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The Hellish Road to Good Intentions

How to Break Political-Criminal Alliances in Contexts of Transition

Dr. Vanda Felbab-Brown Senior Fellow, The Brookings Institution

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INTRODUCTION

Large-scale illicit economies and organized crime have received increasing attention from governments and international organizations since the end of the Cold War. The end of the Cold War brought a permissive strategic environment that allowed many states to focus on a broader menu of interests in their foreign policy agendas, such as the fight against drug trafficking and production. The post-Cold War era also exposed the fragility and institutional underdevelopment of many of these states, a deficiency perhaps exacerbated by globalization. At the same time, criminal and belligerent actors with significant power previously obscured by the shadows of Cold War politics were spotlighted by the international community, especially when their activities were associated with intense violence or corruption.

The focus on organized crime, illicit economies, and the multiple threats they pose to states and societies only intensified after 9-11 when it became obvious that belligerent groups, such as the Taliban in Afghanistan and Pakistan as well as the Islamic State (IS) in Iraq and Syria, derive multiple benefits—including extensive financial profits—from participating in illicit economies such as the drug trade. In addition to expanding the resources of terrorist and belligerent groups, the persistence and growth of illegal economies have complicated post-conflict stabilization and reconstruction efforts in countries that have emerged from civil wars, such as Cambodia and Haiti.¹ Increasingly, the United Nations Security Council too has highlighted organized crime as an issue requiring the coordinated focus of various United Nations bodies and of the Secretary General.²

The evolved standard understanding is that illicit economies and organized crime fuel conflict, increase the fragility of states, and undermine democratization. Thus, the reduction of conflict, the buildup of state resilience, and the promotion of democratization—especially in countries in the process of regime transition or post-conflict transition—require the suppression of illicit economies and organized crime. This monograph shows the limitations of this conventional wisdom in both its analytical components and its prescriptions, and highlights how a sharpened analysis can give rise to policies with better prospects for reducing the role of illicit economies and crime in post-conflict and regime-change situations.

Drawing from fieldwork in Afghanistan and Myanmar, detailed in the accompanying two case studies, this capstone paper highlights the key findings regarding the dynamics and interrelationships of illicit economies and organized crime in conflict, post-conflict-transitions, and regime transitions and lays out overarching policy implications that carry beyond the two particular cases.

My analysis of how conflict and criminality have evolved and interacted in both countries from the 1990s through the current period shows that although illicit economies and organized crime pose many threats to states and societies, they can also reinforce regime survival; and laissez faire policies toward the illicit economies and criminal groups, and can in some circumstances mitigate conflict. Inappropriate measures toward illegal economies and organized crime, with wrong sequencing, prioritization, and emphasis—such as suppressing labor-intensive illicit economies which are providing plentiful jobs to otherwise impoverished populations; or cracking down on transactional crimes instead of predatory crimes – can compound conflict dynamics, complicate transitions from war to peace, and weaken state-building efforts.

The need to differentiate labor-intensive and non-labor-intensive illicit economies and transactional crimes from predatory crimes is a central theme of this analysis. Transactional crimes violate laws and procedures and supply black markets for prohibited or semi-prohibited products for which there is a demand. Illegal drug cultivation and drug trafficking are examples. Transactional crimes are sometimes erroneously called “victimless crimes” in that the buyers and sellers are working together, which makes them harder to thwart than predatory crimes. Predatory crimes, such as rape, robberies, or extortion, tend to have particular identifiable victims. But there is no economic “demand” for predatory crimes (other than those ordered by powerbrokers and unscrupulous economic actors to intimidate their rivals). As the word “predatory” implies, predatory crimes involve predation, victimization, and abuse.

