



ECONOMIES OF VIOLENCE

A CHALLENGE FOR DEVELOPMENT POLICY

FRIENT BRIEFING PAPER

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**GEWALTÖKONOMIE – MÖGLICHKEITEN UND GRENZEN ENTWICKLUNGSPOLITISCHER
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FRIENT

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The opinions voiced in this briefing paper are the opinions of the FriEnt author named above, but not necessarily those of the FriEnt member organizations.

Table of contents

- 1. Economies of violence – how are they defined?4**
- 2. Economies of violence in our partner countries.....5**
 - 2.1 Three examples.....5
 - 2.2 Central characteristics of economies of violence7
- 3. Options to contain economies of violence.....7**
- 4. Fields for action by nongovernmental and governmental actors8**
 - 4.1 Approaches for nongovernmental actors8
 - 4.2 Approaches for governmental actors 10
- 5. Sensitisation for potential mutual impact - Five guiding questions12**
- 6. Literature..... 14**

This briefing paper offers, within narrowly defined confines, an overview of the main characteristics and forms of economies of violence. It addresses country and project officers in governmental and nongovernmental development cooperation institutions and organizations and seeks to draw attention to potential mutual impacts between project activities and aspects of economies of violence. The dangerous impacts of economies of violence are not limited to the development context, and there can be no doubt that they cannot be reduced by development policy actions alone. In order to achieve long-term success, there needs to be coherence between foreign, economic, development and security policies. However, one way to get started can be to take up each individual policy field and describe its relationships and interfaces with the complex phenomenon of economies of violence. The following presentation seeks to do that for the field of development policy.

It starts out by explaining and defining the term "economy of violence" (EoV). It then establishes a link with the practical development policy context by presenting specific examples, the purpose being to describe in greater detail the range of potential openings for action in different policy fields. Finally, five guiding questions are intended to help achieve improved analysis of the multiple relationships between project activities and violence-based economic dynamics, and to facilitate a structured reflection on the scope for action available to one's own organization or to local partners.

1. Economies of violence – how are they defined?

The term "economy of violence" emerged in the late 1990s in search of new explanations for the development of violence in Somalia, Rwanda and the former Yugoslavia, which had become irrational and incomprehensible from a Western point of view. Initially, ethnic and cultural factors were discovered as a new category of conflict analysis, which in some cases enhanced comprehension of the dynamics of escalation and of the societal organization of the armed hostilities. However, they did not help explain the long duration of the wars, the frequent regrouping of violent actors, or the role that international interlinkages played in the hostilities. More satisfactory explanations of these phenomena were provided by approaches that looked into the material basis available to the actors in the conflict and into the economic interests that fuel armed hostilities over a long period. One certain type of economic dynamism became the focus of the discussion: the attaining of revenues through systematically organized violence.

These connections, referred to as "economies of violence" or "markets of violence," were presented for discussion by Georg Elwert in a *BMZ aktuell* publication in 1998. The term and the theorem have since been developed further by various authors.

According to them, economies of violence can be described as a set of multiple relationships or as a social context in which the attaining of revenues is based on the threat or use of violence.¹ In practical terms, that means that rebel leaders and other warlords generate an income by taking control of resources – such as territories rich in mineral resources – by violence, or gain control over trade routes and impose taxes and duties. They prevent prosecution, if necessary, by using physical force, or at least they are in a position to threaten such use of force. They reinvest part of their generated profit in maintaining or expanding their capacity for violence. This results in the emergence within society of gray areas of economic dynamics or even economic prosperity that are based on noncompliance with national and international standards.

However, the entrepreneurs of violence may also come in other guises. Rather than enforcing their own monopoly on force against that of the state, they may bribe or blackmail those who are in control of that monopoly. This means that even recognized governments, government leaders, military leaders, etc. can all be part of economies of violence or allow EoV actors to act under their protection.

Weak states and failing security structures are both an ideal breeding ground for and a consequence of this type of criminal economic activity. This is why economies of violence can be found particularly frequently in war regions or war-like situations. However, they can also emerge in stable states with modern administrative structures, for instance in poor neighborhoods on the outskirts of major cities.

The combination of economic interest and violence means that those who profit by it have only limited interest, if any, in the establishment of a functioning government system that adheres to democratic principles.

