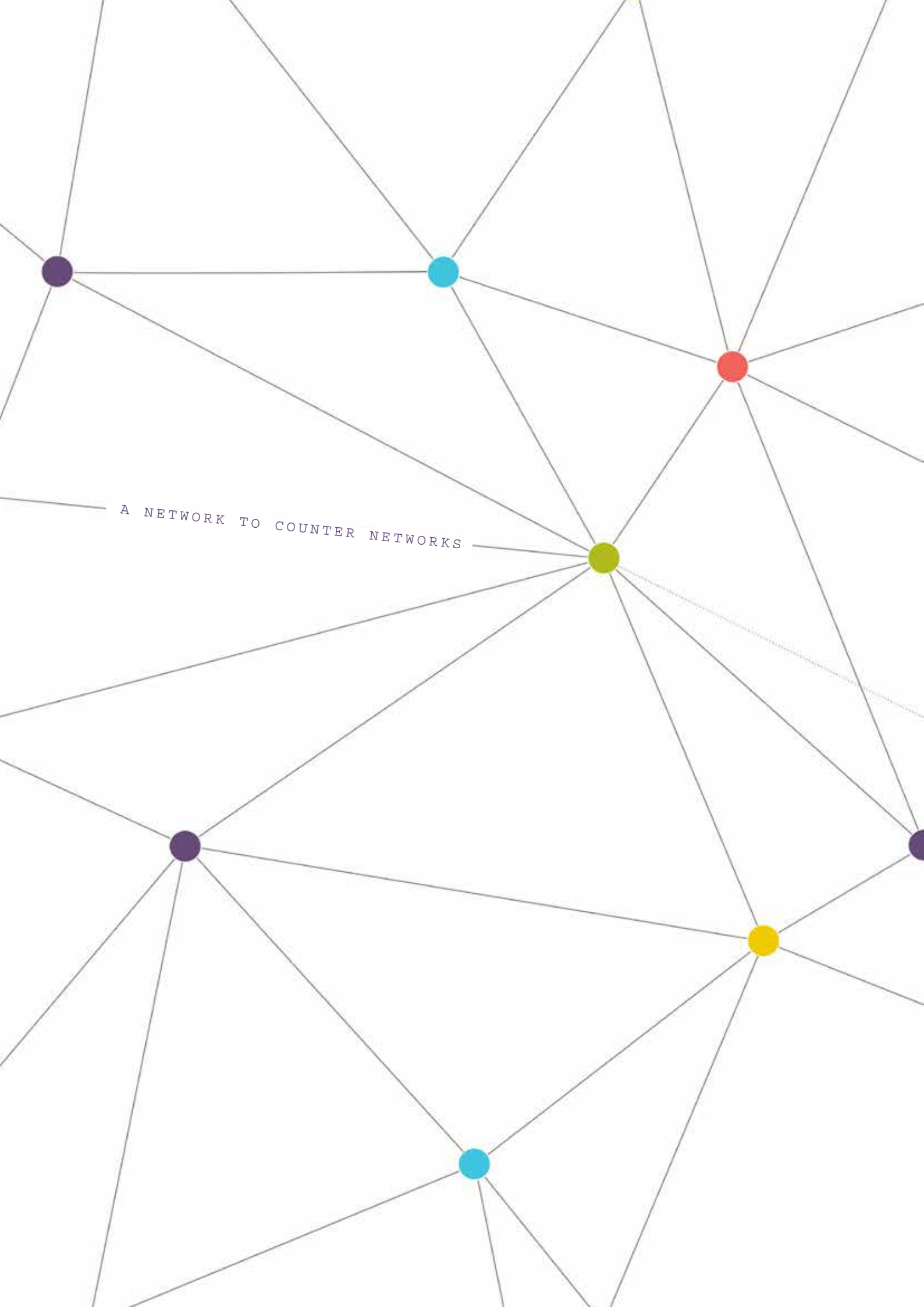
THE GLOBAL INITIATIVE AGAINST TRANSNATIONAL ORGANIZED CRIME

New Frontiers or Old Boundaries?

Reconsidering approaches to the Security and Development Nexus in the Context of Responses to Organized Crime, Conflict and Insurgency

A Conference Report
September 2015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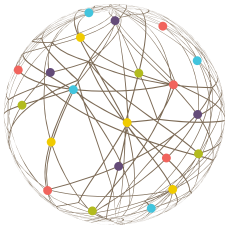

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September 2015, Oslo

NORWEGIAN MINISTRY
OF FOREIGN AFFAIRS

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About the Global Initiative against Transnational Organized Crime

The Global Initiative (www.globalinitiative.net) is a network of prominent law enforcement, governance and development practitioners who are dedicated to seeking new and innovative strategies and responses to organized crime.

Nature of the challenge

The problem of organised crime is not new, but the scope, scale and spread of the phenomena is now unprecedented. It affects all countries, developed, middle-income and developing, as well as states beset by political instability and conflict. The impacts can be diverse, but the common feature is that organised crime negatively affects the life chances of ordinary people: it undercuts key institutions, damages the environment, distorts or impedes economic growth and it fuels conflict.

While there is growing consensus as to the rapid evolution and detrimental impact of organized crime, there is much less agreement around what constitutes an effective response.

Catalyzing a new approach

The Global Initiative was born from a series of high-level, off the record discussions between mainly (though not exclusively) law enforcement officials from both developed and developing countries, hosted by the International Peace Institute in New York in 2011-12. At these meetings, the founding members of the Global Initiative, many of whom stand at the front line of the fight against organised crime, illicit trafficking and trade, concluded that the problem and its impacts are not well analysed; they are not systematically integrated into national plans or strategies; existing multilateral tools are not structured to facilitate a response and existing forms of cooperation tend to be bilateral, slow and restricted to a limited number of like-minded states.