The international community in its anti-crime suppression efforts often focuses on transactional crimes like illegal drug cultivation and trafficking for a variety of reasons, including their transnational aspect and international visibility. Yet in the absence of legal livelihoods being provided, such as, for the poppy drug farmers in Afghanistan and Burma, the suppression of the illegal activity often complicates conflict mitigation policies. This is particularly the case in the context of labor-intensive illicit economies. Under such circumstances, the sponsorship of illicit economies provides armed actors, such as insurgent groups, with political capital.³

Meanwhile, predatory criminality, less visible abroad and at least in the short-term localized in its impacts, tends to delegitimize governments and political systems that cannot control it. Especially in post-conflict or regime transition settings, it often discredits the new political order and can fuel conflict dynamics. It can thus also critically jeopardize international state-building and reconstruction assistance efforts. Yet the international community has paid far less attention to combatting predatory criminality in post-conflict countries and in some cases, such as in Afghanistan,

severely magnified its deleterious effects by embracing and empowering powerbrokers deeply implicated in such predatory criminality.

In both Afghanistan and Myanmar, conflict and illicit economies, such as drug trafficking and illegal logging and mining as well as land grabbing and predatory criminality, have crucially shaped conflict dynamics and political transitions. Despite the conventional wisdom that efforts to eradicate the labor-intensive drug cultivation enhance conflict mitigation, the opposite has been the case, even as the drug trade has provided financing to the countries' insurgencies.

In the case of Myanmar, ceasefire deals of the 1990s were directly based on state strategies of coopting the insurgent groups through allowing the armed groups to participate in illegal economies. In both Afghanistan and Myanmar, the post-conflict transitions have also turned out to be deeply unsatisfactory and problematical, weakening state-building efforts and democratization because predatory criminality also exploded; even access to the spoils of illicit economies became more exclusionary. Thus in both cases, violent conflict has significantly escalated over the past decade and a half. And even in Myanmar, where the military junta ultimately permitted democratization and an elected government of its chief opponent to take formal, if highly restricted, power, violent conflict is now more intense than it has been during the past three decades.

Afghanistan is a case of one of the most intense and long-lasting international counterinsurgency and stabilization efforts. Extensive international military, economic, and expert resources have been poured into the country since 2001. Yet even though the international community became cognizant of how criminality and the lack of rule of law can undermine effective transition and stabilization, it did not successfully implement mitigation strategies. In fact, the scale and debilitating nature of predatory criminality and the mafia state that emerged in the transition period were strongly a function of policy choices by Afghan powerbrokers and elites and the international community.

In contrast to Afghanistan, Myanmar represents a case where ending (or more precisely, suspending) violent conflict in the 1990s was critically enabled by the state's cooptation of organized crime and the state's licensing of organized crime to militants who agreed to a ceasefire. As a mechanism of achieving a reduction in conflict, the state was willing to share the national crime pie. Nonetheless, even prior to the recent transition to a more democratic regime, the Myanmar government decided to renegotiate the prior peace settlement, including militants' access to various illicit economies, and conflict escalated again. The new democratic government, which has identified ethnic peace as its top priority but so far failed to achieve progress, thus also inherited a complex nexus of crime-peace, as well as crime and violent conflict. Indeed, a crucial element of why and

how Myanmar's military permitted democratization is its ability to retain not just a formal veto power of policies it dislikes but also privileged access to the spoils of the country's illicit economies.

The analysis of the two cases also shows that organized crime and illicit economies cannot be understood as essentially an infection from outside that weakens and sickens a political system. Often, organized crime and illicit economies are mutually constitutive with political processes organic to the system, even if deleterious from the perspective of accountability and rule of law. They do not merely undermine the state; the state uses them for its purposes. Illicit economies and crime can also be tools of foreign governments, both serving their internal goals and intersecting with regional geopolitics.

Accordingly, acting against illicit economies and against predatory criminality also need to be understood as profoundly political efforts. In many circumstances, including in the cases of Afghanistan and Myanmar, they are thus not merely technical interventions and assistance to strengthen institutions and civil society; they are projects in reorganizing local political arrangements. Their effectiveness is thus also a function of relative balances of power and the long-term wherewithal and capacities of the would-be reformers, internal or external.

