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Defining and Measuring the External Stress Factors that Lead to Conflict in the Context of the Post-2015 Agenda

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Document Summary

Title: Defining and Measuring the External Stress Factors that Lead to Conflict in the Context of the Post-2015 Agenda

Purpose and intended use of this document: This paper aims to

- inform its audience (below) of the significance of selected external stresses that exacerbate conflict and violence, and analyse the potential for tackling those stresses within the post-2015 development framework;
- provide evidence with which to engage the wider policy community and analysis as to whether action on these drivers is technically viable;
- explore options for specifying external stresses that could be addressed in the framework, and for defining how commitments to address these could be monitored and measured credibly (through the suggestion of indicators), at global, regional and/or country levels, as appropriate.

Key questions this document addresses:

- What are most important and appropriate external stress factors for inclusion in the post-2015 development framework?
- How do these stress factors relate with internal dynamics to contribute to conflict?
- What policies or interventions have been employed to address these stress factors, at the national and international level?
- What indicators can be used to measure progress on mitigating the impacts of each stress factor on conflict?
- Where can I access information about measuring progress against addressing these stress factors?

Key messages:

- External stress factors are critical drivers of conflict, and must be included within the post-2015 development framework.
- The most important external stress factors for inclusion in the framework are illicit financial flows, the trade in conflict resources, illicit drugs trade and the international arms flows. Possible targets and indicators to promote and monitor progress on these issues have been elaborated in this paper.
- Suggested targets are:
  - 1) Reduce illicit financial flows, including money laundering, tax evasion, transnational corruption/bribery and trade mispricing, by x%, and recover at least y% of illicit financial flows, by 2030
  - 2) Significantly reduce the irresponsible trade in arms and conflict commodities, and reduce violence and other negative impacts associated with trade in illicit drugs.
- Some relevant data sources for capturing progress on each of these external stress factors are available. However much more work is needed to develop these data sources further.

Intended audience of this document (including assumed skill level):
Part 1 of this paper is primarily intended to inform policymakers in DFID, other departments and agencies within the UK Government, as well as other policy actors working on shaping the post-2015 development framework. Some basic knowledge of the post-2015 framework discussions is assumed. No detailed knowledge of external stress factors is assumed.

Part 2 of this paper (consisting of issue briefs) primarily targets conflict advisers and programme managers working on development programmes. It is also intended to inform policymakers working on the post-2015 development framework. No detailed knowledge of external stress factors is assumed.

Key topics/tags: External stress factors; post-2015 development framework; illicit financial flows; drugs; arms; natural resources; political extremism/ terrorism; transnational organised crime.

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Cross references to other documents in the series:

- Measuring the impact of programmes focusing on transnational organised crime (SSP, May 2014)
- Countering violent extremism/ terrorism (SSP, May 2014)

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1. Introduction

Violent conflict occurs as the result of the complex interplay of a range of stress factors, such as the quality of governance, political inclusiveness or the distribution of services and resources between social groups.[1] These factors may be domestic in nature (i.e. related to stresses that emanate primarily from within the country) or they may be external stress factors. External stresses refer to those factors that can contribute to the onset, duration or intensity of violent conflict within a country, that are primarily driven by dynamics beyond that country's borders. External stress factors might include the international trade in illicit drugs, arms and other commodities, illicit financial flows or transnational political extremism. One way to understand conflict is to examine the relationship between external stress factors and internal dynamics, and the ways in which the interplay between them can contribute to conflict, for example by exacerbating existing tensions between groups, altering power dynamics or providing incentives for certain groups to engage in violence.

A number of recent studies have drawn attention towards these external stress factors and their role in conflict. The World Development Report 2011 pays close attention to the external factors that can heighten the risk of violence,[2] whilst the High Level Panel (HLP) on the Post-2015 Development Agenda's report 'A New Global Partnership' also recognises their role in conflict.[3] Despite this, external stresses remain a relatively undefined and under-discussed area of the peace agenda.

1.1 Objective, audiences and structure of this paper

This paper identifies and analyses a range of external stress factors that can contribute to conflict. It is intended to be a useful resource for policymakers working on the post-2015 development framework and DFID conflict advisers working in countries affected by external stress factors. It is made up of two parts.

Part 1 presents analysis of the relative impact of different stress factors on conflict, their measurability and the feasibility of including them in the post-2015 development framework. It makes **recommendations about which stress factors should be included and suggests potential targets and indicators for inclusion**. This part of this paper is primarily targeted at policymakers working on the post-2015 agenda.

Part 2 is made up of a series of issue briefs focusing on four specific external stress factors. They explore the relationship between each external stress factor and conflict. They identify policies and interventions that have been and could be used to address each factor at national and international levels. **They identify key resources, potential indicators and data sources that could be used to inform the conception, design and monitoring frameworks for programmatic interventions aimed at addressing these stress factors at the national level**. They provide practical guidance for conflict advisors working in DFID country programmes, as well as providing more detailed guidance for policymakers seeking more in depth information on external stress factors in relation to the post-2015 framework.

The four issue briefs – on illicit financial flows, illicit trade in conflict resources, illicit drugs trade and international arms flows – have been selected on the basis of both the impact of these stresses on conflict and their relevance to the post-2015 development framework.

1.2 Methodology and scope

Drawing upon a review of key literature[4] and in consultation with DFID, the authors identified seven broad categories of external stress factors for further analysis: international arms flows; the illicit trade in drugs; the international trade in conflict resources; illicit financial flows; violent extremism and terrorism; international migration; and volatile commodity prices and financial shocks. Key literature relating to each of these categories was then reviewed (see Bibliography for a list of documents consulted). Based on this literature review, the authors identified four categories, based on relative impact on conflict, measurability and the political feasibility of including them in the post-2015 framework, for further analysis and discussion in the Issue Briefs. External experts from the UN Office on Drugs and Crime (UNODC), Global Witness, Small Arms Survey and CARE International have reviewed these products and comments have been incorporated.[5]

1.3 Limitations

The topics included in this paper are not intended to be comprehensive; we acknowledge that arguments could be made for the inclusion of several alternative factors. Each of the topics covered here warrant deeper and more though investigation. The issue briefs seek to provide summary of key debates, interventions and available resources. However, with limited time and resources there is much that we have not included. Likewise, many of the issues are highly contentious. We do not seek to provide comprehensive answers to the questions posed, but rather to highlight key issues and stimulate further discussion.

2. Addressing External Stresses in the Post-2015 Framework

2.1 Peace and the post-2015 framework

In 2015 the Millennium Development Goals will expire. Debates on what goals and targets should be included in a new post-2015 development framework are in full swing. There is strong evidence and wide consensus that conflict and insecurity act as obstacles to sustainable development.[6] Because of this, experts, civil society groups, UN member states and citizens across the world have called for a new framework to include goals and targets to promote peaceful and stable societies. A series of major reports, including by the UN Secretary General, have drawn attention to this,[7] and in late 2013, at the General Assembly, UN member states collectively stated that the new framework should promote peace.[8]

The post-2015 development framework will provide an important avenue for addressing external stress factors that contribute to conflict at both the national and international levels. It is the interplay between external stress factors and internal dynamics that drive conflict and insecurity. Many of the goals and targets in the post-2015 framework that have been proposed to promote peaceful and stable societies will be implemented at the national level, focusing on internal dynamics. Those focused on strengthening governance and the rule of law will at the same time contribute greatly to mitigating the impact of external stresses.[9] For example, national-level targets on access to security, addressing corruption and managing natural resources will help states become more resilient to the impact of illicit transnational flows of arms, finance and war commodities.

But individual countries are unlikely to succeed in addressing external stresses acting alone. The transnational nature of these stresses means that lasting solutions require collective global action. This is needed in order to create conducive conditions for states to address the drivers of conflict and insecurity within their own territories. The post-2015 framework is an opportunity for developing a global partnership for development under which each country, including those in the developed world, will be encouraged to take a fair share of responsibility for promoting peace and development.

In its May 2013 report, under its proposed Goal 11, to '*Ensure stable and peaceful societies'*, the HLP recommended a target to *'Stem the external stressors that lead to conflict, including those related to organised crime'*.[10] It also included a target focused on illicit financial flows: '*Reduce illicit flows and tax evasion and increase stolen-asset recovery by $x'*.[11] The fact that the HLP, which represented a diverse group of eminent persons from a range of member states, managed to agree on the inclusion of two targets addressing external stresses suggests that progress on this agenda will be possible.[12] However, this remains one of the most undefined and under-discussed areas of the post-2015 framework.

2.2 Which external stresses should be addressed within a post-2015 framework?

This section summarises evidence on the impact of seven external stresses on conflict, and discusses the possibility of defining a shared, measurable global approach to each stress, and the political feasibility of including each in the post-2015 framework. The seven categories assessed are:

- **Illicit financial flows**: including money laundering, transnational corruption and bribery, trade mispricing, tax evasion and international financial regulations.
- **The illicit trade in drugs**: including the production, processing, transit and consumption of illicit drugs, primarily heroin and cocaine. This includes international counter-narcotics strategies.

- **International trade in conflict resources**: including the impacts of external demand for oil, minerals, diamonds and timber on conflict dynamics within resource-rich countries. This includes both formal and informal trade in these resources.[13]
- **International arms flows**: the negative impact of both licit and illicit arms transfers, focusing on small arms and light weapons (SALW) and efforts to prevent illicit proliferation.
- **Violent extremism and terrorism**: including transnational radicalisation of youth and international support for or proscription of non-state armed groups.
- **International migration**: including refugees, diasporas and remittances.
- **Volatile commodity prices and financial shocks**: including food and commodity price fluctuations, volatile aid flows and the global financial crisis.

This list does not seek to be comprehensive. For example, analysis of two important categories has been omitted: **environmental stresses** (because the CCVRI is unlikely to add value to the substantial work by other experts on this issue) and **international military–security agendas** (which fall under the purview of the UN Security Council and are too polarising to be included in the post-2015 framework).

We conclude that illicit financial flows, illicit drugs trade, trade in conflict resources and international arms flows should be priorities within the post-2015 development framework. Section 2.3 identifies two targets with associated indicators that could be included within the framework to capture the impacts of these external stress factors. These are:

> **Target 1:** Reduce illicit financial flows, including money laundering, tax evasion, transnational corruption/bribery and trade mispricing, by x%, and recover at least y% of illicit financial flows, by 2030
>
> **Target 2:** Significantly reduce the irresponsible trade in arms and conflict commodities, and reduce violence and other negative impacts associated with trade in illicit drugs.

2.2.1 What impact does each external stress factor have on conflict?

It is inherently difficult to compare the impact of different stress factors on conflict. All conflict is highly context-specific and driven by interrelated and overlapping factors. Furthermore, the categories discussed here cannot be easily separated from one another. However, the literature does point to some categories that appear to be of particular importance for conflict.

The scale of **global illicit financial flows** and the **illicit drugs trade,** and the fact that they are the lifeblood of transnational organised crime, single these out as being particularly important. Both are truly global enterprises; there is hardly a country in the world that is not affected in one way or another.[14]

Illicit financial flows have been valued at up to $1.7 trillion per year,[15] derived primarily from violent criminal activity (such as drug, arms or human trafficking), the diversion of state funds (including looted natural resource rents, embezzled state funds, tax avoidance and corruption) and trade mispricing. This directly contributes to conflict, by financing the violent contestation over power and resources, and indirectly by undermining investment, depleting the resources of states to pursue development, and contributing to the weakening of institutions and corruption.[16] Illicit financial flows have sustained the nexus between illicit arms and drug trafficking, organised crime and armed rebellion in contexts as diverse as Afghanistan, Bolivia, Colombia, Kosovo, Myanmar, Pakistan, Peru, the Philippines, Sri Lanka and Turkey. Paramilitary groups on both sides of the sectarian conflict in Northern Ireland for example were significantly reliant on financial flows from organised crime.[17] In Yemen meanwhile, elite families allegedly used private banking channels to transfer large amounts of money out of the country, undermining the country's tax base and fuelling a vicious circle of weak institutions, weak property rights and low growth.[18]

The **illicit drugs trade** is estimated to be worth between US$320-500 billion annually, and it is estimated that it accounts for between 50% and 85% of all income for transnational organised criminal networks.[19] Because drugs are illegal almost everywhere, virtually the entire trade is controlled by criminal actors. Violence is strongly and clearly correlated to the drugs industry at every stage in the value chain. For example, drug production has been encouraged and the proceeds used to fund insurgencies in a range of contexts, including Afghanistan, Colombia and Myanmar.[20] Mexico acts as the principle transit site for drugs entering the US. 60,000 people are thought to have been killed in drug related violence here since 2006,[21] whilst an estimated 43% of all murders in Mexico in 2009 were related to the drugs trade.[22] Competition over control of

drug distribution networks meanwhile contributes to significant levels of violence in 'developed nations', including the UK and US.[23]

The evidence drawing a direct, causal link between the **international trade in conflict resources** and conflict is contested.[24] However, there is a robust body of evidence that suggests that when other conflict risk factors are present, and especially where governance is weak, then the international demand for certain natural resources can have a significant impact on both risk and nature of conflict. Competition over access to coltan and other resources has been a key factor for conflict in Eastern Democratic Republic of Congo (DRC) for many years, whilst control of diamond fields was a key to financing and prolonging the civil wars in Liberia and Sierra Leone.[25] A lack of effective oversight of natural resource extraction, at both national and international levels, can encourage exploitative business practices and human rights abuses, as has been seen in a range of resource rich countries, such as Papua New Guinea or Mozambique.[26] There is also evidence that a high dependence on some resources can undermine statebuilding objectives, for example by discouraging economic diversification and encouraging corruption.[27]

The majority of **international arms flows** are legal and controlled by states. However nearly all illicit arms have their origins in the legal market, whilst their continued presence in conflict zones suggests that existing transnational controls are ineffective. This is particularly troubling given the increasingly global nature of the arms trade, especially of SALW which are responsible for the vast majority of direct conflict deaths in developing countries. The evidence base drawing a direct causal link between arms and conflict is weak.[28] However a significant body of evidence suggests that in certain contexts, changes in the nature of arms flows have an influence on the duration, intensity and lethality of violent conflict. For example, it is difficult to ignore the impact that arms flows have had on conflict dynamics in Syria.[29] Arms flows should therefore be considered a stress factor that exacerbates conflict under certain conditions.