The result was a decision to create a new initiative: the Global Initiative against Transnational Organised Crime, which would seek to provide a platform to promote greater debate and innovative approaches as the building blocks to an inclusive global strategy against organised crime.

Analysis, Strategies and Response

Launched formally in New York in September 2013, the Global Initiative comprises a growing network of independent global and regional experts working on human rights, democracy, governance and development issues where organised crime has become increasingly pertinent.

The Global Initiative is an international civil society organisation, has an office in Geneva, Switzerland, a core Secretariat and a high-level advisory board. Through a range of channels, the Global Initiative seeks to project the expertise of its Network members outwards and to make it available to a broader range of stakeholders.

For more information please visit our website at www.globalinitiative.net
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Introduction

The international debate has shifted to consider organized crime as an actual driver of fragility, conflict and weak rule of law, rather than just as a symptom. This indicates it is no longer solely a security and justice issue, but also one that is relevant for ministries of foreign affairs and that directly affects the ability to work towards the proposed Sustainable Development Goals (SDGs) on health, the environment and peaceful societies. The omnipresence of criminality in today's conflicts, and the increasingly interlinked activities of terrorists, criminals and traffickers – in addition to the varying involvement of some governments – have made it even more challenging to understand and respond to the drivers and manifestations of these forms of insecurity. It was highlighted that these pervasive and transnational challenges can thus only be addressed collectively by the international community.

While the relationship between organized crime and fragility is one that is increasingly accepted, this phenomenon is yet to be fully understood. In addition, other issues currently defining the debate are the crossover between trafficking, crime and conflict; the iterative association between organized crime and terrorism; and the continued fragmentation of the multilateral system to respond to these threats coherently. There are three areas where the momentum around the debate is beginning to pick-up, namely on drugs policy and decriminalisation; migrant smuggling and the flow of migrants; and wildlife trafficking and environmental crime.

This report is based upon discussions from a meeting that took place in March 2015, hosted by the Global Initiative against Transnational Organized Crime (the Global Initiative) and the Norwegian Ministry of Foreign Affairs. The meeting was opened by Deputy Foreign Minister of Norway, Baard Glad Pedersen and brought together 40 government officials, development practitioners, members of academia, substantive experts and an independent journalist to discuss the confluence of insecurity surrounding conflict, homicides, terrorist incidents and violent crime and what these challenges portend for policymakers and practitioners within the security and development communities. The aim of the conference was to provide a dialogue platform from which to advance informed discussion on these topics, and in particular to support the development of practical policies that can be effectively implemented on the ground.

The meeting was a continuation of the Global Initiative's "Development Dialogue" series that seeks to strengthen and align policy and programmatic responses by the development community to the challenge of organized crime. The Global Initiative and this process aims to serve as an important resource in this regard by providing the strategic space for new and, importantly, multi-disciplinary thinking on how to best tackle them. In particular, the outcomes of this meeting aim to inform on-going debates around a number of global processes taking place in 2015: the post-2015 sustainable development agenda, Financing for Development, and the UN's concurrent reviews of peace operations and the peacebuilding architecture. The meeting was held under Chatham House rules.

I. The State and Crime: Cohabitation, Collusion, Confrontation

The role and behaviour of the state strongly influences the type and depth of criminality within a given environment, and can be especially problematic in determining appropriate preventive and reactive measures. Building upon themes discussed at an earlier Global Initiative meeting, which explored how the growth of illicit networks and organized crime is closely interwoven with the narrative of independence and statehood in Africa, the group repeatedly raised the governance power and legitimacy that crime enjoys in certain contexts often facilitated by states that are weak or in transition.[1] As post-colonial structures disintegrate and are slowly being replaced, these growing pains and lapses in state authority will offer a window of opportunity that can be exploited by organized crime, whose resources are often better matched to deliver, especially in peripheries that are neglected and can be easily appropriated.

In these instances, while crime continues to undermine the security and wellbeing of much of society, it nevertheless provides a system of governance, and often accompanying services, which the state does not – and thereby remains a preferential, albeit suboptimal, alternative. The examples of the Italian mafia and the Taliban were used to illustrate that groups can provide dispute resolution, justice and security whilst also fomenting insecurity. Yet, not all groups put the same effort and attention into developing their governance capacity, and those that retain a greed-focused "pillage and plunder" strategy that preys off the population, such as Boko Haram, will more quickly undermine any legitimacy that they have earned.

However, even where the reach of the formal state is inadequate, perhaps because of justifiable capacity constraints, the state is not necessarily innocent. Even states that are too fragile to properly distribute public goods are capable of exhibiting considerable control over the way that organized crime operates within their borders, by making decisions about how these goods are appropriated and the territory yielded – for instance how and where wildlife trafficking can take place, or licensing fraud surrounding water regulation.[2] Looked at through this lens, to varying degrees the state acts as a mafia bazaar, where the responsibility to govern and deliver services is supplanted by the desire to acquire power in order to issue exceptions to the rule of law as a means of capturing rents.[t]

The collusion of the state and crime, participants frequently noted, is nothing new; it has been a component of state formation in various settings throughout history, with examples to be drawn most recently in Europe following the Cold War. Russia itself is now a supra-mafia state, with it no longer even needing to issue exceptions, because the law itself is the mechanism by which public and private money is appropriated. As the crux of the relationship between organized crime and the state is corruption, criminals will seek to strategically infiltrate key organs of the state, across justice and regulatory chains, in order to achieve the necessary room to manoeuvre.

