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The Crime-Conflict “Nexus”: State of the Evidence

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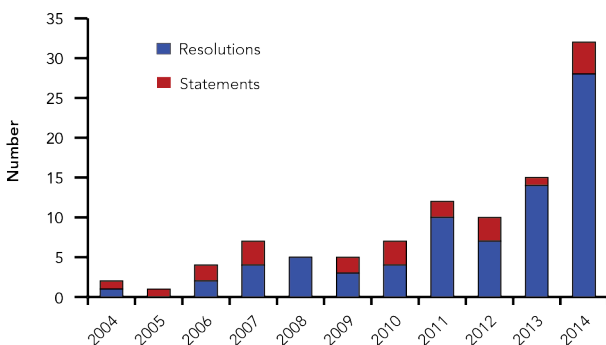
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1. INTRODUCTION

The “nexus” between organized crime and violent conflict has been a subject of growing international concern. In 2004, the report of the High-Level Panel on Threats, Challenges and Change highlighted the role of organized crime in fueling civil wars through illicit trade in conflict commodities, small arms and the security implications of drug trafficking on state authority and the rule of law.¹ Since then, the significant rise in the number of United Nations Security Council statements, resolutions and debates that contain references to organized crime attests to a mounting preoccupation within the UN and among Member States with regard to the impact of organized crime on peace and security (see Figure 1).²

Admittedly, divergence remains among countries as to whether – or in which circumstances – the threat posed by organized crime is a threat to international peace and security, as opposed to something else.³ Yet, on the ground a growing number of peace operations now have mandates that refer to transnational organized crime or activities that constitute transnational organized crime.⁴ The remit of these mandates is broad and include the authority to deter drugs or arms trafficking, curb illicit flows that fund warring parties or terrorist groups, or reinforce the capacity of national authorities (police and justice) to investigate and prosecute criminal actors.⁵ With recent trends in violent conflict pointing to increasing connections between organized crime, conflict actors and terrorists, attention to the “nexus” is unlikely to abate in the near future.⁶

Figure 1: Number of UNSC resolutions and presidential statements with references to “organized crime,” 2004-2014



Source: Global Initiative against Transnational Organized Crime (February 2015)

On the research front, we also see growing attention to the crime-conflict “nexus”. Researchers specialized in the study of civil wars, development and peacebuilding have increasingly integrated organized crime into their analysis.⁷ This literature has shed some light on the impact of organized crime on contemporary conflict dynamics,⁸ the challenges posed by criminal “spoilers” in conflict resolution and peacekeeping efforts,⁹ and the threat posed by organized crime to security and socio-economic development in conflict and fragile settings.¹⁰

Notwithstanding this increasing body of policy-research drawing attention to the links between organized crime and violent conflict, much remains to be understood about the nature, extent and implications of the connectivity between the two.¹¹ Evidence gathered to date is limited and the

dynamics and mechanisms potentially at play are often difficult to research. This is compounded by the fact that what is known about the "nexus" remains largely compartmentalized in disciplines. Multi-disciplinary approaches are an exception rather than the rule. Furthermore, limited data has constrained our ability to accurately measure the scope and impact of organized crime on conflict, particularly in fragile and developing contexts.¹² Against the backdrop of a growing preoccupation with the "crime-conflict nexus" at the UN and among Member States, the role of research in guiding policy is essential.

Purpose, approach and limitations of this study

Purpose

This study sets out to review the state of evidence on the connection between organized crime and violent conflict. Its purpose is to stimulate dialogue among policy actors, researchers and funders of research about the current state of knowledge, the policy implications of existing evidence, and key gaps in our understanding. Drawing from larger studies, it points to the most important hypotheses about the nature of the connection between crime and violent conflict (including reference to terrorism) and describes the implications of this "crime-conflict nexus" on conflict dynamics, conflict resolution and peacebuilding today. The authors recognize that the term "nexus" can conflate issues and cause a lack of clarity. The term, however, has been kept as it also reflects the current state of knowledge on the relationship between crime and conflict which remains rather confused and compartmentalized. The purpose of this study, therefore, is to interrogate the nature of this "nexus" and provide a more nuanced understanding of its meaning and implications.

Approach

The paper is organized into three sections. The first section highlights the evolving nature of the various concepts, definitions and theories that have sought to describe and analyze the crime-conflict "nexus" over the past several decades. In doing so, this section documents how the state of knowledge has expanded, leading to a more nuanced and complex understanding over the years. At the same time, this section also illustrates the compartmentalized nature of existing knowledge that is often confined to particular academic disciplines and limited by narrowly defined concepts.

The second section focuses on the implications of existing evidence on the strategies, motives and methods of conflict parties in contexts of violent conflict and post-conflict peacebuilding. This includes highlighting important hypotheses related to how the crime-conflict "nexus" influences conflict onset, intensity and duration. This section also examines the significance of the "nexus" for mediation efforts between conflict parties and countering terrorism. Finally, this section introduces what we know about the impact of organized crime in post-conflict contexts with an eye to assessing the implications for peacebuilding and peacekeeping.

The third and final section concludes the study by suggesting a number of important knowledge gaps that should be filled as a priority from a policy perspective. There are obviously more gaps than this paper can cover, the ones selected here are those where the lack of knowledge may result in fundamental misjudgments or obstacles to effective policy.

Methods and Limitations

This study was desk-based and included a rather extensive review of the literature on a number of subjects including civil wars, organized crime, crime and violence prevention, terrorism, counter-terrorism, statebuilding, humanitarian response, development, and peacebuilding. As the potential scope of the literature is immense, the authors' ability to comprehensively survey relevant research conclusions faced limits. So as to compensate for the finite capacity of the authors, part of the research process included roundtable discussions and key informant interviews with subject matter experts.

Suffice to say, this study represents but a snap-shot of the complex and dynamic nature of the crime-conflict "nexus", which is inherently difficult to research due to the limited degree of verifiable data. It should also be said that, as what is known about the "nexus" is shaped and constrained by disciplinary divides and rather rigid conceptions of what constitutes organized crime, conflict and terrorism, our attempt to make sense of the literature and draw connections is admittedly incomplete and on occasion muddled. Nevertheless, by highlighting some of the most important hypotheses and findings about the nature and implications of the crime-conflict "nexus", it is hoped that this study will serve as a useful basis for dialogue on the issue among policy actors, researchers and donors.

2. CONCEPTS AND THEORIES

Concepts and Definitions

In order to understand and assess the nature and extent of the links between organized crime and violent conflict, it is necessary to take a closer look at the concepts in play. Their evolution over time, through decades of research on organized crime, violent conflict and terrorism, has not only shaped our understanding but, as will be shown in this section, has led to serious limitations in our ability to accurately capture the dynamic nature of the crime-conflict "nexus". As the following sections highlight, traditional notions of what constitutes organized crime, conflict, and terrorism have become outdated. Evidence on the ground in places such as Afghanistan, Syria, and Iraq has demonstrated how conceptions of organized crime as exclusively profit driven and hierarchically, almost rigidly, structured, no longer apply. Similarly, the nature of 21st century violent conflict and the actors that perpetuate this violence has evolved beyond traditional state-based conflicts to include "non-conventional"

conflicts that combine political and criminal motives. The lines that once separated organized crime from conflict and conflict from terrorism are increasingly blurred. To effectively counter the crime-conflict "nexus" a reframing of how we define crime, conflict and terrorism is in order. The following section will describe the limitations of some dominant approaches and highlight promising avenues uncovered by recent research that could help depict the "nexus" in a more robust fashion.

Crime, Organized Crime, and Transnational Organized Crime

Organized crime: groups or activities?

The definition of what constitutes "organized crime" has always been a topic of heated debate. For example, Klaus von Lampe, a renowned organized crime expert, lists no less than 180 definitions of organized crime.¹³ Despite this variety, two dominant approaches seem to have emerged over the years: 1) studies that focus on the groups/actors that are involved in crime (organized crime groups); and 2) research that stresses the illicit activities/markets that these groups engage in (organized criminal activities).¹⁴ While both approaches are persuasive, they have different implications for policy and an almost singular focus on the profit motive.

Approaches that focus on the organizational aspect emphasize the structure of criminal groups and lead to policies that set out to cause disruption within the organization, often by eliminating or capturing the heads of organized crime groups.¹⁵ While analysts may differ in how these groups organize (from rigid and hierarchical structures to loose networks),¹⁶ their understanding of "organized crime" rests on the basis of a number of identifiable individuals connected for the purpose of profiting (mostly economically) through illicit and criminal means. Interestingly, the United Nations Convention against Transnational Organized Crime does not contain a precise definition of organized crime. Instead it defines an organized criminal group as "a structured group of three or more persons, existing for a period of time and acting in concert with the aim of committing one or more serious crimes or offences established in accordance with this Convention, in order to obtain, directly or indirectly, a financial or other material benefit".¹⁷ Legal definitions elsewhere have largely followed the same formula. Organized crime is thus, necessarily defined as a serious criminal activity involving three or more people that is profit-driven.¹⁹ The transnational dimension is applied when their operations extend beyond borders.²⁰

Definitions that stress the activities that organized crime groups engage in emphasize the nature and flow of illicit markets or businesses. The idea is that organized crime is defined by the nature of the activity and not by the organization in and of itself. Illicit activities can include the production, transportation and distribution of illicit goods, services and people, and often have a transnational dimension. Once

again, however, the tendency is to emphasize a profit motive provoking questions as to whether serious illicit activities perpetuated for non-economic reasons (i.e. social status, ideology) can constitute organized crime. Approaches that adopt an activities lens place an emphasis on eliminating or limiting illicit flows through interdiction efforts and market regulation.

Some authors have come to question this rigid approach and have instead proposed shining the spotlight on illicit opportunities. The idea is to focus on understanding and tackling markets, products, services and identities that can be criminally exploited for multiple, not just economic, purpose and effect.²¹ This approach enables us to focus on how new criminal opportunities enabled by modern technology, political upheaval, conflict and natural disasters provide motivation for individuals, or groups, who formerly were not connected with criminal activity to engage in it. As Jay Albanese has demonstrated, this model has important implications for the extent to which law enforcement agencies and public policy should focus on surveillance of known criminal groups versus more proactive strategies to reduce criminal opportunities that emerge from social, political, economic and technological changes.²² Though yet to be fully tested, this approach holds promise for the development of a much more robust understanding of the crime-conflict "nexus" as it is able to capture the dynamic interplay between criminal opportunities, conflict dynamics and the ever-changing realities on the ground.

Organized crime as a "strategy"?

Another promising development has been the emergence of literature that approaches organized crime as a type of "strategy" that is adopted by criminal organizations and warring parties (whether state-based or non-state).²³ Depending on the context and situation at play, Cockayne argues that armed groups will either adapt criminal or political strategies, sometimes interchangeably, and sometimes with different factions within the same group pursuing distinct strategies.²⁴ Phil Williams and Vanda Felbab-Brown demonstrate how non-state violent actors (which include gangs and transnational organized crime) employ a variety of strategies that combine different motives, methods, and targets. In the process, these actors often develop political capital among local populations and in some cases overtly challenge the state.²⁵

Looking at organized crime through the lens of this "strategic approach," is particularly valuable when applied to the crime-conflict "nexus" as it provides a helpful conceptual framework to deal with the difficulty of distinguishing between criminal and political actors and motives in contexts of violent conflict. Furthermore, while many approaches tend to consider criminal groups and non-state armed groups as two different entities pursuing two distinct objectives, the "strategic approach" enables us to move beyond these artificial binaries and understand the multiple, complex and

often changing nature of illicit actors and markets.

Violent Conflict and Terrorism

Perhaps the most widely used typology of violent conflict for research comes from the Uppsala Conflict Data Program (UCDP), which distinguishes between three different types of organized violence. The first basic type is called an armed conflict, which is defined as "a political disagreement between one actor (a state) and another actor (which could be a state or an organization)."²⁶ In order to be considered an armed conflict by UCDP, it must have arrived at a certain threshold in terms of people killed during a year (minimum of 25). An armed conflict could be interstate (a conflict involving one state against another state) or an internal conflict (a government versus a rebel movement). The essential criteria to be considered an armed conflict is that the violence and associated deaths have to be a product of political design or strategy.

