, how and where interventions should be designed in response, as part of an overall integrated package of responses.

It recognises that in order to be successful in countering organised crime, it matters not only *what* you do, but *when* you do it, *how* you do it, and *who* you do it with. Timing is a key requirement for programming on organised crime. Not all interventions make sense all the time and occasionally strategic opportunities present themselves which can be seized.

Consideration around the type of criminal market being addressed is one determinant of when and how to intervene, as is the level of consolidation, or the extent of the demand. Where market forces are concerned, incentives and disincentives can shape the criminal economy. Policies can be applied to the whole criminal



economy value chain, manipulating market conditions both from the supply side or the demand side to change pricing within the market to alter the risk return framework. Having undertaken a market analysis of the type proposed, it is possible to monitor for changes in market conditions that would alter the environment in which the criminal market is operating, which might present a strategic opportunity for addressing a particular commodity, challenge or dominant group that did not previously exist. A change in the political environment, either through constitutional or unconstitutional means, is one such example that may provide avenues for giving momentum to the fight against organised crime.

Crafting a programmatic response.

This framework is therefore equally as relevant for *organised crime specific* programming, as well as *organised crime relevant* measures, the former designed to prevent or suppress criminal behaviour in a direct and targeted manner, whereas the latter is framed more generally, designed to reduce vulnerability to organised crime indirectly. Analysis of the specific challenges presented by criminal markets and networks suggest that there are three primary means by which development actors can add value to create an enabling environment to counter organised crime directly or indirectly, or to mitigate its impact. These include a range of development interventions that seek to:

- 1. Break down or isolate criminal industries:** Acting in direct challenge to criminal networks can be a dangerous endeavour, but tackling the protection economy that enables criminal groups or enterprises can prove a more accessible way of reducing the capacity of criminal groups to operate, which requires a focus on raising the price of protection and reducing the profits from illegal activities. This includes a combination of changing incentives, the alternative recruitment of potential protectors, and effective political engagement with actors in the protection market.
- 2. Reduce impunity and increase exposure of criminal practice:** Impunity and criminality are interdependent: where traffickers, criminal entrepreneurs and those who protect them do not face real punishment if caught, either due to government complicity or a lack of capacity, the population has similarly little incentive to oppose criminality or avoid engagement in criminal markets. Interventions (either symbolic or tangible) seek to counteract impunity must be supported with those to encourage an environment that allows the exposure of criminal engagement.
- 3. Build resilience and change incentives:** One of the instrumental roles to be played by development actors, therefore, and one which cannot be met by any other parts of an integrated programme, must be to address and alter the governance paradigm for criminal groups, and build resilience of communities in the long term to respond to and prevent the negative impacts of criminal enterprises.

Some of the programmatic interventions designed may only be relevant for particular markets; others may have implications for multiple illicit markets. Some sets of activities have different trajectories in terms of impact: some may have more immediate and others longer-term implications. It is likely to require a combination of both practical interventions and symbolic gestures. Use of the analytical framework should help to guide where and when these interventions are most appropriate, as part of a multi-dimensional strategic response.



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I. Introduction

Organised crime, in its many and varied forms, has been shown to threaten political, economic and social development: it can foster violence and corruption, undermine the rule of law, good governance and the democratic process; it can jeopardise economic growth and poverty reduction, and pose significant risks to public health and environmental sustainability.

There are a number of significant policy processes advancing that are changing the way that development actors will engage with organised crime programming. The adoption of the 2030 Agenda for Sustainable Development (ASD2030) by the General Assembly on the 25 September 2015 places the issue of organised crime firmly within the mandate of development actors. Not only is there a dedicated reference to organised crime in Goal 16.4, which seeks to “*significantly reduce illicit financial and arms flows, strengthen recovery of stolen assets and combat all forms of organised crime,*” but a study that examined this universal development agenda more holistically found that of the 169 targets put forward under the ASD2030, more than 13 per cent (23 targets in total) stand at risk if criminal markets are not addressed.¹ This reinforces the central message of the World Development Report 2011, which found that protracted violence and conflict, for which organised crime was recognised to be a leading cause, resulted in a 20 percent reduction in development performance.

A combination of the extent of the impact of organised crime, but also the acknowledgement that many of its causes relate to a wider set of governance, social, developmental and other factors, has highlighted incontrovertibly that a narrow security approach will not be effective in countering the problem. If an effective and sustainable solution to organised crime is to be found, it is imperative that the weight of the development response is brought to bear.

Despite the fact that organised crime is increasingly being recognised as a spoiler to development, development actors remain challenged on *how, where, when* and even *if* this has implications for how they should be delivering programming.

Debates within the development community have raised longstanding concerns about the “securitisation of development” and questioned whether development funding could be applied to the challenges that are typically conceptualised as being security threats. Pressure from law enforcement agencies seeking more funding from development budgets has further exacerbated this concern, as development actors remained unconvinced that traditional development instruments had a role to play.

The shifts in the rules for recording development assistance contributions under the revised Financing for Development framework² and the clarification of the ODA rules will make it easier for development actors to engage in programming directly related to tackling organised crime, mitigating its impact and building the resilience of communities to criminal flows. Thus, to understand how to deploy development actors most effectively, as part of a comprehensive, integrated response, is a question that ever more urgently requires an answer.

The Global Initiative against Transnational Organized Crime, along with selected development partners, has hosted a sequence of meetings over the last two years focussed on debating and determining how development actors can engage more effectively on responding to organised crime. This framework distils many of the discussions that have taken place within the Dialogue and seeks to provide a clear approach as to how development actors can both analyse and respond to organised crime and illicit markets more generally.³

1 Global Initiative (2015) *Organised Crime as a Cross-Cutting Threat to Sustainable Development*, Geneva: Global Initiative against Transnational Organized Crime

2 See the conclusions of the Third Financing for Development Conference, held in Addis Ababa in July 2015: http://www.un.org/esa/ffd/wpUcontent/uploads/2015/08/AAAA_Outcome.pdf

3 The conceptual, analytical and programming framework that follows as presented in different stages of development to two meetings of the Development Dialogue (London, November 2015 and Washington DC, February 2016). The report of these meetings (as well as prior discussions of the Development Dialogue can be found at: <http://www.globalinitiative.net/the-development-dialogue>



Why a framework?

While it is now commonly accepted that a growing array of illicit markets have generated a host of challenges for policy makers, development actors have, as stated, often struggled to determine where and how they can make a contribution. Determining this has been one of the key objectives of Development Dialogue. Without an overarching conceptual framework or approach, programmatic interventions are likely to be scattershot, or return to the default responses that often fund law enforcement capacity building or border security with little understanding of how that fits within the socio-economic or governance framework, or the linkages to a wider set of activities.

The discussions of the Development Dialogue highlighted a range of issues that were critical to all participants. The framework is an explicit attempt to respond to the challenges that they posed, both for analysis and programmatic response, which can be summarised by the following five questions:

- Can we agree on a set of common principles for analysis?
- Is it possible to have a market or illicit chain approach that crosses borders?
- How can we take into account the role of political power and state empowered criminal actors?
- Do we need to do more of what we are doing, try different approaches, or simply define what we are doing in a better conceptual way?
- Can we measure in a more comprehensive way along individual illicit market chains or in individual countries the success of our programme interventions?

The purpose of a conceptual framework is, therefore, to provide a common set of analytical tools that could underpin a holistic, multi-sectoral programme, and to provide a corresponding sets of activities – and their linkages – which development actors may undertake. In short, the purpose of the framework is to:

Propose a common language and a more holistic approach: The evolving discussions in the Development Dialogue have shown that even amongst development actors approaches, definitions and understanding of key concepts are not the same. A single framework provides an opportunity to agree on a common nomenclature and overall conceptual approach.

Define clearly what can and cannot be done programmatically: Timing is a key requirement for programming on organised crime. Not all interventions make sense all the time. Questions of power relations and state legitimacy, combined with the degree to which illicit markets have evolved, must all be taken into account in deciding *when*, and more importantly *how*, to intervene.

Connect different programming options under one common, integrated approach: While an array of programming options emerge through the use of a framework, its explicit purpose must be to link these together. Each intervention, and its timing, must be definable in relation to all others, including those that are determined for future action.

Encourage innovation and experimentation: Discussions within the Development Dialogue have consistently underscored that while a common language and single overarching framework is required, this should in no way limit the ability of development actors to experiment in a complex field. The framework provides a way of looking at the challenge of illicit markets, suggests different policy options, but also encourages thinking as to how new approaches can be tried.

A crucial priority raised by development partners is that the framework must be applicable in a wide variety of spaces and contexts. Essentially, the call was for a conceptual approach that could be applied in a single city, a country or a region, or along a single criminal supply chain. The programming framework here meets these objectives as it is adaptable to a variety of contexts.



Structure

The framework is designed as a three-step exercise, offering a means of analysis, prioritisation, and then identifies a set of programmatic responses for development actors. Traditionally, policy makers trying to respond to organised crime typically get caught in trying to measure the crime itself, rather than its impact. Threat assessments of organised crime try to capture *what* is moving, *how much* is moving, and look less at *why* it is moving along a specific path and *who* has enabled it. Still less attention is focused on impact, including the people affected.

This framework attempts to move beyond that by offering a means for policy-focused analysis, a means by which responses can be prioritised using the nature of the impact and harm caused as the primary lens of analysis, and finally offers a set of programmatic responses that are sensitive to opportunities and entry points for engagement.

It recognises that in order to be successful in countering organised crime, it matters not only *what* you do, but *when* you do it, *how* you do it, and *who* you do it with.

Figure 1: Structure of the Framework



In the first section, **“Analysis: Understanding the Market”** the framework offers a set of multi-dimensional analytical tools by which to map and understand the criminal market, the key actors involved, the influencing groups and the vested interests at play. This analysis is critical as it will inform what type of programming is appropriate and which actors would be suitable partners for development efforts.

The second section, **“Prioritisation: Measuring Harm and Identifying Entry Points”** moves beyond typical analysis of organised crime towards a framework that identifies the extent of harm. Uniquely, it also identifies entry points when the impact of a programmatic intervention can be maximised.

The final section, **“Response: Crafting Programmatic Responses”** provides a category of interventions that could be used to respond to different manifestations of crime, its impact and to mitigate the harm over the short, medium and long-term. These are organised as means of (i) reducing impunity and increasing exposure for both individual actors and illicit markets themselves; and (ii) building resilience and changing incentives, that seek to bolster the resilience of communities or groups exposed to organised crime and the introduction of sets of incentives that may change or re-orientate people’s behaviour in illicit markets. There are then indicators suggested by which the success of those interventions can be measured.

The complexity of organised crime and illicit markets are however such that these categories can only be understood through a process that identifies two broad sets of factors:



- Those that relate to a series of societal activities that are key determinants of the strength of organised crime: linkages to power, connections to resources, and level of legitimacy at different levels of societies.
- Those that relate to the level which the best programming activity should take place: in simple terms whether it should be or is possible at international, regional, national or local level.

The purpose of this framework is to outline and explain the analytical process, and how the different dimensions inter-relate, rather than provide a technical guide to conducting the analysis. That will hopefully be demonstrated in the conduct of a pilot study from which a more detailed set of suggestions will be made. It will also depend on the focus of the study – for example a specific market or the role of organised crime/criminal markets in a specific community.

A guide to some terminology used in the framework

Several terms are used in the description of the framework. The following is a brief overview of how they are understood for our purposes:

Organised crime: There has been a prolonged debate over the meaning of the term organised crime. For our purposes, organised crime refers to a relatively well organised set of criminal activities, involving a number of individual actors or groups, that often involve corruption and violence and are aimed at acquiring illicit profits.

Illicit market: A market for the supply and use/consumption of a particular product which has been defined by law as illegal. We acknowledge that some illicit markets may involve goods that are illegal in one place, but are legal in others.

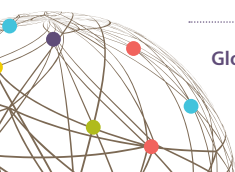
Trafficking: Trafficking is the illicit movement of commodities (including people), generally across borders, but for our purposes also includes the movement of illicit goods covertly, or through the use of corruption and protected by violence (or the threat thereof).

Smuggling: Smuggling involves the movement of goods to avoid customs or other duties. It may involve violence, threats or the use of corruption. The goods being moved (such as cigarettes) are not in themselves illegal. In some smuggling markets (notably alcohol) the commodity may be legal in one jurisdiction, but illegal in another.

Illicit flows and illicit supply chains: Illicit flows is the movement of an illegal commodity from source to point of consumption. Illicit supply chains constitute the different requirements (types of transport, inputs and protection) that must be supplied in order to ensure the flow.