It is the degree of state complicity that often presents the biggest policy conundrum and the most discomfort for the international community. Whilst on the one hand, policymakers and diplomats push for high development standards and accountability, on the other, the resourcing and reality of states being able to achieve equitable growth and progress in reasonable timeframes is often "wishful thinking."[3] Some scholars have used the evolutionary theory term "isomorphic mimicry" to describe the unhealthy phenomenon whereby states are

1 See, "Unholy Alliances: Organized Crime in Southern Africa," Conference Report, June 2014. Available at: http://www.globalinitiative.net/unholy-alliances-organized-crime-in-southern-africa/

2 For further information on water smuggling see, Vanda Felbab-Brown, "Water Crimes: A Global Crisis on the Rise," Presentation, 20 February 2015. Available at: http://www.brookings.edu/research/presentations/2015/02/20-water-crimes-global-crisis-rising-felbabbrown

3 For more on wishful thinking, "getting to Singapore," and state capability traps, see: http://www.cgdev.org/publication/capability-traps-mechanisms-persistent-implementation-failure-working-paper-234

able to demonstrate to the international community what they think it wants to see with respect to healthy institutions, when in actuality the foundation of the state is still a deals-based clientelist system that has the "camouflage of capability organizations without any of the associated drive for performance."[4]

This display of "smoke and mirrors" may leave diplomats from both donor and development partner countries content, as they are able to politely avoid difficult conversations, but it leaves citizenry and state institutions systemically vulnerable to capture and underperformance. While formal attempts at state capture – whether by ISIL in Iraq, AQIM/MUJAO in Mali or Boko Haram in Nigeria – elicit strong reaction from the international community, there is much less fanfare surrounding more subtle and insidious forms of state capture by kleptocratic regimes that happen more frequently than anyone likes to admit.

And yet, this drive for performance can be particularly challenging to inspire considering that politicians are frequently still rewarded despite the poor quality of services they provide their constituents. There is not always enough impetus to behave honestly. Even in states where there is open acceptance that organized crime is a problem, the typical response is usually either security and justice-related programming or capacity support to these sectors. In recognizing that there is an important distinction to be made between those who protect illicit activities and those who directly engage in them – the former oftentimes being high-level political actors – responses that do not address these underlying incentive structures will ultimately be ineffective at disrupting the activities themselves. At the lower-level, depending on the political capital that organized crime groups are able to acquire, policy responses that seek to destroy the illicit economy, especially without viable alternatives being offered in their place, also risk considerable backlash.

One participant noted that to some extent there was a similar trajectory of Libya and Mexico, in the sense that both countries transitioned from state-controlled, or at the very least state acquiescence of criminality, to more fragmented and group-controlled forms. As we now recognize that this has resulted in a great deal more violence and destabilization, are there ways in which international responses can better approach the issue when it is the former stage and the state still exhibits a larger degree of control over it?

4 Lant Pritchett and Frauke de Weijer, "Fragile States: Stuck in a Capability Trap?" Background Paper, World Development Report 2011.

Contextual Snapshot: Libya

Current instability in some areas of Libya is partially attributed to the fallout from a system of state-sanctioned trafficking to a more dynamic marketplace. The country's geography has also played an important role in defining its vulnerability, as it is a major trafficking highway for multiple types of commodities. Libya is an interesting case both from the perspective of how illicit markets affect transit states, as well as a cautionary tale of how access to weapons can be a game changer.

There is a hierarchy of illicit trafficking commodities, with weapons being on top of that chain, followed by drugs, migrants, and other goods. Some of these markets are more penetrable than others; for instance, while cocaine smuggling is very tightly controlled, migrant smuggling is more open to community involvement, with an entire economy built around the movement of people.

There is an assumption that controlling trafficking and having greater access to resources always strengthens armed groups, but Libya has demonstrated this is not always the case. Groups that have clearer hierarchies have been able to absorb resources in order to get stronger, whereas the influx of resources to groups that are more networked can actually fragment them further.

It was the growth of the market in weapons that allowed certain groups to consolidate their control over the protection market – this market provides protection services surrounding local pathways of commodity flows to trafficking entrepreneurs.

Libya presented, and continues to present, a challenge for policymakers. One reason is that foreign ministries and development agencies' portfolios are not always structured to take the macro-view required for analysing the situation within the region. The activities and repercussions of dynamics in Libya stretch from the Atlantic to the Mediterranean, but these two regions are commonly dealt with separately by West Africa and North Africa (or MENA) desks.

The international community also did not predict how quickly the illicit markets would fragment and how many different groups would vie for control over these spaces. Conflict analyses underestimated the entrepreneurial push for various forms of livelihoods that would surround this power vacuum and did not adequately capture the resultant danger of this happening.

One lesson to be learned from the experience in Libya is that timing is key: interventions should have taken place when the system was still fragmented and in flux, before they had the opportunity to consolidate and strengthen. Another lesson to be learned is that understanding the protection economy, and the distinction between entrepreneurs and protectors, is fundamental; breaking the protection links at the local level is a critical area to target. And yet many current forms of donor support, for example capacity building of border guards and customs officials, are relatively meaningless against these local dynamics.

II. Local Challenges and Impacts

As exemplified by the gaps in knowledge on Libya, understanding the local political economy of places where criminal activities take place is absolutely crucial, and yet, the unit of analysis which informs decision-making is often state-centric, stopping and starting at borders instead of seeing the chain that essentially links different communities, and commodities.[5] This prevents deeper understanding of the informal economy and the labels that are used by the international community, or even the state, are different than those that local communities use for certain undertakings. For instance, participants noted that much of what is now deemed "smuggling" has been part of historically established patters of movement, communication and commerce.

Moreover, formal states' unwillingness or inability to adequately and fairy legislate and regulate aspects of the economy that are currently informal can have negative outcomes. The example of artisanal mining in Colombia was provided as illustration that the government's improper handling of the opportunity to bring these miners into the legal sector actually pushed them more towards organized crime groups and networks. This has considerable implications for many states in Africa, where the majority of economies remain informal and thus could be vulnerable to capture by illicit networks.