The second UCDP category is called non-state conflict, which includes communal violence, tribes attacking each other, and gang-related violence all reaching the threshold of at least 25 killed. This is treated as a different category of violent conflict because it is often unclear what motivates this violence, or how political it is. This violence is not directed against the state but is often considered to be inter-communal in character. The third category is called one-sided violence. This is when populations are subjected to violence that is not particularly well organized. This would cover, for example, genocide and acts of terrorism. This violence can be perpetrated by a state or by a non-state actor, yet at its core it is ideologically motivated and driven to further political goals.

When it comes to the crime-conflict "nexus", however, these categories pose two fundamental challenges for researchers and policy makers. The first is that it is increas-

ingly difficult to determine who the conflicting parties are. In fact, there seems to be a proliferation of sub-state players that are engaged in armed conflict today representing a variety of motivations.²⁷ According to the Armed Conflict Location & Event Data Project (ACLED), there have been significant changes in the main perpetrators of organized, armed political violence. As the graph below illustrates, by ACLED's account political militias are considered to be the main perpetrators of violence in Africa. Yet, it is inherently difficult to assess who these political militias are and what they represent.

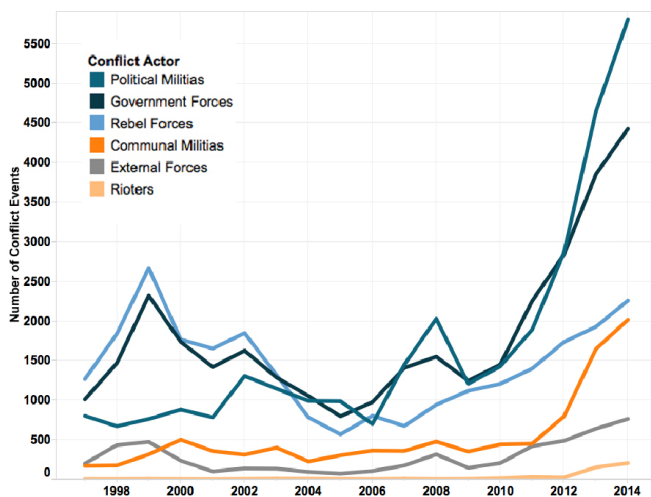
This brings us to the second major challenge - the difficulty of determining conflict actor motives. As was mentioned earlier, conflict today has witnessed a mingling of political actors with criminal elements. This poses the question of whether instances of violent conflict in which criminal motives are mixed with political ones can still be considered an armed conflict. For UCDP, the key factor is whether criminal groups aspire to take control over the government or a particular territory. If they have such motives, the violence would be considered an armed conflict. Yet, by the same token if these actors are not fighting for political power, but for criminal gain, this would not be considered an armed conflict.²⁸

Box 1. Definitions of Terrorism:

The US Government defines violent extremists as, "individuals who support or commit ideologically-motivated violence to further political goals."²⁹ When it comes to the notion of terrorism, the European Union combines two elements: an objective element, which refers to a series of serious criminal acts (murder, bodily injuries, hostage taking, extortion, fabrication of weapons, committing attacks, and threatening to commit any of the above), and a subjective element, as these acts are deemed to further political goals by seriously intimidating a population, unduly compelling a government or international organization to perform or abstain from performing any act, or seriously destabilizing or destroying the fundamental political, constitutional, economic or social structures of a country or an international organization.³⁰

Yet, reality is not so clear cut. Just as there is a high degree of diversity among conflict actors, criminal organizations and terrorists can range from highly structured organizations to more fluid and dynamic networks.³¹ Furthermore, criminal organization can engage in terrorism and a terrorist organization can engage in organized crime. As Walter Laqueur acknowledged back in 1999, the seemingly irreconcilable differences that once existed between organized crime groups and terrorists have grown less distinct. Some organized crime groups possess an active hostility towards the state and a number of terrorist groups have taken over activities that were once the domain of organized crime.³² In fact, both organized crime and terrorism today can be viewed as a "strategy". This puts into question approaches that treat organized crime or terrorism as labels that a priori apply to certain non-state groups engaged in illicit activities.

Figure 2: Agents of violence by total conflict involvement, Africa, 1997-2014



Source: www.acleddata.com/agents-of-violence-in-2014/

One impact of the proliferation and increased fragmentation of non-state armed groups operating in situations of violence has been the difficulty of identifying what international legal framework applies to whom. For the United Nations and Member States this has huge implications on the ground because it determines what use of force is permitted, who can be detained under what regime, and who is protected under what legal status. If a particular violent context is deemed to be outside situations of armed conflict, International Humanitarian Law (IHL) for example, does not apply.³³ In addition, while IHL imposes legal obligations on States and organized non-state armed groups, it has contested applicability in other situations of violence involving gang warfare, organized crime, or terrorist networks.³⁴

Baseline Analysis: The changing nature of conflict and the blurring of actors involved pose fundamental questions about the utility of current classifications of armed conflict, organized crime and terrorism into rigid, actor based groupings. These rather inflexible conceptions are limiting our ability to understand and react to an increasingly complex reality. As the world faces conflicts that are becoming more intractable and less conducive to the application of established legal instruments and traditional solutions, it may be time to rethink how we approach organized crime, terrorism and their connection to violent conflict in a more dynamic fashion. Focusing on illicit opportunities and understanding organized crime as a strategy for armed groups represent promising avenues. Furthermore, this approach opens up policy options that go beyond law enforcement and encourages the development of a more comprehensive tool kit to tackle the "crime-conflict nexus".

Theories and Evidence

The compartmentalized approach described above is also reflected at the theoretical level. For example, sociologists regard organized crime as a dynamic of collective human behavior. Criminologists tend to view transnational criminal networks as an amplification of individual criminality and anthropologists, political scientists, and international relations specialists all perceive the phenomenon through the lenses of their disciplines. The implications are often competing models that frame their understanding and recommendations in rather rigid terms. This section will highlight a number of dominant approaches that have shaped (and to some extent constrained) our current thinking about the connection between crime and conflict and highlight how recent research is beginning to adopt a more comprehensive approach that is better suited to current realities.

Coalitions of convenience based on greed

Past research on the "crime-conflict nexus" has often sought a straightforward, one-cause explanation. While we now know that the causes of this "nexus" are multiple and complex, the first major efforts to link crime and conflict were

heavily influenced by the work of Paul Collier who argued that greed, more than grievance, created motivations to engage in and continue civil wars.³⁵ In Collier's words rebellion is a "quasi-criminal activity". His hypothesis is reflected in the analyses of those who characterized the "nexus" as one based on an alliance of convenience founded on greed.³⁶ To that end, organized crime groups were understood as supplying conflict actors with the means (arms, conflict finance) to wage war.³⁷ In other cases, armed groups employed criminal methods as they exploited profits derived from illicit opportunities to finance their rebellions.³⁸

The explanation with regard to the increased prevalence of the "crime-conflict nexus" during the 1990s was relatively simple. The end of the Cold War, with the resulting drop in financial support from superpowers for armed actors fighting "proxy wars", propelled armed actors (particularly non-state actors) to tap into other sources of conflict finance. This impetus, combined with globalization and modern technologies, provided new opportunities for local conflict actors to connect with criminal networks and illicit markets, thereby, facilitating access to supply chains that could fund and equip armed actors.³⁹

In essence, the "nexus" represented a marriage of convenience. Conflict actors needed weapons and finance, and organized crime needed the business. This understanding fit well with the notion that organized crime was "best understood as the continuation of commerce by other means."⁴⁰ Organized crime existed to satisfy the demand for illicit goods and services. In contexts of conflict, a high level of demand for particular goods and services (firearms, ammunition etc.) combined with a relatively low level of risk of detection and considerably high profits to provide ideal conditions for illicit networks to enter the conflict market.⁴¹ Seen this way, the link between contemporary conflicts and organized crime is thus understood as mainly opportunistic.⁴² Of particular interest to organized crime are fragile and conflict-affected states that possess "lootable" resources such as gems, drugs, or oil.⁴³ This approach has predominantly shaped the analysis and international responses to the so-called "resource wars" in Sierra Leone, Liberia, Angola and the Democratic Republic of the Congo.⁴⁴

From Institutional Weakness to State Dysfunction

While this analysis was not erroneous, it is incomplete. A more robust approach places greater emphasis on understanding the conditions in which the "nexus" flourished and extended the explanation beyond a transactional relationship between conflict actors and criminal groups. The assessment that follows is that the "nexus" tends to exacerbate in contexts where institutional alternatives to crime and violence are weak or nonexistent and where the state is dysfunctional. The suggestion is that weak institutions combined with a range of political, security and economic vulnerabilities (or stresses) create the conditions for violent conflict and crime to thrive and connect. While this line of

thinking is heavily influenced by political science it also incorporates a number of theories that originate in sociology, criminology, anthropology, and public health.

An important study that advances this approach is the World Bank's 2011 World Development Report. Its central argument is that the risk of conflict and violence in any society is the combination of a state's exposure to internal and external stresses and the ability of its institutions to cope with these stresses. Based on large-scale studies, the report underlines that, despite local and regional differences, weak institutions are a common factor that explained repeated cycles of violence. The analysis draws on the works of political scientists Jim Fearon and Barbara Walter who demonstrate how countries with more effective rule of law, responsive government, low corruption, and the strong protection of human rights exhibit not only a lower risk of conflict onset and recurrence of civil war but also a lower risk of high homicides from criminal violence.⁴⁵ The essence of the argument is that until the rule of law emerges as a sufficient deterrent, crime and conflict are likely to continue. The outlook is that the security problem in conflict and post-conflict contexts is rooted in weak governance and powerful sub-state actors.

This approach, however, was criticized for its narrow focus on institutions. As Skaperdas argues, focusing only on institutional failures risks ignoring the active political constellations that promote violence.⁴⁶ He notes that the most important link between armed conflict and organized crime in conflict-affected areas may be more fundamental, it may be more accurate to view both as key manifestations of general state dysfunction.

The causes of state dysfunction are thought to be multiple and encompass perspectives that associate the crime-conflict "nexus" to a broader reconfiguration of power within states and challenges to state legitimacy and sovereignty. John P. Sullivan argues that "fragile and consolidating states are at the greatest peril from the growing efficacy of illicit networks." In these contexts, the state cannot always ensure personal safety or the provision of social goods and welfare. As such, in some instances, organized crime, gangs, cartels, or militias step in to provide these services ultimately eroding the legitimacy and relevance of the state. Examples included the Movement for the Emancipation of the Niger Delta in Nigeria, the Taliban in Afghanistan, and previously the Medellin Cartel in Colombia.⁴⁷

The work of Vanda Felbab-Brown has demonstrated how armed groups involved with organized crime have delivered political capital in places such as Afghanistan by providing public goods and a source of living for marginalized and extremely impoverished populations. She reminds us that:

It is important to stop thinking about crime solely as aberrant social activity to be suppressed, but instead think of crime as a competition in state-making. In

strong states that effectively address the needs of their societies, the non-state entities cannot outcompete the state. But in areas of sociopolitical marginalization and poverty ... non-state entities do often outcompete the state and secure the allegiance and identification of large segments of society.⁴⁸

John Sullivan and John Rapley have taken this idea one-step further by noting the emergence of neo-feudal political arrangements where illicit networks create parallel or dual sovereignties that co-exist and in some cases compete with the state.⁴⁹ In the extreme, Michael Miklaucic and Moisés Naím describe that this could lead to the criminalization of the state.⁵⁰ This view has led experts such as Phil Williams to predict that "the 21st century would become a period of lawlessness and disorder in which states were in long-term decline and where violent actors challenged states and one another for resources such as food, water, and energy."⁵¹ At the center of this violent competition are illicit markets. Globalization and technology facilitate criminals, armed actors, and terrorists to be increasingly mobile and capable of exploiting political, social, and economic vulnerabilities without boundaries.