Criminal protection: Protection is generally purchased in most criminal markets to ensure the enforcement of contracts and to facilitate the movement of goods. Protection payments are the transactions involved in this. Different state actors, or in extreme cases the state has a whole, can also provide of criminal protection.

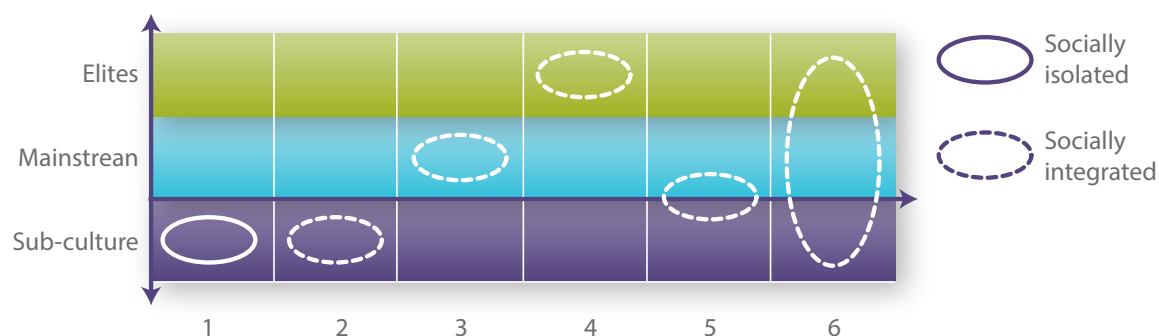
Criminal governance: In many places, criminal actors and/or groups have a degree of legitimacy in the communities where they are active. By providing some services and enforcing their position with violence (or the threat thereof) they in effect provide a form of governance, sometimes in agreement or coalition with state functionaries.



II. Analysis: Understanding the Market

Analysis of illicit markets is traditionally seen as something for law enforcement to undertake, though in reality law enforcement activity generally looks at individual cases and seldom takes a holistic market view. Instead, this framework puts forward a multi-dimensional means for analysing and understanding criminal markets that will provide a relevant analytical and evidence basis upon which to design development programming. It focuses less on the *modus operandi* of criminal groups, but instead looks at the market in a specific locality or along a supply chain, and maps the entities involved in the criminal market, their inter-relationships and interests.

Figure 2: Typical constellations of organised crime in society⁴



1. Network without social support
2. Network embedded in marginalised sub-culture
3. Network embedded in mainstream society
4. Network embedded in power elites
5. Network transcending marginalised subculture into mainstream society
6. Mainstream transcending all layers of society

In the diagram above, a longstanding analyst of criminal groups, Klaus Von Lampe identified six typical typologies of how organised crime groups and networks may engage with and relate to society. In each case, the types and range of crimes being committed are likely to be different, the means that they perpetuate their crimes, the 'underworld-upperworld alliances' and the impact on society will be different. Accordingly, each will require and react differently to actions and interventions intended to suppress their criminal behaviour, and the broader impact on the communities will also depend on the extent to which they are embedded in and have legitimacy with their constituents.

The model above is intended only as an introductory illustration of the array of options that may be present in any society. Criminal networks of any substantial size will have a core set of actors and a periphery, reflecting asymmetries of power, influence and status within the network itself and within the market more broadly.⁵ The study of power has become increasingly important in the analysis of organised crime, as it has become clear that while on the one hand organised crime is a business – criminal enterprises centred around a set of illicit activities, on the other hand there is often a larger set of actors involved in the criminal market. The role of these 'power syndicates' is to exert control over illicit business, to extract rent from their perpetuation through protection or extortion, and often provide a degree of 'extra-legal governance' or services in return.⁶ It is these syndicates or power groups that provide the greatest challenge to development practitioners seeking to reinforce principles of democratic governance and development.

⁴ Klaus Von Lampe (2016) *Organised Crime, Analyzing Illegal Activities, Criminal Structures and Extra-Legal Governance*, Thousand Oaks, CA: Sage

⁵ Phil Williams, "Transnational Criminal Networks" in John Arquilla and David Rondfeldt (eds.) (2001) *Networks and Netwars*, Santa Monica, CA: RAND Corporation

⁶ Von Lampe, op.cit.



The analytical framework therefore contains two interlocking dimensions, a political economy analysis (PEA), which analyses the nature of the environment around the criminal market, and a criminal market and power analysis which analyses the nature of the market itself. The fundamental objective of pairing these two analytical exercises is to identify and monitoring local criminal rents and the actors that seek to strategically exploit them; (ii) understanding out how these rents translate into social, military, and political power.

1. Political Economy Analysis

Political economy analysis “is concerned with the interaction of political and economic processes in a society: the distribution of power and wealth between different groups and individuals, and the processes that create, sustain, and transform these relationships over time.”⁷ In essence, it examines the incentives, influence and interests of various stakeholders to better understand the context for related programming.

This definition draws particular attention to politics, understood in terms of contestation and bargaining between interest groups with competing claims over rights and resources. However, it is equally concerned with the economic processes that generate wealth, and that influence how political choices are made. In reality these processes are closely inter-related and part of a unified set of dynamics which influence development outcomes.

Understanding the local political economy of places where criminal activities take place is absolutely crucial, yet despite this, the unit of analysis which informs decision-making is often state-centric, stopping and starting at official borders instead of seeing wider sets of linkages across borders and between commodities and communities. This prevents deeper understanding of the informal economy and the labels that are used by the international community, or even the state, are often different than those that local communities use for certain undertakings. For example, much of what is now deemed ‘smuggling’ has been part of historically established patterns of movement, communication and commerce.

A key finding that has been emphasised throughout the Development Dialogue discussions has been that organised crime and criminal enterprises can no longer be viewed as being distinct to the state or legitimate enterprise. Predicating responses on that analysis can be problematic in determining appropriate preventive and reactive measures. Instead, it should be understood that the role and behaviour of the state strongly influences the type and depth of criminality within a given environment. The governance power and legitimacy that crime enjoys in certain contexts is often facilitated by states that are weak or in transition, and criminal behaviour is often enabled by those in the legitimate economy. In short, state actors may be key ‘vectors’ in criminal markets, facilitating their growth and protecting their participants. A challenge for development actors is how to shape programming that may make a difference in these areas.

Incentives and interests may create pockets of both resistance and political will either from within the government, business community and general populace that will may enable or prevent programming interventions. High-level commitment and leadership coupled with strong support from civil society would be the optimal scenario, but policymakers and programmers have to be prepared to intervene in all environments, or to understand the impact that a criminally compromised environment might have for existing or ongoing programming.

A range of existing instruments and tools exist to perform political economy analysis, from a macro-level country, to sector-level analysis, and to problem-driven analysis.⁸ Which political analysis tool is most appropriate will depend on the illicit market that the framework is being applied:

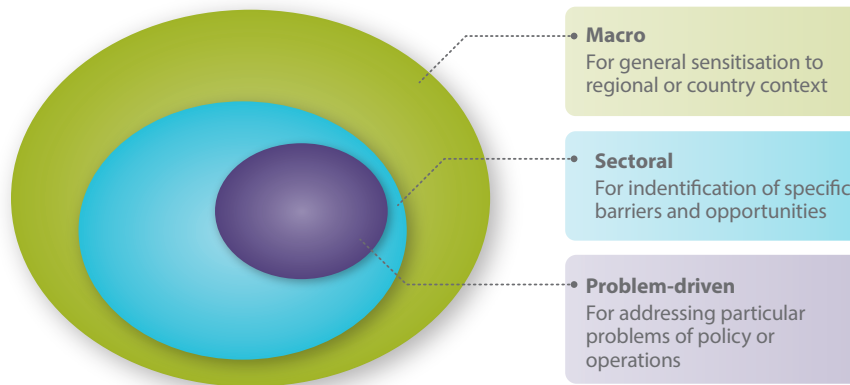
7 DFID (2009) Political Economy Analysis: How To Note (DfID Practice Paper), July 2009: <http://www.gsdr.org/docs/open/po58.pdf>

8 Ibid.



- **Macro-level analysis:** to enhance general sensitivity to regional or country context and understanding of the broad political-economy environment. This can be used to address organised crime specific or relevant programming in one specific market.
- **Sector-level analysis:** to identify specific characteristics of a supply chain or commodity, its impact and interconnections.
- **Problem-driven analysis:** geared to understanding and resolving a particular problem at the project level, or in relation to specific policy issue e.g. localised criminal violence.

Figure 3: Objectives of different levels of PEA



The main goal of the PEA is to map out the main actors, interest groups and stakeholders, and their association with the illicit market or flow and with each other. The PEA also focuses upon the characteristics of the environment that will influence the development of the criminal market, for example demographic and ethnographic factors, and identifies the data that would provide a longitudinal baseline of evidence of changing trends, for example crime data, or health data. Naturally, the selection of these influences will be dependent on the situation or criminal market under consideration, and will then inform the subsequent market analysis.

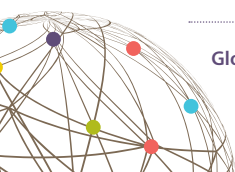
One of the key considerations for undertaking a PEA is to define the 'space' that the criminal market inhabits. One of the risks and shortcomings of the traditional means of analysing criminal markets is that they have tended to be organised by commodities, which then immediately focuses the analytical framework down to those aspects that are known or believed to be important in association, which may exclude some activities that may be collateral to the flow being considered, but which are critically important to the controlling groups. Instead, a broader perspective that places illicit markets into their context provides an understanding of the level of involvement of organised crime in a wide variety of markets and their relative strategic importance to the different players. This in turn offers policymakers a credible framework upon which to identify priorities for programmatic intervention.

2. Market Analysis

A market and power based analysis of sets of illicit activities is something that should resonate strongly with development actors, as it seeks to draw a set of conclusions around market maturity, costs, possibilities for intervention and developmental implications.

There are five key areas of analysis:

1. Price
2. Ease of market entry
3. Levels of violence associated with the market
4. The extent of protection in the market
5. The legitimacy of the criminal market amongst different actors.



While each of these analytical factors offer some insights, it is only when taken together that these five areas for information collection and analysis provide an effective set of overlapping data from which a broader set of programming conclusions can be drawn. Done well, this approach should enable an analysis that identifies the state of the market, and the activities and transactions undertaken by different actors and their connections to the market and to each other. By identifying the interconnections, the process can be used to identify vulnerabilities, which in turn can serve as entry points for interventions.

Figure 4: The five elements of market analysis



Price

The price of illicit goods is of key concern for criminal actors: high prices mean high profits. But not all participants in criminal markets are reaping the same level of profit: in most criminal markets only a few key actors will make large sums of money, while most other participants make relatively little.

The price of the illicit goods varies along the supply chain depending on a series of factors, and the price at relative points along the supply chain is a central piece of any analysis that connects to other parts of the analytical framework describe below – most notably in relation to violence, protection and consumer behaviour. Studying price is relevant because:

- Controlling consumer prices is a key requirement for organised crime. A key mechanism to control the price is to drive out other competitors often through the use of violence (see below). Indeed, this is the key reason why violence is associated with both licit and illicit markets: it is a means to restrict entry and secure control.
- Input prices, which relate to the costs of specific functions that support the criminal industry are also important to determine. For example, pricing the cost of processing, transporting or protecting different commodities can offer very relevant insights into the nature of the market and the relative importance (value) of the actors engaged in it, not only at the core, but also at the periphery.
- Criminal actors may use price as a marketing strategy. Prices may be dropped to encourage a growth of the market, but raised later when greater levels of control are in place. This may indicate important shifts in the nature of the market, changes in market share or control, or may be a means by which new entrants are emerging into the market.



Collecting longitudinal data about price can also be an instructive lens for analysis, as changes in price can be reflective of a number of dynamics in the smuggling industry, but can also be a means to measure the impact of policy changes. For example, where networks are trying to build a market, they offer price incentives. On the North African coast, for example, where the business model requires smuggling brokers to transact in groups of 20-30 migrants at a time, the smugglers offer bulk discounts: “if you bring 3 migrants, you travel for free”.⁹ The smuggling market has also highlighted how responsive price changes have proven to be highly responsive to European policy: when a border closure is announced, prices rise quickly, and when German Chancellor Merkel announced in August 2015 that all Syrians could register in Europe, prices along the previously prohibitive and dangerous Balkan Route crashed and Do-It-Yourself migration surged.¹⁰

Price alone, however, cannot provide clarity about the nature of the market. Critical is to understand why prices are rising or falling. Rising prices may be the result of external intervention, regulation or control higher up in the supply chain, or in the market place. If this is the case, price changes can actually be an indication of a lack of power. Alternatively, they may indicate a very strong and consolidated level of market control, where criminal actors are increasing the price of product, including by limiting supply, in order to increase profits. High prices may be the result of a criminal group holding a monopoly over a market or successfully building a vertical silo (controlling the entire supply chain of a specific commodity). That may mean driving up prices and forcing people to use that service even if it is above the market price. It is for this reason that the other elements of market analysis are required.