The issue of transnational **violent extremism and terrorism** has come to be one of the most significant areas of concern for international policymakers, especially in the West. However, it is particularly difficult to assess global impact of this issue, in part because there is no global agreement on the term 'terrorism' or on what constitutes a terrorist act, organisation, or individual.[30] Nonetheless, while statistics may be influenced in part by the definitional ambiguity, it has been observed that between 2002 and 2011 "violence associated with terrorism has increased by 234%".[31] The initial spike was driven in part due to post-2003 violence in Iraq, but since then partial gains from stabilisation there have been "offset by increased attacks in Afghanistan, Pakistan, India and Philippines".[32] The global nature of violent extremism and terrorism can have significant direct and indirect impacts on national and local level conflicts. Arguably, the national or international response to perceived terrorist threats also plays a significant role in linking violent extremism and conflict. For example, in Somalia, regional and international actors have been engaged in a variety of military interventions driven by security concerns associated with extremism and terrorism. Such military interventions, while sometimes appearing to make gains in the short term, often end up exacerbating conflict issues in the long term, and therefore can ultimately have converse effects on national and regional stability. In other contexts the presence of extremist groups can alter the character of conflict. For example, the increasing visibility of extremist groups has fundamentally altered the dynamics of the conflict in Syria.

The evidence linking **international migration** and conflict is not clear-cut. The conflict risk associated with being in a 'bad neighbourhood' is well established and robust.[33] This has been statistically correlated to the negative impact that significant flows of **refugees** across a country's border can have on its internal stability,[34] although it is important to acknowledge that refugee flows are only one aspect of such spill-over effects (alongside incursions from armed groups, disruption of trade routes, and so on). The DRC stands out as an example of the relationship between flows of people and conflict dynamics. However a large number of intervening variables make any assertion that flows of displaced people have 'caused' the conflict to worsen would be problematic. Nor does the evidence seem particularly robust, with empirical examples of states receiving large numbers of refugees without major deteriorations in security, as has been the case with Palestinian and more recently Syrian refugees into Jordan. There is also a complex relationship between **diasporas** and conflicts in their countries of origin. Case studies on Sri Lanka, Ethiopia, Somalia, Croatia and Turkey have shown the potentially important role they can play. Remittances are clearly important for the political economy of conflict-affected countries.[35] However, the evidence that these flows drive conflict is limited. Indeed, the role and impact of diasporas varies to such an extent, both within specific contexts and between them, that it does not seem possible to identify common global policy directions.

Some researchers have argued that volatile **commodity prices and financial shocks** contribute to tensions and conflict.[36] For example, the crash of coffee prices in the late 1990s may have had a significant impact on

conflict dynamics between the government and rebels in Colombia, undermining the former and benefitting the latter.[37] However, the evidence is mixed both on the question of whether commodity price shocks have a general, uniform impact on conflict and on whether a policy solution exists at the global level.[38] Some evidence points to commodity price fluctuations having simultaneous countervailing impacts that, depending on the orientation of the local economy, can cancel each other out.[39]

Shared characteristics

The seven external stresses covered in this brief share several characteristics:

- The impact of each stress is greatly influenced by contextual factors at the national level. Quality of governance is the most pertinent of these contextual factors, whether with regards to state capacity to manage the problems or political willingness to address them. Therefore the transnational stresses identified in this brief must be addressed across the framework in concert with national-level efforts to promote peaceful and stable societies.[40]
- All of the stresses have very significant potential impacts, whilst several (such as arms, illicit financial flows and political extremism) appear to have significantly grown in scale since the first Millennium Development Goals framework was agreed. This largely reflects a period of continued globalisation and the increasing ease with which finance, commodities, ideas and people move across borders.
- Several contribute to the contagion of conflict across borders and the 'bad neighbourhood effect'. They should therefore be understood as regional as well as global stresses.
- The stress factors are deeply inter-related. For example, most operate primarily in illicit markets. Arms, drugs and conflict resources are particularly bound up with one another and linked to transnational organised crime, a cross-cutting theme. Initiatives seeking to address any one factor therefore must be informed by understanding of how it relates to other stresses.
- The responses to external stresses can have an important impact on conflict in their own right. This is most clearly the case with drugs and terrorism.
- All are difficult to measure with few established indicators and data sets available.

2.2.2 Can we measure progress in addressing each stress factor?

Whether progress in tackling the negative impacts of an external stress can be measured is an important consideration when assessing suitability for inclusion in the post-2015 framework. None of the external stresses are without challenge in this regard.

Measurement of progress on addressing **illicit financial flows** seems to be feasible with existing methodologies and data sets, although further improvement of these would enhance the credibility of indicators if targets are adopted. Methods are available to estimate such flows for most countries, indicating that it should be possible to formulate a target to reduce their volume (at both national and global levels) and to increase the proportion of flows that are recovered. It should also be possible to develop indicators that capture steps towards building the institutional capacity to tackle illicit flows, whilst surveys of the public and business community could be used to capture perceived progress in the fight against corruption. These are important to verify data produced by technical assessment about the extent of financial flows and the progress that is being made.

It would be relatively easy using existing data to measure **volatile commodity prices and price shocks** and the provision of resources to mitigate these: data from international markets, local food and commodity price indicators, such as those gathered by FEWSNET, and data on total aid flows are reasonably strong, although far from complete. The clearest challenge in developing appropriate indicators would be that since no clear global policy option for either preventing commodity price volatility or effectively mitigating the negative impacts of such volatility currently exists, it follows that there is likewise no satisfactory way to measure the development of appropriate frameworks and capacities to ensure progress.

Measuring progress in reducing violence and other negative impacts associated with the **illicit drugs trade** is challenging. The trade exists almost entirely within the illicit sector and relies on secrecy to thrive; but data is regularly collected on the production, trafficking and consumption of illicit drugs, e.g. by UNODC through its Annual Reports Questionnaires.[41] However, the multiple methodologies used to calculate overall production and consumption patterns, as well as the value of the global trade, have often resulted in wildly different estimates. Furthermore, there remain significant gaps within the data collected, most notably related to consumption patterns.[42] This is a particular challenge for developing global indicators: in order to capture

progress towards addressing this issue, efforts must be focused on addressing each stage of the supply chain. Nonetheless, the illicit drugs market has been more thoroughly researched than most other illicit markets, and this means that much useful data is available.

It is also extremely difficult to calculate the true value and scope of the global **trade in conflict resources**. Much of it takes place in the grey or black economies, e.g. more than 100 million people are estimated to be reliant on artisanal small-scale mining,[43] making access to accurate information difficult. However, unlike drugs or illicit financial flows, much of this trade is ultimately controlled by large corporate actors, often based in western countries. Traditionally these companies, as well as many host governments, have been reluctant to publish data such as revenue flows; however there are signs that this is slowly changing. Initiatives such as Extractive Industries Transparency Initiative (EITI) and the Kimberly Process have received significant support from developed and developing country governments and major commercial actors. A relatively strong body of research has contributed to the development of several useful data sets, such as the Resource Conflict Monitor. These are significant steps forward in promoting transparency and improved measurability in this area.

There are several challenges associated with measuring progress in addressing the negative impacts associated with **arms flows**. As with other external stresses, there is an absence of information on the illicit flow of arms. Whilst data on the licit trade is more widely although not universally available, it may not necessarily capture the implications of licit trade for conflict. Nonetheless, data on states' effective implementation of and cooperation with internationally agreed measures, including arms embargoes and the UN Arms Trade Treaty (ATT), could be relatively easily developed, and would provide a good illustration of progress in addressing irresponsible arms trade. In terms of measuring efforts to address arms availability and misuse on the ground, health indicators on direct deaths from firearms, which are relatively accessible, offer perhaps the most useful snapshot of the objective situation. States also report on the steps taken to implement the UN Programme of Action on Small Arms (PoA), and further indicators demonstrating the impact of such measures could be developed. Perceptions-based data, largely gathered through household surveys, can add important perspectives on impact to the overall picture, and have been conducted at national level in many countries. Other measures of the implementation of elements of UN International Small Arms Control Standards (ISACS) could also be usefully developed. However, cross country data sets to support measurement of progress in addressing arms availability and misuse on the ground are not yet in place, thus significant effort would be needed to develop them.

Measuring the overall impact of **political extremism and terrorism** on conflict, and hence progress towards reducing this within the post-2015 framework, is highly problematic. As already noted, there is no internationally agreed approach to defining political extremism and terrorism, and different countries can have quite different conceptions of what constitutes a terrorist act, organisation, or individual. Furthermore, there is no commonly agreed developmental approach to addressing violent extremism and terrorism (VET). Programmes with explicit or implicit VET objectives have struggled to assess the impact of preventive engagement (where success is determined by the absence of extremist attacks).[44] Proxy indicators are commonly employed. For example, a livelihoods programme aiming to address radicalisation might measure success using livelihoods indicators rather than seek to measure extremist behaviour directly. As such there is often a lack of clearly identified (and measurable) causal linkages between programmes and changes in behaviour. Context specificity is a challenge here since the effects of similar programmes vary in different contexts. It has also been observed that while some interventions may have an impact on domestic terrorism, they may not have the same effect on transnational terrorism. In sum, for post-2015 purposes, it is unclear what to measure and how to measure it on this issue.

It is possible to measure some **international migration**-related issues. For example, while few statistics on **refugee**-related violence exist, quantitative measures of the number of refugees as a proportion of the population or qualitative assessments of the capacity of host states to manage refugee flows can be helpful in identifying those factors associated with increased risk of conflict. Information on refugee settlements within countries, for example the number of camps with over 20,000 refugees and their proximity to one another, can also prove useful. However, the context-specific nature of the impact of refugees on conflict means that all of these measures would need to be used with considerable caution. Some countries make efforts to assess the size of their **diaspora** populations. This can be complimented with information from host states on the country-of-origin composition of their immigrant populations. Where they exist, official estimates of diaspora remittances tend to underestimate their volume (especially those that are informal flows), though there has been an increased effort to measure them more effectively over recent years. However, and even more so than with refugee flows, the great variation in contextual variables means that data on diaspora sizes and remittance volumes would tell us very little about conflict risks.

2.2.3 Is it politically feasible to address these stress factors?

It is important that the priorities reflected in the post-2015 framework are derived from the evidence that they pose a challenge, and that there is a credible and universally applicable way to measure progress in addressing their impact. However, none of these priorities will be reflected in the final agreed framework unless they are formulated in a way that is sensitive to the diverse perspectives of different UN Member States.

Illicit financial flows may prove one of the least contentious suggestions. The inclusion in the HLP report of a target to reduce illicit flows[45] shows that this issue is already prominent within the post-2015 debate. It also has political momentum among the G20 and G8. **Volatile commodity prices and financial shocks** have also been recognised by the HLP report; it proposes targets focused on ensuring stability in the global financial system, long-term investment and predictable aid flows. Efforts to reform the global financial system have often met with resistance from the financial sector itself, and aid flows have declined in some quarters in recent years. However, commitments in these areas are unlikely to meet significant opposition from member states, provided that convincing global policy options can be brought to the table.