These views are based on evidence that brings together a variety of empirical studies regarding the conditions that promote violence and instability. These include theories of social disorganization and relative deprivation that link criminality and conflict to the social and economic conditions prevalent in neighborhoods. These conditions include levels of urban decay, the general deterioration of the environment, as well as contexts where social services, education, employment opportunities, housing and health care are inadequate or unavailable. The view is also linked to notions of how rapid urbanization and demographic trends are concentrating populations in contexts of poverty and vulnerability at an unprecedented and dangerous pace.⁵²

While much of the discussion around the crime-conflict "nexus" has focused on the connections between non-state armed groups and organized crime groups, these approaches usually tend to obscure the more direct role of the state in conflict and crime. Most approaches tend to describe the state and criminal organizations as opposed to one another and analyze organized crime as a negative force undermining the state from the outside and fueling local conflicts. However, research has also shown that crime and associated criminal violence is not always the result of a failure of the state. In fact, it can also be the result of deliberate actions taken by the state.⁵³ Crime, in such situations, is better understood as part of a criminal governance strategy that is associated to the political, social and/or economic projects of state and non-state actors. The reality, however, is that we have a limited understanding of the different modes of collaboration/confrontation between the state and organized crime and this is a key area of future investigation that needs to be undertaken for a broader understanding of the

“crime-conflict nexus”. This research would have important policy implications, particularly with regard to state-building enterprises in crises and post-conflict countries.

Baseline Analysis: Our conceptual understanding of the “crime-conflict nexus” has evolved, and we have a much more nuanced and complex grasp of its causes and consequences. Nevertheless, our knowledge remains constrained by rather rigid categories. In the struggle for clarity, we have tended to separate motives from methods, conflict actors from criminal entities, and structural factors from more proximate causes. As a result, our thinking remains compartmentalized and restricted to particular disciplines. In the face of a dynamic and multifaceted phenomenon, a rigid approach is of limited utility, and as will be demonstrated below it has important implications for policy. As a number of scholars have now demonstrated, the most important link between armed conflict and organized crime in conflict-affected areas may be best understood as a product of general state dysfunction or as a new form of criminal governance involving the direct participation of state actors in criminal activities.

3. IMPLICATIONS FOR POLICY

This section reviews existing evidence of the impact of organized crime on the strategies, motives and methods of conflict parties in contexts of violent conflict and post-conflict peacebuilding. This includes highlighting important hypotheses related to how the “crime-conflict nexus” influences conflict onset, intensity and duration. This section also examines the implications of the “nexus” for mediation, conflict resolution and counter-terrorism efforts. Finally, this section introduces what we know about the impact of organized crime in post-conflict contexts with an eye to assessing the implications for peacebuilding and peacekeeping.

Organized Crime: What impact on conflict dynamics?

Conflict Onset

Research into the causes of civil wars has disputed the greed hypothesis by documenting how combatant motives of self-enrichment through “loot-seeking” are not necessarily the primary cause of insurgent mobilization and conflict onset.⁵⁴ Even when conflict resources feature prominently, these are now understood to be less a motive for rebellion and more of a factor fuelling and prolonging violent campaigns that were initiated for other reasons. The extent to which rebel activities in these contexts can be labeled “organized crime” is thus subject to debate.⁵⁵ What has been well-established is that reductionist approaches that isolate one single factor (in this case rent seeking, predation or revenues from illicit activities) are likely to be misleading and can have major negative impact for policy.⁵⁶

More nuanced analyses have highlighted the role played by the presence of widespread informal economies in facilitat-

ing – as opposed to directly causing – the outbreak of rebellion and conflict.⁵⁷ Michael Ross shows, for example, how the Kosovo Liberation Army managed to capture and transform informal trading networks that were well established in Kosovo long before the actual outbreak of the conflict.⁵⁸ A similar analysis can be applied to the role played by the long established trafficking and commercial networks rooted in the tribal and ethnic identities of northern Mali and their exploitation by rebel groups, violent extremists and even state actors.⁵⁹

Indeed, for many years, researchers have documented the deep involvement of certain states in illicit activities through patronage networks, corruption and the manipulation of illicit markets.⁶⁰ This observation has led some researchers to consider the impact that organized crime can have in triggering local grievances and provoking larger-scale violence.⁶¹ The kind of violence that we are witnessing in Central America may be a precursor. While civil wars there officially ended more than two decades ago, new forms of violence – increasingly described as “non-conventional conflicts”⁶² – are now producing homicide rates that exceed those of most contemporary civil wars. Although research has consistently linked these new forms of violence to shortcomings of peace agreement implementation,⁶³ these forms of violence may in fact also be a signature of 21st Century warfare.⁶⁴

Box 2. Is conflict “criminogenic”?

While much of the discussion on the relationship between crime and conflict focuses on the impact of crime on creating or facilitating conflict, less attention has been paid to the impact of conflict on the dynamics of crime. Some research has shown, however, how conflict may also be crime-generating or “criminogenic”.⁶⁵ By providing an environment where firearms and recruits are readily available, conflict might lower the cost of organized crime and hence facilitate the organization of criminal activities and related criminal violence.⁶⁶ In such situations, there is a risk of a feedback loop developing between conflict and crime, where crime facilitates conflict and conflict, in turn, provides ideal conditions for crime to thrive.⁶⁷

Conflict Duration

Beyond the impact of organized crime on conflict onset, quantitative research has shown that civil wars in which a major rebel group has access to funds from contraband tend to last significantly longer than those that do not.⁶⁸ Analyzing the increase in the duration of civil wars over the past several decades, Fearon finds that this upward trend is actually due to a growth in the number of wars that never reach a negotiated settlement or outright military victory, especially in sub-Saharan Africa and Asia.⁶⁹

How does this relate to organized crime? One of the factors

he highlights to differentiate longer running civil wars from short lived ones is the availability and use of "a dependable source of finance and weapons" for rebel groups to sustain their insurgency. Based on quantitative analysis, Fearon demonstrates that contraband (in cocaine, precious gems and opium) has played a significant role in several of the longest running civil wars since the end of WWII (Colombia, Angola, Burma, Cambodia and Sierra Leone). Unknown, however (which Fearon himself acknowledges discreetly in a footnote), is the relative size of the illicit revenues as compared to the overall budget of each conflict party, something inherently difficult to measure.⁷⁰ This gap has been recurrently acknowledged by the research community and has led to some debate with regard to the importance of transnational illicit flows in the overall funding of contemporary conflicts.⁷¹

Beyond quantitative correlations, a number of qualitative analyses have also demonstrated that the development of "war economies" (comprised of looting, kidnapping and smuggling) provides incentives for conflict parties to prolong the conflict.⁷² Not only do these resources fund combatants directly involved in the conflict, and therefore increase the likelihood of a conflict sustaining itself over a longer period of time, they also provide significant sectors of the economy and population with an important means of survival when opportunities for licit activity are severely constrained by the on-going war.

For example, in the context of Afghanistan, Felbab-Brown shows how the Taliban's involvement in opium trafficking is not only strategic in terms of conflict finance, it also provides them with political support and legitimacy among local populations, which depend on poppy cultivation for their livelihoods.⁷³ In return, the Taliban provide them with critical lifeline services in the form of security and market access that would otherwise not be available. Similar approaches have been applied to non-conventional conflict contexts (such as Mexico, Central America and Brazil), where research has shed light on the quasi-governance role of certain drug cartels and other criminal gangs. In some of the territory they control, such groups provide substantial public services to members of the community when the state does not or cannot. What this implies is that the "governance" functions of organized crime can contribute to their consolidation and sustainability over time.⁷⁴

Another factor that may impact conflict duration relates to the degree of fragmentation within different violent groups.⁷⁵ Some emerging research applied to contemporary conflicts in northern Mali, Syria, Afghanistan and Libya suggests that the involvement of warring parties in criminal activities, and in particular in illicit and criminal "economies", has made contemporary insurgencies more prone to internal fragmentation, potentially lengthening the conflict.⁷⁶ With easy access to lootable resources and the growing opportunities provided by globalization to tap into illicit economies, insurgent groups are becoming progressively more financially self-sufficient, allowing

them to behave autonomously from central command. The access to independent sources of funding also creates internal discipline problems as it makes it more difficult for group leaders to exercise authority over an increasing number of factions. This further erodes lines of command and in-group cohesion.⁷⁷ This may cause conflict parties to pursue opportunistic alliances between traffickers, non-state armed groups and state actors constantly shifting and reconfiguring. Not only does this make conflict increasingly unpredictable but it also complicates efforts to end the conflict. For example in Mali, shifting alliances between different rebel groups and criminal networks seem to have contributed to the consolidation of power of certain groups in the region, while the intermittent collusion of state authorities with organized crime has also greatly influenced political and military dynamics in the north.⁷⁸

In sum, research suggests that the revenues derived from criminal activities in conflict settings do have a link with conflict duration. In some cases profits derived from these activities provide disincentives for combatants to end the conflict, and the services and goods provided by organized crime in marginalized contexts can actually shore up social and political support from local communities for continued criminal presence and enterprise. What we do not know is the extent to which particular groups are dependent on illicit sources for funding, and to what degree they are actually embedded in licit businesses and connected to major national and international markets. Without a more nuanced understanding, it is difficult for policy makers to effectively assess the best policy options to end and prevent violent conflict.

Conflict Intensity

Research suggests that easy access to highly lucrative resources and the reliance on clandestine trade networks make combatants more likely to use indiscriminate violence against civilians.⁷⁹ This claim is based on two arguments:

1. The reliance on external sources of funding makes armed groups less dependent on social support from local populations. This makes them more likely to target civilians; and
2. The highly profitable nature of illicit activities (such as looting, smuggling, extortion and kidnapping) in contexts of violent conflict tends to attract recruits that are motivated by greed and self-enrichment. This individualistic orientation makes rebels less concerned about civilian deaths. In fact, it may make them more prone to abuse and prey on local populations.

Yet, this link is by no means automatic and applicable to all conflict situations. As we have already mentioned in the case of Afghanistan, the Taliban precisely used opium production as a strategic source of local and political support.⁸⁰ Depending on the location, nature and mode of extraction of the resource in question, organizations might or might not resort to violence

to achieve their goals. In other cases, when the state is deeply infiltrated by and implicated in organized crime, political rivals might compete against each other via criminal organizations or private militias (e.g. Guinea-Bissau). They might also fuel violence and conflict between different groups through their manipulation of illicit markets, as has happened more recently in northern Mali.

In addition, while violence is often presented as one of the main features of organized crime, there are many counterexamples. Over time, criminal organizations have demonstrated that they usually adapt their strategies to the environment and institutional contexts in which they operate. As such criminal violence might be best understood as a “strategy” adopted and adapted by a wide variety of actors (non-stated armed groups, state actors, drug cartels, gangs etc.) to suit particular contextual realities at a specific point in time.⁸¹

Box 3: Organized Crime, Illicit Markets and Violence

Violence is often portrayed as one of the defining features of organized crime. Criminal entities commonly resort to violence as a powerful means of coercion. However, organized crime is not necessarily synonymous with violence. While drug trafficking along the Central American or Caribbean route has led to a sharp increase in homicidal violence, the growth of the cocaine trade through West Africa since the mid-2000s has not caused a similar outbreak of violence.⁸²

The reasons for this are several. First, violence is not the only tool used by organized crime. Corruption and intimidation are also powerful tools to establish control over certain markets and territories that don’t require violence. Researchers have drawn attention to the degree of stability in an illicit market as a significant variable to explain the scope of violence.⁸³ Stable markets (where transactions are organized according to entrenched rules and order maintained through strong leadership, hierarchy and authority) tend to enjoy less violence and attract people who are more likely to employ non-violent methods to resolve conflict. Unstable and highly fragmented markets (where roles are not clearly identified and lines of authority and hierarchy not clearly established), on the contrary, tend to be more prone to violence.⁸⁴ In those unstable markets, disputes over the control of territory and markets are likely to result in the use of violence by the criminal organizations in competition. In certain drug markets for example, sudden changes in the demand and supply for the drug can create instability between the organizations involved in the drug trade and, as a consequence, increase the chances of violence. Similarly, ill-designed policies to combat criminal organizations, such as the aggressive campaign launched against Mexican cartels in 2006, can also contribute to create instability between and within such organizations.⁸⁵

This leads us to conclude that conflicts sustained and connected to organized crime are not necessarily more violent and indiscriminate. In certain circumstances, the involvement of conflict parties in illicit markets might increase the risk of civilian casualties, while in other contexts it might actually provide some sense of security to local populations. Similarly, organized crime does not always use violent means to attain its ends.

Baseline Analysis: There is robust evidence to support the claim that organized crime facilitates conflict, however, there is less knowledge than warranted on the extent to which organized crime causes conflict. In addition, while there is a good likelihood that illicit sources of funding extend conflict duration, it is inconclusive as to whether these conflicts are more violent and target civilians disproportionately.

Organized Crime and Terrorism: how are they connected & what are the implications?