Market Entry

The ease of market entry looks at two factors, firstly, how easy it is for new entrants to enter the market, which shows the maturity of the market; secondly, analysing new entrants indicates who might be serving as gatekeeper to the market and demonstrates who really has market control. This may also help to answer questions related to political power – given that some may enter markets and some may be excluded.

Criminal groups themselves can also change the conditions regarding market entry when they have access to a commodity or consumers to which they want to retain privileged access, and they will often use violence to protect their market.

Market entry conditions are also one of the easiest factors for external intervention to influence, and as such are a particularly relevant dimension of study. Understanding the dynamics of market entry and control suggest whether, when and what type of intervention will have value.

- A highly consolidated market can be hard to eradicate due to the power of the controlling group and the extent to which relationships between the core criminal actors and those in the periphery who enable and protect the market have been established and cemented over time. Continuous monitoring of the state of the market may indicate windows of opportunity to intervene when the market is in a state of flux.
- A highly dispersed, ‘disorganised’ market where the entry of new players is largely unrestricted presents different challenges, as actors removed through intervention are quickly replaced unless some of the more systemic issues enabling the market (supply and demand interventions) are also addressed.

9 Tuesday Reitano, “Smuggling of Migrants from West Africa to Europe”, in OECD/AfDB (2016) *Illicit Financial Flows: Criminal Economies in West Africa*, Paris: OECD Publishing

10 Tuesday Reitano and Peter Tinti, (2015) *Survive and Advance: the economics of smuggling migrants and refugees into Europe*, Pretoria: Institute for Security Studies.



The PEA is critical for analysing market entry, and for understanding who the gatekeepers are controlling the market. For example, mapping ethnic groups and networks is key to understanding which groups have a stake in the cocaine trade in Guinea-Bissau, which was concentrated in a relatively small elite, and understanding the political violence that occurred as a result.¹¹

Violence

Violence is an indicator of critical importance to the development community, given the impact that both urban, gang-related violence and conflict have on development performance. Illicit enterprises and criminal markets are more prone to violence than those in the legitimate economy. A number of reasons have been given to explain this, but it is quintessentially associated with the need to operate outside of a framework where there is recourse to enforce contracts, and legitimate means by which to protect against or punish violations.

Violence thus becomes a means of informal social control, and the use of violence is typically selective and instrumental, rather than random and gratuitous, though it may be perceived so from the outside.¹² Violence attracts external attention and may invite law enforcement attention or challenges from competing criminal interests. Not all criminal markets are violent, and levels of violence are not always equally experienced or consistent over time.

As with market entry, both the actors within the criminal economy and external intervention can exacerbate or inhibit levels of organised violence associated with criminal markets, and therefore the type of violence and against whom it is directed are key analytical questions:

- Violence between criminal groups is more likely to be caused by disputes over control of market share, key routes or distribution networks.
- Criminal violence targeted against the state, or state institutions, may be a response to efforts to curtail the criminal market, or where criminal networks are pursuing broader political goals.¹³
- Violence against victims of the criminal industry indicates the balance of power has, or is, shifting in favour of the criminal network.¹⁴

A corollary claim that has been made that links some of this analysis is that the more successful state enforcement efforts are in disrupting the trafficking organisation, the shorter the period of violence between the targeted organisation and the state, but at the risk of increased violence between contending groups seeking to fill the gap.¹⁵ Low levels of violence in markets may indicate a level of collusion on the part of the state protecting and enabling the flow.

Protection

Analysis of protection is useful analytical device to understand the linkage between local power relations and evolving conflict dynamics. In places where resource flows transit areas of poor or weak governance, or where corruption is already endemic, structured protection economies develop. Protection economies, and the transactions they involve, provide a means to structure the relationship between criminal entrepreneurs, armed groups, state structures and the use of violence.

11 Mark Shaw, "Drug Trafficking in Guinea-Bissau, 1998U2014: the evolution of an elite protection network", *Journal of Modern African Studies*, 53:03:339-364.

12 Peter Andreas and Joel Wallman, (2009). "Illicit markets and violence: What is the relationship?" *Crime, Law and Social Change*, 52.

13 H. Richard Friman, (2009) "Drug markets and the selective use of violence", *Crime, Law and Social Change*, 52:285U295.

14 David Kyle and Marc Scarcelli, "Migrant smuggling and the violence question: evolving illicit migration markets for Cuban and Haitian refugees", *Crime, Law and Social Change*, 52:297U311 and Tuesday Reitano and Peter Tinti, (2015) "Survive and Advance: the economics of smuggling migrants and refugees into Europe", Pretoria: Institute for Security Studies.

15 Friman, op.cit.



A demand for protection occurs when there is a lack of trust between the market participants, or where their interests are insufficiently safeguarded by legitimate actors and entities (typically the state). Violence is one form of protection, but it is the most basic. More complex markets for protection can become entrenched, particularly for high profit but vulnerable activities such as drug smuggling, which includes political protection. The growth of a paid protection market empowers those well positioned to exploit the opportunity it provides and fosters the growth of new centres of armed and/or localised power.

Critically, since “payment for protection” implies at least two actors who transact with each other, protection theory recognises the difference between two important role-players within the system.

The first is the criminal entrepreneur, generally the individual or group engaged in the economic transactions to move or extract the goods. The second is the entity that provides protection, who has been referred to in the African context as “an entrepreneur of violence”. Such actors sell protection as a commodity in its own right. While it may often be hard to distinguish between the two functions when looking at conflict dynamics from afar, it is almost always the case that the entrepreneurial trade function is separate from the entrepreneurial violent one.¹⁶

In many zones where illegal economies are present, or where flows transit, there are relatively numerous alternative actors able to provide protection. That may promote conflict, but keep the cost of protection down. In Libya for example, local traffickers and smugglers suggested that in some places they had the choice of several “protectors,” depending on the route selected.¹⁷ Protection payments may not even be particularly large sums of money, but in the context of weak or fragile states, or compared to the level of a civil service salary, they are significant enough to enable a market to operate.

A key point here, and one already highlighted, is that there is a common confusion about who can and cannot be part of a protection economy. Protection may take multiple forms, constitute complex networks, and most importantly, it almost always involves state actors in some shape or form. Some recent literature has suggested that a distinction should be made between “state-sponsored protection rackets” and “private protection rackets”.¹⁸ In reality, however, the provision of protection almost always takes place along a spectrum, with state institutions performing a range of functions, dependent on the degree of capacity they may have.

Whereas criminal markets can be highly obscured and hard to penetrate from an analytical perspective, and even harder to effectively programme against, protection networks tend to be less obscure, and often sit in a grey zone between the legitimate and the illegitimate of society and the economy. Programmatic interventions targeted at those in the protection economy can be used to isolate criminal economies and networks

Legitimacy

In some contexts and locales, criminal networks can gain considerable legitimacy with local populations through the provision of security or livelihoods.

Minority ethnic group, new immigrants in urban hubs, or distant hinterland communities can find themselves outside of the state’s protection, and thereby form vigilante organisations or engage local militia groups to serve the same purpose. Over time, the requirement to provide genuine security morphs into protection rackets and extortion, and communities find themselves beholden to their erstwhile ‘protectors’ but the framework of loyalty to the groups rather than the state.¹⁹

16 Mark Shaw, “WE PAY, YOU PAY: Protection Economies, Financial Flows and Violence”, in Hilary Matfess and Miklaucic, Michael (eds.) (2016) *Beyond Convergence: World Without Order*, Washington DC: National Defense University

17 Interview, traffickers in different parts of Libya, April 2013.

18 Snyder, R. and Duran-Martinez, A. (2009). “Does illegality breed violence? Drug trafficking and state sponsored protection rackets”. *Crime, Law and Social Change*. 52:253-273.

19 Tuesday Reitano and Marcena Hunter (2016) *Contests and Compacts: Organised Crime and Service Delivery*, Stockholm: International IDEA.



Often more compelling, however, are the livelihoods generated through organised crime and illicit trafficking. Opium farmers in Afghanistan, for example, or rhino poachers in South Africa rely on the income from that commodity which may well bring the illicit market considerable legitimacy. In many locales where limited economic opportunities, especially for youth, coincide with large informal economies and the weakening of the social fabric, have resulted in criminality and illicit trafficking having little stigma in the local community.²⁰ In fact, in some cases the lifestyle choice is celebrated in culture, through music, television and social media, and this can have a heavy influence on youth attitudes.²¹

Where traffickers do not face real punishment if caught, either due to a widespread culture of corruption and impunity or just a lack of capacity, the population has little incentive to itself oppose drug trafficking. This is an entry point for development community to address.

In some cases, groups that are better described as ‘power syndicates’ go so far as to offer social goods and welfare to their local communities, which further builds their legitimacy with local populations.²² For example, in Mali, for decades the central state has largely ignored the nomadic populations that live on the edge of the Sahara, leading to the growth of militia groups largely aligned by clan, sourcing resources through illicit trade and taxing of local populations and trafficking routes. In return, these groups provide security, as well as a significant range of other services, from financial support for medical care and education, to social protection and local justice.²³

Communities where criminal networks, actors, or those resourced by them, hold a high degree of legitimacy will present a challenge to those trying to intervene. It may be perceived as an attack on the community itself, and their livelihoods. Furthermore, if states are then unable to provide the specific services that the communities prioritise, then the window of opportunity for criminal actors will be opened even more widely.

Gathering Data on Criminal Markets

While there are many challenges associated with investigating criminal markets and organised crime, these are not impossible to overcome. The majority of studies draw on interviews with a wide range of interlocutors, including police investigators and national investigators, interviews with victims, and interviews with criminals themselves both incarcerated and in their communities and places of business. Another means of gathering data is analysing recorded information: open source data, media reports and published official reports, law enforcement and criminal justice data such as investigations, court files or public records and databases. As with all analytical processes, each set and source of data has its strengths and limitations, and for that reason multiple sources and forms of analysis must be triangulated to get a clear sense of the market and its dynamics. The follow table suggests the possible sources of information and the questions to ask:²⁴

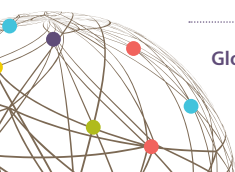
20 USAID (2013) *The Development Response to Drug Trafficking in Africa: a programming guide*, Washington DC: USAID

21 Tuesday Reitano and Andrew Trabulsi, “Virtually Illicit: the use of social media in a hyper-connected world”, in Hilary Matfess and Miklaucic, Michael (eds.) (2016) *Beyond Convergence: World Without Order*, Washington DC: National Defense University

22 Reitano and Hunter, op.cit.

23 Tuesday Reitano and Mark Shaw (2015) *Fixing a fractured state Breaking the cycles of crime, corruption and conflict in Mali and the Sahel*, Geneva: Global Initiative against Transnational Organized Crime

24 See also Mark Shaw and Walter Kemp (2012) *Spotting the Spoilers: A Guide to Analysing Organised Crime in Fragile States*. New York: International Peace Institute.



PRICE

The immediate question that presents itself is how to determine price in illicit markets? Practically, the answer to this question is simply “to ask the participants”. While that process can in itself be complicated it is possible to determine prices for almost all illicit commodities.

Production prices can be generally determined by asking producers. Consumer prices can generally be easily determined by asking users or buyers. For example, price levels in the illicit rhino horn market have been determined by asking poachers how much they are paid and Asian consumers how much they pay. Price data between these two points may be more difficult to determine, but is often estimated by understanding the prices of different inputs (transport, protection, etc.). A broad determination of profit levels may then be made.

- Has the price of the commodity significantly changed in the last month/year/etc.?
 - If yes, has the price dropped or increased?
 - If yes, why do people think the price has changed?
- Has the price of the commodity changed since the group or network began activities in your country?
- Has the government executed any policies or programs that would impact the supply of the commodity?
- Is the commodity sold for the same price by all sellers or do sellers try to under-sell their competitors?

MARKET ENTRY

Market entry is one of the most challenging aspects to understand as there will be little to no quantitative data that measures this, though data on violence, homicides, extortion-related violence or assassinations may provide some indications. Gauging this will rely on expert analysts, law enforcement, and if possible reports from members of the market themselves.

In some cases, it may be possible to just visually perceive the state of the market from observation: in the case of a burgeoning smuggling market, hubs of activity may be positively thriving, and a large portion of the community may be engaged in the market in some form either directly or indirectly.

- Who can enter?
- Who do they need to pay?
- Has anybody tried to enter the market? If yes, what happened?