The centrality of livelihoods was repeatedly highlighted throughout discussions, acknowledging that the development sector can emphasise large-scale reforms to health and education systems in developing countries, when oftentimes what matters most to people on a day-to-day level are more basic issues like having an income and feeling secure in their neighbourhood. Therefore, whoever can deliver these fundamental daily societal needs, will gain legitimacy with local populations. Again, if states are unable to provide the specific services that communities prioritise, then the window of opportunity for criminal exploitation is opened even more widely. This is not only particularly relevant in contexts that have labour intensive illicit economies, but also those where the delivery of key services has become hybridized or privatized, offering additional prospects for rent-seeking and unjust distribution.

Despite the importance of having the knowledge and targeting of these local dynamics for programming to be most effective, it is often a struggle for the international community to reach this level of engagement. To some extent, donor governments can be constrained by the primacy of their relationship with central government, and the reliance upon accreditation to sanction their work in-country. In addition to political constraints, aid systems and donor officials are also not well structured or capacitated to engage much beyond central governments, which can further hinder attempts to find and foster local forms of resilience.

One speaker presented a case study from the Philippines, where a community decided to entirely self-regulate gun-related violence utilising a mixture of trust, pre-existing relationships and provision of economic alternatives. Although this is a good example of some of the effective practice that already exists at the local-level, scaling up these initiatives is not always easy. And somewhere like Colombia, where municipalities often each have their own individualised responses, presents a challenge for donor programming that likes to have one country-wide approach. Participants also questioned why civic mobilization takes place in some contexts, and not others, and what the best ways to empower these movements are.

However, one participant raised the caveat that local officials or actors are not necessarily better or more benign than the central state. International programming must be acutely aware that insufficient groundwork, incomplete capacity-building of local structures, and inadequate time and money spent on a given activity can actually result in doing harm and bolstering unsavoury local actors and patronage networks. To best navigate

5 However, participants did reiterate how challenging it can be to gain the right access to do research on local and community dynamics, but the lack of this evidence further complicates policymakers' ability to move these issues higher onto the political agenda and for practitioners to programme on them.

these variables, increased dialogue with state and local actors about these issues becomes even more essential, as does determining common understandings and an agreement on approaches at the outset. It was noted that there can be considerable discrepancy between how local, state and international actors define organized crime, as well as what they consider appropriate responses should prioritise.[6]

Understanding the local context will become all the more important as the legalisation debate ramps up. For instance, Uruguay's legalization of production cuts the profit margins at the source, but decriminalization of consumption alone means that criminal markets are still being fed. And it remains to be seen the impact that liberalisation will have on criminal economies or how and where these economies will seek new niches and gaps to exploit. In the meantime, harm reduction, in various forms, must continue to be an option to be seriously explored, since organized crime itself will never be fully eradicated.

The discussion highlighted one certainty: that future initiatives must improve the ability to move beneath the state and tap into the local, since state boundaries and actors often matter much less than local actors and power structures. Tackling this challenge will not be possible without shifting these dynamics that are integral all the way down to the most local drivers of the trafficking economy and any violence surrounding it.

Contextual Snapshot: URBAN VIOLENCE IN CENTRAL AMERICA

While violence has been on the decline globally, there has been an 11% increase over the past decade in the Latin America and Caribbean region. The Northern Triangle (Guatemala, El Salvador and Honduras) is the world's deadliest non-war zone and has the highest rate of youth violence.

There are an estimated 70,000 gang members, three-fourths of which new recruits are under the age of fifteen. Some children as young as eight are being used to carry out gangland assassinations; 25% of homicides are related to organized crime. The crisis of unaccompanied children traveling to the US brought the severity of the problem into focus for many who were unaware of how severe the violence is and the everyday fear that young people in these communities live with.

The costs of this level of violence are large – not only does the fact that 50% of victims are under thirty present an obstacle to development, but reducing violence has impacts on other socio-economic areas such as health, education, employment, etc.

There are three known characteristics of violence in the region: 1) it is geographically clustered 2) victims and perpetrators are unevenly spread across the population, and 3) violence is mostly driven by group dynamics. Many young people feel as though they face a "wall of social inequality", with limited or non-existent educational opportunities and low quality employment options. Additionally, there are a bevy of risk factors also commonly faced, and the combination of these lead many youths to look through a "window of illegality."

In order to better address this phenomenon, a new framework is needed. One that brings together the evidence of what we have learned, from across multiple fields and disciplines, using a methodology that combines primary, secondary, tertiary prevention, as well as law enforcement, into a comprehensive and rigorous approach. Critically, this approach much emphasise collaboration and partnerships between actors as well as focus on the places, people and behaviours that generate the majority of homicides.

6 One participant relayed that a survey undertaken in Nigeria had revealed that citizens defined organized crime as high-level corruption whereas the government said it was shady business deals of Western corporations. On prioritization, another participant shared that during time in Afghanistan, he witnessed the international community wanting to focus on community policing, while the Afghan government preferred to focus on counter-insurgency.

III. The Security-Development (and Politics) Nexus

The failure of *mano dura* (iron fist) policies in Latin America has demonstrated that a myopic focus on security responses, without commensurate investment in socio-economic programming and improvements to the everyday lives of people, will not make the "wall of social inequality" appear any more scalable. Law enforcement is commonly thought of as the predominant response to organized crime and while it is absolutely necessary, alone it is not sufficient – usually only addressing the most visible manifestations of a deteriorated security environment. This happened in El Salvador, where the main focus was on reducing homicides, leaving in place other forms of violence and extortion. The state also neglected to capitalize on the temporary moment of opportunity to reclaim legitimacy and territory from the Maras by increasing the provision of socio-economic services. Instead, the Maras emerged as the stronger party in negotiations, and enhanced their political power and capital. And anti-crime policies and activities, similar to some counter-insurgency efforts, can be used as political tools to either empower or discredit certain elements of the state over others. Here, the example provided was of China's two-year crime sweep, which served to strengthen the central state.