There is political agreement about the impact of the **trade in illicit drugs** on conflict, and the need for co-ordinated international action to address it. It is also beginning to be considered a 'development issue' by some major actors.[46] However, in order to tackle the drugs trade without significantly increasing conflict in major producing and transit countries, the evidence points towards the need for a much greater focus on new approaches – especially to reducing demand. Many governments remain committed to existing approaches and this is likely to take time to shift. While consensus on this issue by 2015 appears improbable, concerted international debate on the issue is urgently needed.

The inclusion of **international trade in conflict resources** may receive support from developed and developing nations alike. There is already significant international attention focused on this issue, whilst mechanisms such as the EITI are gaining widespread support, and could form a basis for monitoring progress.

Arms flows have traditionally been a sensitive subject on which it has been hard to frame binding international commitments. However, recent agreement of an ATT at the UN has led to a common international approach to arms controls, whose practical application could be encouraged and supported within the post-2015 framework. Furthermore, the UN PoA has generated agreement amongst Member States on concrete measures to deal with the problem of the illicit trade in and misuse of SALW.

There is widespread agreement that tackling **violent extremism and terrorism** requires a co-ordinated, global strategy.[47] However, the feasibility of addressing the issue through the post-2015 framework is low. Violent extremism and terrorism are often approached at both the national and international levels by governments as sensitive national security issues. As such, the prospects of member states agreeing a common developmental approach, that directly addresses these issues as part of the post-2015 framework, are very slim.

There have been some calls, including in the UN Secretary-General's report on post-2015 and the UN General Assembly's High Level Dialogue on International Migration and Development, for **international migration** to be considered within a post-2015 framework.[48] In particular, it has been argued that remittances are a crucially important financier of development.[49] While it may be possible to ensure that any focus on migration in the framework is conflict-sensitive, given the unclear evidence base, it would be difficult to frame this issue explicitly as an external stress factor that drives conflict, or indeed to identify a clear, universal policy direction on migration to adopt at global level.

2.2.4 Conclusion

This research indicates that international demand for natural resources and illicit financial flows have high impact on conflict, as well as being relatively measurable and politically feasible for inclusion in the post-2015 framework. Drugs are also high impact, and increasingly being included in development discourses. Developing indicators for drugs is challenging, but possible if an open international debate proceeded very quickly from this point. International arms flows are also highly significant factors in conflict affected contexts, with medium level of measurability and political buy-in for inclusion in the post-2015 framework. Political extremism has a high impact, but measurability and feasibility of inclusion in post-2015 is low. International migration is considered to have a relatively less important role as a conflict driver given its context-specificity

and to be of only weak measurability and intermediate political feasibility. While measuring price shocks is relatively feasible, the ambiguity of the evidence about their impact on conflict remains disputable, and the absence of a promising and viable global policy solution suggest that this issue is not readily integrable into the post-2015 framework.

Therefore, of the seven stress categories explored, we recommend that, in the post-2015 framework, priority be placed on addressing: illicit financial flows, illicit drugs trade, trade in conflict resources and international arms flows. Each of these stress factors is investigated in more detail in Part 2 of this paper.

2.3. How to include external stress factors in the post-2015 framework

This paper suggests two targets that should be included in the post-2015 development framework to capture the impact of external stress factors. The first is focused on illicit financial flows and is adapted from the target suggested by the HLP. The second is a new target that focuses on addressing the illicit trade in drugs, conflict resources and arms.

> **Target 1:** Reduce illicit financial flows, including money laundering, tax evasion, transnational corruption/bribery and trade mispricing, by x%, and recover at least y% of illicit financial flows, by 2030
>
> **Target 2:** Significantly reduce the irresponsible trade in arms and conflict commodities, and reduce violence and other negative impacts associated with trade in illicit drugs.

2.3.1 How should we use indicators?

Global indicators are only desirable if they are focused on policy prescriptions that are universally relevant; indicators that could be progressive in one context can have unintended, harmful impacts in another. For example, acreage of illicit crops destroyed has been used to assess the success of counter-narcotics strategies, despite evidence that crop eradication is likely to increase violence and destroy livelihoods of subsistence farmers. Indicators that could encourage interventions with perverse impacts must therefore be avoided.

The right combination of indicators can help distinguish real-world improvements from ambiguous trends in a single indicator. For each target, we therefore suggest a basket of indicators that taken together offer a holistic and more reliable picture of how interventions are contributing to peacebuilding and conflict prevention. Each basket should combine:[50]

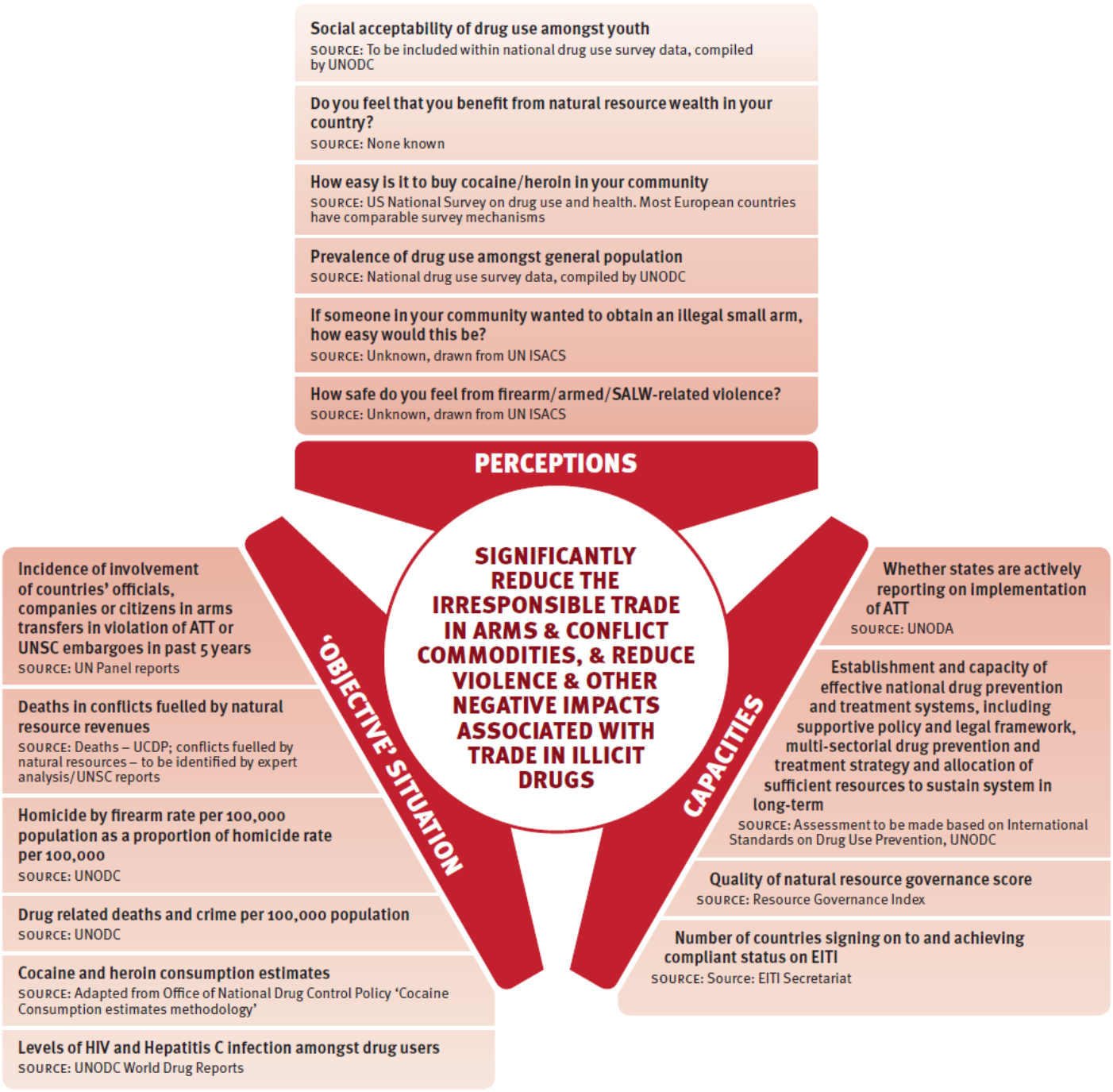
- **Capacity Indicators:** is capacity developing to address the key issue?
- '**Objective' Situation Indicators**: do statistical measures of actual societal situations show that improvements are being achieved?
- **Public Perceptions Indicators:** does the public feel that an improvement is occurring?

This is important to provide a balanced picture of progress. For example, to measure progress in addressing illicit financial flows, **capacity** indicators to show the strength of legislation or institutions to address money laundering could be important. Such capacity indicators give credit to governments that are taking long term measures that can take many years to yield objective results. However, the ultimate success of such laws and institutions cannot be understood without reference to an **'objective' situation** indicator: for example, the volume of illicit financial flows from the country in question. However, such statistics are not always accurate, and public/investor confidence is also crucial to the overall success of the exercise of addressing illicit financial flows: therefore **perception-based** indicators tracking public/investor perceptions of bribery or anti-corruption efforts would provide an essential complement to the two other types of indicator.

The diagrams below present targets with illustrative indicators that could be included in the post-2015 development framework. We have included those indicators that we consider to be strongest in terms of their relevance, feasibility and acceptability. Where possible, we have drawn these from pre-existing data sets, such as the Resource Governance Index. Where appropriate indicators could not be identified, we have made suggestions about indicators that could be developed, drawing on expert opinions. Perception based indicators are largely drawn from questions posed in household surveys. The data sets we refer to for the most part cover multiple – but not all – countries. Nor are they necessarily compiled every year at present.

Figure 1: Illustrative target and indicator options on illicit financial flows[51]

Figure 2: Illustrative target and indicator options on arms, drugs and conflict commodities



2.3.2 What needs to be done to create the required monitoring capacity?

The development of capacity to measure progress in the right areas is an urgent priority for operationalising the post-2015 development framework. We have noted available 'sources' for the indicators we have suggested in this paper. Where we have done so, this means that there has in recent years been either a multinational metric available attempting to monitor the variable in question, or the existence of data that could lead to one. This illustrates the overall feasibility of measuring progress in addressing some of the external stresses identified, yet it is not a claim that the data source is adequate. The exact methodology used, the capacities to gather the data, the range of countries covered and the frequency of measurement may all need to be improved upon – and indeed a summary of the known weaknesses in the existing data sets and methodologies is available in Saferworld's previous work on post-2015 goals, targets and indicators.[52] Concerted effort is essential in order to overcome these challenges.

These challenges are compounded by a relative lack of research into many of the external stress categories discussed in this paper, and specifically their roles as conflict drivers. For example, cross-country data sets illustrating tangible progress towards reduced weapons availability and misuse are in short supply, and some of the proxy indicators suggested in the literature arguably do not effectively demonstrate progress towards the outcomes that matter in terms of people's security.

A further challenge relates to the issue of 'who measures progress?' While some of the most relevant indicators are available from global multilateral institutions, most are implemented and upheld by western research organisations with funding from traditional donors. Much of this work should be taken up, standardised and legitimised under the auspices of the UN and other international organisations. Country level capacities need to be built to allow for more sustainable monitoring of key indicators.

Ultimately, the value of any monitoring process will depend on global, regular, confidential, impartial and trusted data-gathering. However, in the context of the post-2015 framework, it is critical that we are able to articulate a clear vision, and targets for reaching that vision, before deciding how we can monitor it.

Part 2: Issue Briefs

This section includes a series of issue briefs on the four categories identified as key external drivers of conflict in Part 1 of this paper. The topics covered by these issue briefs are:

1. Illicit financial flows for conflict
2. International trade in conflict resources
3. Illicit drugs trade
4. International arms trade

These issue briefs focus on the four topics that we argue should be included in the post-2015 development agenda. Each brief discusses the relationship between the external stress factor and conflict. They identify policies and interventions that have been and could be used to address each stress factor at national and international levels. They go on to identify **key resources and data sets that can be used by advisors and programme staff working at the national level to inform programme design, implementation and monitoring and evaluation processes.** For each data set identified, we identify possible indicators that could be generated from the resource and a link to the data sets.

Issue brief: Illicit financial flows

How do illicit financial flows relate to conflict?

Illicit financial flows are increasingly recognised as one of the greatest contemporary global challenges.[53] Such flows include money laundering, tax evasion, transnational corruption/bribery and trade mispricing. They are intertwined with trade in illicit arms, drugs, and war commodities including precious minerals.[54] They have enabled transnational organised crime, racketeering, human trafficking, asset stripping and tax evasion on a massive scale.[55] Illicit financial flows provide crucial nourishment to violent extremists and armed rebels.[56] They also have a corrosive effect on governance and the strength of institutions,[57] as well as draining resources vital to development – including from many of the world's poorest countries.[58] Illicit financial flows have thus been costly – not only in holding countries back from delivering development and undermining social justice but also in carrying a high blood price.