VIOLENCE

There are a number of ways to measure violence, which need to be relevant to the type of analysis that is being conducted – whether localised, on a supply chain, or on a more widespread basis. Basic crime and law enforcement data is one means: homicides, serious crime, gender-based violence, and various disaggregation of these. There is a benefit to assessing these metrics over time. Depending on the context, political violence, electoral violence, levels of civil protest (or lack thereof) can also be relevant.

Victims surveys are another means of understanding violence, its drivers and how it is experienced, though these are rarely available and even less likely on a systematic basis.

- What are the current levels of violence in the community/ region/ country? (Homicides, attacks, injuries, etc.)
- How many of these can be linked to the group or network?
- Who is the violence targeted against?
- If known, who are the attackers?
- Does the group have links to the arms trade? (Can they access guns and other weapons?)



PROTECTION

Protection is typically of two sorts, either violent protection, which can be perceived in the form of security details, extortionist and the other 'heavies' associated with criminal behaviour. This can be measured through similar metrics as with the violence category, though it is worth highlighting out measures relating to inter-group violence (hits, assassinations) or crimes relating to fraud or extortion.

The second sort manifests in forms of corruption, in which political protection is used to enable, facilitate or protect criminal activity. Information about corruption costs can be gleaned by asking people in the community, and those that transact with the criminal environment. It has been measured in some quantitative data sets such as the World Bank's Ease of Doing Business surveys.

- Who provides protection?
- How much does it cost?
- How are the transactions arranged?
- Can the price of protection be increased/or can protection be made more costly?
- Do authorities only arrest actors from one or two crime groups?
 - If yes, why?
 - If yes, who would benefit from these arrests?
- Has there been any kind of agreement between organised crime groups and the state as part of a peace process?

LEGITIMACY

Legitimacy can be measured, and there are specific tools through which local governance can be measured that can equally well be applied to both elected and alternative governance providers.

The goal in this exercise is similar to a standard local governance assessment in that it seeks to understand who the constituent community is, their opinions and degree of engagement with the criminal group as an alternative governance provider, and areas in which there is dis-satisfaction or gaps in service provision which may provide an entry point to break down that legitimacy.

- Who provides livelihoods?
- Who arbitrates disputes?
- Who provides public goods?



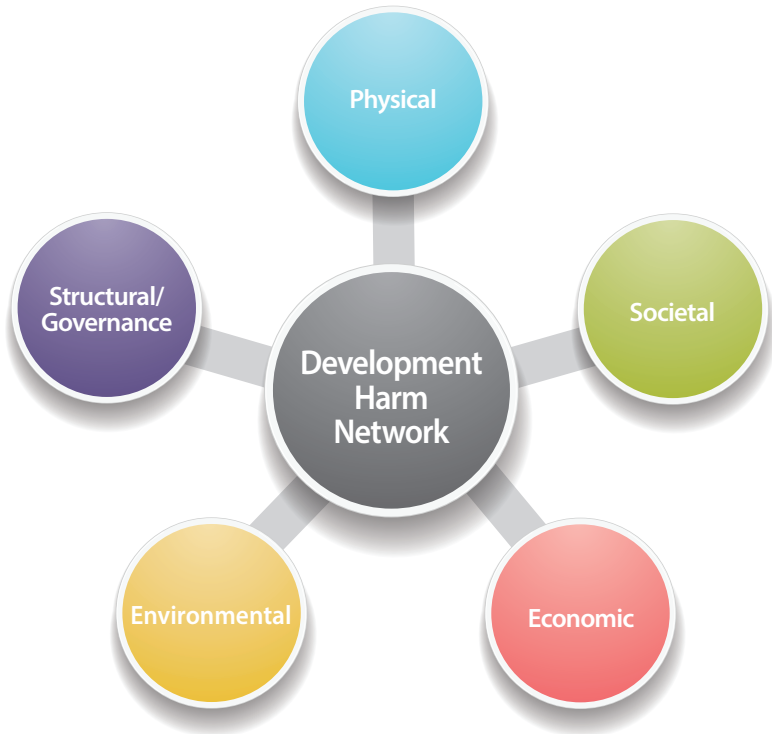
III. Prioritisation: Measuring Harm and Identifying Entry Points

There are a myriad of criminal enterprises and networks present and active in every continent, country and jurisdiction, regardless of income level and strength of the state. It is an impossible quest to attempt to suppress all of them, especially in a context where resources are limited, and therefore prioritisation becomes a key concern. Not all of crimes are equally serious, dangerous and harmful.

Studies of criminology, sociology and development have proposed several ways of categorising and quantifying harm, with varying degrees of complexity.²⁵ The assessment of harm needs to be specific to the context and respondent, and while perhaps desired, there are no universal standards that can be applied. It is not possible to argue that one type of harm is more important, dangerous or urgent than another. How harm is defined also depends on perspective: different harms are realised on different stakeholders: upstream, midstream and downstream; and in source countries, in transit and in the destination market. In fact, all stakeholders need to be part of this assessment and the result will accordingly determine a shared course of action. The nature of harm is subjective; there is a moral and societal value that determines what is “harmful”.

Development actors need to analyse harm through the lens of development objectives and their own mandate to respond effectively to criminal markets and their impacts. A recent study by the OECD of criminal economies and illicit financial flows in West Africa found that organised crime serves as a cross-cutting threat to achieving a number of core goals in health, the environment and on peaceful and stable societies.²⁶

Figure 5:A framework for analysing harm from a development perspective



25 Dorn, N. and H. Van der Bunt (2012), *Bad Thoughts: Towards an Organised Crime Harm Assessment and Prioritisation Framework*, Erasmus School of Law, The Hague.

26 OECD/AfDB (2016) *Illicit Financial Flows: Criminal Economies in West Africa*, Paris: OECD Publishing



As an earlier Global Initiative publication concluded, development objectives can broadly be grouped into five main areas that can be commonly identified, and that are a useful lens for further analysis.²⁷ These harms are:

- **Physical:** harm to persons (homicides, violence, violent crime) or to physical infrastructure (damage to property).
- **Societal:** creating or exacerbating societal tensions (possibly including inciting violent conflict; ethnic, gender-based or inter-generational conflict or violence), as well as economic or social marginalisation or exclusion.
- **Economic:** can be direct or indirect, including illicit flows that withdraw funds from the legitimate economy, to the diverted resources required to prevent and respond to criminally motivated harms, or to treat or recompense its victims. Indirectly, there are damages to the economic climate, competitiveness and cultures of investment and entrepreneurship.
- **Environmental:** in a relatively self-explanatory manner, harms to the environment include the impacts of unsustainable use of environmental resources, the damage to the environment caused through by-products of criminal activity.
- **Structural/governance:** includes damage to the quality of the governance system due to corruption, or to rule of law, by erosion of the reputation, legitimacy and authority of the state.²⁸

Harm can occur at a number of levels, from the individual to the society in which that person lives. In some cases, the security of major cities, regions, or even an entire state may be jeopardised. Harm may take different forms: some harm may be intentional or directly related to the activity considered; other forms of harm may be entirely unintentional. Some forms of harm (a physical injury to a person for example) may be immediately apparent; other forms of harm may take years to manifest themselves (such as harm to the environment). It is worth emphasising that the impact of—and therefore the harm caused by—criminal markets and organised crime is still not well understood.²⁹

The default priority within most assessments of harm is often the level of physical violence, though this has typically been very narrowly conceived, and responses have largely concentrated on short term violence reduction and on the immediate violent actors – on combatants to be demobilised, or gangs to be pacified. Even here, however, the analysis tends to fall short in the responses it delivers. As discussions in the Development Dialogue have emphasised, short term efforts to reduce violence (gang truces for example) rarely address the underlying criminal enterprises that are left to continue unabated, and rarely are genuine, viable and sustainable long term alternatives provided for those engaged in or profiting from the market.³⁰

Furthermore, the short term reduction of violence only scratches the surface of the harm that chronic violence impacts on individuals and society. Organised crime often flourishes in and perpetuates in contexts of ‘chronic violence’, a situation that affects at least 25% of the global population, especially people in countries or regions with long term state fragility, state absence or capture and it often most severely affects those who cannot in the short or medium term fundamentally change these conditions. Chronic violence has been shown to have widespread and long-term impacts on human security that focuses less on measuring and reducing homicides,

27 Global Initiative (2015) Results-Based Approaches to Organised Crime and Development: input into the Post-2015 Development Agenda, Geneva: Global Initiative against Transnational Organized Crime: <http://www.globalinitiative.net/beyond-the-sdgs-implementing-results-based-approaches-to-organised-crime-and-development/>

28 OECD/AfDB, op.cit.

29 Shaw and Kemp, op.cit.

30 Global Initiative (2015) Development Responses to Organised Crime: new agendas, new opportunities, Geneva: Global Initiative against Transnational Organized Crime: <http://www.globalinitiative.net/development-responses-to-organised-crime-new-agendas-new-opportunities/>



but arguably need to be understood in a wider human development framework that is cognisant of this long term damage and builds resilience over time.³¹

The level of violence in absolute terms cannot be used as a reliable measure of crime's infiltration into society, much as seizures cannot be used exclusively to measure the scale of illicit flows. As protection economies consolidate and other pillars of legitimacy solidify, actual levels of violence may fall as the threat of violence, coupled with authority and affiliation related factors, becomes sufficient to maintain control. Using a multidimensional framework provides a means by which policymakers can rank forms of harm. It can subsequently guide who, how and where interventions should be designed in response, as part of an overall integrated package of responses.

Prioritising based on harm

Most importantly, perhaps, systematic based upon a multidimensional harm framework allows a better understanding of what the impact of different types of flows in different environments will have. For example, the OECD analysis of the criminal economies and IFFs in West Africa identifies three major factors that determine impact: i) where the good is sourced; ii) whether there is a local market; and iii) where the IFFs are earned and invested. These need to be analysed congruently to determine the extent and nature of the harm.

Where is the good sourced? In the majority of cases, natural resources diverted from the legitimate economy are an indigenous resource lost to the benefit of the citizens of the state. That illicit resource extraction and diversion are commensurate with practices that are damaging to the environment or unsafe to those engaged in reaping them. This is an initial starting point to determining the nature and extent of harm. It is not sufficient, however, to determine that natural resource crimes are the most harmful, or to understand the implications in full. Further analysis is needed.

Is there a local market? A second question about the existence of local market is relevant both for goods sourced locally and those external to the region. Here the analysis works to determine whether these criminal economies engage with (and therefore impact) local markets. Do they have value for local consumers? Will the local consumers be invested in protecting the continued flow of the goods? This will often imply whether those trading in those goods have legitimacy in local markets.

For those goods sourced externally, has the criminal economy displaced the legitimate economy? Are the actors the same, or external? If there is no local market, who is trading in the goods? Typically, if the good has no local market, there will be a limited number of actors engaging in and controlling the flow.

Where are the proceeds earned and invested? Profits from illicit markets and criminal enterprises that remain in the community, country or region, regardless of how they are earned, and even if outright illegal (e.g. drug trafficking), contribute to informal economic activity. Understood in this way, they should be seen as a distorting market force. In other words, they will impact on legitimate industries and the formal sector. At the same time, however, they will generate income locally, which will grow the economy as a whole and create livelihood opportunities. If sustainable, these livelihood opportunities will attract people from across the region. There is global acknowledgement of this reality: in recent years, several countries have begun including estimated revenues from the grey and black economy, including activities such as drug trafficking and prostitution, in their measurement of GDP.³²

31 Tani Marilena Adams (2014) "Chronic violence and non-conventional armed actors: a systemic approach", Oslo: NOREF: http://www.clingendael.nl/sites/default/files/Adams_NOREF_Chronic%20Violence_SEPT_NY%20FINAL.pdf

32 O'Connor, S. (29 May 2014), "Drugs and prostitution add £10 bn to the UK economy," Financial Times, <http://www.ft.com/cms/s/2/65704ba0-e730-11e3-88be-00144feabdc0.html#axzz3snWUBOaf>



Where the profits of illicit markets generate local income, they will warrant the protection of those to whom the income accrues, and who are likely to attempt to defend against efforts made to restrict their incomes. This may include the use of violence or civil protest. Furthermore, those illicit markets with local markets and locally invested IFFs will play into local power hierarchies, thereby resourcing and strengthening those that control the flow. This is significant regardless of whether it is a terrorist group extorting a protection tax, or local businesses or politicians enriched by the flow. The local distribution of profits from trafficking or illicit business, particularly if the local market is significant and on a larger scale than other industries, will accrue local legitimacy. This is of concern in all cases, but particularly when it implies increased chances of conflict or terror.