The analysis and policy recommendations presented in this capstone paper are based on my recurrent fieldwork in Afghanistan and Myanmar since 2001. During the fieldwork trips, I interviewed Afghan and Myanmar's government officials, journalists, civil society members, powerbrokers and politicians, and representatives of insurgent groups. I also interviewed members of the international community who were providing assistance in those two countries, and diplomats engaged in regional geopolitics. Specifically for this project, I undertook additional fieldwork in Myanmar in December 2016. I also supplemented my prior fieldwork in Afghanistan with phone interviews with a range of actors there during the fall and winter of 2016.

The case studies detail the empirical findings and policy recommendations specific to each of the countries. This paper provides the overarching conclusions, key lessons, and broad policy recommendations that go beyond the two case studies and apply to other settings of where post-conflict and regime transitions interact with extensive illicit economies and organized crime.

OVERARCHING CONCLUSIONS AND POLICY RECOMMENDATIONS

The case studies of conflict, post-conflict, and political transition dynamics in Afghanistan and Myanmar and their relationship with illicit economies and organized crime

have consistently shown that criminality and political arrangements are mutually constitutive. Thus measures and strategies against illicit economies and predatory criminality, or their absence, also need to be understood as profoundly political efforts. In many circumstances, including in the cases of Afghanistan and Myanmar, anti-crime and anti-corruption efforts are thus not merely technical interventions and assistance to strengthen institutions and civil society; they are projects in reorganizing local political arrangements and local balances of power. Conversely, their effectiveness is thus also a function of relative balances of power and the long-term wherewithal and capacities of the would-be reformers, internal or external. If they are treated as merely technical efforts to reform the security or justice sector and ignore the political realities of country and of how they change local balances of power, they will be at best ineffective and at worst can weaken a desirable political order and intensify conflict.

Overall, policies toward illicit economies and organized crime cannot be treated in isolation or understood as efforts separate from the overall stabilization effort. They are an integral part of it, and hence they need to be understood as political projects and ruthlessly sequenced and prioritized as well as nested within the wider military, diplomatic, and development stabilization efforts.

Taking Advantage of Early Windows of Opportunity

In the early post-intervention or post-transition period, the local population is most willing to work with the new regimes and outside interveners in setting up a new political dispensation. Under the best of circumstances, the local population will have disliked the previous political regime and will now be hopeful about the future. At minimum, local populations and power structures will be uncertain about the power and capabilities of the intervener and fearful of actively resisting it: at such times, local powerbrokers have the least certainty about the future and show the greatest restraint in directly or covertly challenging the intervener, since their networks of power will have been weakened by the collapse of the previous order and they will not have had time to reconsolidate and reconstitute their new power networks.

The longer the intervention forces wait to set up capable state structures, the harder the state-building effort becomes: military opposition emerges. Local powerbrokers' criminal and political networks are (re)established, and the population loses faith in the future. Undoing such negative trends becomes harder and harder as more time elapses. Remobilizing the support of the population becomes especially difficult. The window of opportunity closes rapidly; and at some point, reversing the adverse trends may become impossible.

It is important to recognize, however, that the staying power of the international peacekeeping forces will always

be inherently limited and that efforts to suppress illicit economies will only be sustainable if the population in the country and its political representatives have the economic and political incentives to support such policies.

It is unrealistic to expect that policy interventions by outsiders can suppress all malign networks – whether militant or criminal. The priority for the international community should be to focus on the most disruptive and dangerous networks, those that cause most damage. These include those with the greatest links or potential links to international terrorist groups with global reach, those that are most rapacious and detrimental to society and the development of an equitable state, and those that most concentrate rents from illicit economies to a narrow clique of people. These three criteria may occasionally be in conflict, and such tensions will pose difficult policy dilemmas. In addition to considering the severity of the threat posed to the international community and to the host state and society by such drug-trafficking or organized-crime groups, the estimated effectiveness of any policy intervention needs to be factored into the cost-benefit analysis of policy choices.