These are but a few examples that have fed the increasing acceptance at the policy-level of the importance of an approach that combines security and development, as well as a degree of institutional reform.7 But it remains difficult to do in practice. In part this is because these concepts taken alone mean different things to different people, and when taken together a common understanding can be even more elusive (i.e. where exactly is the nexus located?) Four key tensions were identified that reinforce the traditional divide between security and development narratives: conceptual, causal, institutional, and motivational. These tensions affect who is targeted with interventions, who takes the lead on implementation, delivery mechanisms, and also the lens through which the challenge is looked at. Using the example of Sierra Leone's experience with the West Africa Coast Initiative (WACI), what resulted from these tensions was that international concerns of drug trafficking were prioritised, which meant that security actors led, and development was integrated into their approach rather than the other way around.

Despite these tensions, it was acknowledged that there is now greater appetite for development people to work more closely with security forces, and vice-versa, than even a few years ago, so progress has been made. But while working relationships have improved, there is still not enough open collaboration for a truly integrated approach. It was noted that the convergence of budget lines is one way that can facilitate different actors within a donor government to come together around certain activities, with governments that have development cooperation integrated into their Ministry of Foreign Affairs having it slightly easier in this regard. But in general, it was agreed that the lack of coordination and integration often scuppers good ideas; everyone likes to do the coordinating, no one likes to be coordinated.

7 Although one participant said that he still witnesses a debate on the balance between hard security and prevention, and the right level of law enforcement, and continues to have to sell the story about why development should be an important component of security initiatives.

However, the issue of transnational organized crime, because it touches upon the portfolios of so many different stakeholders, is actually precisely the sort of topic to bring multiple strands of government together. But at the international level, the development finance structures have not facilitated working within this nexus, as the categorization of what can be considered official development assistance (ODA) does not necessarily match the reality of many contexts where varied support to fight organized crime is needed. This complication will hopefully be rectified as part of the ODA modernization process currently underway, with a new measure of "total official support for development" (TOSD) to capture more aspects of security and justice spending.[8]

Throughout conversations about the nexus, it was consistently reiterated that arguably the most crucial component of the nexus is not included in its description: politics. Especially in places where political power is equated with the ability to collect rents and behave predatorily, development can be seen as a threat to the existing political system because it seeks to replace that status quo with an adjusted social and economic order. The politics behind the nexus are even more complicated than the technical tensions inherent in it, and conversations about this issue are frequently lacking. Diplomats and politicians do not always have the resolve to speak frankly about the political issues that must be addressed in order to accompany effective security-development programming, potentially missing opportunities to raise the criminal question within political processes.

Frustration was expressed that as long as bureaucrats attempt to impose technical solutions to what are inherently political problems, then the lack of political will can easily pull the carpet out from under the best and most sophisticated technical approaches. Echoing this view, another participant agreed that while we have multiple reviews and guidance around 'what works', what is frequently missing from these is that the absence or presence of political will is ultimately hugely responsible for whether programming is enabled to achieve its goals – especially when these goals entail behaviour change and shifting incentive structures.

Participants also questioned whether the international community has been learning lessons and readjusting its approach enough, and adapting to better use the leverage of diplomacy and aid when it is called for. For example, after decades of development support to Mali, a large portion of which was meant to help the state extend its authority to the north of the country – in hindsight is it evident that there was adequate commitment on behalf of the state to do so? Additionally, participants asked whether there were any lessons from Latin America that could be relevant for countries in Africa that are beginning to experience similar challenges with crime, but that have not yet reached similar levels of violence. The discussion also highlighted that greater attention should be paid to prison policies, where we have learned both from the experience in Latin America (as well as with terrorism) that these can be breeding grounds for hardening both extremism and criminality – as well as interactions between these groups.

8 For more on the evolving development finance structure and implications for security and justice issues, see: http://www.oecd.org/dac/stats/documentupload/DCD-DAC(2014)35-ENG.pdf and http://www.oecd.org/dac/OECD%20DAC%20HLM%20Communique.pdf

Contextual Snapshot: MEXICO

During the 20th century, organized crime in Mexico mostly meant drug trafficking, and because the criminal groups were weaker than the state, the government tolerated their existence and activities. During this "Pax Narcotica" phase, trafficking was considered as more of a US responsibility rather than a Mexican one.

Problems began to arise when the balance of power started to shift and organized crime in Mexico swiftly moved through three stages: predatory, where groups did not challenge governance; parasitic, where groups control some parts of the state; and parasitic, where crime begins to devour the state.

The appearance of the "big four" cartels (Sinaloa, Juarez, Tijuana and Gulf) altered the domestic criminal landscape and a spiral of violence among criminal organizations began, with new autonomous groups such as the Zetas and La Familia emerging.

While the Sinaloa stayed dedicated to drug trafficking only, the two newer groups moved towards taking territorial control and into crimes against the population, such as kidnapping, extortion and human trafficking. These violent crimes heightened the risk for these groups as they attracted increased attention.

State capture is not an entirely accurate term to describe what happened, because it implies that there is still some degree of separation between the state and the captor. In Mexico, it is more of a demonic possession, where groups moved into the bodies of and became the state. Once states are fully possessed, the "exorcism" or solution must come from the outside, either from the federal government or the international community.

Arrests alone will not address the problem; entire corruption networks must be dismantled. Indicators of success should not only be a reduction in the number of deaths, but also the strength of institutions and their ability to resist infiltration by organized crime. The social fabric of a country is important, but it is the health of the institutional fabric that explains why criminal organizations appear in some places and not in others.