By contrast, those industries where the majority of profits are accrued or invested abroad have an entirely different dynamic. The extraction of goods indigenous to the region is a net loss to the state and its citizens. This is particularly true in the cases with a finite resource and a potentially irreversible impact on the environment or sustainability of the species.

If there is no local market, and the profits of the value chain is realised elsewhere, it is predominantly a transit trade. Examining the impact and prioritising the question of harm is clearly an exercise that needs to be shared with those experiencing the harm. In the case of transit trades, routes will simply displace to the most favourable environment unless issues of supply and demand are addressed. Criminal networks have demonstrated their ability to adapt to changing conditions and define new paths. However, national authorities should consider what factors of the local environment have made this a suitable transit route; even if one illicit market or commodity can be controlled, it will not be long before another criminal economy will emerge if the same conditions exist.

Without a local market, control will be concentrated in relatively few hands, rather than broadly dispersed, and the value of the commodity will determine the needed level of protection. Thus, protection networks at the highest levels of the security and political infrastructure enabled a high-value transit trade like cocaine or kidnapping for ransom (KFR). A lower value commodity, like arms trafficking or human trafficking, is unlikely to engage at that level.

In any case, where the profits are moving predominantly externally, responses should be targeted against those who accrue most from the flow – whether that is the producers at source (as with counterfeits), those that pillage the market (with illicit fishing or poaching), with vendors at the destination (as with drug trafficking) or with the gatekeepers to access of the illicit resource (for example, government officials negotiating extraction licences).

Using an assessment of harm allows you identify the kind of challenge that the criminal economy actually presents, rather than assuming that all criminal markets are equivalent and equally damaging. It also provides a far more development-centric assessment, which in turn presents an assessment of harm along the supply chain, rather than just the destination market, and tends to prioritise the needs of those most vulnerable in society.

The OECD concluded with the following assessment of harm:

- Labour-intensive criminal industries where profits remain in the region are informal economies, rather than criminal markets.
- Illicit markets driven by natural resources indigenous to a place, but where the profits are invested outside of the region present the most significant net loss or harm.
- Transit trade goods with little local market are most likely to induce high-level corruption and protection networks, commensurate with their value.
- Commodities (whether locally or externally sourced) with a significant local market are most likely to play into local power hierarchies, and therefore create widespread corruption, resource conflict or terror.

What the analysis above suggests is that development actors have a number of challenges which not only impact on development objectives, but require a development response.



Identifying entry points for intervention

Timing is a key requirement for programming on organised crime. Not all interventions make sense all the time and occasionally strategic opportunities present themselves which can be seized. Questions around the level of consolidation of the market, relative power relations and state legitimacy, combined with the degree to which illicit markets have evolved, must all be taken into account in deciding when, and more importantly how, to intervene.

Discussions in the Development Dialogue concluded that smarter interventions may involve making uncomfortable trade-offs and difficult choices about what to focus on, toning down the idealism associated with the pursuit of lofty goals such as democracy promotion, and instead realistically working to improve states' accountability and inclusivity first. In the interim, this could entail a sequenced approach to criminal economies, minimizing the harm that occurs from them rather than attempting to destroy them outright. In other words, evaluating criminal groups based upon their associated levels of violence; trafficking in depletable natural resources; potential connection to terrorist groups; ability to maximise profits by becoming polycrime groups; and their capacity to corrupt – not necessarily the full range of their illicit activities, some of which will be relatively harmless by comparison. Perfect bargains may not exist, but less violent ones might. Smarter interventions are also about accepting when not to intervene at all; finite resources and capacity dictate that we are unable to intervene everywhere and focus should thus be on those groups that prioritisation exercises have deemed the most dangerous or pernicious.

Nature of the market

The type of criminal market being addressed is one determinant of when and how to intervene, and there are many lessons learned. Traditionally, the dominant means was through law enforcement intervention to tackle vertically hierarchical organisations through a combination of high-value targeting (HVT) and a deterrent strategy that saw large scale arrests of front line, low level members of the criminal industries. However, as organised crime has evolved over the past two decades we have seen a shift away from clean, vertical hierarchies towards more complicated networks of individuals engaging in organised crime. While there may still be leaders or 'king pins' within these networks, but they are not as easy to identify and they will rarely have the same level of control over the entire criminal supply chain from source to market.³³

Even some of the assumptions around source, transit and destination countries (fixed largely in relation to the major drug categories) are breaking down, as localities have developed such that some may now have characteristics of all three markets, and onus and control over parts of the supply chain have shifted as new actors have emerged and consolidated. New markets, both in drugs and in a number of other illicit commodities or practices, have made criminal enterprises in most jurisdictions far more diversified in their operations, and flexible in their ability to shift between different illicit markets.

The combination of these two trends has made it much harder for law enforcement strategies alone to be effective. While law enforcement may, as a member of a Development Dialogue meeting recently stated "always be able to break the group", the impact of arrests and prosecutions only have limited efficacy in controlling the market or mitigating its most deleterious impacts. It remains an effective strategy only in the limited contexts where there is a compact controlling group that dominates the market share, with limited competition in place to supplant the controlling criminal group once it is removed. Focused deterrence strategies, selective targeting and sequential interdiction efforts are being increasingly embraced as more promising law enforcement alternatives.³⁴

33 Williams, op.cit.

34 Vanda Felbab-Brown, "Focused deterrence, selective targeting, drug trafficking and organised crime: concepts and practicalities" Washington DC: International Drug Policy Consortium



Where criminal markets are highly fragmented and there is a proliferation of actors without any clear controllers or higher level actors in the market but just numerous small groups networked together (the human smuggling industry across Sub-Saharan Africa is a good example), it is almost impossible to arrest your way out of the situation. Those removed are quickly replaced, with little impact on the market as a whole.

It is therefore worth continually monitoring the state of the market, seeking strategic opportunities to intervene when the nature of the market may be in transition. Until direct intervention is possible, strategic investments in mitigating harm, building resilience and addressing root causes can contribute positively, and some suggestions on how this can be accomplished are addressed in the next section.

Changing Market Conditions

Having undertaken a market analysis of the type suggested above, it is possible to monitor for changes in market conditions that would alter the environment in which the criminal market is operating, which might present a strategic opportunity for addressing a particular commodity, challenge or dominant group that did not previously exist. Changing demand, the emergence of new drugs, for example, may reduce the profitability of those that were of high demand previously, and change the balance of power between actors in the market. New technologies also present opportunities for new forms of crime, but can also offer opportunities for greater surveillance, manipulation, protection or control.

Where market forces are concerned, incentives and disincentives can shape the criminal economy. Policies can be applied to the whole criminal economy value chain, manipulating market conditions both from the supply side or the demand side to change pricing within the market to alter the risk return framework. While often this debate then defaults to proposal about legalisation (in drugs, rhino horn, sex work, for example) this is only really a credible option in the cases where state capacity is sufficiently robust as to allow effective regulation of the legalised market, and even in that case, concerns about criminal displacement to other jurisdictions, as well as the diversification of criminal actors into new markets make this only a small part of a comprehensive and integrated solution.³⁵

Instead, effective and continuous monitoring of market conditions may allow the opportunity to intervene in the market in a proactive way to enable a preferred outcome.

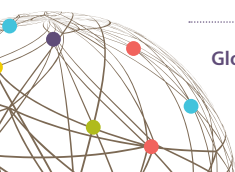
Community perceptions surveys are a useful means by which to understand which groups have gained legitimacy in the eyes of the population. Questions that address citizens' perceptions and sources of insecurity can highlight windows of engagement. For example, in a community perceptions study in the Sahel, while considering criminal groups trafficking not to be a direct threat to their security, the community recognised that there has been a growth of banditry that they consider to be their primary threat.³⁶ Highlighting the linkages between criminality, availability of arms, and the rise of banditry may prove a way of reducing the legitimacy of trafficking groups in the community.

Seizing Strategic Opportunities

If the state enables and protects the criminal economy, and provides little foundation for rule of law, then achieving results will be far more challenging, as strong political leadership is an almost universal pre-requisite that is common across successful organised crime responses. Ambiguous, rapidly changing state priorities, or impunity can undermine a strategic response.

35 Mark Shaw, "UNGASS 2016: The focus on 'harm reduction' is making us blind to reducing the broader harms of organised crime", in *After the Drug Wars*, London: LSE Ideas

36 Tuesday Reitano and Mark Shaw (2014) *People's perceptions of organised crime in West Africa and the Sahel*, Pretoria: Institute for Security Studies



Here, the international community can play an important role in signalling acceptable governance standards, and placing bulwarks in place of criminal associations with governance. Regime changes (whether constitutional or un-constitutional), political processes and peace processes offer unique opportunities for calling leaders and governments to higher account, yet they are too often missed by the international community.

Efforts to combat criminal networks and to break illicit markets will likely require high level political support; otherwise their impact will be limited. However, some tough political decisions may be required—particularly if it is clear that the involvement of senior politicians or policymakers is central to the growth or survival of criminal activities. In societies in the throes of a political transition, acting against political leaders who may be in a position to disrupt progress towards peace is a political judgment call, which must be weighed against the harm that their involvement in criminal activities may be doing to the society as a whole.³⁷ For this reason, timing of interventions remains a critical consideration.

Law enforcement impact is reduced in contexts of weak, fragile or highly corrupt states, and where the socio economic conditions make the levels of community engagement and legitimacy very high.³⁸ It is almost impossible where regions are controlled by alternative governance providers, be it warlord or militia groups, organised crime groups or terrorist groups. This has been found true both in the controlled favelas in Brazil and the Americas, as well as in the fragile peripheries of African states. Law enforcement action in these cases tends to exacerbate rather than build tensions between state and society. In these contexts, other strategies need to be found, which need to resonate with the political and governance objectives of the groups involved, offering political concessions for a reduction or diversification in criminal activity away from those considered most damaging³⁹, whilst at the same time building the legitimacy and capacity of the central state to deliver services.

Shaping criminal market, as well as criminal groups and their behaviour is possible if continuous monitoring allows the identification of strategic opportunities, if the policy objectives are clear, consistently communicated and reinforced with action: if a red line is drawn, then it needs to be honoured when crossed. Similarly, when incentives are used to bring criminal actors to the table, those incentives need to be delivered.⁴⁰

37 Shaw and Kemp, *op.cit.*

38 OECD/AfDB, *op.cit.*

39 Achim Wennmann (2014) "Negotiated Exits from Organised Crime Building Peace in Conflict and Crime affected Contexts", *Negotiation Journal*, 30:3, pp.255-273

40 Cockayne, J. (2014), *Strengthening Mediation to Deal with Criminal Agendas*, Centre for Humanitarian Dialogue, Geneva.

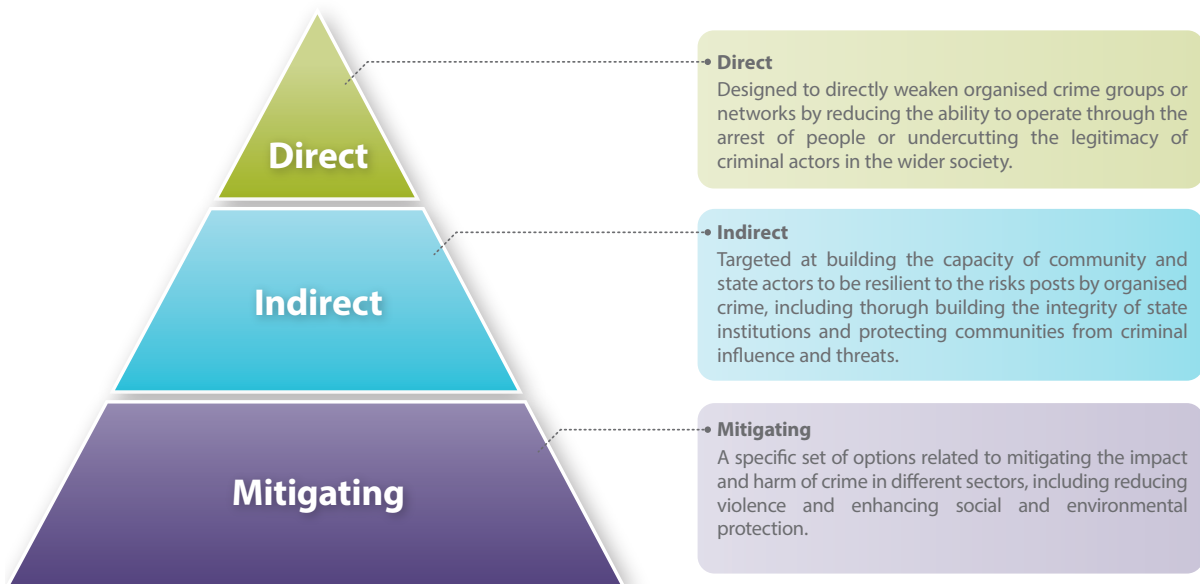


IV. Response: Crafting Programmatic Responses

This framework is an attempt to shift to a situation where development actors are proactively acknowledging and addressing crime and criminal actors in their work, recognising that while not all interventions may be directly targeted at organised crime itself, but may require working in environments where criminal actors and the externalities of their presence are increasingly a feature of the programming landscape. These broad distinctions were highlighted by participants in the Development Dialogue from early on in the discussions.