Although there are obvious challenges in estimating illicit financial flows, they are believed to have an annual value of between $1 trillion and $1.7 trillion.[59] To put this into perspective, as one commentator notes, *"Even if the correct figure is only a 10th of the often cited Global Financial Integrity estimates (about US$1 trillion annually) … it is large relative to either official development assistance… or total foreign direct investment in the developing world."* [60]

In 2011, FDI into developing countries was $471.6 billion, and ODA $148.7 billion.[61] According to Kar, developing countries lost at least $1.26 trillion in illicit financial flows in 2008 and $775 billion in 2009.[62] Equally alarmingly, illicit financial flows have grown substantially in recent years: increasing an estimated 14.9% year on year in the decade 2000-2009.[63] Least Developed Countries (LDCs) are thought to be badly affected by this problem: illicit financial flows from the LDCs are thought to have increased from $9.7 billion in 1990 to $26.3 billion in 2008 – that is, by 6.2% per year.[64]

There are many examples of illicit financial flows feeding into and enabling conflict and violence. Illicit financial flows have funded violent competition for power and control by rebel groups, terrorists, organised criminals and governments in a very diverse range of violent contexts. This has been true of conflict related to oil in Nigeria, opium, precious stones and timber in Cambodia and Myanmar, and diamonds in Liberia.[65] Rebel groups funded by illicit flows included the National Union for the Total Independence of Angola (UNITA) whose war against the government was sustained by diamond revenues from 1992 to 2001 – as was that of the RUF in Sierra Leone during the 1990s.[66] Paramilitary groups on both sides of the sectarian conflict in Northern Ireland were significantly reliant on proceeds of organised crime.[67] The flow of illicit proceeds from coca has supported militant groups in Colombia, Peru and Bolivia, while opium proceeds have funded significant militant groups in Afghanistan, Pakistan, Myanmar and Kosovo.[68] Specific groups supported by narcotics proceeds include the Abu Sayyaf Group (Philippines), Al Qaeda in Afghanistan and Pakistan, the Kosovo Liberation Army, the Kurdish Workers Party (Turkey), the Liberation Tigers of Tamil Eelam in Sri Lanka, and the Revolutionary Armed Forces of Colombia.[69]

Case study: Democratic Republic of Congo (DRC)[70]

The Congolese civil war is estimated to have claimed roughly 4 million lives.[71] Although complex in its causes, the war is well known to have been sustained by the military contest to control revenues from commodities. These included diamonds, gold, coffee, timber, but most significantly, coltan, which is estimated to have generated millions of US dollars per month for certain armed actors at the peak of the conflict.[72] These revenues were made possible through the financial flows between the conflict actors and international markets for Congolese commodities. Regional and global businesses, banks and financial institutions played an important enabling role by ensuring that rebel forces and armies were able to maintain lucrative trade in coltan and receive payment for it. A 2000 report by a UN expert panel identified 85 multinational businesses that violated OECD ethical guidelines in relation to DRC, including banks and gem and mining companies in Belgium, Canada, Germany, the UK and US. Funds were also repatriated to banks in neighbouring countries by the conflicting parties, and regional financial institutions also remained engaged in DRC throughout the conflict, profiting from the bloodshed.

As well as directly making violence pay, illicit financial flows have a less visible but important effect in helping to entrench the structural weakness of many states that are badly affected by violence. Illicit financial flows thus leech away resources from weak and conflict affected states – where investment to foster decent

livelihoods and develop legitimate institutions is crucial to the attempt to overcome cycles of persistent collapse into violent conflict.
For example, despite initial optimism and some steady gains, South Sudan has suffered repeated cycles of conflict and rebellion since independence, partly fuelled by popular and elite discontent over who benefits from the fruits of the long liberation struggle. These problems have been made all the harder to face given the extent of corrupt financial flows out of the country, as illustrated by President Salva Kiir's letter of 3 May 2012 in which he directed 75 current and former senior government staff to return over $4 billion in stolen funds to government coffers.[73]

In Yemen, elite families have used private banking channels to transfer large amounts of money out of the country into safer jurisdictions, undermining the country's tax base. This is a vicious circle: weak institutions, weak property rights, insecurity and low growth encourage people to send their money abroad, and this leaves the country ill equipped to address many of the structural problems that are at the root of conflict across the country.[74]

Such cases help to illustrate how illicit flows contribute structurally to weak institutions that are unable to mediate fairly and peacefully between the competing interests of different actors. In the absence of institutionalised popular control of the actions of political elites, those that are willing and able to generate and use corrupt proceeds are thereby motivated to "change the rules of the game to ensure that they can continue playing it in a rewarding way".[75] This can contribute to:

- Tax agencies that have low overall capacity in dealing with complex international issues such as transfer pricing;
- Police services that lack investigatory powers;
- Court systems vulnerable to corruption;
- Weak public audit offices that lack independent authority;
- Legislatures that lack collective cohesion and authority;
- Fragile, unstable political parties motivated by money and patronage;
- Public services that lack a collective, professional ethos; and
- Weak protection of property rights.[76]

These conditions, in turn, discourage those with financial resources from keeping and investing them in country, and coincide with a range of the key attributes of states that are most prone to violence.[77]

In sum, unchecked illicit financial flows make illicit activities of many other kinds viable. They directly enable violent actors to prosper, and they undermine development in, and weaken the institutions of, conflict-affected countries.

What policies or interventions have been employed to address illicit financial flows at the national and international levels?

To address the challenges posed by illicit financial flows, it is important to understand the ways in which they occur. Illicit proceeds are typically generated, hidden and used in the following ways:

- Cash is received in payment for illicit goods
- Invoice documents are falsified with regard to quality/quantity of goods and identity of importer/exporter, often in collusion with purchasers of smuggled or illicit goods
- Illicit goods are smuggled for sale, possibly at below market prices, in collusion with corrupt officials
- Concessions are awarded to shell companies, whose beneficiaries/owners are concealed
- Kickbacks are received for licensing or protecting the production or sale of illicit goods from a territory
- Shell companies are established to engage in import and export transactions
- Overseas trusts are created to shield the ownership of assets – managed secretly by a trusted third party
- Offshore bank accounts are set up in the name of other fictitious trading, investment or service companies
- Local agents act as nominees for shell companies and bank accounts held in the name of shells or fictitious companies
- Underground or alternative remittance systems, including black market currency exchanges, are used to avoid cross-border currency controls
- Traceable commodities, such as oil or timber, are exchanged for less traceable commodities, such as gold and then sold in a major commodities market

- Cash is smuggled to another jurisdiction for placement in a willing financial institution
- Funds held at a foreign bank in a false name or company are used to purchase legitimate businesses which generate new funds
- Goods purchased out of the country with illicit proceeds are sold inside the country to generate new clean revenues
- Payments are received domestically by a broker in local or hard currency in return for the broker making an offsetting payment in another jurisdiction.[78]

At **national** level, development of the capacities to track financial transactions, administer taxation, regulate customs, and investigate and prosecute offences is critical to success of efforts to deal with illicit financial flows.[79] This necessitates the development of laws, institutions and well-trained and sufficiently empowered staff to take on powerful interests. However, there are some important challenges affecting what national capacity building efforts are able to achieve.

Most importantly, capacity building efforts need to be underpinned by political will, and can achieve little where it is absent.[80] Relatedly, measures taken to tackle illicit financial flows and corruption at national level have often been used to suppress internal dissent and undermine political opponents.[81] As such measures have the potential to exacerbate injustices and fuel rather than resolve conflict, it is therefore crucial that tighter regulation of illicit financial flows forms a part of a more holistic development and peacebuilding approach that includes ensuring transparency, public access to information, and public voice and participation – including the creation of constructive channels for dialogue. This is crucial to ensure grievances are dealt with rather than suppressed, and that public accountability underpins political will to tackle illicit financial flows over the long term. This is consistent with DFID's Peacebuilding-Statebuilding approach.[82]

Based on existing experience, options for addressing illicit financial flows at **national level** might focus on efforts to strengthen core state functions, including:

- Taking measures to make payment of taxes and domestic retention and investment of capital attractive:[83]
    - Demonstrating fair and efficient use of tax revenue to strengthen infrastructure and social services [84]
    - Tackling macroeconomic uncertainty by addressing fiscal deficits, external debt, inflation, exchange rates, rates of return and GDP growth.[85]
- Building national laws and capacities:[86]
    - Ensuring arms-length, transparent procurement/contracting procedures
    - Implementing whistle blower laws in the civil service
    - Strongly tackling rent-seeking
    - Reviewing, eliminating or improving targeting of price subsidies and tariffs
    - Regularising customs duties and scrapping ad-hoc exemptions
    - Improving the scope, timeliness and reliability of tax data
    - Strengthening capacity to assess and monitor transfer pricing, including through streamlined procedures
    - Regularly auditing customs procedures
    - Reducing backlog of court cases and establishing small claims courts
    - Prosecuting high profile cases fairly and transparently.
- Strengthening capacity to participate in the range of international co-operation measures highlighted below, including by strengthening customs authorities, laws, capacity to investigate and prosecute crimes, and the integrity of the judicial system.[87]
- Countering the complexity of cases[88] through joint initiatives to investigate crimes across multiple jurisdictions and to establish national mechanisms of control.

Examples of international support to national efforts to tackle illicit financial flows[89]

According to the OECD, the returns from investing in addressing illicit financial flows are significant. The OECD reports that $3.5 million in support to revenue collection capacity in El Salvador in 2004-2010 helped increase revenue by $350 million per year. Similarly in Colombia, the OECD Tax and Development Program cost roughly $15,000 but led to a 76% increase in revenues (from $3.3m in 2011 to $5.83m in 2012). OECD donors have also found that for each $1 spent on investigating flows of corruption from the developing world to OECD countries, up to $20 has been tracked and frozen, with a significant proportion repatriated. It therefore recommends that donors:

- Build technical expertise and capacities to address illicit financial flows, for example:
    - Build capacity to use Exchange of Information instruments working with the Global Forum on Transparency and Exchange of Information for Tax Purposes
    - Strengthen legislative and regulatory frameworks on transfer pricing – linking to initiatives such as the Tax and Development Programme or Tax Inspectors Without Borders
    - Help developing countries access mutual legal assistance (legal/judicial cooperation between states).
- Raise such issues in their political dialogue with partner countries.
- Support civil society organisations in developing countries to hold their leaders to account.

The World Development Report 2011 provides four examples of successful initiatives to prevent or prosecute illicit financial flows. Prevention initiatives include Liberia's Governance and Economic Management Action Program, set up with regional and international assistance, which established 'dual key' oversight by regional and international experts of major contracts and concessions. Liberia also successfully contracted a private firm to track its timber from source to market. Similarly, Mozambique hired a company to run customs inspections and collect customs revenues. Joint prosecution initiatives have included Haiti-US and Nigeria-UK initiatives to combat corruption and money-laundering, which resulted in the culprits being removed from office, imprisoned and heavily fined.

In developed countries, specialised law enforcement units dedicated to identifying the proceeds of foreign corruption and prosecuting those involved have an important role to play. In the UK this has led to long prison sentences for the former Nigerian Governor James Ibori and his accomplices.

With appetite among the G8 and G20, and significant support among the architects of the post-2015 development framework, there is growing momentum to tackle illicit financial flows at **international level.** Effective action at this level is possible but not straightforward. One challenge is fragmentation: there are many examples of international initiatives on this issue, but it would be beneficial to harmonise these into a single, coherent initiative for which there is a clear, critical and independent accountability mechanism.[90] A second challenge lies in ensuring that measures to tackle illicit financial flows do not negatively impact on licit financial flows.[91] This dilemma was illustrated in 2013 when UK bank Barclays was challenged in the courts over its decision to block remittances to Somalia upon which many poor people in the country depend.[92]

Case study: the Financial Action Task Force[93]

Perhaps the most significant current initiative to tackle illicit financial flows is the work of the Financial Action Task Force (FATF). FATF was set up in 1989, and its objectives are to set standards and promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system. The FATF is based on a set of '40' recommendations for tackling illicit financial flows. In addition to its own 36 members, through a global network of eight FATF-Style Regional Bodies, over 180 jurisdictions around the world have committed to the FATF Recommendations. A key success of the FATF has been its issue of a list of non-cooperative countries and territories: this has prompted legal reforms in a long list of countries and jurisdictions. A key criticism of the initiative has been that no country has yet been found to be fully in compliance with the entire set of very complex FATF regulations. Pointing to mutual assessment reports of over 600 pages Global Witness, called in 2012 for the FATF to make accountability mechanisms more effective: it has recommended that country reporting focus on clear, accurate information on the strength of implementation of laws – and should provide a prioritised list of follow-up actions. FATF has since agreed to rate countries both for the strength of their legal frameworks and their actual implementation of recommendations.