While poverty is an enabling condition for the growth of a criminal organization, it is not the trigger. The trigger is impunity – and once criminal groups are created they are then nurtured by poverty and inequality, leading to a vicious circle that is hard to break once it is formed.

IV. Insurgency and Crime: Flows, Fuel, Funding

The degree of overlap and cooperation between rebels, terrorists, criminals, and traffickers is one that has elicited much fervent debate over the past several years. An accurate articulation of this relationship has been difficult to pinpoint, with mainstream analyses tending to vacillate between over or under-selling the linkages between various groups and activities. In part this is because data and intelligence about specificities of this connection are spotty and cannot keep up with real-time developments, and in part it is because many individuals, groups and activities jump between boundaries and defy strict categorization.

Mexico in 2012 did exhibit levels of violence that resembled that of an insurgency, but the term "criminal insurgency" was also politically expedient for those who wanted to emphasize the seriousness of the threat. As discussed above – the Mexican government had been cohabiting with organized crime for decades, but when President Felipe Calderon decided to tackle it, he did so without realizing the full extent of infiltration that had occurred within municipal, state and national institutions. This "frontal war" exacerbated the violence as cartels became increasingly militarised and aggressively pushed back against government pressure. The new model that emerged was more about territorial control than it had previously been, and the "accidental guerrillas" and parallel forms of governance that surfaced from within criminal enclaves did indeed threaten the state. But if one interprets insurgency at its core as being about regime change, then this term is not entirely accurate to describe the situation in Mexico, where criminal groups did not seek to overthrow the government but rather to co-opt it and work within it as much as possible.

Using four insurgency groups in Latin America (FARC, ELN, Shining Path, EPP) to make further comparisons between rebel and criminal groups reveals that from a financial perspective there is no difference in terms of how they raise and launder money. Moreover, the activities of rebels tend to be part of the same networks as crime syndicates, by either providing services or product for organized crime. To varying degrees the rebel groups have involvement in cocaine, marijuana, extortion, gold, coltan, and kidnapping. However, considerable differences do arise in terms of what they spend their profits on; insurgents spend money on furthering the cause whereas pure crime is about personal enrichment.

In contrast to the strong ideology and military structure of rebel groups, the lack of an ideological bond and rigid hierarchy presents a problem for Latin American crime groups, resulting in fragmentation of the criminal landscape. In lieu of the bonds that rebel groups have, criminal groups try to find alternative ways to cement loyalty, with varying levels of success. The money, intimidation and violence that they rely upon are poor substitutes for the deeper bonds that clan-based or doctrinal criminal groups inspire amongst their membership.

While the political concerns of rebels within FARC, so dedicated to the struggle that their fighters do not even receive a salary, might be addressed through the Colombian peace process, it is much less obvious how their criminal economies will be addressed. The revenue streams they currently control, which bring in upwards of $500 million per year, operate independently of political goals and will not disappear when a permanent peace agreement appears. Awareness of this should present an opportunity within the current process to redress Colombia's history of recycling criminal violence and labour without dealing with the criminal economies themselves. The challenge for stakeholders will thus be to learn from past mistakes and prevent the handover of these economies to other criminal networks – who could quickly move in to fill any power vacuum around these revenue streams.

Lessons from the evolving experience in Latin America are important to consider in light of other contexts that are also beginning to grapple with similar dynamics. There is growing hybridity and synergy between insurgent groups and organized crime structures and more systematised cooperation between them. In addition, there is also subcontracting between groups, for instance FARC has contracted street gangs in Cali to plant bombs. Remaining

left wing groups are becoming increasingly criminalized. Additionally, there has been the formation of strong multinational regional networks – with Colombians recruiting Peruvians, Bolivians and Argentinians, and Mexicans working with Guatemalans and linking with the Maras. The criminal portfolios are widening and diversifying as well. Whereas first generation traffickers earned 98% of their income from the cocaine trade, there are now third generation traffickers who are only earning 50%, with the rest of their profits coming from other activities.

This mirrors synergies, subcontracting and networking that is happening on a global scale, with various groups finding one another in the marketplace and providing the goods and services that one another need. These groups can become allies of convenience, without ever having to agree upon a shared purpose for the alliance. Participants noted that some form of hybridity is "the new normal," as it is hard to find a group that is either purely ideologically or purely economically motivated. Furthermore, within groups themselves there is even greater variation as no fighter is going to be motivated by precisely the same mixture of drivers, with people coming to these movements for very individualized reasons. Nevertheless, attempting to nuance the distinction between groups, perhaps based upon those who are trying to exercise territorial control, or on what they do with the capture of public goods (redistribute or use for personal gain), is still important for tailoring interventions accordingly. Preferred levels of stability offer another analytical lens through which to consider crime and insurgency groups, with the latter tending to be risk minimizers if they are embedded within society, although noting that instability becomes more welcome in situations of large-scale resource exploitation and frontier smuggling.

Contextual Snapshot: THREAT FINANCING TO CONFLICT AND TERRORISM IN AFRICA

Natural resources are a driver of conflict with a particular focus on the "3T minerals" (tin, tantalum and tungsten), in addition to timber, charcoal and gold, which is the most important mineral for threat finance. Official gold exports from the Democratic Republic of Congo are only a few kilograms per year, but actual exports are estimated in the tons. Illegal natural resource exploitation is valued at $800mn-$1.3 billion per year.

The cost of a fighter anywhere in the world is estimated between $1000-21,000 per year. Rebel groups would only need about $10-20mn to sustain themselves at current levels of armament and training. These groups also earn profits from taxation and tolls, and pillaging villages for supplies. The profits being made from illicit activities far exceed what they need to remain at current levels.