This framework is therefore equally as relevant for *organised crime specific* programming, as well as *organised crime relevant* measures, the former designed to prevent or suppress criminal behaviour in a direct and targeted manner, whereas the latter is framed more generally, designed to reduce vulnerability to organised crime indirectly. Accordingly, the framework conceptualises three types of intervention:

Figure 6: Typologies of programmatic intervention



Direct interventions: These are designed to directly weaken organised crime groups or networks. Included here would be direct support for law enforcement officials, tax authorities or the media. Weakening in this context means reducing the ability to operate through the arrest of people or undercutting the legitimacy of criminal actors in the wider society.

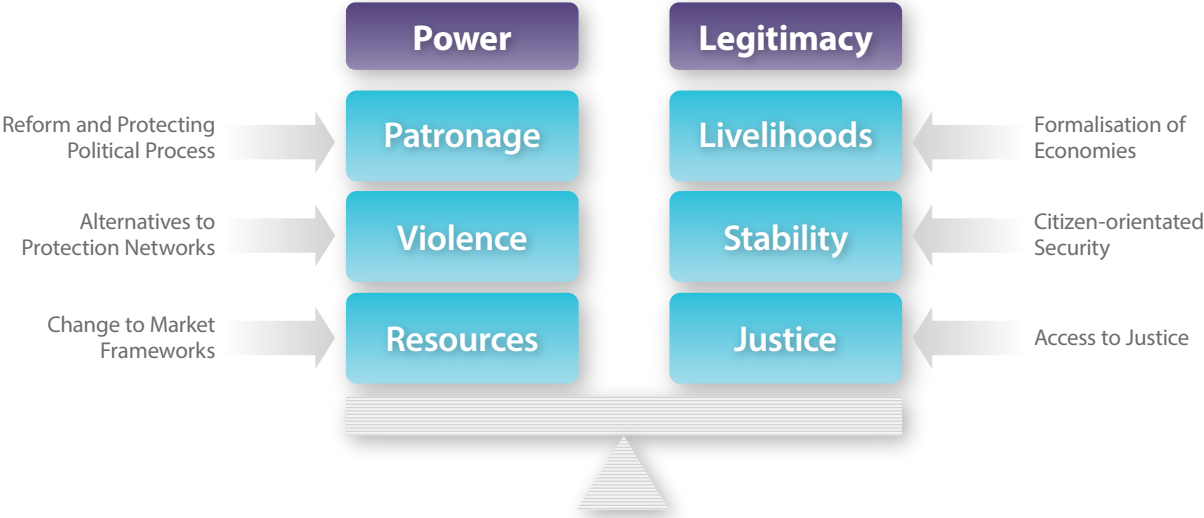
Indirect interventions: Such work is targeted at building the capacity of community and state actors to be resilient to the risks posed by organised crime. This includes building the integrity of state institutions as well as ensuring that key community actors (religious groups, civil society, local government actors) are protected from criminal influence and threats.

Mitigating interventions: Criminal markets and actors cause harm in a range of different sectors, such as health (for example trafficking of illicit medicines), the environment (trafficking of environmental commodities), education (disruption of schools by gangs) or the social sector (criminal infiltration of pension pay outs). While both direct and indirect interventions are also required in these sectors, each has a specific set of options related to mitigating the impact of crime, often related to licensing or regulatory systems.

These three sets of programme activities provide an idea of the wide diversity of areas where development actors might be engaged. They also indicate clearly that some sets of activities may have more immediate and others longer-term implications, that some may be applied only in some markets while others may have implications for multiple illicit markets.

The strategies and interventions proposed here should be familiar to development practitioners, as they draw heavily from existing competencies and approaches of the development community. What they do that is new is to apply them to a different context, and with the achievement of a different set of objectives in mind.

Figure 7: Development interventions to counteract the power and legitimacy of criminal actors



As shown in Figure 9, above, identifying the correct responses requires breaking down the components underpinning the power and legitimacy of the criminal networks. Often these fall into similar patterns:

- **Power:** It was established in the analysis phase that criminal groups and illicit markets gain potency from their ability to generate resources, wield violence and utilise patronage and corruption to create protection economies that enable their operations.⁴¹ Interventions thus have to change market frameworks to reduce the profitability of the market, provide alternatives to protection and promote better systems of governance that counteract clientalism and patronage.
- **Legitimacy:** Where criminal groups have managed to garner legitimacy with local communities, the effort must be targeted at breaking down their sources of legitimacy and replacing those with provision by the state. The three major sources of legitimacy, particularly in the context of fragility, are livelihoods, the provision of stability, and serving as a consistent arbiter of justice.⁴²

Analysis of the specific challenges presented by criminal markets and networks suggest that there are three primary means by which development actors can add value to create an enabling environment to counter organised crime directly or indirectly, or to mitigate its impact.

41 Shaw, "We Pay; You Pay", 2016 op.cit.
 42 Reitano and Hunter, op.cit.



These include a range of development interventions that seek to:

- Break down or isolate criminal industries
- Reduce impunity and increase exposure of criminal practice
- Build resilience and change incentives

Some may only be relevant for particular markets; others may have implications for multiple illicit markets. As noted in the introduction, sets of activities have different trajectories in terms of impact: some may have more immediate and others longer-term implications. It is likely to require a combination of both practical interventions and symbolic gestures. Use of the analytical framework should help to guide where and when these interventions are most appropriate.

Break Down and Isolate Criminal Networks

Acting in direct challenge to criminal networks can be a dangerous endeavour, and tackling the protection economy that enables criminal groups or enterprises prove a more accessible way of reducing the capacity of criminal groups to operate, and if illicit economies are to be effectively tackled then a much greater focus is required on raising the price of protection and reducing the profits from illegal activities. To do so requires a recognition of the basic economic nature of the transaction: the protection of goods is a commodity in and of itself, subject to market forces.

Ordinarily, achieving this objective has been the function of law enforcement who target corrupt officials and by implication force up the costs of protection by increasing the risks to those involved. But as described in Section III, the opportunities for both domestic and foreign law enforcement agencies are severely constrained. They may have a measure of success in developed states where the quality of institutions and the overall operation of the rule of law limited the number of protectors that take the risk of engaging in the practice. But in situations, primarily in the developing world, where security or state institutions, armed groups outside the state, or senior politicians including heads of government, act in protective functions, domestic law enforcement agencies are severely constrained from acting.

The table below provides an overview of the six typologies of protection groups or networks and their engagement with the state. The table provides a summary of the roles of different actors; identifies those who provide protection; outlines to whom resources flow; and briefly explores the implications for stability, violence and governance more generally. The typology below, in conjunction with the analysis presented in Figure 3 can be used to identify where in society the protectors might be situated, in particular in conjunction with the state, and the types of strategies that could be used to breakdown their engagement with the criminal industry.

Undercutting the linkage between protection economies and illicit flows and markets may be possible through an integrated strategy that includes a combination of changed incentives, the alternative recruitment of potential protectors, and the effective political engagement of the same.⁴³

43 Shaw, "We Pay; You Pay", 2016 op.cit.



Shifting the incentives for the provision of protection

This can either take the form described above, of making the costs of violent protection or corruption more expensive – either through greater investigation (either by law enforcement or civil society – see “increasing exposure”, below) or by actually providing better returns to the protectors to prevent rather than enable the illicit industry. The funds that are earned from protection are comparatively small in terms of the total value of the illicit industry. That may provide opportunities for paying protectors to change their allegiance, to shift their role from protecting traffickers (in their private interest) to protecting the interests of the state (in the public interest).⁴⁴ Buying off systems of protection, while it sounds radical, is not new or particularly controversial. European governments are presently paying the Turks to secure their borders and address smugglers bringing migrants to European shores, for example. In each case the analytical phase would need to identify the right set of incentives or pressure points that would change the interests of the protecting factors.

Figure 8: A typology of protection and their engagement with the state⁴⁵

| | State control | Devolution | Mixed control | Indirect links | Mixed local control | Local control |
|------------------------|--|--|--|---|---|---|
| Roles | Full involvement of selected state actors. Direct protection or withdrawal of state forces at crucial times. | State as “gatekeeper” for regional and local control. Selects partners. | Agreements between state and local actors on the ground where both have a presence. | Weak state positions itself as interlocutor and receives payment. | Local state security actors and local strongmen based on agreement. | Full local provision of protection. No state involvement. |
| Provider of protection | State security forces | State forces and local armed groups linked to “system of devolution” | Local militias and state actors, often in agreement as to “spheres of control”. | Armed group, with “quiet channel” to the state in exchange for payment. | Security forces without central state “permission”. Local armed actors. | Local armed groups. |
| Resource flow | To senior levels of the state and/or security establishment. Small payouts at lower levels. | Senior state officials take a cut or an agreed tribute paid to state to maintain the system. | Local players, with tribute paid at central state level. | Armed groups, but also to state actors who facilitate outside access. | Local security actors, state and non-state. | Local players and leadership. |
| Implications | “Criminal state”. Limited violence as easily quashed by dominant state. | Potential to resource local strongmen or promote conflict with those excluded from the system. | Local state presence in parallel with strengthening armed groups. Some conflict over “turf”. | State further compromised in ability to respond. Acquiring resources strengthens armed group. | Increasing delinkage from the centre. Poor local service delivery. Conflict if alliances/agreements weaken. | Acquiring resources reinforces local territorial control. |

44 Ibid.

45 Reitano and Shaw, “Fixing a fractured state”, op.cit.



Targeting the recruitment of potential “protectors”

While protection economies can be relatively diverse and use an array of tools, by far the most common of these is the requirement to recruit those with the capacity for violence. In most places that includes young men, or networks of ex-military or sportsmen who can with relative ease be recruited to perform protection functions.⁴⁶ In post-conflict societies in particular and those where state institutions are weak, providing alternatives for such a constituency must be an over-riding priority. Again, this is not a new policy intervention; disarmament, demobilisation and reintegration (DDR) programs, for example, have just such an aim and have improved in their efficacy based on experience of numerous attempts. But the focus of such programs is demobilised military personnel only, and while these individuals are also a key constituency for “protection” provision, programmes that were tailored with the express objective of undermining recruits into the protection economy have yet to be tried.⁴⁷

Political engagement and inclusion

As the typologies outlined above suggest, those who engage in providing protection in the case of illicit flows are often on the periphery, either geographically or politically. Undercutting the protection economy provided by these groups requires a political strategy of inclusion. That is often overlooked when the automatic response to illegality is seen as a law enforcement response only.⁴⁸ For example, the current European rhetoric against the smuggling of migrants seeks to identify “organised crime” and “smugglers” for law enforcement activity, ignoring the fact that in fact these may constitute whole communities who profit from and therefore protect the flow of people, rather than functioning as organised criminal networks.⁴⁹

There are some challenges to engaging with criminal groups in this way, which some of the experimentation around gang truces have highlighted. These include the risks of legitimising criminal actors, reinforcing patterns of violence triggering political accommodation, or trading off violence for other more discreet forms of criminality.⁵⁰ However, it is rare that resolutions to entrenched criminal markets can be found without some form of negotiation with the dominant actors, and thus the importance of thorough analysis and a focus on harm reduction is key to minimising the possibility of a negative outcome.

Target gatekeepers and points of interface

With any criminal industry, the connection and handover between criminal actors, and the points in which they engage with the legitimate economy present entry points to disrupt markets and flows. Analysis along the supply chain of a commodity may identify points where there is a ‘bottleneck’ or a sole or highly limited number of actors that can continue the transfer of commodities to market. If that actor can be enticed or isolated from transacting, this will impact the criminal market both above and below the supply chain. Those actors that skirt the illegitimate economy will have pressure points in the legitimate economy that can be used to both incentivise and disincentivise their engagement in the criminal.

Individual power brokers, or key actors, who sit at the nexus of one or more of the groups are of particular strategic importance. Their ability to bridge one more parties can make them an important ally. However, overtures or accommodations made with these individuals will have a defining impact on the long-term trajectory of the intervention, either positively or negatively. Thus, the proffering of too much power, or automatic “clientalist”

46 Volkov, V. (2002). *Violent Entrepreneurs: The Use of Force in the Making of Russian Capitalism*, Ithaca: Cornell University Press.