If outside military forces and their civilian counterparts decide to promote “good governance” and undo existing criminal enterprises and illicit economies and prevent the emergence of new ones, they need to plan for and take on this effort early in the mission. The immediate and early post-intervention, post-military-operations period is the critical and optimal time to shape the political and criminal environment in the country.

In fact, outside intervention forces often have not only a poor capacity to understand local illicit economies and patronage networks of crime and politics, but also lack the capacity to respond to crime—to both organized and street crime.

The rise in street crime is often the first and most direct way that local populations experience post-intervention insecurity. This can alienate the population from the state and the intervention force, stimulate a hankering for the *ancien régime*, empower extralegal powerbrokers, and even bring on a full-blown criminal order and predatory criminality.

Limiting the Role of Warlords and Their Militias and Criminal Powerbrokers

The international community should limit and ideally altogether avoid relying on problematic powerbrokers for the sake of short-term military goals or counterterrorism objectives or other short-term imperatives. Supporting these problematic but available actors against more dangerous and vicious enemies should be the last resort since the odds are very high that they will turn rogue and predatory and ultimately contradict stabilization interests.

Nonetheless, if supporting militia forces and embracing unaccountable powerbrokers is the least bad option, the international community from the very beginning needs to build into its policies a consideration of how to disempower them and roll them back. Ideally, any militia policy program would include developed and implementable policies of disbandment when needed. Such an ideal approach, however, necessitates in turn that the international community retains the option of being militarily engaged in a country for a long time and involved in its political processes. It also requires nuanced intelligence and understanding of the multiple political impacts of the powerbrokers, their militias, their linkages to criminality, and the rollback processes. If such mechanisms of restraint are elusive (which will often be the case in many situations of intense conflict with dangerous terrorist groups and miserable governance by official state actors), the international community needs to realize that its embrace of such powerbrokers and militias will merely defer immediate threats to later and transform acute problems into long-term ones. The friendly militias and powerbrokers of today will likely end up as threats to the interests of the international community in a matter of time.

Thus, all assessments of the chances of success of external efforts need to be much broader than merely eliminating a particular terrorist group and deposing a particular regime. They also need to include judgements of whether a sufficiently stable, sustainable, and legitimate order and governance will ensue or whether supporting “partners” merely perpetuates structural causes of instability.

When the international community determines that building up militia forces or embracing problematic powerbrokers cannot be avoided even while sufficient mechanisms to roll them back are lacking, it must be willing to renege on any deal with them when they start contradicting stabilization interests. That may involve letting them sink, politically and militarily. Such a conditional policy entails many pitfalls, including setting problematic precedents and dissuading some actors from even temporarily cooperating with the international community.

A smaller presence of the international community on the ground means that it has more limited leverage to influence the behavior of the power brokers. But smaller leverage does not imply the absence of all mechanisms to weaken at least the most pernicious powerbrokers and modify the behavior of others by creating incentive structures that at least discourage egregious abuse. Prioritizing the focus on the most malign actors—such as power brokers who create and fuel conflict among communities, systematically marginalize particular groups, or perpetrate major human rights abuses—will be necessary.

A counterargument can be made that some of the most dangerous powerbrokers and illicit activities may

be the most difficult to counter and that the international community and national governments should only focus on those they can handle. Yes, choices will have to be made and taking on efforts that cannot be seen through is disastrous and eviscerates any remaining deterrence against organized crime and illicit economies. Feasibility, just as prioritization in terms of harm, will need to guide selection.

But the purpose of prioritization and sequencing is precisely to transform an untractable system-wide problem into manageable discreet situations that also reinforce a desired balance of political power in the hands of reformers. International influence may not always be able to effect the removal or even weakening of such powerbrokers. However, the leverage may be sufficient to alter their behavior enough to make them more acceptable to local communities. The international suasion may, for example, include merely encouraging local power brokers to expand and broaden their patronage networks so that more people and more communities have access to some of the privately sponsored goods.