The destructive impact of economies of violence should not only be measured in terms of the number of their victims but also in terms of the destruction of regulatory principles underlying the economy. Institutions such as customs authorities and tax authorities are no longer able to function if noncompliance with regulatory standards is no longer monitored and punished. Enterprises that base their cost calculations on predictable administrative procedures (license fees, taxes, security provisions) are not able to compete with the production costs that entrepreneurs of violence are able to achieve in the territories they control.

¹ That definition constitutes a summary of the further development of the term and theory of markets of violence undertaken by various authors (including Elwert 1998 and 2001, Mair 2002, Schlichte 2002).

It is particularly during the transition phase between the end of a war and the consolidation of a new social order that the development of economic structures and the revitalization of foreign investment constitute central goals of development policy. Those in charge of policy and projects need to look into the opportunities available to development policy to exert an influence, and its limits.

The present briefing paper does not offer any ideas for solutions. It does, however, seek to provide guidance in order to enable actors to better assess the mutual impacts between illegal, violence-based economic activities and the goals of their own project work.

Definition of terms

Economies of violence or markets of violence:

A broad distinction can be drawn between spheres of the economy that are illegal but do not induce any direct violence, and industries in which the main profiteers can only secure their revenues by using violence or threatening the use thereof. The latter case is referred to as economies or markets of violence. The relationship between the use of violence and economic activity is of a causal and systemic nature.

Shadow globalization:

"Shadow globalization" refers to a broad range of illegal and informal economic activities that take place outside the realm of regulatory rules and government control.

They include a vast variety of forms of corruption, smuggling, clandestine employ-

ment, and tax evasion, as well as the production of, or trade in, illicit goods. These illegal activities do not necessarily induce the use of violence.

War economies:

According to a definition coined by the Overseas Development Institute (2002), a "war economy" only comprises those economic activities that are undertaken in a war situation by the groups involved in the violence (militias, warlords, military forces) and/or their leaders and that contribute to the financing of the hostilities. Based on this definition, the term is very closely related to "economy of violence." Other authors use "war economy" to describe the overall set of structural changes in an economy caused by war.

2. Economies of violence in our partner countries

2.1 Three examples

Three examples serve to illustrate briefly those realities in our partner countries that are aptly described by the theorem of "economy of violence." The examples have been selected in such a way that they illustrate the differing reach and scale of violence-based economic dynamics.

Robbers high on drugs

An example from Angola

One year after the end of the civil war, a journalist from *Süddeutsche Zeitung* newspaper interviewed young people in Angola about their lives prior to the cease-fire. 20-year-old Fernanda João talks about how she organized her social and economic survival during the war.

She used to be part of several youth gangs with names such as "Empty coffins" or "Bad behavior." She says: "On weekends we would hold up pubs and discos, or simply people in the street. For a twenty-dollar bounty, we would kill people. I had a Russian-made Makarov pistol. I was a good

fighter, but I never killed anyone. I would only take the money from the pockets of the people we had just finished off. We used the booty to buy new weapons and drugs – marijuana and cocaine. We needed the drugs to get high for our holdups. At the time, I enjoyed that life very much. But I have come to realize that what I did was wrong. With the help of Jesus, I left my past behind. But sometimes during fighting scenes in movies I remember fights that I was in."

Source: Johannes Wächter, "No Angels. Was aus Kindern wird, die nur den Krieg gelernt haben,"

Magazin der Süddeutschen Zeitung (4 April 2003), pp. 25-33

War over the exploitation of mineral resources – robber baron mechanisms

An example from the eastern Democratic Republic of the Congo

Notwithstanding a cease-fire agreement and a new transitional government, the armed hostilities in the eastern Democratic Republic of the Congo are not over. The rivalries between different militias relate, among other things, to control over territories that are rich in mineral resources. Whoever has control over the land can sell prospecting rights for the mining of gold, coltan, or oil, or reaps a high profit by marketing the minerals internationally. Just after a second rebellion had flared up in eastern Congo in August 1998, the rebel organization "Rassemblement Congolaise pour la Démocratie" (RCD) successfully fought to gain that position, and made coltan trade the main basis of its financing until the world market price crashed in 2001.