47 Shaw, “We Pay; You Pay”, 2016 op.cit.

48 Ibid.

49 Reitano and Tinti, op.cit.

50 Patricia Valdés and Juan Melendez (2015) *The Gang Truce as a Form of Violence Intervention: implications for policy and practice*, San Salvador: FUNDE



accommodations of these individuals may not achieve the intended goal if they do not come with explicit conditions of engagement that will mandate them as long-term allies serving in the interests of state, rather than the criminal groups.

In cases where protection economies have become well developed, or involve a much higher level of complicity with the state, then greater debate is required to discern which alternative strategies are viable. These include interventions along a spectrum to address impunity and increase exposure.

Addressing Impunity and Increasing Exposure

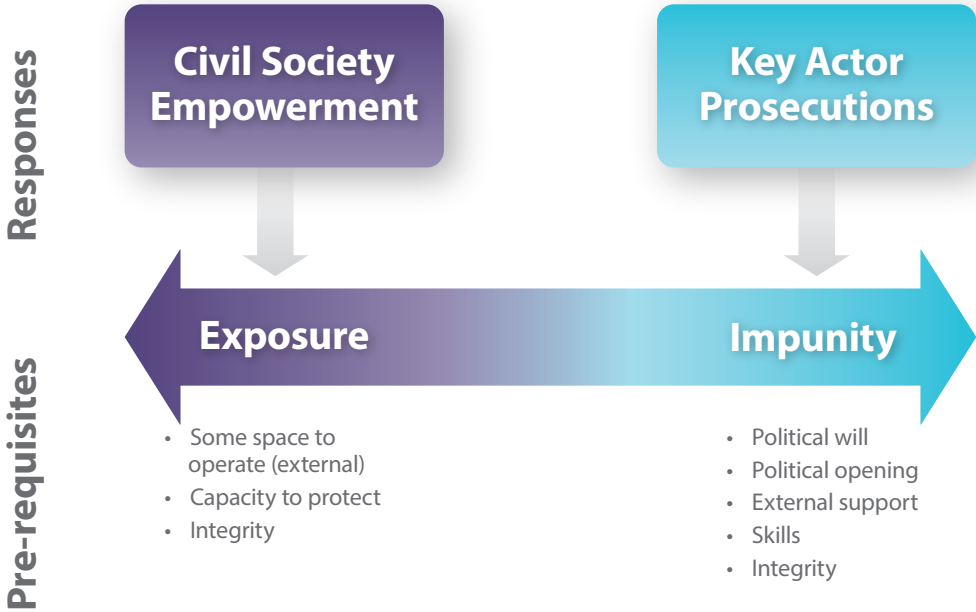
Impunity and criminality are interdependent: where traffickers, criminal entrepreneurs and those who protect them do not face real punishment if caught, either due to government complicity or a lack of capacity, the population has similarly little incentive to oppose criminality or avoid engagement in criminal markets.

Where organised crime has managed to achieve a complicit arrangement with the highest levels of the state, the impact can be highly damaging: citizen disenfranchisement, under-development and political instability. This effect is prevalent in all regions of the world, the Americas, Africa, Asia and Europe. In a limited number of cases, criminality and governance have become synonymous. Regardless of the form or level of complicity, it has become increasingly clear that corruption and impunity are not issues that can be ignored, and attempting to programme in environments in these contexts is not a viable strategy for long term governance and development.

The track record of rule of law and justice interventions to counter corruption and impunity have been mixed, and effective strategies to respond to these challenges remains largely elusive. High level targeting and prosecutions are not by themselves sufficient to prop up a weak justice sector and support it in a fight against organised crime. In order for actions taken to reduce impunity to have a lasting effect, they must be coupled with measures to increase the exposure of criminals and other drivers of illicit activities and organised crime by making it more difficult to achieve impunity in the first place.

In general, they tend to sit along a spectrum which involve differing levels of engagement, from grass-roots civil society lead action, towards interventions at the highest level of the state.

Figure 9: A spectrum of interventions to address impunity



Addressing Impunity

Relevant programming efforts to address institutional corruption and impunity that enable criminal enterprises can include streamlining administrative processes, reducing officials' discretion, and introducing competition in government to reduce opportunities for corruption afforded by wide public authority. These measures can also apply to customs, security, law enforcement, and judicial operations. It can comprise efforts to strengthen institutions of accountability, such as a parliamentary committees on organised crime, an anti-corruption agency and an ombudsman's office. The independence and authority of such institutions are good indicators of a government's genuine interest in reform.

A host of transparency measures can also support efforts to reduce impunity, prevent the infiltration of organised crime into state institutions and improve accountability, including disclosure of campaign and political party finance, officials' asset disclosure, internal audit reports, and published judicial decisions are examples of transparency measures. Experience has shown that merely expanding access to information has limited impact if there are not accompanying processes, whether internal or external, of reviewing the information and following up with any corresponding sanctions. Civil society oversight and lobbying are often critical to ensure such steps are taken.⁵¹

Successful prosecutions of top leaders, even if carried out by external actors, can be extremely powerful symbolically and send strong messages to criminals, as evidenced by the after-effects of the American Drug Enforcement Agency's intervention in Guinea-Bissau targeting General Bubo Na Tchuto. Such focused, precise operations have more immediate impact than generalized 'rule of law programming', which often spreads out funding too thinly for it to have the desired effect. While these are often characterised as justice initiatives, in fact the focus is less on the prosecution component, but to make a clear and symbolic interventions into the existing power relationships, and to signal a change from business as usual.⁵²

As indicated in Figure 9 above, however, there are a number of pre-requisites that will have to be in place before action of this type can expect to be initiated, namely political will and a political opening; furthermore, for an effort to be regionally or nationally lead, a certain set of skills and the ability to protect the integrity and safety of key actors may be required. This speaks again to the importance of timing, and seizing opportunities to bring these issues to the table. Arguably, windows of opportunity can also be created – the wake of a high-level sting operation can be one way of forcing a national or regional agenda to tackle impunity.

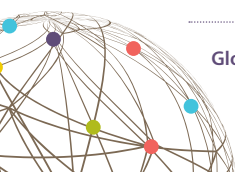
Challenges to successfully prosecuting officials that previously acted with impunity is that judicial proceedings at high-levels can be costly, skills, dependent and reliant on political will. As discussed in the context of increasing exposure, combatting organised crime can require high-level political support in some contexts. Ideally efforts to combat high-level impunity are more effective if they are carried out by national or regional initiative, rather than externally imposed. Regional models for ending impunity, such as the CICIG in Guatemala, have had some impact, and they send a very strong message downwards that systems are changing.⁵³ In compromised states, this may mean looking abroad to other nations or regional justice institutions, as was the case with the piracy prosecutions model followed in the Horn of Africa in response to Somali piracy.⁵⁴

51 USAID, op.cit.

52 Tuesday Reitano and Mark Shaw (2013) *The End of Impunity? After the kingpins, what next for Guinea Bissau?*, Pretoria: Institute for Security Studies

53 WOLA (2015), *The International Commission against Impunity in Guatemala (CICIG), A WOLA Report on the CICIG Experience*, Washington Office on Latin America, Washington, D.C. and ICG (2011) *Learning to walk without a crutch: The International Commission against Impunity in Guatemala*, Brussels: International Crisis Group

54 Douglas Guilfoyle (2012), "Prosecuting Somali pirates: A critical evaluation of the options", *Journal of International Criminal Justice*, Vol. 10/4, Oxford Journals, Oxford, pp. 767-796.



To a certain extent, addressing impunity means applying surgical levers against specific nodes in criminal markets, and there are a number of means to do so that are not solely prosecution based. These include: sanctions, asset seizure, communication and image based efforts to improve legitimacy and accountability. The analytical mapping of power relationships proposed in this framework allows these instruments to be applied against mapped network, and to refine parameters of the toolkit of the international community to make them context specific.

Critically important, however, is how impunity efforts, and in particular high value targeting that is imposed externally, are then followed up and reinforced by improvements in the rule of law and development-orientated service delivery which show signal the end to business as usual and provide tangible returns to the population. Allowing another iteration of the same will only reinforce the existing cultures and further disenfranchise the citizenship.⁵⁵

Increasing exposure

Development actors can help to create popular opposition by increasing awareness of the social, political and economic threats posed by criminality and criminal markets. These can support of impunity efforts, build stronger rule of law frameworks, and create a momentum for change.

A vibrant press is one of the most important tools in the arsenal against organised crime and corruption. Journalists play a pivotal role in exposing organised criminal activity and corruption, while also deepening and informing the debate about organised crime by bringing to light the detrimental impact of organised crime and corruption. When journalists report on the activity of criminals they exercise the strongest weapon the public may possess against organised crime: speaking up and denouncing criminal acts. However, for journalists working dangerous beats such as conflict, organised crime, and corruption, the job has never been more perilous. Whether covering drug wars in Latin America, violent extremist groups in Asia, Africa and the Middle East, or corruption cases anywhere in the world, scores of journalists have been killed while trying to investigate organised crime, while others have had to flee or enter witness protection programs. In turn, journalists are increasingly resorting to self-censorship or avoid reporting on organised crime altogether. Still others get manipulated into functioning as public relations mouthpieces for the perpetrators of organised crime.⁵⁶

In a number of countries, attitudes toward press freedom are still evolving and laws regarding the freedom of information are often limited, non-existent or not always safeguarded, and in some cases organised crime uses journalists for their public relations exercises, with criminals holding direct stakes in media companies. For example, Russian-Israeli businessman and convicted money launderer Mikhail Chorny, held a majority stake in The Standard newspaper.⁵⁷

Activists and those prepared to speak out against criminality and its impacts, whether these be environmental defenders, corruption hunters, human rights activists or community organisers are potent weapons against organised crime, but they are very vulnerable. For example, Global Witness, an international advocacy NGO, has estimated that on average two people are killed a week defending the environment and the rate of deaths has been increasing over the last decade. Yet there is scant political will to mount genuine opposition to this growing trend.

In this effort, civil society associations and community leaders in affected countries can be key interlocutors and partners. Development actors, investigative journalists, and others can assist by describing and otherwise demystifying criminal networks—for example, by publishing lists of known traffickers. In addition to increasing general awareness, this both puts pressure on affected countries to act and makes it harder for them to justify

55 Reitano and Shaw, "Fixing a fractured state", op.cit.

56 Global Initiative (2014) Training Manual for Investigative Journalists on Organised Crime, Corruption and Governance, Geneva: Global Initiative against Transnational Organized Crime

57 Hervieu, B. (2014). Organised Crime Muscling in on the Media. Paris: Reporters Without Borders.



not doing so. The momentum gathered around the disappearances of students in Iguala, Mexico in 2014 is an excellent example of where local communities and concerned citizens, reinforced by both national and international media and advocacy, were able to prompt responses at the highest levels of the state, and catalyse change in local governance and security.

Social media can be a potent tool in increasing exposure, both nationally and internationally. At the community level, digital activists are self-organising in virtual communities and are using their networks to curate and disseminate information to protect themselves.⁵⁸ Social media platforms have helped to reduce civilian casualties by serving as early warning systems, helping citizens stay connected to rapid response humanitarian organisations or security providers, and by providing information to citizens during and in the aftermath of crimes.

Large scale international campaigns can be incredibly powerful in capturing attention and mobilising public opinion in the short term, but a risk is that they have a tendency to very quickly fall out of vogue. As opposed to genuine activism, this has resulted in a phenomena coined “clicktivism” that uses the power of social media to exert pressure on political actors. However, because of its nature it tends to result in a specific style of politically expedient response – one that is typically high in visibility, but lacking in long-term commitment and sustainable momentum required to have a genuine impact on the challenge.

Where it can have value, however, is when it is properly curated within a national audience, aligned to a genuine political movement, and targeted to apply systematic pressure on political systems to change, or to create a grass-roots campaign to strengthen information, transparency, and democratic reform. In this way, social media can be used to make states more sensitive to audience costs (that is, the benefits and drawbacks that it could accrue from lying or telling the truth) as it allows citizens to engage with their governments and with others in civil society in ways that were not possible in the past.⁵⁹

Development actors can serve as a counter-balance to these interventions and can do much to champion press freedom, support and build the capacity of independent journalism, create safe spaces and platforms for advocates to speak out intervene, to safeguard those threatened by organised crime and to amplify their messages to a global audience.

Building Resilience and Changing Incentives

Central to building resilience to organised crime is acknowledging the role governance plays in creating space for organised groups to operate, as well as incentivising or disincentivising criminal actors and vulnerable populations to engage in organised crime.⁶⁰ This political side to organised criminal groups has implications for the design of organised crime-related development programming. In contexts in which organised criminal actors have established power and built legitimacy for themselves as political and/or social actors, technocratic programmes focused primarily on training and equipping law enforcement and security personnel will not be sufficient.⁶¹

One of the instrumental roles to be played by development actors, therefore, and one which cannot be met by any other parts of an integrated programme, must be to address and alter the governance paradigm for criminal groups, and build resilience of communities in the long term to respond to and prevent the negative impacts of criminal enterprises. As above, many of the instruments needed to create this paradigm shift are tools that are already well established parts of the development actors’ lexicon that need to be adapted and sequenced to respond specifically to organised crime.