In the post-9/11 context there has been a burgeoning amount of research on the “crime-terror nexus”. Since then, our understanding of the relationship between terrorism and organized crime has evolved. Initial discussions were primarily characterized by the “methods not motives” framework where terrorist groups benefitted from transnational organized crime in terms of financing and strategy.⁸⁶ Similarities were observed in the use of intimidation through the threat of physical violence, the use of horrifying methods of violence to induce shock and significant trauma, the resemblance of organizational structures ranging from hierarchical to more flexible and geographically diffuse networks of autonomous cells,⁸⁷ as well as the ability of these organizations to move between licit and illicit markets to finance their activities, launder their money, and expand their strategic reach.⁸⁸

Experts, governments and the UN have documented a variety of forms of collaboration between terrorists and organized crime, in many cases facilitated by globalization and modern technology.⁸⁹ Terrorists have been observed taxing the illicit flows of organized crime in exchange for securing transport routes for the trafficking of drugs, contraband, humans, and natural resources. They have also been seen engaging directly in illicit activities including drug cultivation and trafficking, the smuggling of natural resources, tobacco and human trafficking, money laundering, fraud and even cyber-crime.⁹⁰ The money gathered through these illicit activities as well as through kidnappings and self-imposed taxes on local communities and enterprises was understood as a way for terrorists to acquire better armament, more ammunition, and explosives to further the political objectives of terrorist groups. In addition, these resources were used to pay the “salaries” of terrorists or to finance corrupt government and

local officials who might otherwise hinder the movement’s actions.⁹¹

Evidence with respect to the financing of the Islamic State of Iraq and al-Sham (ISIS) for example, underscores the fact that terrorist groups continue to depend on illicit networks and appropriate their tactics to help finance their operations. According to the OECD Financial Action Task Force, ISIS “manages a sophisticated extortion racket by robbing, looting, and demanding a portion of the economic resources in areas where it operates, which is similar to how some organized crime groups (and non-state conflict actors) generate funds. This vast range of extortion, including everything from fuel and vehicle taxes to school fees for children, is done under the auspices of providing notional services or protection.”⁹²

A clear limitation of this methods not motives approach, however, has been the tendency to maintain a sharp distinction between organized crime and terrorists.⁹³ The thinking was that the symbiotic relationship between crime and terror could continue so long as each entity was able to pursue their respective goals. Yet, as some analysts noted, over the long term, criminal interest in economic gains would eventually clash with the terrorist interest in political change, ultimately driving the two apart.⁹⁴ This sharp distinction continues to be reflected in policy often characterizing many of the statements and approaches coming out of the UN Security Council. The latest example of this is evident in the Secretary-General’s report to the UNSC on resolution 2195 where he states that, “terrorism and transnational organized crime are distinct phenomena, and have different modus operandi, aims and international legal frameworks.”⁹⁵

A significant body of literature has criticized this approach as too restrictive. This view emerges from a new scale of convergence that has been observed between terrorists and criminals representing a deeper, possibly more strategic, connection between the two, leading some scholars who originally endorsed the methods not motives conception to expand their approach to include a “methods and motives” component.⁹⁶ This line of inquiry suggests that organized crime and terrorist entities are actually capable of pursuing multiple agendas simultaneously. Some used the term convergence while others talk about hybrid forms to describe entities that seem comfortably rooted in both ideology and profit or straddling both terror and organized crime groups. In stressing the convergence theory, Tamara Makarenko’s work described how both organized crime and terror groups actually existed on the same plane and could move progressively into a deeper level of collaboration via alliances and tactical appropriation, ultimately, reaching convergence at some central point, which she called “a black hole”.⁹⁷

Building on Makarenko’s notion of convergence was the hybrid approach.⁹⁸ This approach tried to unpack the concept

of a black hole by documenting how the process of convergence could continue to the point where the two groups actually became one hybrid group. According to this line of inquiry, the process starts with organized crime and terrorist groups operating in a transactional, yet largely independent, fashion where services such as fraud, extortion, and money laundering are exchanged in order to facilitate and fund terror. The process, however, eventually evolves to a state where the organizations themselves transform into a hybrid group that merges tactics and motives. In some cases, these hybrid groups lose their original modus operandi. As a European Parliament report put it in 2012, “hybrid groups either begin as organized crime groups that appropriate terror tactics and simultaneously seek to secure political aims, or they begin as terrorist groups that appropriate criminal capabilities to the point that they begin to use their political (ideological) rhetoric as a façade for perpetrating organized crime.”⁹⁹

According to existing evidence, the evolution of a criminal or terrorist group into a hybrid entity depends on several factors, including: changes in the leadership structure, shifts in membership base, and the loss of centralized control due to the emergence of independent factions or internal fractures. Another cause, as Chris Dishman put it in 2001, could be that “terrorists who view their cause as futile, might turn their formidable assets towards crime—all the while under a bogus political banner.”¹⁰⁰ In this scenario, not only are terrorists “stealing whole chapters out of the criminal playbook” they are “converting their terrorist cells into criminal gangs”.¹⁰¹ In Justine Rosenthal’s words these are for-profit terrorists who engage in criminal activity legitimized by an ideological veneer.¹⁰²

Examples of the hybrid model include the “narcoterrorist” drug cartels in Peru and Colombia during the 1980s,¹⁰³ groups such as the Kurdistan Worker’s Party (PKK), the Provisional IRA, Abu Sayyaf, and the Islamic Movement of Uzbekistan just to name a few.¹⁰⁴ The February 2015 report submitted to the UNSC by the Analytical Support and Sanctions Monitoring Team documented the emergence of such a hybrid model in the case of Afghanistan. Noting that the Taliban have developed a complex, robust and multifaceted system of collusion with illicit networks to finance their operations, the report stated that the Taliban are “increasingly acting more like godfathers than a government in waiting.”¹⁰⁵ This implies that elements of the Taliban dropped their political project in favor of criminal enterprise.

Nevertheless, as Bruce Jones and Molly Elgin-Cossart have pointed out, we still know very little about the motivations for terrorism. They note that surveys of “foot soldiers” of rebel groups, gangs, and terrorist organizations show that there is a higher prevalence of injustice as a motivating factor among foot soldiers in terrorist organizations than

the other two categories. Yet, this finding does not capture the motivations of the key decision-makers in each of these groups.¹⁰⁶ More research is required to develop an accurate understanding that can underpin effective policy and practice.

Baseline Analysis: The “crime-terror nexus” cannot be neatly categorized into a rigid taxonomy. The paradigm of fighting terrorism and transnational crime separately is not sufficient. The dynamic nature of the “nexus” challenges the validity of the profit-ideology division, requiring us to advance a more flexible understanding of links between the two and a more sophisticated approach to countering the “nexus” as it manifests on the ground. As current conflicts raging in Syria, Afghanistan, Nigeria and Iraq attest to, the emergence of hybrid organizations engaged in terrorism and organized crime represents a major dimension of contemporary conflict. Yet, our knowledge on the extent and nature of this relationship and the mechanisms that support this collaboration remain weak. In addition, while much attention has been paid to the convergence of terrorism and organized crime, there are however still very few examples of strategic alliances between organized crime groups and terrorist organizations, and experts have warned of the dangers of over conflating the two, which could lead to misguided policy and interventions. In fact, experts continue to highlight potential areas of competition and divergence among these groups, particularly at the strategic level.¹⁰⁷ Furthermore, we are only beginning to understand that terrorist and organized crime groups can possess multiple motives simultaneously, however, we do not know when this happens and we are at a loss as to how to prevent it. This continues to prove problematic for policy response as the dominant approaches remain stuck in a methods not motives approach (as is demonstrated by UNSC resolutions 2195 and 2199) that is incapable of dealing effectively with a whole range of actors that possess terrorist and criminal agendas simultaneously.

Organized Crime and Conflict: what implications for conflict resolution?

Our understanding of what works to effectively resolve conflicts in contexts where organized crime and illicit activity is rife remains rudimentary. What we do know is that organized crime groups can be both spoilers and partners in peace.¹⁰⁸ We also know that deciding who to include and who to exclude in the peace making process can be one of the most crucial challenges for effective conflict resolution. Experience on the ground distilled by research related to peace negotiations has highlighted a number of approaches when dealing with organized crime.¹⁰⁹ The ultimate goal of all strategies is to reduce (at minimum interrupt) violence and diminish the negative social, political and economic

impact of criminal agendas on the prospects for peace and development.¹¹⁰

Failure to deal with the criminal agendas of parties to peace processes can have major negative impacts on the effectiveness and durability of those processes. This has been demonstrated in the collapse of the power-sharing agreement in Sierra Leone under the 1999 Lomé Peace Accord, which in effect expanded criminal control over the country's resources and threw it back into war. It was also evident in the Niger Delta's amnesty and associated disarmament, demobilization, and reintegration programs, which due to poor articulation and execution ultimately pushed a significant number of former combatants to exit the settlement in favor of criminal rents.¹¹¹

Criminal agendas, however, can also be supportive of the peace process. In some instances, an end to conflict can provide a degree of stability and predictability that makes illicit business profitable. Peter Andreas for example, has demonstrated how illicit business contributed to the peace and stability in Bosnia by helping to sustain the civilian population through the black market and even bringing an end to the conflict. In this case, illicit businesses recognized that they could benefit from peace operations which injected hard currency into the market through rents and wages. With this hard currency, local staff often turned to the black market to purchase items for household survival.¹¹² Research has also shown that economic and criminal agendas might actually provide incentives for conflict parties to enter peace agreements. In the case of Myanmar in the late 1980s, the government managed to restore its control in contested border areas by granting insurgents access to both licit and illicit markets and tolerating their involvement in the drug trade. As such, criminal agendas were a key feature of the ceasefires and used as a bargaining chip in peace negotiations.¹¹³

The literature has highlighted a number of key considerations when dealing with criminal agendas and negotiating with groups that have a deep involvement in illicit activities. First, it is critical to understand criminal agendas and define a clear end-state. This end-state should be reflected in the settlement and ideally limit criminal power over both illicit and licit markets or within political structures.¹¹⁴ Second, it is imperative that criminal networks remain engaged and feel as though they have something to gain, either politically, socially or economically from peace. This implies using confidence building measures to ensure continuous consent and joint ownership over the peace process as well as opening up opportunities for transformation.¹¹⁵ Third, agreements often need to go beyond national arrangements and extend to the sub-national level.¹¹⁶ Finally, the agreement needs to be contingent on sustained violence reduction and help set the conditions that address both structural and more proximal

mate risk factors that led to violent conflict and associated illicit opportunities.¹¹⁷

This is easier said than done, and unfortunately, examples of failure¹¹⁸ may outnumber examples of success.¹¹⁹ The reality is that our understanding of the political strategies of organized crime groups in contexts of peace negotiation or political transition is weak.¹²⁰ We do know that political-criminal alliances that once fueled the conflict often survive, and in some cases emerge strengthened from, periods of transition.¹²¹ Research has also shown how networks of black market activity can in some cases be so efficient and potent that they have the means to survive for a significant period in times of peace.¹²² In fact, economic legacies of war often endure until viable alternatives in the licit sphere are realized.¹²³ Furthermore, our understanding of the governance and social welfare functions that organized crime fulfills, albeit at great cost to the community, has improved.¹²⁴ Finally, key lessons have also been learned with regard to the negative impact of some amnesty programs on the prospects for long-term peace and criminal violence.¹²⁵ In fact, as the cases of Guatemala, Haiti, South Sudan and even Afghanistan demonstrate, high levels of impunity, combined with ill-conceived DDR programs, the wide availability of weapons, and criminal opportunities associated with illicit markets can lead to other forms of violence, such as increased rates of homicide in contexts of peace, or conflict relapse.¹²⁶

Baseline Analysis: Our limited understanding of the political strategies employed by organized crime groups in contexts of peace negotiations leaves policy makers vulnerable and possibly prone to making mistakes. While we know that negotiators need to ensure that the political settlement doesn't reinforce the control or influence of organized crime, we simply don't know how to best prevent such a situation. There are numerous inherent risks involved in negotiating and mediating conflict when organized crime is present. Recognizing criminal agendas and the political economy of power in each particular context is an essential part of this endeavor.¹²⁷

Organized Crime in Post-Conflict Settings: the criminalization of peace?