There is no guarantee that if a highly pernicious power broker is removed, a good official will then be appointed. The choices will often have to be between bad and awful. But a competition among power brokers for access to international assets will also provide opportunities to shape their behavior.

Even if the international community cannot get the noxious powerbrokers removed and has to engage with them, it should limit any visible public embrace of them and not publicly declare them great commanders and friends. And quietly, even if it cannot accomplish the removal of the problematic power brokers, the international community can impose other sanctions on them, such as denying them visas. Portfolios of corruption and evidence of abuse should be assembled, which can be used if the political context becomes more permissive of corrective action. But even the existence of such a folder of evidence—if quietly communicated to the power broker—may well increase the international community's leverage.

Adopting a Prioritized Sequential Approach against Predatory Criminality, Pernicious Powerbrokers, and Corruption

Especially in situations where key political powerbrokers are intimately connected to organized crime and illicit economies and the political system is pervaded by criminality and corruption or based on political-economic bargains around illicit economies, and where rule of law reformers are relative weak vis-à-vis the pernicious powerbrokers and the systems, prioritizing anti-corruption and anti-criminality steps will be required. Such prioritized and sequential approaches may involve taking on one criminal powerbroker at a time. Moving

against all criminals and all powerbrokers involved in illicit economies may be infeasible and undermine the political survival of reform actors. Ideally, early moves against the illicit economies and predatory criminality would not only limit crime, but would also increase the relative power of the reformers in the system.

Although moves against the unaccountable powerbrokers need to be prioritized, the international community should demand that the Afghans institute accountability measures and appropriately severe punishment for the most serious crimes perpetrated by the powerbrokers, such as major land theft, rape, kidnapping, and murder. The resulting demonstration effects can be very powerful and even possibly generate deterrence of these crimes. Thus, reducing crime in one or two major localities, such as an important city, by concentrating resources and focus there, or by holding accountable the local powerbroker, would serve as a demonstration of legitimacy and power of the national government or rule-of-law reformers. Of course, any such progress in even one city is predicated on the willingness of the rule of law reformers and the international community that supports them to break their dependence on the city's and region's powerbrokers. Without such a re-negotiation of the local political compacts, little progress is likely to be accomplished by anticrime measures because crime and politics are often so deeply intertwined.

For the international community, trying to roll back criminality and corruption thus entails looking for rule of law reformers also among powerful political actors who will benefit politically from breaking with the prevailing system of crime and politics.

However, the crucial task and challenge is to transform anti-crime measures from a tool of political convenience into one of institutional habit and systemic proclivity.

Strengthening Institutions and Supporting Civil Society

To achieve the transition from political actions against crime to rule-of-law systemic proclivity, it is thus crucial to also adopt institutional building efforts that the international community has traditionally engaged in, such as security sector reform and policing and rule of law reform and encouraging financial integrity in political parties.

Anti-crime training needs to become an urgent focus and component of the external assistance for training local police forces. Yet both the outside intervention forces in general and their military police components in particular are often ill-prepared to respond to street or organized crime, nor can they effectively train local police forces. Neither military policing nor counterinsurgency-light approaches are adequate substitutes for traditional-community-oriented policing skills. Thus, making a determined and systematic effort to develop police forces capable of tackling street

crime, and having a police-training program geared toward street-crime suppression, would greatly enhance the effectiveness of international interventions.

The crucial focus of anti-crime efforts to induce better local order and anchor desirable, legitimate stability must obviously include an effort to reduce criminal and predatory behavior perpetrated by existing police themselves. Since the baseline is so low, achieving some improvement may not be hard; but making truly meaningful progress on reducing police participation in criminality and improving their anticrime capacity will be much harder. No doubt, police development is arguably the most difficult form of institution building and reform a country can undertake, and the record around the world—both for domestic efforts and externally assisted ones—is poor.