Over the past one or two years, geological studies have shown a high likelihood that there are oil deposits in Congo's Ituri Province along the Ugandan border. In June 2002, the Canadian oil company "Heritage Oil" bought comprehensive oil concessions from Congo's government. Ituri has since gained sad fame, most recently in January

2004, when massacres in the Province's capital, Bunia, continued for weeks. Various militias, supported by neighboring Uganda and Rwanda and consisting primarily of children, have been fighting against Kinshasa government troops. If the oil deposits turn out to be as large as forecasts say, Ituri would become the most profitable region in the Great Lakes area. Whoever controls it and is able not only to sell concessions but to actually control access – in other words, guarantee a certain measure of security and infrastructure for foreign investors – will reap high profits. This is one of the reasons (certainly not the only one) why the war in eastern Congo has continued in spite of the fact that a peace agreement was concluded on 30 July 2003 and a UN peace mission has been deployed.

Sources: Evangelischer Entwicklungsdienst, *Coltanfieber. Wie ein seltenes Metall das Leben im kriegsgeschüttelten Osten der Demokratischen Republik Kongo verändert hat* (Bonn, July 2002); and François Misser / Dominic Johnson, "Baggern für Kongos Zukunft," *die tageszeitung* (11 July 2003), p. 6

DRUG CULTIVATION – MORE PROFITABLE THAN THE PEACE ECONOMY (TO DATE)

AN EXAMPLE FROM AFGHANISTAN

In the early 1990s, the war in Afghanistan already destroyed a great deal of the infrastructure, such as roads, water supply, agricultural land, etc. This meant that many farmers were no longer able to rely on the traditional form of economic activity, the production and marketing of vegetables and fruit. Irrigation systems and transport routes are the basis of production and marketing. Many farmers therefore resorted to the cultivation of opium or, more precisely, poppies. Poppies require little water, and small production areas are sufficient to generate comparatively high revenues.

As farmers only organize transport and trade within the country, or in areas just beyond the border, it is particularly the elites in power who benefit as they take charge of

international trade. Various sources say that the bulk of Afghanistan's heroin is produced in those parts of the country that are controlled by mujahidin. A considerable number of militia commanders have their own heroin laboratories in Afghanistan or in Pakistan. Violent conflict has frequently arisen between groups of mujahidin over poppy cultivation areas or heroin labs. Helmand Province saw a two-year small-scale war over control of the drug trade, in which commander Nasim Akhundzada ultimately won out over his competitor Hekmatyar. Now the drug trade helps finance the warlords' resistance against the central government.

Sources: Jochen Hippler, "Transformation der Zivilwirtschaft in eine Kriegswirtschaft," *Rheinischer Merkur* (5 October 2001), p. 14; and Jochen Hippler:

"Mudjahedin und Drogenhandel," *Frankfurter Allgemeine Zeitung* (14 August 1990), p. 7

2.2 Central characteristics of economies of violence

The reach and scale of economies of violence may vary. In some cases, they are limited to the local level: a criminal gang whose scope of action does not extend beyond the village community, the neighborhood, or a slum area, as illustrated in the Angolan example. In other cases, networks extend all the way to the national level and include parts of the military, government, fiscal or customs authorities, etc. If they extend all the way to international trade and payment flows, as, for instance, in the field of trade in gold, oil, or drugs, they reach yet another dimension, namely that of international trade. Notwithstanding their differing characteristics, the various types also have some features they share:

- The profit margins of economies of violence are based on deliberate and sometimes violent noncompliance with legal provisions, especially the right to property, physical integrity and personal freedom.
- The preservation of such scope for action (which runs counter to the principles of the rule of law) and the weakness of regulatory bodies are the lifeblood of economies of violence.
- In an EoV setting, the availability of means of violence and the readiness to use them become a "factor of production" in their own right.
- EoV trade or payment flows depend upon links with the legal economic system. Ultimately, they are only profitable if their economic transactions make use of the legal infrastructure of international trade relations, for instance marketing and transport routes, international financial agencies, and customers in the processing trade.