Charcoal is Africa's black gold, and the trade helps to finance groups such as al-Shabaab. The market is estimated at $9-25bn per year, with governments losing at least $1.9bn in revenues. Organized crime can make $2.4-9bn per year off the trade and militant groups can make as much as $289million. The trade in charcoal is expected to triple in coming decades.

Some allege that recent attacks by al-Shabaab, such as that on Westgate, were retaliation for offensive moves against their control of the charcoal trade.

Boko Haram makes money through extortion, and trafficking in charcoal and diesel. The group is beginning to learn that their current modus operandi of killing people, and severely terrorizing the local population, is not an effective taxation system. However, if they become more professionalized and adapt their methods, they could become even more successful and dangerous.

In order to backstop effective interventions, a mapping of threat financing, smuggling routes and sources of income must first take place. But collecting sufficient as well as timely information and analysis is a consistent challenge – and this is one of many reasons that collaborative civilian-political-military efforts need to be brought to bear on this issue.

V. International Policy and Responses

The general consensus was that although the policy conversation surrounding organized crime has progressed and momentum has picked up, as exemplified by the recent UN Security Council Resolution on terrorism and cross-border crime, there is still a disconnect between the policy community and practitioners on the practical implications of this.9 Some felt that the awareness-raising phase has concluded and in order to capitalize on the momentum that has been built, next steps must include concrete plans for action. Yet development practitioners prefer evidence-based programming, and the evidence on the relationship between organized crime and development has still not been fully elucidated – and the organized crime narrative is not easily translated to the mainstream development community.

Honest consideration of how to respond to organized crime also requires the international community to do some soul-searching with respect to development and statebuilding interventions. Participants remarked that in addition to imposing development models on weak states that did not necessarily even work in stronger states, statebuilding models are based on the assumption that strengthening institutional structures will automatically strengthen structural integrity. We have learned the hard way that this is not always the case, and that statebuilding can actually aggravate the issues they seek to address, and in some places have enabled crime and worsened state-citizen relations.

However, 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 maximize 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 prioritization exercises have deemed the most dangerous.

Greater attention must also be paid to how well the international system is structured for addressing complex challenges, and reflect on institutional pathologies that are resistant to change. The spectre of national interests often hangs over decisions about where and how to intervene. Designation of certain criminal groups as terrorist groups also drastically limits the amount of interaction that some governments can have with them, despite windows of opportunity for change that might present themselves along the way. The pressure to demonstrate programme success can actually undermine attempts to progress towards more sustainable goals. The example of El Salvador illustrates that although murder rates went down after the gang truce, disappearances and kidnappings went up – relying on one indicator, without addressing a more holistic conceptualization of violence, should this be deemed a success? Similarly, trainings are often one preferred programming activity – and on paper they almost never fail because every seat is filled – but this neither ensures that the people on the trainings are absorbing the teachings, nor that their behaviour will change as a result of attending.

The pressure for measurable success and the fear of failure has resulted in a development community that has become more reluctant to take risks or to acknowledge that oftentimes mistakes and indirect, or accidental, effects can have impact as well. But these are not easily quantified. Conversely, innovation and risk are not incentivized or rewarded enough, yet these are the qualities that effective responses to organized crime will

9 UN Security Council, Resolution 2195, 19 December 2014, S/RES/2195. http://unscr.com/en/resolutions/doc/2195

require. The cooperation and trust needed for integrated approaches to come to fruition will take time and energy, and patience – but must start somewhere. One participant remarked that small victories matter and the fact that cross-agency colleagues had come up with a common strategy and a common results framework, despite the fact that implementation was still rife with hurdles, should not be discounted. Lastly, given what we know is true about the timeframes for these transitions, does the international community have the commitment and the capacity that is needed to truly foster change, or are we resorting to using statebuilding, a long-term solution, to deal with shorter-term problems?

Greater commitment within the development community to tackle organized crime is not for the political or the technical faint-hearted. Moving the process forward will involve a certain degree of boldness and the courage to ask difficult and uncomfortable questions, both of our partners and of ourselves. To avoid embarrassment, policy discussions are often couched in innocuous terminology and do not mention issues such as organized crime or corruption. But this sends the wrong (or no) signals about what is and is not acceptable and where metaphorical red lines are with respect to state behaviour. Political dialogue with recipient countries should not be superficial, hypocritical or confrontational, but must be unfailingly honest. As should our reflections about the impact that our actions and policies have, and the fact that different interests within a single donor government can lead to decisions that work against one another at the country-level.

Lastly, if the international community is truly going to have more legitimacy to support countries in the fight against impunity and corruption, then bilateral actors will need to adjust their preference for turning a blind eye to the darker sides of leaders who are considered "friends" because of their support to other politically-sensitive agendas. And multilateral actors, such as the UN, will also need to take corruption and impunity seriously within their own ranks – with a questionable track record on decisiveness towards these offenses thus far.

Contextual Snapshot: CENTRAL AFRICAN REPUBLIC

The case of the Central African Republic (CAR) demonstrates what can occur when local organized crime becomes too ambitious, and the impact that this can have all the way to the international level.

The roots of the current crisis sprouted in 2006 when the options for making a living in north-eastern CAR were extremely limited. To a certain extent, people faced a choice between either a) setting up an NGO and attempting to attract donor financing or b) setting up an armed group and taking over a diamond field. The latter option had all the enabling conditions of success: low-level of state control and a natural resource that required low-tech human labour and was easily exportable.

A political narrative of neglect and marginalization by the central government was constructed around the exploitation of natural resources – when in reality it was not just the north-eastern region that suffered from disenfranchisement, it was everywhere.

As we have seen in other cases above, there was a relatively peaceful co-existence between the government and rebels between 2006-2012. The impetus for the shift in the ambition of the rebels was a business deal over control of the diamond sector, at the behest of the president, which had gone wrong. The deal negatively affected the diamond sector more broadly, and public allegiance to the rebels grew as a result.