Research increasingly points to a disturbing connection between the nature of post-conflict recovery and the growth of organized crime in post-conflict settings. Recent research has demonstrated the impressive ability of criminal groups to expand beyond their traditional markets and flourish in periods of political transition, often leading to an escalation in crime related violence.¹²⁸ As Christine Cheng has observed, statebuilding efforts do not weaken informal actors but actually often strengthen them.¹²⁹ While the wars ended, much of the infrastructure for violence (soldiers, weapons, and illicit networks), remain in place with one form

of violence replacing another.¹³⁰ Conflict also shapes the identities of both men and women. This can play a role in determining patterns of violence and criminality in post-conflict societies as well. Research has shown that in the aftermath of conflict, organized crime groups and gangs can provide a restored sense of masculinity for ex-male combatants who might feel as though they lost power and status by surrendering their weapons and position.¹³¹ Similarly, women involved in fighting or as economic providers in times of war might also lose some degree of equality and protection vis-a-vis their male counterparts in the post-conflict period. Recent research has shown how this can increase their vulnerability to violence and organized crime.¹³² When analyzing the levels and types of violence being experienced in the aftermath of conflict, it is essential that a gendered analysis take place. The case of post-war Guatemala, for example, is instructive. Intentional homicides in Guatemala since the end of the civil war are nearly double the average battle deaths attributed to the civil war in the 1980s. Levels of gender based violence have also increased notably.¹³³

Our review of the literature highlights three important factors that seem to be associated with this relationship, each described further below. The first relates to the distorted nature of some post-conflict economies and the process of economic liberalization that invites and seems to normalize a shadow economy. The second has to do with the “war-to-democracy dilemma,”¹³⁴ which encourages some post-conflict states, with cooperation from the international community, to make strategic trade-offs and early mistakes that privilege security over necessary reforms. The third is characterized by a lasting legacy of war, which leads to the growth and entrenchment of political-criminal networks in contexts of peace. All told, these three factors (and there are likely more) facilitate “the criminalization of peace.”¹³⁵

The Distorted Nature of Some Post-Conflict Economies

The economies of post-conflict countries are often shaped by two main income sources that can be hugely distorting and provide significant incentives for organized crime to infiltrate or grow. The first perverting reality is the massive influx of off-budget donor money that flows into what are largely unregulated and rudimentary markets that have limited absorptive capacity.¹³⁶ In the case of Afghanistan, aid and military spending equaled some 90 percent of official GDP.¹³⁷ According to Anthony Cordesman, 88 percent of aid, or approximately US \$40 billion of the total \$46 billion that was allocated between 2002-13, did not flow through the Government of Afghanistan. This bypassing of the state may have been motivated on the part of donors to avoid corruption, yet it had the secondary effect of failing to build government capacity to undertake public financial management in an effective manner.¹³⁸ Ultimately, the sheer size of the aid sector not only made Afghanistan extremely dependent on foreign funding but it distorted the economy

with a huge influx of hard cash that helped fund the black market.¹³⁹

The second distorting reality has been the pervasiveness of illicit economies in some post-conflict countries. In particular, the illegal cultivation and/or trafficking of drugs in countries such as Afghanistan, the Balkans, Bolivia, Colombia, Guatemala, Guinea-Bissau, Mali, Myanmar, Peru and even Pakistan, has led to the consolidation of a vast, illegal power structures that have undermined the legitimacy of the state and firmly embedded illicit sources of income into the economic structure of some of these countries.¹⁴⁰ Here the case of the Balkans is instructive. In 1999, Interpol estimated that about 40 per cent of the heroin being smuggled into Western European markets passed through Kosovo. By 2004, the United Nations Interim Administration Mission in Kosovo (UNMIK) indicated that about 80 per cent of the heroin destined for Western European markets passed through Kosovo or Macedonia. According to the United Nations Office on Drugs and Crime (UNODC) the annual retail value of the heroin trafficked through the Balkans to Western Europe was 20 billion US dollars in 2004, only \$10 billion less than Kosovo's total GDP that year.¹⁴¹ Corruption is often at the center of these activities undermining the legitimacy of the state and normalizing the illicit. As Cockayne put it below, in many post-conflict contexts war has given way to criminalized peace.

*...in theatre after theatre, war has given way to a criminalized peace: the drug economies of Afghanistan, Burma, Colombia, Guinea-Bissau and now Mali; the corruption and gangsterism of the Balkans and the Caucasus; the militia-run resource trafficking of eastern Democratic Republic of the Congo; the ganglands of El Salvador and Haiti; the oil bunkering and trafficking of southern Nigeria and southeastern Iraq; and the pirate economy of Puntland.*¹⁴²

Organized crime has also thrived in transition contexts where state institutions are fragile and where formal avenues for financing, contract enforcement, and property ownership are weak. Research on organized crime in the post-Soviet states, for example suggests that organized crime has often substituted for the state by providing property rights, contract enforcement and even public services. In particular, studies on Georgia have documented how criminal groups have infiltrated trading networks, posing a further threat to state legitimacy.¹⁴³

As has been well documented in the literature, in the absence of courts to guarantee contracts, when the rule of law and governance is weak, where there is uncertainty over land tenure and property rights, where there is a the lack of capital financing, and a shortage of raw materials, organized crime often fills the void, albeit at an extremely high cost to society.¹⁴⁴ These factors combined with a large influx of

off-budget donor money and links to illicit markets, seem to present the ideal conditions for organize crime to flourish. Contexts of post-conflict and transition, which exhibit many of these characteristics, are particularly vulnerable.

The War-to-Democracy Dilemma

Research is only beginning to scratch the surface when it comes to understanding the relationship between democratization processes in post-conflict contexts and the penetration and growth of organized crime. Initial literature suggests that nascent democracies could be at greater risk of organized crime. International IDEA for example has demonstrated how elections, while an essential feature of democracy, can also produce conflict and increase the risk of violence. It notes how these risks are particularly present in fragile states and in countries with a high prevalence of organized crime.¹⁴⁵ The notion that the rush to democracy actually increases political violence instead of reducing it was well demonstrated in Paul Collier's work *War, Guns and Votes*.¹⁴⁶ This highlights a common dilemma faced by governments and international actors in post-conflict contexts with respect to the trade-offs between security and essential reforms.¹⁴⁷ In some cases, these trade-offs may be the result of "strategic" calculations, in other cases they could be the product of early mistakes. Regardless, the implications are significant and can serve to deepen criminal control within the state.

While ensuring a secure environment is the sine qua non of a successful peace-building mission, if security considerations consistently trump the implementation of key reforms, the consequences can stunt democratic development and consolidate criminal elements within a country's political and security infrastructure.¹⁴⁸ Yet, the reality of many peacebuilding missions is that they face what Anna K. Jarstad calls the "war-to-democracy dilemma."¹⁴⁹ This dilemma includes addressing the question of which actors need to be included in the post-war political process of democratic transition and peace-building. This decision is often based on the degree to which various actors (including those with criminal agendas) can assert significant military, political and/or economic influence on post-conflict peace and development.

In the case of organized crime, research has documented how they can be potential partners for peace but also spoilers.¹⁵⁰ The case of Kosovo is one of the most frequently cited examples where symbiotic relationships between newly created institutions and local organized crime networks were formed and consolidated as a result of a number of strategic tradeoffs that prioritized security over essential reforms. Despite being aware of the close inter-relationships between organized criminal networks and Kosovo's political elite, the NATO-brokered demilitarization granted large numbers of former Kosovo Liberation Army (KLA) a dominant role in Kosovo's security architecture and with disproportionate po-

litical influence. Although, the demobilization, disarmament and re-integration of KLA forces into Kosovo’s security sector was intended to remove them from being spoilers of peace, the net result was to reinforce the infiltration of organized crime into the political and security institutions of post-war Kosovo.¹⁵¹

Similar processes have been observed in Guatemala where elements of the same elites that threw Guatemala into war resisted the implementation of crucial institutional and structural changes. In particular, the failure to create a legitimate national police force and an effective judicial sector provided openings for criminal activities and associated violence to surge.¹⁵² Propelled by a highly lucrative international drugs trafficking business, Guatemala witnessed the emergence of a criminal-political alliance that was adept at manipulating weak, and corrupt, state security institutions to facilitate drug shipments and perpetuate impunity. This situation even prompted Amnesty International to observe that Guatemala had developed into “a corporate mafia state run by an unholy alliance of corrupt military and police officers, members of the traditional oligopoly, and new entrepreneurs.”¹⁵³ Guatemala’s case is of interest because these political-criminal groups emerged to challenge state authority in the midst of a peace process in which the UN and other international actors played an important role. Importantly, research has also uncovered how peace operations can be both a source and facilitator of organized crime. As Peter Andreas has described, this was evident in Bosnia where some actors involved in peace operations also became involved in illicit activities serving as transporters, informants, money couriers and consumers of illicit business.¹⁵⁴

Yet, the problem of political-criminal networks undermining frail political and security institutions is not unique to Guatemala, Kosovo or Bosnia. Researchers have observed this in Afghanistan, Colombia, Bolivia, El Salvador, Macedonia and other states facing similar peace and security challenges.¹⁵⁵ In each instance, strategic tradeoffs (or early mistakes), were made to preserve the peace, potentially prejudicing key reforms and further entrenching criminal agendas within and outside of the state.

Lasting Legacies of War

Both factors above also relate to the legacies of war. In the case of Guatemala, political-criminal networks had their roots in Guatemala’s authoritarian and counter-insurgency structures that were established by the military between 1960 and 1996. During that period Guatemala’s military developed direct relationships with organized crime to control and eliminate opponents. In the post-war period, due to the strategic trade-offs mentioned above, these links did not disappear. Instead they transformed into networks of collusion linked to the international drug trade where the military and police provided secure transport and customs services

in exchange for part of the profits.¹⁵⁶

Research has shown how trust networks forged through war are often well positioned to serve as a platform for the development of criminal organization after conflict.¹⁵⁷ These developments not only include illicit activities but can also encompass social and political functions. In some cases, criminal networks often serve as brokers of access to political resources for marginalized populations and in other cases act as proxy governors.¹⁵⁸

While in some respects, this can be understood as part of a larger criminal strategy to maintain control over a certain territory and the illicit commodities that run through it, it can also be understood as linked to a larger political strategy that is connected to more formal political processes and patronage networks of the state. In this configuration, gang and organized crime leaders can aspire for a degree of power and influence that extends to municipal and even national public office. In some cases, the ties between these crime leaders to local and national political elites become so close that organized crime networks have been directly promoting candidates for elected office including financing their political parties, as well as presidential and congressional campaigns.¹⁵⁹ The upswing in militia perpetrated political violence in Africa could be connected with this crime-politics “nexus”.¹⁶⁰ The instrumentalisation of urban armed groups that occurred in Haiti during Jean-Bertrand Aristide’s second presidency from 2001 to 2004 is also often cited as an example of close collusion between criminal groups and political elites.¹⁶¹

Baseline Analysis: The state of evidence on the impact of organized crime on post-conflict peacebuilding is becoming increasingly robust. Research has highlighted a number of key factors that facilitate the penetration and consolidation of organized crime in post-conflict contexts. These include the very nature of post-conflict aid economies; that strategic tradeoffs are often made without due consideration of their impact on long-term reform and state legitimacy; and the fact that the legacies of war don’t just linger but they can thrive and transform in contexts of peace, potentially criminalizing peace and leading to equally devastating forms of violence such as homicide. Nevertheless, key gaps remain. Research needs to help us better understand how these scenarios can be best avoided and it needs to better assess how we can prevent one form of violence perpetrated in contexts of conflict from transforming into alarming rates of homicide and social violence during times of “peace”. Finally, we need to find better ways of preventing relationships that were forged through violence from serving as platforms for the development of agendas that criminalize the state.

4. CONCLUSION

This study set out to review the state of evidence on the connection between organized crime and violent conflict. Drawing from larger studies, it pointed to the most important hypotheses about the nature of the connection between crime and violent conflict and described the implications of the "crime-conflict nexus" on conflict dynamics, conflict resolution and peacebuilding. This final section will highlight a number of important gaps where the lack of knowledge could potentially cause fundamental misjudgments or obstacles to effective policy. Offered are suggestions that should be a priority for future research seen from a policy perspective.

What do we know and how certain are we about these findings?