Building and supporting a strong, vibrant, and diverse civil society, including monitoring, oversight, and anti-corruption NGOs and investigative journalists, is also crucial.

Although the influence and effects of both institutional reforms and civil society enhancement will be limited as long as the basic political dispensation is built around the intermeshing of politics and crime and as long as political reformers have limited power, the institutional reform and civil society growth can nonetheless provide important nudges toward rule of law. They are thus an important mechanism to ensure that the anti-crime and anti-corruption measures are in fact transformed from tools of political convenience into systems of rule of law, and that the political reformers do not discard their reform effort when it stops serving their parochial interests or the entire reform does not wither when they lose power.

Prioritizing Measures against Predatory Criminality and Non-labor-intensive Illicit Economies

In addition to a sequential approach to fighting crime and corruption, early post-conflict and transition moves against illicit economies and organized crime should also be prioritized. Specifically, they should focus on the suppression of predatory criminality and non-labor-intensive illicit economies.

Premature efforts against labor-intensive illicit economies, such as illicit crop cultivation, that provide livelihoods to large segments of local populations without legal livelihoods being in place will hamper counterinsurgency and conflict-mitigation efforts and political stabilization. Moreover, in the absence of security and strong on-the-ground presence, the effectiveness of any illicit-economy suppression efforts will also be highly limited. No matter what anti-crime/ counternarcotics efforts are ultimately undertaken—be it iron-fist suppression of the illicit economy or a prior fostering of legal alternative livelihoods—they will not be effective in reducing the illicit economy unless firm security throughout the entire territory has been

established first. The state needs to be strengthened and violent conflict ended before efforts against illicit economies can be effective.

Indeed, efforts to suppress labor-intensive illicit economies in particular localities should only be undertaken when legal alternative livelihoods are in place, not simply promised to materialize in the future.

Alternative livelihoods efforts should focus on job creation, including off-farm, income generation, and human capital development and address the structural drivers of illicit economies. They should be fully integrated into overall rural and economic development efforts.

Improving Governance and Targeted Efforts to Reduce Corruption

The United States and the international community should define good governance in ways that are consistent with the views of local populations as well as key international principles. Good governance is not just the delivery of services but also, critically, physical security, food security, the provision of justice, and a reduction in impunity for egregious corruption and extensive crime. A good measure of the quality of governance is one that is derived from a comprehensive concept of human security—that is, security from physical abuse, whether from insurgents, criminals, warlords, local militias, or the local government, and security from great economic want, as well as access to justice and accountability mechanisms.

Promoting good governance thus does not imply promoting particular political or institutional visions and arrangements. But the international community's long-term goals should include strengthening checks and balances within the political system, reducing patronage, clientelism, and corruption—in addition to enhancing the government's delivery of services.

Equitable and inclusive political dispensations will have a much better chance of being sustainable than rapacious and exclusionary ones.

Given local power realities, just as anti-crime measures might have to be sequenced and prioritized, so might measures against corruption. Anti-corruption efforts should focus on limiting corruption that systematically excludes entire communities from access to jobs, particularly in the national security and police structures, or from the country's economic markets. A corollary to limiting ethnic or communal discrimination within the security services is to ensure that command levels are not dominated by a particular ethnic or communal group, and that salaries and leaves are equally distributed.

In addition, it is critical to focus on the corruption that seriously undermines the emergence of the already fragile

legal economic markets, particularly those that create jobs. Such severely-detrimental corruption includes the proliferation of unofficial checkpoints and the ever-escalating bribes to be paid at those checkpoints, major corruption in the banking sector, and corruption in line ministries that paralyzes service delivery rather than facilitating it.