Looking forwards, successful international action on illicit financial flows would include a combination of the following:[94]

- Identifying and sanctioning transfer mispricing;
- Further limiting the scope for the abuse of tax havens including ending bank secrecy laws;
- Strengthening exchange of information among national tax authorities, including on non-resident individuals and corporations;
- Requiring and regulating banks and businesses to be more vigilant against illicit funds and money laundering;
- Expanding the scope of the Extractive Industries Transparency Index;
- Expanding and implementing extraterritorial controls on corruption overseas by citizens of and companies in richer countries;
- Reforming international accounting standards;
- Establishing specialised investigative units to tackle transnational financial crime;
- Strengthening mechanisms and laws to recover stolen assets located overseas more efficiently;
- Increasing watchfulness on the finances of politically exposed persons;
- Reinforcing the regulation or self-regulation of corporate service providers;
- Ensuring transparency regarding the individuals who own, control and benefit from all public companies, trusts and foundations;
- Requiring large corporations to report sales, profits and taxes paid in all jurisdictions in their audited annual reports and tax returns;
- Systematic exchange of tax information between governments;
- Adopting globally consistent regulations for transfer pricing; and
- Supporting academia and civil society organisations to undertake further research and engage in international advocacy and awareness raising on this issue.

What resources, indicators and data sources exist?

Methods are available to estimate illicit financial flows for most countries, and likewise it would be useful to monitor the proportion of flows that are recovered. Alongside these 'objective' indicators of the volume of flows and their recovery, it would be important for monitoring efforts to consider progress in building the institutional capacity to tackle illicit flows. Likewise, as official statistics and the existence of laws and bodies can be misleading, perceptions of the public and business people as to progress in the fight against corruption offer an important alternative perspective regarding the extent of progress made. Perceptions indicators may not improve as soon as reforms are made, and may not be a reliable reflection of the objective situation, but are nonetheless an important indicator of public confidence, which is in itself a crucial factor in the success of institutional development.

Given these key areas for monitoring, a number of key resources and data sets are available that can help programme staff assess the impact of initiatives intended to help tackle illicit financial flows and develop appropriate indicators for this purpose. The following table identifies a range of key resources and data sets, outlines how they could be used to inform in-country programming, including examples of relevant indicators that could be generated from the resource.

Global Financial Integrity **Link:** iff.gfintegrity.org/iff2013/2013report.html	Global Financial Integrity has produced a number of reports and accompanying data to estimate the cross-border flow of illegal money. As such it is a primary source for data sets on illicit financial flows from developing countries over multiple years.
	Example indicator: Volume of illicit financial flows.
World Bank Stolen Asset Recovery database **Link:** star.worldbank.org/corruption-cases/arwcases/	StAR Asset Recovery Watch compiles information about asset recovery efforts around the world. Users can search for specific cases, countries and individuals.
	Example indicator: Stolen assets recovered as a proportion of estimated illicit flows.
Financial Action Task Force	The most important international initiative to tackle illicit financial activity, the Financial Action Task Force, monitors both the legal framework for compliance

Link: www.fatf-gafi.org/topics/high-riskandnon-cooperativejurisdictions/	of its 40 recommendations and their implementation in practice. Countries will receive scores on both issues. It also publishes a list of 'high risk and non-cooperative jurisdictions'. At country level, indicators could be derived from FATF analysis of compliance.
	Example indicator: FATF compliance status (high-risk and non-cooperative, not making sufficient progress, improving global AML/CFT compliance in an on-going process, no longer subject to monitoring).
Basel Institute on Governance **Link:** index.baselgovernance.org/	The Basel AML Index is a country risk ranking to measure the risk of money laundering / terrorist financing and other relevant aspects, such as financial standards and public transparency. It aggregates third party data from sources such as the FATF, World Bank, and the World Economic Forum to assess a country's overall money laundering risk.
	Example indicator: Anti-money laundering index score.
Participation in other international treaties and initiatives **Link:** treaties.un.org/Pages/ViewDetails.aspx?src=TREATY&mtdsg_no=XVIII-12&chapter=18&lang=en	When considering the level of political commitment to tackle illicit financial flows, it may be relevant to consider the extent to which a country has ratified relevant international conventions (such as the Convention against Transnational Organized Crime (2000) and its protocols), as well as the level of its cooperation with bodies such as Interpol and the Egmont Group of Financial Intelligence Units.
	Example indicator: Ratification of the Convention against Transnational Organized Crime (2000).
International Budget Partnership **Link:** internationalbudget.org/what-we-do/open-budget-survey/	The International Budget Partnership considers the publication of and provides indicators on budgetary transparency at the national level in its Open Budget Survey and Index. The 2012 Survey measures whether governments in 100 countries produce and disseminate to the public 8 key budget documents recommended by international good practices. It also examines effective budget oversight and public participation in national budget decision making. Country rankings are built up from a set of 125 indicators.
	Example indicator: Score on the regularity and timeliness of budget and spending data (from the Open Budget Index).
Global Integrity Report **Link:** www.globalintegrity.org/global-report/what-is-gi-report/	Global Integrity Report provides analysis of, and data on, integrity and controls on corruption within public administrations and legal frameworks. Each country assessment contained in the Global Integrity Report comprises a qualitative Reporter's Notebook and a quantitative Integrity Indicators scorecard. The latter assesses the existence, effectiveness, and citizen access to key governance and anti-corruption mechanisms through over 300 indicators. They are scored by a lead in-country researcher and blindly reviewed by a panel of peer reviewers, a mix of other in-country experts as well as outside experts. It published annual reports from 2004-2011 (covering 31 countries in 2011) – but is currently revising its methods. Vera institute of justice has also documented the process of piloting similar indicators (on transparent procurement decisions and bidding processes for public contracts).
	Example indicator: Score for government conflicts of interest safeguards, checks and balances.
Suggested monitoring of company registries **No existing source**	Given that secrecy over who benefits from particular firms, trusts or foundations can aid the concealment of illicit financial activities, many experts also consider transparency regarding the individuals who own, control and benefit from all public companies, trusts and foundations as central to the fight against illicit financial flows. Therefore it could be important to monitor the establishment of a registry to hold and exchange such information in focus countries.
	Example indicator: Existence of an up to date public registry of companies, trusts and foundations including machine-readable information on the individuals who own, control and benefit from all public companies, trusts and foundations.
World Economic Forum –Global Competitiveness	The World Economic Forum Global Competitiveness Report has been produced annually since 2009. Today it assesses the competitiveness landscape of 148 economies, providing a profile of each and an extensive

Report **Link:** www.weforum.org/content/pages/competitiveness-library	section of data tables with global rankings covering over 100 indicators. The indicators are derived from data from other multilateral agencies and WEF's own Executive Opinion Survey – a survey of business people's perceptions. The survey has been conducted annually for a growing number of countries for the last 35 years and includes a section on bribery, ethics and corruption that is a useful source for perceptions of corruption among businesses who are likely to be affected by it.
	Example indicator: 'To what extent does organised crime (mafia-oriented racketeering, extortion) impose costs on businesses in your country?' (Global Competitiveness Report survey question)
World Bank Enterprise Survey **Link:** data.worldbank.org/data-catalog/enterprise-surveys	Enterprise Surveys provide data on perceptions of businesses from over 135,000 establishments in 135 countries, including many developing countries. Data are used to create over 100 indicators that benchmark the quality of the business environment, including a number of indicators on levels of corruption. Each country is surveyed every 3 to 4 years. Country level surveys sometimes include specific questions not included in international data sets. Surveys are conducted by private contractors who are independent of government.
	Example indicator: Percentage of firms identifying corruption as a major constraint.
Gallup World Poll **Link:** www.gallup.com/strategicconsulting/en-us/worldpoll.aspx?ref=f	Gallup conducts surveys in 160 countries, including a range of conflict-affected contexts (eg Somaliland, Sudan, Tajikistan, Uganda, Yemen) on at least an annual basis – and sometimes more frequently. Its public perceptions data is available to purchase, including questions on overall levels of corruption and the sufficiency of government anti-corruption efforts.
	Example indicator: Do you think the government is doing enough to fight corruption or not?
Transparency International **Link:** www.transparency.org/research/	Transparency International provides a range of data on levels of corruption. Perhaps the most useful and relevant for measuring progress on illicit financial flows from the 'supply side' is the bribe payers index, which ranks the likelihood of companies from leading economies to win business abroad by paying bribes. The Global Corruption Barometer, published eight times since 2003, in 2013 offered data on public experiences of corruption in 107 countries. A fuller range of data on most developing countries is provided by the corruption perceptions index, which measures the perceived levels of public sector corruption in 177 countries and territories.
	Example indicator: 'Is the government effective in the fight against corruption?' (global corruption barometer survey question); corruption perceptions index score.
World Justice Project **Link:** worldjusticeproject.org/sites/default/files/WJP_Index_Report_2012.pdf	The World Justice Project compiles data on the rule of law and justice. Its third annual rule of law index report in 2012-13 covered 97 countries, providing data on 48 indicators on a range of relevant topics – including absence of corruption, open government, regulatory enforcement – presented in innovative and user-friendly ways. Its data are drawn from two surveys: one for the general public and another for 'qualified' or expert respondents.
	Example indicator: Absence of corruption score.
World Bank Country Policy and Institutional Assessment (CPIA) & Worldwide Governance Indicators **Links:** datatopics.worldbank.org/cpia/cluster/overall-cpia-score info.worldbank.org/governance/wgi/index.aspx#home	The World Bank provides a range of data relevant to the quality of governance and management of revenues, in a range of different data sets. The CPIA is a diagnostic tool that is intended to capture the quality of a country's policies and institutional arrangements. It offers ratings on financial management, transparency, accountability and corruption. The Worldwide Governance Indicators (which provides aggregate and individual governance indicators for 215 economies over the period 1996–2012, for six dimensions of governance) include a further score for 'control of corruption'.
	Examples indicators: Country score for 'quality of budgetary and financial management' (CPIA).

How does the international trade in resources relate to conflict?

A high dependence on natural resources should not be understood as a driver of conflict in itself. When well-managed, natural resources can form the basis for solid economic growth and play an important role in development, peacebuilding and conflict prevention.[95] Equally, high dependence on natural resources does not necessarily imply conflict risk. The economies of Namibia, Australia and Norway for example have been driven by natural resources without major conflict.

However, where governance is weak, there is little disagreement that natural resource wealth can contribute towards increased conflict risk. According to the World Development Report 2011, "slow developing, low income countries, largely dependent on natural resources are 10 times more likely than others to experience civil war".[96] By far the largest demand for these natural resources comes from industrialised or rapidly emerging economies. For example, almost 40% of global timber consumption is concentrated in just 4 countries.[97] Such demand plays a significant role in creating the incentives that underpin conflict over resources.

Global Witness define conflict resources as being those "whose systematic exploitation and trade in a context of conflict contribute to, benefit from or result in the commission of serious violations of human rights, violations of international humanitarian law or violations amounting to crimes under international law".[98] The trade in these resources can impact on conflict in a number of ways:

- **Competition for control over resources:** The insatiable demand for natural resources makes them hugely valuable to whoever controls access to them. There are powerful incentives for actors to ensure that they are able to exercise this control, often through the use of force. Income from the exploitation of resources is often the single biggest source of foreign capital for governments, but can also be used to fund insurgent or rebel groups.[99] Most analysis indicates that control of resources is rarely the initial cause of conflict. However, the importance of controlling resources for sustaining armed groups means that, over time, this control can itself become an object of the conflict. So-called 'booty futures', whereby groups sell concession rights in anticipation of taking control of an area, are one mechanism that allows these groups to access the funds that they need in order to initiate or perpetuate an armed struggle.[100]

  The exploitation of natural resources can be a particularly attractive funding option for rebel movements since they are often located in rural areas (where their support base tends to be) and non-movable, meaning that control over territory guarantees control over resources (they cannot be relocated to government controlled areas in the same way manufacturing can).[101] Different types of resources have also been associated with different types of conflict. Resources that require significant capital investment to extract (such as oil) have been associated with large-scale conflicts between actor groups seeking control over the state or a part of the state (e.g. secessionist movements). When resources are more readily accessible without large-scale capital investment (i.e. easily 'lootable' resources such as alluvial diamonds), conflict is more likely to be characterised by fragmented, competing groups.[102] Location also seems to matter: for example, when resources are located close to international borders, conflict appears to be more likely.[103]

- **Encouragement of exploitative or conflict insensitive business practices:** The huge profits to be made coupled with weak or non-existent government oversight and regulation can encourage corrupt or irresponsible business practices.[104] International companies can provide legitimacy or funding to repressive regimes or violent rebel movements.[105] They may also be complicit in large-scale displacement of local populations or human rights violations, or inadvertently contribute to conflict in other ways, simply by being unaware of underlying conflict issues.