There was also a shift in the geopolitical environment – with the increasing "Darfur-ization" of north-eastern CAR, further weakening the central government and continuing a process of state decay that had begun in the late 1980s.

However, when the Seleka rebels took over in March 2013, their business model completely collapsed. In addition to a Muslim minority trying to control a Christian majority, they also began to move out of the area traditionally under their control. This is an example of a criminal (or financial) insurgency that became too greedy.

CAR presents a challenge for the international community, because the re-establishment of state control over mining would seem like an obvious way forward for stability. And yet, despite this being the "right" thing to do from a legal standpoint, it is not necessarily the best option; the bad governance of the natural resource sector is firmly rooted in the government itself. Furthermore, communities have better relations with the rebels than the government and, in CAR, it is often difficult to distinguish between an armed group and an armed community, which will complicate DDR and the reestablishment of the rule of law.

Conclusion and the Way Forward

By virtue of the Global Initiative's intention to create a platform for continuing dialogue on the role of development in tackling organized crime – instead of concrete conclusions or recommendations – the meeting raised many issues for further exploration and consideration. These issues will continue to be explored in subsequent meetings, in addition to encouraging that the debate now shifts forward by concretizing focus on actionable programmatic responses within existing development frameworks.

After two rich and dynamic days, the following are key takeaways:

- There has been a subtle shift in both the terminology and framing of the challenge – with a more fluid discussion occurring about organized crime in Latin America and the funding of insurgency in Africa. The scope of analysis has widened and country cases and contexts are being compared and contrasted – it is a positive sign that this critical cross-case learning is beginning to happen and it needs to continue and deepen. Both the differences and similarities of how criminality is playing out in each context – notably around the variation in levels of violence – are rich with lessons that might be applicable elsewhere. Given its low-levels of violence, Asia needs to be brought into the discussion much more. Better understanding the role of prisons is another experience that can be drawn upon, as some African countries are still in the relatively nascent stages of developing their penal systems and can learn from other's mistakes.

- Cross-fertilization is also happening with increasing frequency between communities working on responses to these challenges. Nevertheless, there is still a tendency to initially approach organized crime through a security lens. And although the development perspective is gaining more traction, it has yet to be fully operationalized. Politics is the elephant not even in the room yet and is still the furthest behind in terms of being integrated into comprehensive approaches. Unfortunately, without the entire trifecta of security-development and politics included in the nexus, progress on each of the individual pillars will be hindered.

- Honing in on the precise relationship between organized crime and terrorism is still problematic. Both of these topics have been classic platforms for a security-development approach – although still predominantly weighted towards security. The similarities between some aspects of organized crime and terrorism have complicated analyses, and at one point the framing of organized crime was narrowly focused on its direct links to terrorism. While documents such as Security Council Resolution 2195 continue to reinforce this perspective, organized crime is now being considered in its own right as well. And it is interesting to note that the conceptualization of strategic responses to organized crime is already more nuanced than that of terrorism – with a more inclusive focus on socio-economic dimensions.

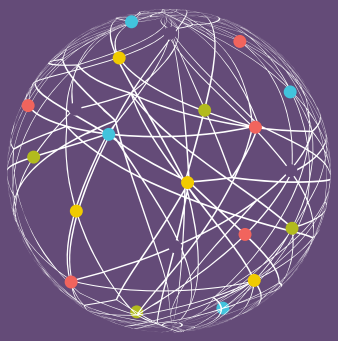
- With the concept of universality espoused within the proposed SDGs and the OECD's States of Fragility 2015 report, space is growing within the international discourse to consider organized crime as a common, and more prioritized, challenge. It is not just a fragile states issue but rather one that has causes and effects that span the globe – manifesting itself across different country-types and income-levels – and thus absolutely demands a response that that is similarly transnational.

- The role of the state: many of the dilemmas described above have been attributed to the process of state formation (or state re-formation) and states in transition. Particularly in Africa, local power structures are engaging in a globalized economy, and are being changed as a result. The nature of the state, expectations of it and pressures on it, are changing quite rapidly – and the trajectory of the state and that of organized crime and trafficking are not separate. How can this process be influenced more positively?

- The issue of local community engagement: throughout the days' discussion, there was not a lot of confidence that state-focused interventions are the way forward. Through examples in Latin America and elsewhere, development interventions around organized crime that are targeted at and embedded within the local and community level tend to have more impact. But not only are micro-strategies difficult to design, coordinate and implement given some of the structural constraints of development policy and practice described above, but also, is it possible for interventions to bypass the troublesome aspects of dealing with states by going directly to communities?

- The role of regional responses: the conversation centred a lot around the local, the state, or the international level, but not enough focus was placed on the regional level, which is key. Can we talk about new programmatic boundaries that link the local to the regional-level, again, perhaps even bypassing the state? The borders of the state are relatively meaningless with respect to the trafficking flows that were discussed – it would make sense then that trans-boundary engagement and interventions should take place.

- The multilateral system is lagging behind on this: the UN's engagement is only in some states that are being afflicted by violence; for example, the UN does not engage in Mexico although the conditions in some areas of the country are as serious as they are in places where the UN does intervene. Although there is a UN Convention Against Transnational Organized Crime (UNTOC) it was barely mentioned during the conference, signifying that it is not as relevant as it should be. In part, this may be because UNTOC was designed for national responses and those are no longer best suited to the type of challenges faced. Although the mention of organized crime in the SDGs is encouraging, it is not enough. A concerted push will need to happen at the international policy level to recognize not only the many worrisome features of organized crime and threat financing that were outlined throughout the two-days, but also the political will required to frame and formulate effective responses.



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