However, let us begin with what we do know as a result of research. First, the changing nature of conflict and the blurring of actors involved have posed fundamental questions about the utility of current classifications of armed conflict, organized crime and terrorism into distinct, actor based groupings that possess different modus operandi and motives. Although research and facts on the ground have demonstrated - with increasing levels of confidence - that organized crime, terrorism and rebel groups often possess multiple agendas and strategies simultaneously, policy at national, regional and international levels continues to be boxed into outdated and compartmentalized notions that differentiate these groups based on pre-conceived motives and methods.

This tendency inhibits the ability of states and international organizations from understanding the scale and dynamic nature of illicit markets as well as the pervasiveness of criminal agendas in both licit and illicit economic as well as political structures. Moreover, such an approach prevents us from adopting more proactive strategies that could reduce criminal opportunities by anticipating how social, political, economic and technological transformations/upheavals can be criminally exploited.

Another implication of this study has been a clearer articulation of the rise in the impact of organized crime on conflict dynamics. Micro-studies on Colombia, Guatemala, and the Democratic Republic of the Congo support the notion that conflicts in which a major rebel group has access to funds from contraband tend to last significantly longer than those that do not. The reasons for this, however, are not limited to war profiteering, but are also related to the political capital that non-state armed groups gain by providing public goods that the state is incapable or unwilling to deliver. The consequence can be the erosion of the state and the development of "dual sovereignties" that compete for allegiance and legitimacy.

In fact, emerging research is demonstrating that organized crime may be best understood as a "strategy" adopted by a

range of conflict actors (including the state) to achieve their objectives. This approach to the "crime-conflict nexus" opens up promising policy options that go beyond law enforcement, encouraging more proactive tools that can reduce criminal opportunities.

This study also showcased research that proved how criminal agendas can influence peace processes. The termination of hostilities and the signing of peace agreements often lead to an influx of hard currency, hard and soft infrastructure (i.e. roads, the Internet, banking and telecommunication systems) that can make illicit businesses more efficient, harder to detect and more profitable. Sadly, peacekeepers themselves can be a source and consumer of illicit business. Furthermore, international interventions (peacekeeping, law enforcement, sanctions, extradition) often have an important impact on local conflict dynamics and affect the calculus of conflict entrepreneurs engaging in illicit activities. Yet, our knowledge on exactly how these interventions influence the behavior of criminal actors remains thin.

The fact that strategic trade-offs between security and key reforms are rather consistently made by international actors in post-conflict contexts without due consideration of how they consolidate and further entrench the impact of organized crime, suggests the need for deeper contextual analyses and an awareness of criminal agendas among actors that are supporting the transition to peace. However, it also suggests the need for the formation of strategic alliances between international organizations and key stakeholders on the ground that are motivated by reforms that help eliminate, or reduce the impact of, criminal agendas.

What are the implications for policy?

There are a number of implications for policy that need to be considered based on the findings of this study. The high-level considerations include the following:

- Policy makers and UN actors on the ground need to better understand how criminal agendas and illicit flows influence the causes and dynamics of violent conflict. The United Nations and other external actors cannot avoid hard truths. The current tendency is to obscure the role of the state in generating conflict and crime. It is essential that policy-makers understand the value of crime for various conflict actors, including the state, as well as the value of violent conflict for criminal actors.
- Much more needs to be done to understand and limit the impact of global illicit flows on local conflict dynamics. An important first step is to better discern how illicit flows are organized at the local level by identifying and disrupting these actors. Priority should be given to disrupting those that use violence to control and protect these flows.

- It is critical to time and sequence interventions with an understanding of the limits of their utility. Policy makers and practitioners need a range of tools that include violence interruption strategies that provide "breathing space" through the introduction of truces/cease-fires. The role of skillful mediators in this context is essential. Policy-makers then need to take advantage of these openings by creating the conditions for negotiating longer-term violence reduction and security. These longer-term interventions should aim to tackle the root causes of conflict and crime by promoting trust between divided communities, reducing social, political and economic inequalities and enhancing accountability and justice.
- UN and other actors need to better understand when criminal agendas undermine peace and when these actors can be motivated to support it. Furthermore, policy actors need to know how to influence these dynamics, including by making short-term strategic trade-offs between fighting criminality and achieving justice, democratic reforms and peace. It is essential, however, that international actors maintain the levers to help re-negotiate the terms of the "deal" when these trade-offs become counter-productive. In addition, more emphasis needs to be placed on monitoring which interventions ultimately reduce or generate crime in conflict and post-conflict contexts.

What are the short, medium and longer-term gaps that must be addressed?

While progress has been made, there remain a number of gaps in our knowledge that should be a priority for future research. Possibly the most important are as follows:

- In the short-term it is essential to reframe and update current modes of classification and policy tools so that we are capable of dealing with battlefields and conflict actors that are increasingly blurred. Research needs to provide policy makers with analytical tools that enable internal and external actors to properly assess situations that combine armed conflict with other forms of violence, that involve state and non-state armed groups that mix criminal and political motives, and where "licit" and "illicit" actors may be indistinguishable from each other. Research can help develop pragmatic approaches that balance operational, political and legal considerations to effectively counter criminal strategies.
- In the medium term, needed are frameworks for action adapted to contexts where the state is deeply involved in criminal and illicit activities. In such situations, policy options for intergovernmental organizations such as the United Nations are limited and, as research has demon-

strated, can even be counterproductive. Research needs to help design interventions and feasible policy options that could prevent and limit the growth of politico-criminal alliances in post-conflict contexts.

- Over the longer-term, there are a number of key areas that require further analysis. These include research on the impact of specific social, economic and political conditions on the likelihood that former combatants will re-organize for organized crime. Also required is a deeper understanding of the ways in which transnational organized crime groups prey on and/or amplify local conflicts for their own purposes. Research also needs to help discern which interventions ultimately reduce or generate crime in conflict and post-conflict contexts.
- While much research has focused on the impact of organized crime on conflict, more attention needs to be paid to the impact of conflict on crime and the risk of a feedback loop developing. Furthermore, required is a better sense of the relationship between democratization processes, strategic trade-offs between security and key reforms, and the risks of organized crime.
- Finally, more work is required to determine the importance of revenues from illicit flows and transnational organized crime for contemporary armed conflicts including terrorism. A better assessment of which particular groups are most dependent on illicit sources of funding and to what degree are they actually embedded in licit businesses and connected to major national and international markets is essential.

Final thoughts

Research has provided insight into the causal vectors and dynamics of the crime-conflict relationship. Unfortunately, what is known by the research community is not always known by the policy community. Furthermore, political realities often constrain the ability of policy makers to integrate the latest findings into their work. Highlighted in this paper were a number of hypotheses that seem to be the most powerful in explaining the nature and impact of the "crime-conflict nexus". Also noted were key gaps in our knowledge and policy frameworks that need to be filled with urgency. The authors hope that this paper serves as a useful basis upon which to stimulate dialogue among policy actors, researchers and funders of research about the current state of knowledge, the policy implications of existing evidence, and key gaps in our understanding that need to be filled with urgency. The challenge moving forward will be to fill these gaps in a timely fashion so as to address the growing challenge posed by the "crime-conflict nexus" to peace and security.

Appendix: Levels of Confidence

Breaking down the current base of knowledge

1. FINDING: The causes of the "crime-conflict nexus" are multiple and complex. The most important link between armed conflict and organized crime may be related to state dysfunction.

a. Degree of Confidence: MODERATE to HIGH

This has been an important finding of recent research which places greater emphasis on understanding the conditions in which the "nexus" flourishes. This finding also extends the explanation beyond a transactional relationship between conflict actors and criminal groups motivated by greed or grievance. The finding notes that the "nexus" tends to exacerbate in contexts where institutional alternatives to crime and violence are weak or nonexistent and where the state is dysfunctional. Crime, however, is not always the result of a failure of the state, rather it can also be the result of deliberate actions taken by the state to further its interests. The suggestion is that weak and unaccountable institutions combine with a range of political, security and economic vulnerabilities (or stresses) to create the conditions for violent conflict and crime to thrive and connect.

2. FINDING: Organized crime, rebel groups and terrorists can be easily separated by motive.

a. Degree of Confidence: LOW

Evidence on the ground in places such as Afghanistan, Syria, and Iraq has demonstrated how conceptions of organized crime as exclusively profit driven and hierarchically, almost rigidly, structured, no longer apply. The lines that once separated organized crime from conflict and conflict from terrorism are increasingly blurred. While much attention has been paid to the convergence of terrorism and organized crime, there are still very few examples of strategic alliances between organized crime groups and terrorist organizations. Examples of hybrid organizations operating in both criminal and terrorist worlds do exist, however, experts have warned of the dangers of over conflating the two, which could lead to misguided policy and interventions. The fact is that serious doubts persist with regard to the degree of convergence between terrorists and organized crime groups (interests and strategies). In fact, experts continue to highlight potential areas of competition and divergence among these groups, particularly at the strategic level.

3. FINDING: Armed conflicts in which major armed groups have access to funds from transnational illicit flows tend to last significantly longer than those that do not.

a. Degree of Confidence: MODERATE to HIGH

Research suggests that the revenues derived from crimi-

nal activities in conflict settings do have a link with conflict duration. Profits derived from illicit activities have proven to provide disincentives for combatants to end the conflict, and the services and goods provided by organized crime in marginalized contexts can actually shore up social and political support from local communities for continued criminal presence and enterprise. The political and social legitimacy gained from this support base can also be a motivation for prolonging conflict.

4. FINDING: Easy access to highly lucrative resources and the reliance on clandestine trade networks make combatants more likely to use indiscriminate violence against civilians.

a. Degree of Confidence: LOW

This link is by no mean automatic and applicable to all conflict situations. While violence is often presented as one of the main features of organized crime, there are many counterexamples. Over time, criminal organizations have demonstrated that they usually adapt their strategies to the environment and institutional contexts in which they operate. In stable contexts where competition over illicit opportunities is limited there tends to be less violence. In unstable and highly fragmented contexts there tends to be more violence as a result of criminal competition.

5. FINDING: Organized crime can be spoilers and partners in conflict resolution efforts.

a. Degree of Confidence: MODERATE to HIGH

Failure to deal with the criminal agendas of parties to peace processes can have major negative impacts on the effectiveness and durability of those processes as was demonstrated in Sierra Leone under the 1999 Lomé Peace Accord. However, criminal agendas can also be supportive of the peace process by helping to sustain the civilian population through the black market and even bringing an end to the conflict as was witnessed in Bosnia.

6. FINDING: Organized crime tends to thrive in transition contexts, from war to peace.

a. Degree of Confidence: HIGH

Recent research has demonstrated the impressive ability of criminal groups to flourish in periods of political transition, often leading to an escalation in crime related violence. A number of key factors facilitate the growth of organized crime in post-conflict contexts, including the nature of post-conflict economies, the security and democracy trade-offs promoted by the international community and the lasting legacies of war.