Case study: Yemen

After Yemen started to export oil, its foreign exchange reserves reached a volume almost large enough to cover a full year of imports. However, these positive developments were followed by a decline in the share of agriculture in GDP from 24% in 1990 to about 10% in 2005. Over the same period, the share of manufacturing fell from 19% to only about 7%. By 2006, oil accounted for 90% of export receipts. At the same time, the poverty headcount ratio increased from 35% to 54%, with the rate of unemployment reaching 16%. A country that had historically been self-sufficient in food production has become 85% dependent on imports. These changes fed into popular discontent that has fuelled much of the conflict since 2011.

Adapted from UNDP, 2011[106]

- **Erosion of good governance and statebuilding:** A number of studies have found generally lower levels of democracy and accountability in countries with a high dependence on natural resources, compared to countries that rely on other sources such as taxation.[107] Many observers have argued that when governments have an abundance of revenue derived from external sources, they tend to use this to quell dissent, both through the development of patronage networks and by building up internal security forces. Ultimately this can exacerbate feelings of marginalisation and fuel grievances that lead to conflict.

  A strong dependence on natural resource wealth may also have a negative impact on governance by allowing for high levels of corruption.[108] The volume and relative volatility of revenues generated by resource extraction may also impact on the capacity of states to develop effective institutions, for example by overwhelming their capacities to account for and manage revenues effectively.[109]

- **Disincentives to economic diversification**: In order to lessen the dependence of a country's economy on particular resources, and therefore the knock-on effects on governance and statebuilding, efforts to diversify the economies of resource dependent states (e.g. by promoting the processing of raw materials) have rarely succeeded. There are multiple and complex reasons for this. Economic diversification often requires a long-term, focused and well-resourced strategy on the part of the national government, something that weak state capacities, coupled with structural adjustment policies and free-market economics have generally discouraged. Furthermore, powerful political actors can be resistant to diversification, as it can undermine their own business and economic interests. In some cases, industrialised nations continue to place higher tariffs on processed goods than on raw materials, so as to protect their own manufacturing bases.[110] The volatility of international commodity prices can further contribute to conflict risks. Revenue shocks tend to promote corruption and further weaken state systems.[111] At the same time, mechanisms intended to guard against price volatility, such as stabilisation and saving funds have often been poorly managed, and largely ineffective.[112]

What policies or interventions aim to address international trade in conflict resources at the national and international levels?

In order to minimise the destabilising impacts of the trade in conflict resources, it is necessary to target all stages in the supply chain. Resources often move through multiple countries before reaching the consumer nation. Therefore corruption or weak legislation and enforcement in all locations along the way need to be addressed. Policies and interventions have been targeted at each of the key actor groups involved in this trade. These include:

Governments and civil society in resource rich countries: Improving natural resource governance has been a focus of development initiatives for a number of donors since the 1990s.[113] Donor initiatives have sought to improve natural resource management at the local, national and international levels. Increasing civil society oversight is a critical component of building accountability in these contexts. Political initiatives can be critical to ensure that civil society have access to information and sufficient space to provide effective oversight of government expenditure.

A number of international agreements, initiatives and standards have been developed with the aim of improving the transparency of natural resource financial flows, and accountability of government systems. The Extractive Industries Transparency Initiative (EITI) is a notable example.[114] Countries that have signed up to EITI commit to publish all oil, gas and mining revenues. So far 41 countries have signed up, including 21 with ongoing or recent violent conflicts. 25 countries have so far been validated as fully compliant, 12 of which are conflict-affected. According to a 2011 evaluation, EITI has helped to improve transparency of revenue flows and strengthened the voice and capacity of civil society in member countries. This evaluation goes on to

argue that this has not (yet) translated into greater accountability, largely due to its limited scope.[115] The recent increase in the scope of EITI – to include state owned companies, sub-national level reporting and disaggregation of data – could prove important steps towards increasing its effectiveness.

A number of resource rich countries have successfully diversified their economies. For example, Indonesia reduced its share of public revenue coming from resource extraction from 49% in 1982 to 23% by 2005.[116] However, the effectiveness of these efforts has often been hindered by existing trade barriers, which make it difficult for countries to add value to raw materials before export.[117]

Extractive companies: A number of guidelines, principles and standards have been developed with the aim of encouraging conflict sensitive business practises. For example, the OECD has developed due diligence guidelines for supply chain management of minerals from conflict affected contexts.[118] The Voluntary Principles on Security and Human Rights, developed with support from the UK and the US, also lays out a framework for companies to ensure that human rights considerations are integrated into operations.[119] Increasingly extractive companies are signing on to international initiatives such as EITI. The degree to which these initiatives and guidance have resulted in more conflict sensitive business practices is difficult to assess. However, the increasing publicity around the negative impacts of exploitative business practices has raised awareness of conflict issues within the business community.[120] As a result, an increasing number of companies are now willing to sign on to these initiatives.

Consumers and International Civil Society: Public campaigns by advocacy organisations in developed nations have significantly increased public awareness of the negative impacts that natural resource extraction can have. The Kimberly Process for the certification of conflict diamonds was adopted (at least in significant part) as a result of a public campaign initiated by the NGO Global Witness,[121] whilst the Publish What You Pay campaign has contributed to the adoption of transparency laws in the US, Canada and the EU.[122] Certification schemes, such as the Kimberley Process and the Forest Law Enforcement Governance and Trade (FLEGT) initiative,[123] can be effective as a means of tackling the trade in some illicit resources. However, their effectiveness is largely determined by the traceability of the resource and the concentration of processing sites and markets.[124]

Governments in major consuming countries: Governments in a number of major consumers of conflict resources, including the US, the EU and Canada have recently passed legislation intended to increase transparency of natural resource revenue flows. The Dodds-Frank Act in the US compels companies to identify and report on the use of 'conflict minerals' from anywhere within their supply chain.[125] EU timber laws require importers to conduct due diligence on countries of origin, in order to prevent the import of illegally harvested timber. Some commentators have argued that such laws and norms are already having an impact on the trade in conflict goods, despite being only partially implemented in most cases.[126] Others have criticised these laws for driving legitimate investors away from difficult operating environments, whist doing nothing to address the black market trade in resources.[127]

In addition to the policies and interventions highlighted here, a number of those highlighted in the issue brief on illicit financial flows are of relevance here, especially those that seek to limit or interdict the flow of proceeds from the trade in conflict resources. For example, the Financial Action Task Force is an important example of a global body that seeks to promote effective implementation of legal and regulatory measures than could help combat the laundering of money gained through the illicit sale of conflict resources.

What resources, indicators and data sources might help to measure progress on mitigating the impact of the illicit trade in conflict resources?

It is extremely difficult to calculate the true value and scope of the global trade in conflict resources. Much of this trade takes place in the grey or black economies, making access to accurate information difficult. For example, more than 100 million people are estimated to be reliant on artisanal small-scale mining,[128] However, a very large proportion (if not the majority) of international trade in conflict resources is controlled by a relatively small number of large corporate actors, often based in western countries. Traditionally these companies, as well as many host governments, have been reluctant to publish data such as revenue flows. However, there are signs that this is slowly changing. Initiatives such as EITI and the Kimberley Process have received significant support from developed and developing country governments and major commercial actors. Furthermore, a relatively strong body of research has contributed to the development of several useful data sets, such as the Resource Governance Index. These are significant steps forward in promoting transparency and improved measurability in this area.

The table below identifies a range of key resources and data sets, outlines how they could be used to inform in-country programming, including examples of potential indicators that could be generated from the resource.

Resource Governance Index (RGI) **Link:** revenuewatch.org/rgi	The RGI scores and ranks countries based on a detailed questionnaire completed by researchers with expertise in the extractive industries. The Index assesses the quality of four key governance components: Institutional and Legal Setting; Reporting Practices; Safeguards and Quality Controls; and Enabling Environment. It also includes information on three special mechanisms used commonly to govern oil, gas and minerals—state-owned companies, natural resource funds and subnational revenue transfers.
	Example indicator: Score on RGI.
Resource Conflict Monitor **Link:** bicc.de/rcm/index.php Data Sources: bicc.de/rcm/sources.html#res_gov	The Resource Conflict Monitor (RCM) monitors how resource-rich countries manage, administer and govern their natural resources and illustrates the impact of the quality of resource governance on the onset, intensity and duration of violent conflict. It compares secondary data, on 90 resource-rich countries on three key variables: resource governance, conflict, and natural resources. Data is only available from 1996-2006. However the approach and data sources used form a solid methodology for on-going monitoring.
	Example indicator: Quality of natural resource governance.
EITI Secretariat **Link:** eiti.org/countries	The Extractive Industries Transparency Initiative (EITI) encourages resource rich countries and large extractive companies to promote transparency of revenue flows. It rates countries as candidate, compliant or suspended, according to adherence to transparency benchmarks and indicators.
	Example indicator: Has (country) produced EITI report, detailing revenue received from extractive industries?
World Bank World Development Indicators and Worldwide Governance Indicators **Link:** data.worldbank.org/data-catalog/world-development-indicators info.worldbank.org/governance/wgi/index.aspx#doc	The WDI is the primary World Bank collection of development indicators, compiled from officially-recognized international sources. It includes a wide range of relevant composite indicators relating to energy and mining, environment, labour and social protection, economy and growth and private sector development. The Worldwide Governance Indicators (which provide aggregate and individual governance indicators for 215 economies over the period 1996–2012, for six dimensions of governance) include further scores on 'regulatory quality' and 'control of corruption'.
	Example indicator: • Total natural resource rents as a % of GDP (WDI) • Country score for control of corruption (WGI).
Publish What You Pay, Revenue Watch Institute and Global Witness **Links:** publishwhatyoupay.org/ globalwitness.org/ revenuewatch.org/	All three organisations gather and publicise information about degree of revenue transparency in different resource rich countries as well as major consuming countries. They can also be useful resources for identifying the capacities of local civil society to monitor natural resource governance at the local and national levels.
	Example indicator: Existence and impact of legislation on promoting transparency in natural resource revenue flows.
USAID Minerals & Conflict Toolkit for Intervention Survey Instrument **Link:** usip.org/sites/default/files/resources/CMM_Minerals_and_Conflict_2004.pdf	This resource includes a survey tool that can be used to develop indicators that can help to evaluate the risk of conflict linked to valuable minerals. These questions should help development agencies effectively integrate valuable minerals management and conflict prevention/mitigation into their programs and projects. These questions can be particularly useful for developing perception based indicators.
	Example indicator: Do you feel that natural resources are being used to finance violence or oppression in your community/ country?
Global Natural Resources Indices	Indices charting international market prices for key natural resources can provide valuable information relating to fluctuations in demand for key resources and price volatility. S&P include indices for timber and forestry, oil and agribusiness. Other indices are available for other resources.

Link: us.spindices.com/indices/equity/sp-global-natural-resources-index	**Example indicator:** Volatility of international market price of for particular countries major commodities relevant to conflict dynamics.
Voluntary Principles on Security and Human Rights **Link:** voluntaryprinciples.org/	Lays out guidance and principles for companies and governments about responsible natural resource extraction practices. Information is provided on companies and governments that have signed up to the principles, although information on compliance is not readily available.
	Example indicators: Percentage of major extractive companies operating in (country) that have signed on to the Voluntary Principles.
Uppsala Conflict Data Programme (UCDP) **Link:** pcr.uu.se/research/ucdp/	UCDP provides detailed data on a range of conflict issues. Conflicts are not categorised by the degree to which they are driven by natural resources. However, it would be possible to draw upon UCDP data sets, complemented with an assessment of role of natural resources as a driver of conflict to develop global or national level indicators.
	Example indicator: Deaths in conflicts fuelled by natural resource revenues.

Issue brief: The illicit drugs trade

How does the illicit drugs trade relate to conflict?

Although estimates of the value of the illicit drugs trade can vary enormously,[129] many experts place the annual value between US$350-$500 billion per year[130] – and even the lowest estimates are around $100 billion per year. To put this into perspective, a recent evaluation by Ernst & Young calculated the total transaction value[131] of the oil and gas sectors for 2012 to be $402 billion.[132] In their most recent World Drug Report, UNODC estimated that "between 167 and 315 million people aged 15-64 were estimated to have used an illicit substance in the preceding year. This corresponds to between 3.6 and 6.9% of the adult population". This marks an 18% increase in estimated drug use since 2008. Over the same period, drug trafficking networks have expanded into new routes, primarily in fragile contexts such as West Africa, with significant impacts on security and governance in these regions.[133]

UNODC also estimates that between 50% and 85% of the profits from transnational organised crime in 2010 can be attributed to the illicit drug trade.[134] The 2011 World Development Report identified drugs as one of the key drivers of global conflict,[135] whilst the 2013 World Drugs Report notes that the global drugs trade "represents a clear threat to the stability and security of entire regions, and to economic and social development. In so many ways, illicit drugs, crime and development are bound up in each other".[136] It is important, however, not to simplify this relationship. There are for example illicit-drug-producing regions (such as Bolivia or Morocco) that have, so far at least, avoided large scale violence. Conversely, counter-narcotics interventions can increase conflict levels, often without sustainably reducing the flow of illicit drugs.