3. Options to contain economies of violence

The characteristics and inherent logic of violence-based economic cycles indicate that economies of violence cannot be fought simply by building good governance and "peace economies." Rather, they must be actively stopped. Account must be taken of their systemic nature: the local and national environment has an influence on production patterns; product-specific trade relations determine the demand-supply ratio; and profit margins are defined by global trade cycles and infrastructure. Counterstrategies will only be able to succeed if they take account of that systemic logic and if they link the different levels with each other. Openings for achieving an impact exist, in particular, at the interfaces between the legal and the illegal economy, in those places where the entrepreneurs of violence need to make use of legal production facilities, trade routes or financial structures in order to generate a profit. Most current initiatives against markets of violence call for the expansion of national and international regulatory rules and for possible monitoring and sanction mechanisms. While it cannot be expected that more, and more detailed, legislation or codes of conduct will induce the entrepreneurs of violence to refrain from their business activities, such measures are nonetheless able to increase their transaction costs and required effort (for instance in order to evade monitoring or forge licenses). This provides an opening for influencing market mechanisms in such a way that profit margins in markets of violence decrease considerably. Once the profit rates of the shadow economy near those in the legal system, the effort that entrepreneurs of violence put into their illegal status (for instance for their own safety or for bribes, etc.) becomes less and less worthwhile².

Measures to "reduce economic profitability" can be designed along three lines:

1. Targeted action against **EoV actors**

This includes the further development of legal standards as well as police-based, diplomatic and legal action to limit the free movement of persons and capital in cases where there have been proven violations of existing legislation. One example is what is called the "Stockholm Process." At Sweden's initiative, proposals have been developed since 2001 under the heading of "targeted sanctions" on how UN sanctions can be defined in such a

² cf. relevant comments by Mair (2002), p. 6

way that they have a direct impact on political decision-makers, key economic actors, and their financial basis, without worsening the living conditions of the local population. Responses such as the denial of entrance visas or the seizing of capital holdings can also be undertaken by individual countries.

One prerequisite for such actions, however, is the availability of sufficient information on the networks involved in economies of violence and on their decision-making structures. So far, there are only very few NGOs that research relevant data and facts.

2. Labelling or banning of **products and services**

The provision of certificates for products that are proven not to originate from regions with war economies, or the requirement for traders in raw materials and processing industries to provide a certificate of origin, can influence demand patterns and market prices for commercial goods that have been accessed through violence. One positive example is the ban on Angolan diamonds during the civil war and the slump in world market prices for Congolese coltan in late 2001.

3. Actions under a **global regulatory policy**

Most EoV production facilities can be found in countries with weak government institutions. Public administrations in these countries are often incapable of enforcing national regulatory rules, if it is not the government elite itself that profits most by the situation. Moreover, economies of violence with a larger scope of action operate on the basis of international networks on which national regulations have very little influence. So there is a need for further expanding regulatory instruments at the international level.

This includes improved monitoring of international infrastructure such as means and routes of transport, including airlines and shipping companies (register of shipping, air traffic control) but also the monitoring of international payment flows and stock exchange access. A proposal taking the opposite approach is the deregulation of drug markets. It is frequently pointed out in the debate that the legalization of drug cultivation and marketing would significantly lower market prices and, thus, profits.

4. Fields for action by nongovernmental and governmental actors

Thanks to its broad range of organizations and actors, German development policy has access to a variety of levels for action. By standard definition, these levels are the project level on the ground, activities in Germany, and the international level.

While activities at the project level can usually be implemented quickly, providing the desired impetus within a short time span, the road to implementation in the two other fields is in most cases much longer. It can take years before efforts to formulate international standards bear fruit in the form of changed behavior patterns in the field. Yet lasting success is only possible if strategies to reduce economies of violence also address the global context and the international environment.

The reach of development policy activities in this context is limited. Various policy-making bodies need to act in concert. The challenge also faces foreign, economic and security policy. However, development policy instruments and the mechanisms and fora of international donor coordination offer useful opportunities for making headway on the endeavor to reduce violence-based economic activity. Below are some examples of projects and options for action by governmental and nongovernmental actors in the development policy sphere.

4.1 Approaches for non governmental actors

Within Germany

Publicity and campaign work

- Certification, proof of origin requirements and the formulation of international standards can only reduce demand for problematic goods and services if consumers are sensitized and provided with relevant information. Campaign work by NGOs and church-based agencies can help produce consumers who are better educated about which products or raw materials play a problematic role, and who base their shopping decisions on that information. For instance, the "Fatal Transaction" campaign made a major contribution to the success of the certification and proof of origin process for diamonds, instruments which were negotiated internationally in the Kimberley Process and resulted in a ban on diamonds from Angola's civil war.