ENDNOTES

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- 2 This trend was likely bolstered by the findings of the World Bank’s 2011 World Development report, which repeatedly categorized organized crime as a significant stress factor that enhanced the likelihood of vicious cycles of violent conflict. See World Development Report 2011: Conflict, Security and Development (World Bank 2011), available at <http://wdr2011.worldbank.org/>
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- 75 Kristin M. Bakke, Kathleen Gallagher Cunningham and Lee J. M. Seymour. "A Plague of Initials: Fragmentation, Cohesion, and Infighting in Civil Wars." *Perspectives on Politics* 10, no. 02 (June 2012): 265-83.
- 76 See Von Einsiedel, Sebastian et al. (2014), op. cit.
- 77 On the case of Afghanistan, see for example: UN Security Council, Fourth report of the Analytical Support and Sanctions Monitoring Team , S/2014/402.
- 78 See Wolfram Lacher, "Organized Crime and Conflict in the Sahel-Sahara Region," *Carnegie Papers*. Carnegie Endowment for International Peace, September 2012; The Global Initiative Against Transnational Organized Crime. "Illicit Trafficking and Instability in Mali: Past, Present and Future," January 2014.
- 79 See for example Jeremy Weinstein, *Inside Rebellion: The politics of insurgent violence*, Cambridge: Cambridge University Press, 2006; Kyle Beardsley, Kristian Gleditsch and Nigel Lo, 'Roving and Stationary Bandits in African Armed Conflicts', conference paper, Annual Meeting of the International Studies Association, San Francisco, 2013; Karen Ballentine, "Conclusion", in Karen Ballentine and Jake Sherman (eds.), op cit., p. 270.
- 80 Vanda Felbab-Brown (2009), op cit.
- 81 James Cockayne, "Chasing Shadows" (2013), op cit.
- 82 See UNODC, *Transnational Organized Crime in Central America and the Caribbean: A Threat Assessment*, 2012; UNODC, *Transnational Organized Crime in West Africa: A Threat Assessment*, 2013.
- 83 For a review of the literature on this topic, see Stephen Schneider, "Violence, organized crime, and illicit drug markets: a Canadian case study", *Sociologia, Problemas e Práticas*, 71, 2013.
- 84 On the application of this approach to the crack cocaine markets in the US in the 1980s see Henry H. Brownstein, Susan M. Crimmins, and Barry J. Spunt "A conceptual framework for operationalizing the relationship between violence and drug market stability ", *Contemporary Drug Problems*, Vol. 27, NO. 4, (2000), pp. 867-890.
- 85 UNODC, *Transnational Organized Crime in Central America and the Caribbean: A Threat Assessment*, 2012.
- 86 John T. Picarelli and Louise Shelley's, "Methods not Motives: Implications of the Convergence of International Organized Crime and Terrorism," *Police Practice and Research: An International Journal* Vol. 3, no. 4 (2002): 305-318
- 87 As Peter Bergen put it in his book on Al Qaeda called *Holy War Inc.*, Bin Laden corporatized terror and franchised it out. The result was a flexible organization that operated as a diffuse network of autonomous cells. See Peter Bergen, *Holy War Inc.: Inside the secret world of Osama bin Laden*, New York: The Free Press, 2001.
- 88 Another element of this discussion worth exploring is whether links between organized crime and rebel groups are any different than those between organized crime and terror.
- 89 See United Nations Secretary-General's Report to the UN Security Council, "The threat of terrorist benefiting from transnational organized crime (Security Council Resolution 2195 (2014)," S/2015/366, 21 May 2015. Also see UNSC Resolution 2199 - S/RES/2199(2015) – which outlines the various measures that the UN uses to combat terrorist financing.
- 90 Annex D of the European Parliament document on Europe's Crime-Terror Nexus, *Links between terrorists and organized crime groups in the European Union*, Directorate for Internal Policies, 2012 provides a list of the type of criminal activity that a wide range of terrorist entities are

- engaged in <http://www.europarl.europa.eu/document/activities/cont/201211/20121127ATT56707/20121127ATT56707EN.pdf>. Also see Louise Shelley and Melzer, "The Nexus of Organized Crime and Terrorism: Two Case Studies in Cigarette Smuggling," *International Journal of Comparative and Applied Criminal Justice*, Vol. 32, No. 1, (Spring, 2008).
- 91 See Olli J. Teirila, "The Challenges to Cooperation Posed by the Nexus of Terrorism and Organized Crime: Comparing the Situations between the Andean and the Sahel Regions," *Studies in Conflict and Terrorism*, Vol. 37, Issue 1, 2014, pp. 18-40.
- 92 See the OECD's Financial Action Task Force report on Financing of the Terrorist Organization Islamic State in Iraq and the Levant, France, February 2015 available at: <http://www.fatf-gafi.org/media/fatf/documents/reports/Financing-of-the-terrorist-organisation-ISIL.pdf>. According to this report ISIL earns revenue primarily from five sources, listed in order of magnitude: (1) illicit proceeds from occupation of territory, such as bank looting, extortion, control of oil fields and refineries, and robbery of economic assets and illicit taxation of goods and cash that transit territory where ISIL operates; (2) kidnapping for ransom; (3) donations including by or through non-profit organizations; (4) material support such as support associated with FTFs and (5) fundraising through modern communication networks (p. 12). Also see Patrick B. Johnson, *Countering ISIL's Financing*, RAND Office of External Affairs, November 2014 available at: http://www.rand.org/content/dam/rand/pubs/testimonies/CT400/CT419/RAND_CT419.pdf. This study formed the basis of a recent article in the *New York Times* on ISIS funding http://www.nytimes.com/interactive/2015/05/19/world/middleeast/isis-finances.html?_r=0
- 93 See for instance J.M. Lutz, "A Critical View of Critical Terrorism Studies," *Perspectives on Terrorism*, Vol. 4, No. 6: 31-40. Also see J.M. Lutz and B.M. Lutz, *Terrorism: The Basics*, London, Routledge, 2011. On the organized crime side, it was Von Lampe et al who argued forcefully that the organized crime is an entrepreneurial activity that is economically biased and based on a profit maximizing premise (see Petrus C. van Duyne, Klaus von Lampe, Nikos Passas (eds.) *Upperworld and Underworld in Cross-Border Crime*, Nijmegen: Wolf Legal Publishers, 2002).
- 94 See for example R. Thomas Naylor who argues that illicit activities are merely a tool for terrorist to achieve their political goals. R. Thomas Naylor, *Wages of Crime: Black Markets, Illegal Finance and the Under-world Economy*, Ithaca, NY: Cornell University Press, 2002. Also see John T. Picarelli and Louise Shelley's, "Methods not Motives" op cit.
- 95 See S/2015/366, 21 May 2015 op. cit.
- 96 This also links to the line of thinking that suggests understanding organized crime as "strategy." John T. Picarelli, "Osama bin Corleone? Vito the Jackal? Framing Threat Convergence Through an Examination of Transnational Organized Crime and International Terrorism", *Terrorism and Political Violence*, 24:180-198, 2012
- 97 Tamara Makarenko, "The Crime-Terror Continuum: Tracing the Interplay between Transnational Organised Crime and Terrorism," *Global Crime* 6, no. 1 (2004): 129-145. While endorsing the general thesis, Phil Williams has also said that Makarenko stretches the term nexus to the point where it has lost clear meaning and instead suggestions a clearer categorization of how and when organized crime converges with terrorism. See for instance, Phil Williams, "Terrorist Financing and Organized Crime: Nexus, Appropriation, or Transformation," in Biersteker T.J. and Eckert S.E. (eds.), *Countering the Financing of Terrorism*, Routledge, 2008. More recently Santiago Ballina has built on Makarenko's framework in his article on "The crime terror continuum revisited: a model for the study of hybrid criminal organisations," *Journal of Policing, Intelligence and Counter Terrorism*, Vol. 6, No. 2, October 2011, 121-136
- 98 Louise I. Shelley, John T. Picarelli, Allison Irby, Douglas M. Hart, Patricia A. Craig-Hart, Dr. Phil Williams, Steven Simon, Nabi Abdullaev, Bartosz Stanislawski, Laura Covill, *Methods and Motives: Exploring Links between Transnational Organized Crime & International Terrorism*, Department of Justice, 2005 available at <https://www.ncjrs.gov/pdffiles1/nij/grants/211207.pdf>
- 99 European Parliament, *Europe's Crime-Terror Nexus, Links between terrorists and organized crime groups in the European Union*, Directorate for Internal Policies, 2012 <http://www.europarl.europa.eu/document/activities/cont/201211/20121127ATT56707/20121127ATT56707EN.pdf>
- 100 Chris Dishman "Terrorism, Crime and Transformation," *Studies in Conflict and Terrorism* 24, no. 1 (2001): 43-58.
- 101 Mitchel P. Roth and Murat Sever, "The Kurdish Workers Party (PKK) as Criminal Syndicate: Funding Terrorism through Organized Crime, A Case Study," *Studies in Conflict and Terrorism* Vol. 30, no. 10 (2007): 901-920.
- 102 Justine Rosenthal, "For-Profit Terrorism: The Rise of Armed Entrepreneurs," *Studies in Conflict and Terrorism* 31, no. 6 (2008): 481-498.
- 103 See Alex Schmid, "The links between transnational organized crime and terrorist crimes," *Transnational Organized Crime*, 2(4): 40-82, 1996 and Walter Laqueur, *The New Terrorism: Fanaticism and the Arms of Mass Destruction*, New York: Oxford University Press, 1999. Also see Chris Dishman "Terrorism, Crime and Transformation," *Studies in Conflict and Terrorism* 24, no. 1 (2001): 43-58.
- 104 See Svante E. Cornell, "Narcotics, Radicalism and Armed Conflict in Central Asia: The Islamic Movement of Uzbekistan," *Terrorism and Political Violence*, Vol. 17, No. 4, 2005, pp. 577-97. Also see Mitchel P. Roth and Murat Sever, "The Kurdish Workers Party (PKK) as Criminal Syndicate: Funding Terrorism through Organized Crime, A Case Study," *Studies in Conflict and Terrorism* Vol. 30, no. 10 (2007): 901-920.
- 105 For the full text of the UNSC Analytical Support and Sanctions Monitoring Team report of February 2015 see: http://www.un.org/ga/search/view_doc.asp?symbol=S/2015/79&referer=http://www.un.org/sc/committees/1988/monitoring.shtml&Lang=E
- 106 See Bruce Jones and Molly Elgin-Cossart, *Development in the Shadow of Violence*, op. cit.
- 107 Outcomes from a gathering of experts organized by UNU-CPR in June 2015.
- 108 See for example James Cockayne and Adam Lupel, "Rethinking the Relationship between Peace Operations and Organized Crime," op cit.
- 109 This includes confrontation, accommodation and transformation. See Achim Wennmann, "Negotiated Exits from Organized Crime?" op cit. Also see James Cockayne, *Strengthening mediation to deal with criminal agendas*, Geneva: Centre for Humanitarian Dialogue, 2013.
- 110 See Achim Wennmann, "Negotiated Exits from Organized Crime?" op cit.