Predictable corruption connected to the delivery of services can be seen as another form of taxation, and not entirely intolerable to local populations or destructive of economic and political functionality and legitimacy. Yes it is highly suboptimal, but it does not necessarily make the political system combustible. Highly politically explosive problems do arise when corruption leads to paralysis within government offices, when money or property are typically stolen without any service being provided, and when the unofficial taxation reaches such heights or is so unpredictable that the vast majority of revenues from an economic activity is lost. Combating these types of systemic corruption should be a priority.

Finally, attempts to undermine the selection and work of effective local officials should be countered as much as possible. The international community should encourage merit-based appointments in local and national governments. It should also seek to influence the process by interacting with, encouraging, and rewarding well-performing government officials. But even with clientelistic networks, not all potential appointees are equally incompetent or abusive. Even if the choice is only between bad and less bad, the international community should weigh in on behalf of those who are less grating to local populations. Moreover, there may well be opportunities to move against corrupt and incompetent officials who fall out of favor with their patrons.

Cultivating Robust Local Knowledge and Intelligence

Any effort to help shape or reconstitute local law and order requires that international actors and military forces have a very detailed understanding of the intricacies of the local political systems, cleavages, and economic (including criminal and illicit) arrangements and systems and their connections to an area's violent conflict and to its political and socio-economic structures. Far more so than signal intelligence, continual and robust on-the-ground information and intelligence are crucial for developing such understandings. International missions thus must have a strong analytical-support component that includes political, economic, agricultural, anthropology, and criminology experts. And their analysts must be able to get "out-of-the-wire," so to speak—that is to interact extensively with local actors outside of fortified and bunkered-down embassies and military bases.

Emphasizing Sustained Engagement and Oversight

The more local actors expect that international intervention forces, including civilians, will rapidly leave and lose interest

and oversight, the more the locals will hedge by cultivating relations with malign political and criminal actors and other undesirable sponsors, including neighboring countries. Of course, the form of any sustained engagement will be a critical determinant of effectiveness.

Not just a good strategic design but also effective on-the-ground implementation are keys to success. In addition to detailed knowledge of the situation on the ground, the effectiveness of policies is often dependent on the application of astute judgment, tough-minded selectivity, careful calibration, judicious pacing, and a willingness to absorb short-term costs and risks. Not all of the policies will be able to be implemented at the same time in equal scope.

Policies to shape local order require coordination—between the top outside military and civilian actors and among international donors and partners. Such coordination and agreement on basic policies is important because effective selectivity requires not just diligently promoting an issue one selects but also making choices as to what aspects and levels of a problem will *not* be tackled, at least not at a particular time. The basic outlines of the priorities need to be communicated throughout the involved bureaucracies because in large institutions with perpetually shifting individuals, having to constantly and freshly decide what will and will not be done is likely to eviscerate selectivity. In turn, achieving some badly needed consistency necessitates longer assignments for U.S. and major international civilian and military leaders in places where the local order is to be shaped or reconstituted.

Conditioning Economic Aid with Sustainability in Mind

The international community must get out of the habit of trying to achieve stabilization by showering a locality with money and being preoccupied with “burn rates” of the dispensed aid. Sending *less* money through the system may well enhance stability and legitimacy. Whatever aid is allocated must be accounted for and conditional. Such conditionality does not mean earmarking money or spending money off-budget. Channeling outside financial aid through the national government is highly desirable since it increases the fiscal capacity of the state and links the population more closely to the state, which builds accountability. However, the international community must diligently monitor how money is spent or stolen and whether it is promoting the desired objectives or in fact is fueling instability and abuse by the powerful, thus delegitimizing local governments and fueling violent conflict.

Economic development policies should focus on comprehensive, sustainable development plans based on local knowledge. They should prioritize food security; long-term, sustainable job creation (not just jobs lasting

three months); human capital growth; infrastructure expansion; and capacity building.