- NGOs can publicize business relationships between German enterprises and EoV actors, thus raising public pressure and enterprises' risk of ending up with a negative image that is bad for business.

Advocacy addressed to political and private-sector actors

- This may involve calls for compliance with, and implementation of, international standards as well as endeavors (possibly including specific proposals) to have new standards developed or to increase the conflict relevance of existing standards. Relevant topics range from improved monitoring of capital flows and money laundering to the monitoring of trade routes and the formulation of codes of conduct for enterprises, all the way to the banning of products from war zones.
- Another possible idea would be to encourage German companies that are part of the Global Compact – an agreement between the UN and the private sector under which enterprises make a voluntary commitment to base their business operations on nine principles – to enter into a dialogue on the implementation of activities that have been announced there (such as policy dialogues).³
- Civil society actors can also turn to government agencies to call for the denial of entrance visas, etc., for key actors in EoV networks, along the lines of "targeted sanctions." However, this requires substantial research and coordination with local partners in the countries in question.

At the project level

Support for the gathering of information

Targeted advocacy requires a sound information basis. Only detailed analyses of the business relationships of violent actors provide a basis on which to define targeted countermeasures and to make a political call for translating them into action. So far, the number of organizations that compile information on violence-based economic areas is rather small.⁴ They concentrate primarily on cases that already involve a certain degree of violence and high-price economic goods. There is a good case for generally taking a critical view of financial support for NGOs or research institutions that are headquartered in countries of the North. However, it has to be considered that the number of institutions working on this particular topic is still very limited while it is also agreed, that only adequate analysis and inquiries will enable the formulation of targeted political demands. Therefor support for relevant capacity both in partner countries and OECD-countries should be accepted in the set of measures to fight economies of violence.

- Another opening is support and capacity building for local groups to play a watchdog role. This approach could be expanded with a view to monitoring, in relevant cases, UN sanctions or the principles of the Global Compact, or violations of the OECD guidelines for multinational enterprises. However, local groups are often neither familiar with the precise substance of such agreements nor with relevant complaints procedures. Local groups need support with regard to the question of the bodies to which violations should be reported, and how to go about that.
- Another set of activities is geared towards directly influencing groups of persons that are actually or potentially a part of economies of violence. Examples include projects for street children that provide members of youth gangs – as in the example above – with alternative options for their lives, or support for farmers in Colombia's drug cultivation areas. The extent to which support for income-generating activities as an alternative to employment in illegal industries is able to influence the operation of economies of violence must be assessed on a case-by-case basis. However, it must be taken into account that in many cases, broad sections of the population may be part of EoV dynamics themselves and benefit economically,

³ See the Global Compact website, www.unglobalcompact.org. GTZ has set up a liaison office for the coordination and support of activities of German member organizations, called "German Friends of the Global Compact." A list of German enterprises (in German) can be found at www.gtz.de/ppp/global_compact/netzwerk.html.

⁴ In a number of studies, the British NGO "Global Witness" has revealed links between legal and illegal businesses, compiled information, and made recommendations on how to block these business flows (Global Witness 2002, 7). Other organizations engaging in similar research are the International Crisis Group, Oxfam, and International Alert.

at least from a subjective point of view. The principle of "countervailing force" reaches limits in this context, limits that have not been subjected to much reflection so far.⁵

- Other openings include programs for the reduction of the prevalence of small arms among civilians. After the end of a war, a flourishing trade often ensues in guns and ammunition that are no longer needed. Continuous monitoring of the demobilization and reintegration process can help to keep track of the potential for arms trafficking and gang formation, and demands for a response from the national government or the international community can be voiced early on.

At the international level

Advocacy at the international level

- As for advocacy activities for compliance with, implementation and further development of international standards addressed to the German government, it is generally useful to combine them with advocacy at the international level. The ultimate goal must be to develop instruments for an international regulatory policy and to put them on a legal basis. One helpful step is the networking of civil society actors at the international level and the development of routines for sharing information and coordinating. Moreover, those actors and bodies need to be identified which are most receptive to inputs from civil society in their decision-making processes.