- 111 For more on this see James Cockayne, Strengthening mediation to deal with criminal agendas, op cit.
- 112 Peter Andreas, "Symbiosis Between Peace Operations and Illicit Business in Bosnia," *International Peacekeeping* Vol. 16, No. 1 (February 2009).
- 113 James Cockayne, Strengthening mediation to deal with criminal agendas, op cit.; Jake Sherman, "Burma: Lessons from the Ceasfires", in Karen Ballentine and Jake Sherman (eds.), *The Political Economy of Armed Conflict*, op cit. pp. 225-255.
- 114 See Peter Andreas, *Blue Helmets and Black Markets: The Business of Survival in the Siege of Sarajevo*, Ithaca, NY, Cornell University Press, 2008
- 115 James Cockayne, Strengthening mediation to deal with criminal agendas, op cit.
- 116 With respect to the sub-national, the cases of Afghanistan, Libya, Mali, Somalia and Syria have demonstrated clearly the importance of local power arrangements and dynamics when it comes to conflict and peace dynamics. Unless negotiated settlements take into consideration these sub-national characteristics, particularly with respect to illicit markets and criminal groups, they will face significant challenges and either require constant re-negotiation or be rendered largely ineffective. See Ken Menkhaus, "Local Governance and Peacebuilding: Challenges of legitimate representation," in Ramsbotham A. and Wennmann A, *Legitimacy and peace processes: from coercion to consent*, London: Conciliation Resources, 2014.
- 117 Structural factors include poverty, rapid urbanization, youth unemployment, corrupt governance, and weak institutions. More proximate factors include the availability of fire arms, lack of mobility and a break down in social cohesion. While not dealing directly with policies to counter organized crime, the work of Séverine Autesserre, "[Dangerous Tales: Dominant Narratives on the Congo and Their Unintended Consequences](#)," *African Affairs*, 2012 is instructive as it highlights the complex nature and drivers of conflict in the DRC and underscores the importance of a comprehensive, and above all locally led, approach to dealing with conflict and crime.
- 118 For Afghanistan see Antonio Giustozzi, "War and peace economies of Afghanistan's strongmen," *International Peacekeeping*, Vol. 14, no. 1, pp. 75-89. On Iraq see Phil Williams, "Organized Crime and Corruption in Iraq," *International Peacekeeping*, Vol. 16, no. 1, pp. 115-135. For the Balkans see Peter Andreas, "Symbiosis between peace operations and illicit business in Bosnia," *International Peacekeeping*, Vol. 16, No. 1, pp. 33-46. For the gang truces in El Salvador see the analysis provided by InSightCrime: <http://www.insightcrime.org/investigations/el-salvador-gang-truce>
- 119 See for Véronique Dudouet, Hans J. Giessmann & Katrin Planta (eds.), *Post-War Security Transitions: Participatory Peacebuilding after Asymmetric Conflicts*, 2012, London: Routledge
- 120 James Cockayne, "Chasing Shadows," op cit.
- 121 See Christine Cheng, "Private and Public Interests: Informal Actors, Informal Influence, and Economic Order After War," in Mats Berdal and Dominik Zaum, *The Political Economy of Post Conflict Statebuilding*, London: Routledge, 2012. Also see Mats Berdal, "[Building Peace after War](#)," The Adelphi Series, International Institute for Strategic Studies, October 2009. Also see Judith Vorrath, [From War to Illicit Economies: Organized Crime and State-building in Liberia and Sierra Leone](#), SWP Research Paper, 13 November 2014. In this article Vorrath warns about the dangers of incomplete statebuilding projects that create opportunities for organized crime to form relationships with political elites.
- 122 An associated theory relates to the notion of destructive entrepreneurship which captures entrepreneurial innovation and capacity for illicit purposes. This can have a lasting effect. See for instance Tilman Bruck, Wim Naude and Philip Vermimp, "Business under fire: Entrepreneurship and violent conflict in developing countries," 2013, Vol. 57:3 (Special Issue). Also see Sameeksha Desai, Zontan J. Acs and Utz Weitzel, "[A model of destructive entrepreneurship: insight for conflict and post-conflict recovery](#)," *Journal of Conflict Research*, 2013. Vol. 57, No. 1, pp. 20-40.
- 123 See Paul Collier and Marguerite Duponchel, "The economic legacy of civil war: firm-level evidence from Sierra Leone," *Journal of Conflict Resolution*, (2013), Vol. 57, No. 1, pp. 65-88
- 124 Ann Laudati, "Beyond minerals: broadening 'economies of violence' in eastern Democratic Republic of Congo," *Review of African Political Economy*, (March 2013), Vol. 40, no. 135, pp. 32-50. Also see William Reno, *Warlord Politics and African States*, New York: Lynne Reiner, 1999. See Stergios Skaperdas, "The political economy of organized crime: providing protection when the state does not," *Economics of Governance*, (2001) Vol. 2, pp. 173-202. The work of John Rapley takes this notion even further by associating such as state with the "new middle ages." John Rapley, "[The New Middle Ages](#)," op cit. Also see the work of Desmond Arias who talks about the power broker role of gang leaders in Rio de Janeiro. Enrique Desmond Arias, "The Dynamics of Criminal Governance", op cit.
- 125 For example, the failings of the 1999 Lomé Accord in Sierra Leone that gave leaders of the Revolutionary United Front amnesty and the opportunity to integrate into Liberian politics have been documented as resulting in strengthening the criminal elements within the RUF stronger promoting an eventual relapse into conflict. See James Cockayne, Strengthening Mediation to deal with criminal agendas, op cit.
- 126 UNODC's Global Study on Homicide documents how crime is an important component of violence in countries emerging from conflict. It notes how in Afghanistan and Iraq, the conflict may be facilitating other types of violence, or masking the differences in the violence perpetrated by nonparties to the conflict. In Haiti and South Sudan the study shows that volatility caused by the conflict can undermine the implementation of the rule of law and can present opportunities for crime (whether organized or not) to take root. See http://www.unodc.org/documents/gsh/pdfs/2014_GLOBAL_HOMICIDE_BOOK_web.pdf For DDR related scholarship see Macartan Humphreys and Jeremy M. Weinstein, "Demobilization and Reintegration," *Journal of Conflict Resolution*, Vol. 51, no. 4, 2007, pp. 531-567 available at: <http://www.columbia.edu/~mh2245/papers1/jcr2007/JCR2007.pdf>

- 127 See Achim Wennmann, *The Political Economy of Peacemaking*, London: Routledge, 2011
- 128 Mats Berdal, *Building Peace after War*, op cit. Also see the UNODC's *Global Study on Homicide 2013*, Vienna, Austria: March 2014. The World Bank's *2011 World Development Report, Facts and Figures* is also instructive.
- 129 Christine Cheng, "Private and Public Interests: Informal Actors, Informal Influence, and Economic Order After War," in Mats Berdal and Dominik Zaum, *The Political Economy of Post Conflict Statebuilding*, London: Routledge, 2012.
- 130 In Afghanistan for example, civilian casualties related to the conflict have been decreasing since 2010, yet homicides have been increasing. In South Sudan, the 2013 homicide rate in the Wunlit Triangle (a major cattle raiding area) was over 60 per 100,000 population, among the highest in the world. In Haiti, despite the presence of MINUSTAH, homicide rates doubled from 5.1 in 2007 to 10.2 per 100,000 in 2012. See the UNODC's, UNODC's *Global Study on Homicide 2013*, Vienna, Austria: March 2014
- 131 See: Inter-Agency Group on DDR, "How-To Guide; Gender-Responsive Disarmament, Demobilization and Reintegration", 2012. Available at: <http://www.iddr.org/wp-content/uploads/2013/06/How-to-Guide-Gender-Responsive-DDR.pdf>. On gangs and masculinity, see also: Adam Baird, "The Violent Gang and the Construction of Masculinity Amongst Socially Excluded Young Men." SSRN Scholarly Paper. Rochester, NY: Social Science Research Network, September 18, 2012. <http://papers.ssrn.com/abstract=2481006>.
- 132 Inter-Agency Group on DDR, 2012.
- 133 See *2011 World Bank World Development Report Fact Sheet*
- 134 This concept was introduced by Anna K. Jarstad and Timothy D. Sisk in their edited volume *From War to Democracy: Dilemmas of Peacebuilding*, Cambridge, Cambridge University Press, 2008.
- 135 See James Cockayne, "Chasing Shadows", op cit.. Christine Cheng has come up with a similar analysis and talks about how informal actors leverage three key statebuilding policies in the post conflict window. 1) A process of economic and political liberalization giving informal actors opportunities to exploit political connections for personal gain; 2) An emphasis on maintaining stability at all costs; and 3) Capacity building without understanding the linkages between formal and informal institutions. See Christine Cheng, "Private and Public Interests", (2012) op cit.
- 136 Astri Suhrke, "Statebuilding in Afghanistan: a contradictory engagement," *Central Asian Survey*, 2013 Vol. 32, No. 3, 271–286
- 137 See Anthony Cordesman, *The Afghan War in 2013 Volume II: Afghan Economics and Outside Aid*, Lanham, Rowman and Littlefield, May 2013 available at: http://csis.org/files/publication/130327_afghan_war_in_2013_vol_II.pdf
- 138 For data on ODA as a percentage of GDP see OECD data here: https://public.tableau.com/views/AidAtAGlance_Recipients/Recipients?:embed=n&:showTabs=y&:display_count=no?&:showVizHome=no#1. Between 2002 and 2013, Afghanistan received \$46 billion dollars in Official Development Assistance. See <http://www.globalhumanitarianassistance.org/countryprofile/afghanistan>
- 139 According to the latest Transparency International Corruption Perception Index, Afghanistan ranks 172 out of 175 countries and is perceived to be one of the most corrupt in the world. See: <http://www.transparency.org/cpi2014/results>
- 140 See for example Halvor Mehlum, Karl Moene, and Ragnar Torvik (2003), op cit.
- 141 See Republic of Kosovo's official economic statistics, Statistical Office of Kosovo, Series 3: Economic Statistics, Gross Domestic Product 2004-2007, April 2009.
- 142 James Cockayne, "Chasing Shadows," op cit.
- 143 See Stacy Closson, "Networks of Profit in Georgia's Autonomous Regions: Challenges to Statebuilding," *Journal of Intervention and Statebuilding*, Vol. 4, No. 2, June 2010. Also see V. Volkov, *Violent entrepreneurs: The use of force in the making of Russian capitalism*, Ithaca, NY: Cornell University Press, 2002 and Louise Shelley, Erik Scott, and Anthony Latta (eds.), *Organized crime and corruption in Georgia*, Abingdon: Routledge, 2007.
- 144 See Peter Andreas' account of the role organized crime in the former Yugoslavia where he documents how organized crime fulfills important functions in the context of post-conflict reconstruction. Peter Andreas, *Blue Helmets and Black Markets: The Business of Survival in the Siege of Sarajevo*, Cornell, NY: Cornell University Press, 2008
- 145 See International IDEA's work under the theme of Democracy, Conflict and Security - <http://www.idea.int/conflict/>
- 146 Paul Collier, *Wars, Guns and Votes*, New York: Harper Perennial, 2010
- 147 Ken Menkhaus' work on Somalia is instructive here as it documents how such contexts are often messy, contradictory and require constantly renegotiated deals. See Ken Menkhaus, "Governance without government in Somalia: Spoilers, state building, and the politics of coping," *International Security*, Vol. 31, no. 3, pp. 74-106.
- 148 Joschka J. Proksik, "Organized Crime and the Dilemmas of Democratic Peace-Building in Kosovo," *International Peacekeeping*, Vol.20, No.3, June 2013, pp.280–298
- 149 This concept was introduced by Anna K. Jarstad and Timothy D. Sisk in their edited volume *From War to Democracy: Dilemmas of Peacebuilding*, Cambridge, Cambridge University Press, 2008
- 150 James Cockayne and Adam Lupel, "Rethinking the Relationship between Peace Operations and Organized Crime," *International Peacekeeping*, Vol. 16, No. 1, February 2009, pp. 4-19.
- 151 Joschka J. Proksik, "Organized Crime and the Dilemmas of Democratic Peace-Building in Kosovo," *International Peacekeeping*, Vol.20, No.3, June 2013, pp.280–298. In the case of Haiti, UN peacekeepers (MINUSTAH) failed to effectively disarm local militias and gangs who further cultivated their ties with local politicians and businessmen and continued to profit from instability, crime and violence. See Kemp, Shaw and Boutellis, *The Elephant in the Room*, IPI, 2014 available at: http://www.frank-cs.org/cms/pdfs/IPI/IPI_UN_TOC_Convergence_3.6.13.pdf

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- 152 Patrick Gavigan, "Organized Crime, Illicit Power Structures and Guatemala's Threatened Peace Process," *International Peacekeeping*, Vol.16, No.1, February 2009, pp.62–76
- 153 Amnesty International, *Guatemala's Lethal Legacy: Past Impunity and Renewed Human Rights Violations*, London: Amnesty International, 2002, p.49. In fact, In 2007, the then Guatemalan Vice-President Eduardo Stein conceded that organized crime cartels had gained effective control of six of the state's twenty-two departments.
- 154 Peter Andreas, *Blue Helmets and Black Markets*, op cit.
- 155 See for example, Washington Office on Latin America, 'The Captive State: Organized Crime and Human Rights in Latin America', Special Report, Oct. 2007 accessible at: www.wola.org/media/WOLA-rpt-OrganizedCrimeFinal.pdf; Moises Naim, "[Mafia States: Organized Crime Takes Office](#)," op cit. Also see Ekaterina Stepanova, "[Armed conflict, crime and criminal violence](#)," op cit. Stepanova mentions examples of the Islamic Movement of Uzbekistan, FARC elements, and the Mong Thai Army (active in Myanmar until the mid-1990s) as examples of a merger between criminal and politico-military groups where the armed group becomes so heavily engaged in criminal and shadow economic activity that it is no longer possible to identify it as either predominantly politico-military or purely criminal.
- 156 Patrick Gavigan, "Organized Crime, Illicit Power Structures and Guatemala's Threatened Peace Process," *International Peacekeeping*, Vol.16, No.1, (February 2009), pp.62–76.
- 157 Christine Cheng, for examples, talks about the "stickiness" of social bonds created out of war and underscored how relationships forged around violence were likely to persist beyond the end of war. Christine Cheng, "Private and Public Interests," op cit. James Cockayne, "Chasing Shadows," op cit.
- 158 Enrique Desmond Arias has discussed this with respect to the Favelas in Brazil. See his article on "The Dynamics of Criminal Governance," op cit.
- 159 For examples of this in various countries see International IDEA's project on Protecting Legitimacy in Politics - <http://www.idea.int/conflict/protecting-legitimacy-in-politics.cfm>
- 160 Criminal groups are reported to have been heavily involved in the 2007 electoral violence in Kenya, where more than 50 candidates and thousands of supporters were killed.
- 161 See Moritz Schuberth, "A transformation from political to criminal violence? Politics, organized crime and the shifting functions of Haiti's urban armed groups," *Conflict, Security and Development*, 2015, Vol. 15, No. 2, pp. 169-196. Available at: <http://www.tandfonline.com/doi/pdf/10.1080/14678802.2015.1030950>