The international community needs to find the will to undertake detailed, if occasionally time-consuming, studies of local conditions before economic projects are rolled out. Such assessments need to include an analysis of the preexisting political structures, social cohesiveness, and (in)equality in access to resources—all of which the economic interventions will have to interact with. Rather than a one-shoe-fits-all approach, donor policy designs need to thoroughly take into account local contexts and be based on consultations with local stakeholders. Donor programming and financial commitments should be multiyear; but they need to retain enough flexibility in their structure so that implementers can modify ineffective policy designs and restructure programs to prevent narrow, exclusionary networks from capturing program resources to the exclusion of the wider community.

Tying funding levels to accurate assessments of the absorptive capacity of a locality and to a government’s capacity to disburse the money is equally important. If even honest government officials cannot figure out how to spend and allocate funds or distribute them to the subnational levels, services will remain undelivered and faith in the government will continue to plummet.

Proper monitoring and punitive measures to discourage serious corruption must be a part of the economic and political aid packages as well as military support. Developing mechanisms for monitoring and oversight is a major challenge. If serious and pervasive fraud is detected, the international community must be ready to turn off the spigot.

Encouraging better governance requires resolve and consistency. But while such efforts require expenditures of political capital, they do not necessarily require greater financial expenditures. In fact, substantially reducing money flows and disbursing only funds that can be monitored and spent sustainably would on its own improve governance and reduce corruption.

Sticking to Redlines and Being Specific about Conditionality

The international community needs to be able to uphold whatever red lines it sets to control the pernicious powerbrokers involved in criminality. This implies having the plans and resolve to take punitive actions if the powerbrokers and local governments violate the red lines. Such conditionality cannot be vague, and the red lines should only be those the international community has the will and capacity to enforce. A consistent failure to act against behavior designated as intolerable only undermines the reputation and effectiveness of the international community.

A bad approach is to set up vague conditionality—or, alternatively, specific and stringent conditions that the international community does not have the will to uphold. Such mistakes in defining or implementing good governance initiatives would teach problematic powerbrokers that the international community still remains ignorant enough that money can be conned and muscled out of it. A strict prioritizing of what is most important for the United States and the international community will enable international stakeholders to better coordinate their policies and thereby minimize such vague and unenforceable conditions.

Where monitoring is not possible because of persisting violent conflict, aid money should be withheld, except for projects essential for humanitarian relief. And even in those cases, while some illegal money diversion may have to be accepted, monitoring and accountability should be maximized. Yet not all projects should be terminated simply because some of the money is leaking to a militant or criminal actor or being pocketed by a local

government official or warlords. Preventing the starvation of a community should trump other considerations. Nevertheless, all possible steps should be taken to minimize such leakage and to penalize money usurpation by actors over whom the international community has some leverage.

Thinking Through Second and Third Order Effects

Finally, in determining whether and how to tackle the most pernicious criminal and militant actors and illicit economies, the international community needs to consider how they will adapt. Policymakers need to ask themselves some hard questions and consider second and third order effects of their programs. Will targeting a particular criminal powerbroker unleash destabilizing violence? What illicit economy will replace the one being suppressed? Will suppression of particular illicit economies result in their displacement to areas where they will cause greater systemic damage? Much of these questions are analytically and politically difficult. But without considering them, anti-crime and anti-corruption effects will be limited in their effectiveness and can turn out to be counterproductive.

ENDNOTES

1. For a comprehensive exploration of the role of illicit economies and organized crime in conflict mitigation and post-conflict reconstruction, see James Cockayne and Adam Lupel, eds., *Peace Operations and Organized Crime: Enemies or Allies* (New York: Routledge: 2011).
2. See, for example, United Nations Security Council, *Statement by the President of the Security Council*, S/PRST/2010/4, February 24, 2010 and S/PRST/2009/32, December 8, 2009.
3. For details, see Vanda Felbab-Brown, *Shooting Up: Insurgency and the War on Drugs* (Washington, DC: The Brookings Institution Press, 2010). See also David Keen, *Useful Enemies: When Waging Wars Is More Important than Winning Them* (New Haven: Yale University Press, 2012).