4.2 Approaches for governmental actors

Within Germany

- Openings for action by governmental actors include a more intensive exchange between the public administration and the German private sector on the role of enterprises in stabilizing peace and working against economies of violence. Quite a few conferences have been devoted to that dialogue in the past few years.⁶ Another opening is provided by the Global Compact (GC) and its nine principles.⁷ The German network of GC partners (currently 20 enterprises) could be activated in order to further develop the GC's sensitivity to crises and violence.
- Further options for action include the establishment of specific standards between BMZ and its implementing agencies KfW and GTZ. Standards would be conceivable for the design of relationships with partners and of planning procedures for regions where the environment is characterized by EoV elements. For instance, the granting of Hermes export credit guarantees could be made contingent on enterprises revealing all financial transactions between them and official or private entities in the partner country, along the lines of the "Publish What You Pay" campaign.
- A rule could be established for the selection of German partners from the private sector (PPP) in problematic regions to the effect that project planning activities must rely on specific analytical instruments, such as "Do No Harm," PCIA, or the recommendations of the "Corporate Engagement Project"⁸ of the Collaborative for Development Action (CDA).

⁵ See Sylvia Servaes (2004), "Gegenmacht, Zivile Konfliktbearbeitung und 'neue Kriege'", ed. Sabine Jaberg / Peter Schlotter, *Imperiale Ordnung? Trends im 21. Jahrhundert* (Baden-Baden: Nomos-Verlagsgesellschaft, 2004/05 Friedensschriften; 32) (to be published)

⁶ For instance the conference on "Public Bads – Economic Dimensions of Conflict" organized by BMZ and InWEnt in 2002, or the seminar on "Ecology and Peace in Crisis-Prone Regions" held at Evangelische Akademie Loccum in 2003.

⁷ However, these nine principles are nothing new. They come from declarations and agreements that have already been internationally adopted, such as the International Bill of Human Rights, the ILO labor and social standards, etc. The new quality of the endeavor lies in the fact that these instruments were in the past ratified by governments and it was up to individual governments to enforce the standards vis-à-vis enterprises. Enterprises which join the Global Compact officially embrace these principles for their own operations.

⁸ Detailed information on the CDA project can be downloaded from its website: <http://www.cdainc.com/cep>. The project is being cofinanced by the Federal Ministry for Economic Cooperation and Development (BMZ).

- Within the framework of Financial Cooperation, such planning procedures could also be made binding on local partners. Acceptance of, and reporting on, compliance with international standards could be made a requirement for cooperation with companies that invest in regions affected by crisis or that use critical raw materials.
- Finally, the German government's overall strategy on crisis prevention offers yet another opening: improved coordination between the various policy-making bodies on the development of coherent action against economies of violence can be achieved, as envisaged by the German government's action plan on crisis prevention.

At the project level

- Bilateral political dialogue provides a framework for calling for changes in the political and legal environment in the partner country, for emphasizing the relevance of international standards, or for discussing proven violations of standards. However, the approaches pursued by foreign policy, security policy and development policy need to have been agreed and to be coherent.
- As part of German development cooperation, support is provided, among other things, to the development of administrative capacity and policy sectors in the partner country that are in charge of implementing regulatory policy actions. Improved and more transparent budgeting can be a contribution, as can training for customs and port authorities, licensing agencies or police forces.
- Anti-corruption activities also play a role in this context.

The effectiveness of this field of action usually depends on the ability of the government in question to establish regulatory rules and to punish violations. A good number of development cooperation sector programs for the improvement of accountability, transparency and good governance address this aspect. However, these efforts will clearly require great patience and perseverance before they will have an impact on illegal economic activities. After all, it is often the very groups of persons whose capacity for good governance is to be built that are deeply entangled in the profit mechanisms of illicit economic activity.

So it would not be very realistic to expect success in the short term. Because of this, and because local problems have an international dimension and some profiteers are located abroad, counterstrategies will also need to address global economic structures.

At the international level

Openings in this field focus on the development and enforcement of elements of international law and international regulatory policy (see above). Relevant efforts are currently being actively pursued in various international bodies.