> "Profits from the illegal trade in drugs are not only used to buy guns, they also buy police chiefs and judges. Corruption is off the scale and, as it grows, democratic accountability, the key plank necessary for poor people to access and defend their rights, is progressively eroded."
>
> Jonathan Glennie, ODI Research fellow, 2010[137]

The illicit trade in drugs, and especially heroin and cocaine,[138] can impact on conflict at each stage in the value chain that is in countries of production, transit and major consumption of illicit drugs:

- **Producer countries**: Production is concentrated in a relatively small number of countries: Afghanistan produces roughly 90% of global heroin supplies. Colombia accounts for roughly 50% of the global cocaine production, followed by Peru (over 30%) and Bolivia (about 13%).[139] Most are also affected by high levels of conflict. Crop growing regions are often characterised by high levels of violence and a lack of effective state presence. In some contexts, groups that control the drug trade are able to outgun state enforcement.[140] In many cases, production is encouraged and taxed in order to finance armed insurgencies, such as the Taliban in Afghanistan. The producers themselves tend to be small-scale farmers, for whom growing poppy or coca may be a relatively secure livelihood strategy (with clear market opportunities, high value and relatively low risk).[141] Less than 1% of the revenue generated in the drug trade is estimated to be accrued to these farmers.[142]
- **Transit countries**: Conflict-affected or weak states are attractive transit points for transnational criminal networks due to their institutional fragmentation, and opportunities to exploit inequalities between groups with little prospect of legal or social backlash. For example, in Mexico and other parts of Central America, drug trafficking gangs have been able to secure a constant stream of recruits from impoverished or marginalised groups with little backlash (until recently) from communities or the authorities.[143] High levels of poverty and weaknesses in oversight, regulation and inter-agency co-ordination make securing official complicity through bribery easier. Once established, organised criminal networks can undermine the capacity of transit states to provide basic services, compromise their legitimacy and provoke higher levels of violence,[144] all of which allows them further freedom to go about their business undisturbed by the state, as described in the Guinea Bissau case below.
- **Major consumers**: The majority of heroin and cocaine is consumed in 'developed' nations. Roughly 40% of cocaine is consumed in North America, and more than 25% in the European Union. Heroin consumption is more dispersed. Europe and North America account for roughly 32% of global consumption. This rises to 53% including Russia.[145] By far the biggest profits are accrued through sale in consumer countries. According to UNODC, the illicit drug trade in the US is worth up to $143 billion per annum, of which as much as $125.5 billion is retained within the country.[146] Gangs regularly vie for control of this industry, sparking significant and repeated bouts of violence.[147] Drug use can also fuel

interpersonal violence: 24% of people arrested for assault in England and Wales in 2000 tested positive for opiate use, and 12% for cocaine.[148]

What policies or interventions have been employed to address illicit drug flows at the national and international levels?

The international community has invested billions of dollars in counter-narcotics strategies in the last 30 years. The approaches employed can be divided into two broad categories: supply-side and demand-side interventions. Supply-side interventions aim to minimise the flow of drugs entering the market, and are focused in countries of production and transit (primarily fragile and conflict affected states). Demand-side interventions aim to limit the demand for drugs in major markets (predominantly OECD members). The main approaches are:

Supply-side approaches:

- **International treaties:** These are important for establishing international norms and generating commitment to tackle the drugs trade at different stages in the value chain. A number of treaties have been agreed, but implementation of commitments has been weak. Where capable and well-resourced counter-narcotics and anti-corruption institutions have been established, there have been some positive impacts, but there are also notable examples of minimal impact.
- **Interdiction:** This relies on identifying and intercepting drugs during transit from countries of production/ refinement before they reach the marketplace. Successful interdiction relies on effective intelligence as well as incorruptible customs and border control agencies. However, transhipment costs (bribery, trafficking, etc.) however are tiny compared to profits, meaning that traffickers are generally able to successfully adapt to interdiction strategies.[149]
- **Prosecution:** The capture and prosecution of key actors within the drug trade has failed to significantly dent the supply of drugs. Judicial and rule of law institutions in producing and transit countries are often captured by drug cartels, whilst the decentralised structure of the drugs trade means that individuals are easily replaced. Collaboration between judicial structures in drug-producing and transit countries and European countries has resulted in several convictions in European courts.[150] This may help to address high levels of impunity that many traffickers enjoy in their home countries.
- **Crop eradication:** A number of studies indicate that this approach has largely been ineffective, and in some cases counter-productive. In Afghanistan, for example, eradication has met with limited success, whilst incentivising corruption and cooperation between rural communities and the Taliban.[151] Where crops have been eradicated, cultivation has typically shifted to other locations.
- **Military aid:** Several countries, most notably the US, have provided very significant aid packages to drug producing nations as part of their counter-narcotic strategies. However, apparent gains in tackling drug production and trafficking in some contexts tend to have been offset by increases in production elsewhere, and have sometimes been associated with significant violence.
- **Alternative livelihoods:** These aim to incentivise growers to invest in alternative revenue streams (such as other crops). In order to be sustainable, alternatives need to be economically viable (i.e. of similar value, easy to transport to market, resistant to disease and climate, provide quick returns etc.) whilst knock-on impacts must also be accounted for (e.g. poppy is a labour-intensive crop, meaning that it creates significant seasonal labour opportunities).

Demand-side approaches:

- **Drug abuse prevention:** These include initiatives aimed at preventing the use of and addition to drugs, for example by changing social norms, early detection of drug use in children and delaying the age at which people start taking drugs – an important indicator of likelihood of addiction.
- **Harm reduction approaches:** Harm reduction approaches seek to minimise the negative impacts of drugs on society. Broadly speaking, they approach drugs policy from a public health perspective, focusing on treatment (e.g. through counselling and sustained support) and minimising negative impacts of addiction (e.g. needle exchange programmes, methadone programmes etc.) Harm reduction strategies have proven to be effective in a range of contexts,[152] although the evidence is overwhelmingly concentrated in programmes from OECD countries.
  Decriminalisation: A number of countries have experimented with different forms of decriminalisation. For example, Portugal decriminalised the possession and use of all drugs in 2001. Since then usage rates have remained stable, but drug-related disease and deaths have declined significantly.[153] Many analysts have argued that decriminalisation would starve criminal networks of the bulk of their funding, thereby administering “by far the deadliest blow possible against transnational organised crime”.[154] However,

political opposition to the relaxing of drug laws in many OECD countries makes decriminalisation unlikely in the medium term.

The bulk of anti-drugs efforts have been focused on supply-side interventions. Many of these, such as crop eradication and the aggressive pursuit of traffickers, have contributed to an increase in conflict.[155] They have also done little to reduce the flow of drugs into western markets. By-and-large, efforts to cut down on production in one area have resulted in increased production elsewhere.[156] Similar effects have been seen in transit routes. The increase in flows of heroin from South Asia to Europe through East Africa, for example, has been linked to a crackdown on trafficking in the Balkans.[157] Equally, very few analysts argue than an exclusive focus on demand-side interventions would be effective in breaking the link between the drug trade and conflict. Efforts to reduce the impact of the drug trade on conflict in fragile states will therefore require coordinated action at the local, national and global levels, addressing both supply and demand sides of this trade. Many prominent analysts have therefore argued that alternative approaches to tackling the global drugs trade are badly needed. The Global Commission on Drugs reported in 2011 that "The global war on drugs has failed, with devastating consequences for individuals and societies around the world."[158] The OECD meanwhile has argued that the current approaches are in fact "having devastating consequences on the quality of governance and have pushed large numbers of people into poverty".[159]

What resources, indicators and data sources might help to measure progress on tackling the illicit drugs trade and/or its impacts?

Measuring progress on tackling the illicit trade in drugs is very challenging. The trade exists almost entirely within the illicit sector and relies on secrecy to thrive. The scale of the industry creates powerful incentives on the part of key actors to maintain this secrecy, for example through undermining the capacities of counter-narcotics institutions. Furthermore, networks involved in the production and transit of drugs are highly adaptable, and have demonstrated an ability to respond to new approaches to gathering data on the functioning of the illicit drugs trade. For example, farmers in Colombia have developed methods for increasing yields from coca plants, allowing for smaller planting areas, in part in response to increasing use of satellite imaging techniques to assess overall cropping areas.

Despite these challenges, the illicit drugs trade is better understood than most other illicit markets. The United Nations Office on Drugs and Crime (UNODC) is the primary agency responsible for gathering, collating and analysing data on global trends. UNODC gather data on the production of illicit drugs through annual production monitoring surveys, which draw on GIS and village survey data. Data on drug use and trafficking is gathered through Annual Reports Questionnaires[160] completed by national governments with UNODC technical support when necessary. Data on drug-related crime is primarily based on national police reporting data. However, as noted above, the methodologies used to calculate overall production and consumption patterns, as well as the value of the global trade have often resulted in wildly different estimates. Furthermore, there remain significant gaps within the data collected, most notably related to consumption patterns.[161] This is a particular challenge for developing global indicators: in order to capture progress towards addressing this issue, there may be a need to understand levels of progress at each stage of the supply chain.

The table below identifies a range of key resources and data sets, outlines how they could be used to inform in-country programming, including examples of potential indicators that could be generated from the resource.

UNODC World Drugs Report **Link:** unodc.org/wdr/	The World Drug Report, published annually since 1999, presents comprehensive information on the illicit drug situation. It provides detailed estimates and trend analysis on production, trafficking and consumption in the opium/heroin, coca/cocaine, cannabis and amphetamine-type stimulants markets.
	Example indicator: Estimated profits generated by global trade in cocaine and heroin.
UNODC Illicit Crop Monitoring Surveys **Link:** unodc.org/unodc/en/crop-monitoring/index.html	Annual surveys are carried out to gather data on estimated total areas under crop cultivation, eradication efforts and farm-gate prices. These typically include analysis of GIS imaging, economic modelling and village surveys. Opium surveys have been conducted in Afghanistan each year since 2000 and in Laos and Myanmar since 2003. Annual coca surveys have been carried out in Colombia and Peru since 2003, and Bolivia since 2004. Irregular cannabis surveys have been carried out in Morocco and Afghanistan since 2005. These surveys provide the most comprehensive assessments of the production of illicit drugs.

	Example indicator: Estimated volume of opium production at national and sub-national levels.
UNODC Statistics on Drugs Use **Link:** unodc.org/unodc/en/data-and-analysis/statistics/drug-use.html	UNODC collects and analyses data on the extent, patterns and trends in drug use and its health consequences through Annual Reports Questionnaires (ARQ), including household and school surveys, submitted by Member States. ARQ's are submitted to all UN member states, although not all report back. For example, in 2012, 192 ARQ's were sent out, with only 94 responses. More than 80% of European states responded, compared to only 20% of African states.[162] ARQs capture national level data on: • Prevalence of drug use among the general population • Prevalence of drug use among youth • Treatment demand.
	Example indicator: Heroin use amongst young people.
UNODC Statistics on Drug Trafficking and Prices **Link:** unodc.org/unodc/en/data-and-analysis/statistics/drug-trafficking.html	UNODC collects and analyses data on drug trafficking trends, including arrest, seizures, price and purity of illicit drugs submitted by the Member States through the Annual Reports Questionnaires (ARQ). However, as noted above, response rates to ARQ's vary dramatically between member states.[163] ARQs capture national level data on: • Drug seizures (national totals) • Significant individual drug seizure reports • Price and purity of drugs • Laboratory seizures.
	Example indicator: Retail and wholesale prices of illicit drugs as an indicator of the supply of drugs reaching local market place.
UNODC Statistics on Drug-related Crime **Link:** unodc.org/unodc/en/data-and-analysis/statistics/crime.html	UNODC classify Total Drug-Related Crimes as being "all intentional acts that involve the cultivation; production; manufacture; extraction; preparation; offering for sale; distribution; purchase; sale; delivery on any terms whatsoever; brokerage; dispatch; dispatch in transit; transport; importation; exportation; possession or trafficking of internationally controlled drugs." Data is collected at the national level from police statistics. As such, data sets are limited by capacity of national police data gathering systems.
	Example indicator: Total Drug-Related Crimes at the national level, number of police-recorded offences.
International Crime Victims Survey **Link:** unicri.it/services/library_documentation/publications/icvs/	The International Crime Victims Survey (ICVS) gathered data from 78 countries between 1989 and 2005. It sought to gather information about the incidences of crime, and the perceptions and attitudes towards of crime and the criminal justice system based on public surveys. The data does not therefore rely only on recorded crime data. Although ICVS is no longer conducted, the questionnaire design may provide a useful source for developing perception based indicators.
	Example indicator: Over the last 12 months, how often were you personally in contact with drug related problems in the area where you live? For example seeing people dealing in drugs, taking or using drugs in public spaces, or finding syringes left by drug addicts? Was this often, from time to time, rarely or never?
UN Database on Multilateral Treaties **Link:** treaties.un.org	The UN Treaty collection documents which countries have signed up to multilateral treaties. This information can be helpful for assessing the commitment shown by national governments to address the illicit drug trade. However, this is no indication of implementation. Furthermore, many of these treaties have been criticised for having a disproportionate focus on supply-side dynamics.
	Example indicator: Is (country) party to international instruments related to drug control, specifically: (i) the Single Convention on Narcotic Drug Use (1961 amended); (ii) the Convention on Psychotropic Substances (1971); (iii) UN Convention on Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)?