58 Robert Muggah (2015, July 27). The rising threat of organised crime on social media. Retrieved October 24, 2015, from World Economic Forum: <https://agenda.weforum.org/2015/07/social-media-violence/>

59 Reitano and Trubulsi, op.cit. 60-61

60 Reitano and Hunter, op.cit.

61 Shaw and Kemp, op.cit.



Figure 7 showed that the three primary means by which criminal groups gain legitimacy within society is by meeting fundamental needs for livelihoods, security and justice more successfully and consistently than the state. Providing funding for regular community perceptions surveys is a valuable monitoring mechanism which may alert to shifts in market conditions, balances of power, and opportunities to intervene.

As noted previously, community perceptions surveys are critically important to determining when and how to intervene. Communities can be surveyed on a manner of things, including on their perceptions of insecurity and of state institutions also have value, as they also highlight the priorities of the community, thereby indicating where development interventions could have the greatest impact, and allow the optimal service-delivery agent to be identified. For example, if people perceive themselves as insecure due to violent crime, then building state capacity for security may be a priority. However, if people's trust in the army is considerably higher than the police, which is often the case, while strengthening the capacity of civilian policing is an important long-term goal, this finding might indicate that initial overtures to build credibility with local populations might be best delivered with or through the army at least in the short term.

It is worth noting here that people's perceptions do not always correlate to statistical reality, which is why perceptions studies are important. For example, FCO commissioned surveys in two districts in Pakistan in 2013 produced the surprising finding that while absolute levels of violent crime and terrorism were increasing, people's perceptions were that they were safer than they had been previously. However, they did not attribute their security to local police, that were perceived overwhelming as corrupt and predatory.⁶² In this instance, a move to improve people's safety through increasing the visible presence of police officers on the ground (a reasonable assumption in most contexts), would instead increase people's perceptions of insecurity and fail to respond to their priority needs.

It has been strongly observed here that when trying to affect legitimacy and provide alternatives to engagement in criminal enterprises, sustainability of interventions is key. Where criminal groups are functioning as alternative governance providers, regardless of efforts to build state service delivery, often the simple promise of consistency and longevity is instrumental in retaining loyalty and allegiance towards armed and criminal groups.⁶³ For example, despite stringent efforts over the course of 2015 to roll back al-Shabaab control in Somalia, inhabitants in the newly liberated areas continue to not only rely on the militant group for service delivery, but also conform to social pressures – including dressing conservatively, abiding by a ban on smart phones and adhering to al-Shabaab designated public holidays, demonstrating not only the permeability of state security in the country but also that successive kleptocratic transitional governments have left many Somalis with the belief that al-Shabaab will outlive the central government.⁶⁴

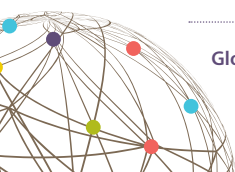
In the same way, if livelihood alternatives are to be proposed as a means to challenge the income generation and lifestyles offered by criminal enterprises, they too must present a credible long-term alternative. Too often, efforts to provide alternative livelihoods to combatants or criminals are short-term, labour intensive cash for work schemes, which fail to resonate with the youth who are afforded both status and wealth from illicit markets. To be effective alternative livelihood and employment generation programmes need to be done differently. To reach the target demographic – youth susceptible to criminal behaviour and violence – alternative livelihoods need to provide employment that enhances social standing and provides a viable future.⁶⁵ Others have observed that individuals attracted to illicit industries may have a higher risk tolerance and that traditional employment

62 STATT (2013) Community Perceptions of Policing in Pakistan: Punjab and Sindh, Hong Kong: STATT Consulting Ltd.

63 Alan Whites (2015) Competing for the future: Propositions of power and governance in development, GovNet Background Paper, Paris: OECD Publishing.

64 See Tuesday Reitano, "Case Study: Somalia" in Reitano and Hunter, 2016, op.cit.

65 Rafael de Hoyos, Halsey Rogers and Miguel Székely (2015) Out of School and Out of Work: Risk and Opportunities for Latin America's Ninis, World Bank, Washington, D.C.

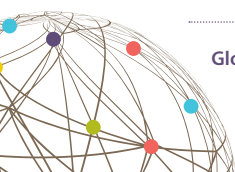


generation and livelihood programmes might not appeal to them.⁶⁶ Innovation and experimentation are needed to find models of apprenticeship and employment schemes that provide goals and achievement benchmarks, returns on perseverance and commitment, and investment opportunities that can generate sustainable livelihoods over the long term.

Investments in accountable governance that do not explicitly target criminal markets may close the space for criminal markets to operate and gain influence over the long term. Campaign finance reform, for example, may help reduce the influence of illicit money in elections and criminals from running for office. Similarly, economic reforms that increase transparency and capacity for financial and regulatory oversight may reduce the ease with which illicit markets interface into the legitimate economy, and build the business community's support. Fostering accountable governance includes establishing effective checks and balances; improving political standards; and combating corruption, impunity, and patronage-based politics.⁶⁷

66 Stefan Dercon (2015), *Rightful Refugees, Managed Migrants: Development and Migration Crises*, London: DfID.

67 USAID, *op.cit.*



V. Additional Resources

Spotting the Spoilers: A Guide to Analysing Organised Crime in Fragile States

Developed by the International Peace Institute, this publication recognises that while there are a growing number of tools that look at the political economy of conflict, but very few deal specifically with transnational organised crime. This guide is designed to fill that gap. It is written with the practitioner in mind, particularly for those involved in mission planning or post-conflict needs-assessment missions.

Practice guide: A Combined Approach to Political Economy and Power Analysis

Developed by the Swiss Development Cooperation, this practice paper offers a simple step by step guide to help development practitioners identify the critical actors and institutions needed to facilitate or block new policies:

- A stakeholder analysis to understand the motivations, interests and strategies of key development actors;
- An understanding of the formal rules and informal practices that shape their behaviour;
- An analysis of the formal and informal mechanisms they use to ensure cooperation over time;
- A discussion of the theories of change involved and the existing or alternative narratives justifying development interventions.

Applied Political Economy Analysis: a problem driven framework

Developed by ODI, this tool helps practitioners and researchers to use political economy analysis to understand and respond to practical problems. The framework has three dedicated, but related, phases: problem identification, problem diagnosis and consideration of plausible change processes. In this introductory note we describe the key components of the framework, the relationships between them and how to use the framework to undertake analysis.

Political Economy Analysis: How to Note

This note by DfID brings together this material with a view to explaining the relevance and uses of political economy analysis. It is intended to be used by a wide range of DFID programme managers and advisers, as well as staff in other HMG departments and partner organisations. The main questions it addresses are:

- What is political economy analysis?
- How and why does political economy analysis add value to DFID work?
- What approaches and tools are available?
- How should the analysis be prepared, undertaken and applied to DFID's work?
- How should we work with other development partners and across HMG on analysis?

Institutional and Context Analysis Guidance Note

UNDP's methodology for undertaking political economy analysis to support development programmes is known as Institutional and Context Analysis (ICA). The Guidance Note has emerged as a direct response to demands from UNDP Country Offices for a resource that helps UNDP staff understand the political and institutional context in which they operate in a way that is suited to the needs and mandate of the organisation. It offers practical guidance on how to use ICA to assess the enabling environment.



Transparency and Anti-Corruption

The online course instructed by José Zalaquett and Juan Francisco Lobo is an introduction to the study of corruption from a public ethics and legal perspective. This course aims to introduce students to the study of the fight against corruption and for transparency, from a citizen public ethics perspective as well as from a legal standpoint, including the study of the situation in some countries of Latin America. This course is also available in Spanish, Arabic and Chinese.

National Integrity System (NIS) Toolkit

Created by Transparency International, this toolkit introduces the National Integrity System (NIS) concept and approach and provides those implementing the NIS with the necessary information and tools to conduct the NIS assessment. The annexes also contain key operational information for this assignment, such as interview guidelines, a draft NIS workshop agenda and several specific guiding documents for the research component of the project.

Corruption Fighters' Toolkit: Civil Society Experiences and Emerging Strategies

Published by Transparency International in 2002, the toolkit is a compendium of practical civil society anti-corruption experiences described in concrete terms and accessible language. It presents innovative anti-corruption tools developed and implemented around the world.

Tools to Support Transparency in Local Governance

The product of a partnership between Transparency International and UN-HABITAT (the United Nations Human Settlements Programme), the toolkit builds on the first toolkit developed by the Campaign to promote good urban governance, Tools to Promote Participatory Urban Decision-Making (PUDM).

The Fight Against Corruption

This e-learning tool is a joint product of the UN Global Compact and the UNODC. It uses six interactive learning modules to further the audience's understanding of the UN Global Compact's 10th principle against corruption and the UN Convention against Corruption as it applies to the private sector. The tool is targeted at everyone who acts on behalf of a company.

Business Anti-Corruption Portal

The Business Anti-Corruption Portal is a jointly sponsored government resource that helps companies avoid and combat corruption.



A Governance Practitioners Notebook

By the OECD, this practical guide brings together a collection of specially written notes aimed at those who work as governance practitioners within development agencies. It does so, however, without attempting to offer definitive guidance – instead aiming to stimulate thinking and debate. To aid this process the book is centred on a fictional Governance Adviser.

The Notebook's format provides space for experts to speak on today's governance issues: politics, public sector reform and stakeholder engagement. It encourages debate, charts the evolution of donor thinking, and highlights future challenges in the age of the Sustainable Development Goals. Each section introduces both technical issues and major areas of debate, providing ideas for future development support to institutional reform.

A Users Guide to Measuring Local Governance

This UNDP developed tool provides guidance on the multiplicity of tools and methods that are being used to measure, assess and monitor governance at the local level.

Protecting Legitimacy in Politics

International IDEA's Protecting Legitimacy in Politics is a global initiative designed to address these issues by a) generating empirical knowledge about this phenomena in selected countries in Latin America and the Caribbean, West Africa and Europe; b) fostering policy debates with decision makers at local, regional and global levels; and c) partnering with inter-governmental organizations in the implementation of locally-led targeted processes at the national level. It also includes a tool that allows the monitoring of organised crime's infiltration into the political process and democratic governance.



The Development Response to Drug Trafficking in Africa: a programming guide

This programming guide developed by USAID aims to help development actors to understand the relationship between drug trafficking and development assistance and seek ways to mitigate any negative impacts. At a minimum, development actors should undertake crime-sensitive programming that ensures their efforts do no harm. Where possible, development actors should consider programming targeted to counter the flow of drugs (e.g., anticorruption efforts or judicial reform) or programming to ameliorate the impacts of drug trafficking, such as demand reduction programs including prevention and treatment. This guide helps Missions examine opportunities for incorporating such considerations into current or future programming.

UN Integrated DDR Framework and Standards

The IDDRS have been drafted by the UN Agencies working on Disarmament, Demobilisation and Reintegration on the basis of lessons and best practices drawn from the experience of all the departments, agencies, funds and programmes involved to provide the UN system with a set of policies, guidelines and procedures for the planning, implementation and monitoring of DDR programmes in a peacekeeping context. The Operational Guide to the IDDRS contains condensed versions of the Integrated DDR Standards (IDDRS), highlighting practical steps for the planning and monitoring of DDR programmes. Some aspects of this guide can be applied to the demobilisation of violent and criminal actors, with modification, and the lessons learned offer insights for improving programming seeking to offer livelihood alternatives to criminal groups.

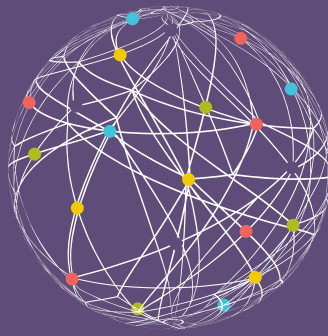
Youth Livelihoods Development Programme Guide

This USAID programming guide targets “livelihood development,” especially for young people aged 15–24 from marginalised backgrounds. It summarises successful strategies that help youth where they are until they can break into the formal economy and stresses that interventions should assist and accelerate this process while improving the short-term well-being of youth and their households.

Armed Violence Reduction: Enabling Development

An OECD publication that looks at how development practitioners on the ground can combine different assessment methods and programming responses for more effective interventions to reduce and prevent armed violence. It takes a four step process which looks at the role and windows of opportunity with people, perpetrators, instruments and institutions.





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