- Within the UN system, efforts are under way to foster the ownership and technical capacity of regional organizations such as IGAD, NEPAD, or ASEAN with regard to monitoring international standards.
- Another opening could be the international discussion of efforts to standardize the combination of project components for regions that are particularly influenced by economies of violence. For specific types of projects, such as demobilization and reintegration projects, target group definitions and sets of activities would need to be adjusted. Generally speaking, it would appear useful to make a monitoring component a mandatory element, tracking the "further development" (geographic mobility, economic basis, etc.) of demobilized soldiers in the medium term. Provision would need to be made for relevant resources and responsibilities as early as in the project planning phase.
- Another option is the standardization of specific elements of reconstruction programs in postwar countries, such as those agreed at the international donor conferences on Angola and at the Petersberg Conference for Afghanistan. With regard to countries on which the UN imposed economic sanctions during the war, it should be discussed whether the monitoring mechanisms related to the sanctions should be retained for a transition period after the end of the war. This would enable monitoring, at least to a certain degree, of whether, and to what extent, the former war economy is transforming into a peace economy.

Not all development cooperation organizations are equally active at all three levels. For instance, government entities such as the Federal Ministry for Economic Cooperation and Development (BMZ) and its implementing

agencies enjoy direct access to the discussions and decision-making processes in multilateral bodies. Nongovernmental organizations can usually only influence these processes indirectly by mobilizing public pressure. On the other hand, NGOs have a broad range of civil society partners in partner countries, so they enjoy specific options for action in that field.

The level at which counteraction can be taken most effectively and the activities that are suitable depend in each individual case on the characteristics of the EoV networks in question.⁹ Local projects will only achieve limited influence on entrepreneurs of violence with an international scope of action. So in order to stop the Colombian drug trade or the trafficking in women and girls in south-eastern Europe from functioning, there is also a need for international agreements and regulatory policy actions at the international level. On the other hand, international agreements and improved border checks will do little to curb organized gang crime in major cities.

5. Sensitisation for potential mutual impact - Five guiding questions

The complex relationships that mark violence-based economic activities require multifaceted counterstrategies at a variety of social levels. In order to identify openings for action, actors need to analyze the specific context and relate that to the scope for action available to their own organization or to their partners. They will need to address individual partial aspects while keeping sight of the broader complex context. This means that as they plan activities, they need to exchange ideas and information with other development agencies and with country experts. With a view to designing their own programs, they do not only need to identify openings for fighting economies of violence. They also need to assess how high the risk is that some of the resources they provide might be used to benefit entrepreneurs of violence. As regards activities that pursue classic development policy goals, the question also arises whether these goals are attainable at all under the conditions of an economy of violence. What prospects of successfully building central-government security structures are there in a country in which informal networks rely on violence to uphold legal vacuums? What impact can activities to foster medium-sized enterprises achieve if parallel violence-based economic processes reduce the profit margins of legal business sectors to zero?

Answers to these questions can only be given on a case-by-case basis and would go beyond the scope of this paper. However, the following five guiding questions are intended to help achieve better assessments of the interfaces between the EoV context and project activities, and of the risks and opportunities this implies. Depending on the scale of the illegal networks concerned, the answers to these questions can also help define the limits of players' own scope of impact. There may be a need to lend impetus at levels which are not easily accessible to one's own organization. In such cases, consultation and coordination can lead to synergistic effects.

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| <ol style="list-style-type: none"> 1. What acts of violence are being committed in the project's immediate environment?
Are they isolated or sporadic incidents, or do they occur with a certain regularity or follow a specific pattern?
Are the actors known? 2. What role do the acts of violence play for the financing of the livelihoods of the actors (and the people around them)? | <p>Does the violence tend to be a sporadic source of extra revenue or a central, continuous source of revenue?</p> <ol style="list-style-type: none"> 3. If it is the central source of income, which actors profit the most and on which levels are they active: local level (village, city, province), national level (with links to government institutions such as parties or the military), or international level? 4. What resources, including logistic resources, are needed for the generation of these |
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⁹ For instance, a broad debate has begun on the usefulness of certification processes and voluntary restraint agreements, with central contributions having come from International Crisis Group, International Alert, and Global Witness.

revenues? Can your local project partners influence them (e.g., use of transport routes, trading sites, or financial institutions)?

5. Which units of your own organization or other development organizations are active, or could be active, in one of the relevant fields?

There will be a number of cases in which the normal basis of information is not sufficient to answer the questions for the project region concerned. In these cases, the terms of reference for envisaged country studies could be broadened accordingly, or expert opinions could be obtained on a targeted basis. FriEnt will be glad to put you in touch with the relevant people.

6. Literature

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