US Bureau for International Narcotics Control and Law Enforcement **Link:** state.gov/j/inl/rls/nrcrpt/2013/index.htm	Annually produced International Narcotics Control Strategy Reports include assessments of the institutional capacities of 92 major producing, transit and consuming countries to address the trade in illicit drugs.
	Example indicator: Establishment and capacity of counter-narcotics policies and institutions.
National Drug Use and Health Surveys **Links:** US: drugabuse.gov/national-survey-drug-use-health UK: gov.uk/government/publications/drug-misuse-declared-findings-from-the-2011-to-2012-crime-survey-for-england-and-wales-csew-second-edition EU: emcdda.europa.eu/stats12	Important sources of information for assessing scale of demand, primarily in developed nations. Questions could be applied in a range of contexts without current annual surveys to gather data on consumption patterns in producing and transit countries. These can be important for assessing demand-side indicators as well as perception-based indicators.
	Example indicators: • How easy is it to buy cocaine/ heroin in your community • Percentage of persons 12 years of age and over with any illicit drug use in the past month • Drug use in prisons • Drug-related infectious diseases.

Issue brief: Transnational arms flows

Why do transnational arms flows matter for conflict and development?

The relationship between transnational arms flows and the incidence, duration and lethality of violent conflict is complex. While it has been argued that arms flows are symptoms and not causes of conflict, a significant body of research has found that variations in arms flows can significantly affect conflict risks and dynamics, suggesting that they do in fact have a causal impact.[164] A small number of studies have shown arms flows to be a statistically significant predictor of increased conflict risk.[165]

Impact on conflict, security and development

Arms flows impact on conflict dynamics by providing the means to initiate and sustain war. They can also intensify conflict, at least until the number of arms outnumbers potential users. Easy access to arms can lengthen the duration of conflict by providing the means for conflict actors to persist with armed struggle. However, this is not always the case: plenty of groups agree to stop fighting despite access to further supplies of arms.[166] In other cases, access to arms has proved important in determining the relative military strength of the various parties to a conflict. This can significantly affect their approach – for example encouraging either further military action or the pursuit of a resolution by peaceful means. Arms flows can also be an important factor in supporting a state's capacity to exercise a monopoly over the legitimate use of force, an assumed condition for stability.[167] However, the use of arms by the state itself can be heavy-handed and drive further cycles of conflict. A recent body of research has also shown that the presence of non-state armed groups does not necessarily lead to conflict.[168] Context matters, as is illustrated by the variation in the effects of similar levels of civilian arms holdings between different countries. In short, transnational flows of arms are best conceptualised as an exacerbating factor that drives conflict under pre-existing conditions of fragility.[169]

Most direct conflict deaths in the developing world are attributable to the use of small arms and light weapons (SALW).[170] One study of eight conflicts over a period of four months found that of the 1,364 conflict deaths, 1,225 could be attributed to SALW.[171] Indeed, it is estimated that of the 49 major conflicts in the 1990s, small arms were the key weapons in 47 of them.[172] Links are often made between the availability of SALW and civilian deaths, displacement, violations of human rights and humanitarian law, gender-based violence, transnational organised crime, obstacles to humanitarian access and the use of child soldiers.[173]

Arms have an impact on security beyond armed conflict. The use of arms for criminal purposes could significantly surpass their use in wars. For example, in 2002 "there were a total of 28,989 homicides committed with firearms in Colombia, whilst the country's civil war accounted for a total of 4,195 deaths."[174] Given their secretive and complex nature, arms acquisitions from international markets create opportunities for large-scale corruption by officials and political elites. It is estimated that "in 2005 the global cost of corruption in the defence sector was at least around $20 billion per year, equalling all the official development assistance provided to Iraq, Afghanistan, DRC, Pakistan and Bangladesh."[175] Corruption on such a large scale has a corrosive effect on governance and has been shown by quantitative analysis to be closely correlated with conflict risk.[176]

The state's role in facilitating global arms flows

The post-Cold War period has seen a significant proliferation in suppliers of cheap weapons, especially SALW.[177] Consequently, SALW production is now "sufficiently dispersed to ensure that states do not face significant problems in obtaining most types of infantry weapons."[178] But it is the proliferation of SALW into the hands of non-state armed groups that is perceived to be especially problematic in contexts affected by violence and insecurity. There are already an estimated 875 million SALW in circulation worldwide.[179] Their price, portability and ease of use mean that they are of high utility to non-state actors.

Nonetheless, the notion of a bottomless global black market supply of arms beyond state control is largely misplaced. It is the shortcomings of states, as irresponsible suppliers and recipients, which lie at the core of the problem, since nearly all illicit weapons have their origin in the licit trade. The diversion of SALW is often driven by states using the 'veil of legality' to acquire arms from international markets before passing them on to non-state actors within their region.[180] These transfers are frequently linked to regionalised political economies of conflict. For example, the in-flow of arms into Zaire and Angola in the 1990s was largely financed by the flow of diamonds out to neighbouring states.[181]

Arms often originate from state holdings within conflict-affected states; weapons can be stolen, sold or rented out illicitly from state stocks, captured in military clashes, provided as part of patronage networks or directly distributed to civilians or non-state groups for their own protection.[182] Regardless of their source, failures to control arms within countries can have knock-on effects for their neighbours. The case of Libya is illustrative, where arsenals previously held by its government were appropriated and have reportedly found their way to as many as 12 countries in the region.[183]

Case study: SALW and conflict in Jonglei, South Sudan[184]

Jonglei state has a long record of being affected by violent clashes that have led to deaths, displacement, obstacles to the provision of humanitarian assistance and longer-term impediments on the region's development.[185] Fighting has frequently broken out between different ethnic communities but also between government security services and rebel militias operating in the area, most recently in December 2013. The conflict has been driven by a number of historical, social, economic and political factors, alongside continued cycles of retribution. However, it is the illicit holding and widespread use of small arms, most notably AK-47s, as well as larger machine guns and rocket propelled grenades, that has greatly intensified the impact of violence.

Whilst highly contentious, disarmament efforts in the state did make some progress in reducing the number of weapons in civilian hands following the civil war. However, communities have been able to rearm by looting stocks of weapons and acquiring weapons that have leaked from other sources. On the local illicit market, in 2012, an old Kalashnikov reportedly cost two or three cows, whereas a newer one cost up to four. Neighbouring states have also been accused of providing significant volumes of weapons to militias in Jonglei, some of which have been used in inter-community clashes. The majority of these weapons, however, originated from outside of Africa. The case of Jonglei makes clear that the illicit holding and use of SALW is largely attributable to the shortcomings of states at both national and regional levels and ultimately, the licit global trade in arms.

What national, regional and international responses have been adopted to address the impact of transnational arms flows?

The impact of transnational arms flows, and especially SALW, has received significant attention over the past two decades. Measures have been adopted to control the flow of arms by supplying states, individually or in groups, through multilateral and regional arrangements and within countries affected by conflict, fragility and arms proliferation. The significant progress that has been made is however being held back by measures overly focused on process rather than impact, continued gaps in implementation and low levels of capacity and political willingness.

National and regional level responses:

- **Improved controls by recipient states**: Improved management of arms stockpiles, along with weapons collections, the destruction of surplus arms and the marking of additional arms on import, have all been promoted as means to combat the illicit arms trade. [186] However many of the most fragile and conflict-affected states have struggled to implement such measures effectively. Many are also unable to manage their borders – which are often extensive and porous.[187] Donor support, especially through long-term funding cycles, has been shown to be effective in some contexts. For example, an evaluation of a European Union (EU) project that ran from 1999-2006 in Cambodia has been highlighted as a largely successful initiative to counter SALW proliferation.[188] In some cases UN missions have included support for stockpile management, as in Côte D'Ivoire, or arms procurement, as in Sierra Leone.[189] However, capacity aside, it is often the absence of political will by governments in recipient states to prioritise arms control that remains an overriding obstacle, especially in cases where there are perceived political benefits to inaction and/or the diversion of arms is used as part of a national security strategy.
- **Demand-side approaches:** Programmes to reduce SALW proliferation amongst communities in conflict-affected states have evolved to look beyond gun control and focus on the reasons why people demand weapons, engaging for example on issues related to community security.[190] For example, in Kenya, SALW control bodies have started to be more tightly coordinated with national peacebuilding initiatives, while EU support for SALW programmes in West Africa has been delivered as part of wider packages to strengthen peacebuilding and conflict prevention capacities.[191] Similarly disarmament, demobilisation and reintegration programmes "are shifting away from short-term interventions focused on ex-combatants and decommissioning of arms to more integrated community- and national-based interventions."[192]

- **Societal approaches:** In some areas, the near total absence of state authorities means that social controls are the dominant form of arms control. For example, many clans in the Horn of Africa regulate their small arms themselves.[193] Local and societal-level structures that contribute to arms management, for example through working with traditional leaders to tackle SALW demand in their communities, remain relatively neglected by national governments and international donors.[194] Nonetheless, such interventions carry risks when not evenly implemented between different armed communities or when they undermine the responsibilities of states as ultimate security providers.
- **Regional agreements:** The illicit trade in SALW largely occurs at the regional level, making regional agreements particularly important. Africa has numerous regional agreements and multilateral mechanisms designed to address small arms proliferation. However, East Asia and South Asia have none.[195] Furthermore, capacity and political will to effectively implement regional initiatives is often patchy, especially when relations between states are strained.
- **Regional organisations:** Regional organisations, such as the Regional Centre on Small Arms in the East and Horn of Africa or the South Eastern Europe Clearinghouse for the Control of Small Arms and Light Weapons (SEESAC), have been created to help fill capacity gaps with technical assistance and through facilitating joint actions, information exchange and other programmatic initiatives between countries. It is not clear that investing in this type of support has resulted in significant improvements in security.[196] As at national level, political will is key to the effectiveness of regional organisations.
- **Arms export controls:** Many, but by no means all of the major exporting states are now "formally committed to considering the impact the transfer might have on human rights, humanitarian law, internal repression, destabilising accumulations of arms, an existing conflict, regional and international peace and security, socio-economic development, crime, corruption, terrorist acts and diversion, among others." [197] Policy commitments to such criteria have not however been effectively translated into decision-making processes relating to arms transfers in many states.[198] For some emerging arms exporters, most notably China, who are taking an increasingly larger share of the market, criteria guiding transfer decisions do not assess risks in a meaningful way. Furthermore, the activities of international brokers, who can play their role from almost any jurisdiction on the planet, can be extremely difficult to control.

International level responses:

- **Arms embargoes:** The UN Security Council places mandatory arms embargoes on specific states or areas. 25 embargoes have been imposed since 1966 (only 12 have been subsequently lifted). UN panels of experts, and in some cases peacekeeping missions, are tasked with monitoring these. Embargoes have also been agreed by regional organisations, such as the EU. Surprisingly under-researched, the effectiveness of embargoes is disputed. Studies have shown that in some cases embargoes are effective, and that many more are at least partially effective.[199] However, a significant body of evidence shows that arms often continue to reach warring parties despite embargoes. For example, the UN has identified numerous breaches of existing embargos on Somalia, Darfur and Eritrea.[200]
- **UN Arms Trade Treaty (ATT):** There are several multilateral agreements related to arms transfers. However, they are often voluntary, restricted in scope, lacking effective implementation and inconsistent with one another.[201] The ATT, agreed by the UN General Assembly in 2013 and likely to enter into force by 2015, offers an opportunity to bring together many of these piecemeal agreements and address existing shortfalls. In addition to complying with specific prohibitions on arms transfers, states parties to the treaty are obliged to assess the risks that the transfers from or though their territories could fuel instability, be used in violations of international human rights or humanitarian law or facilitate transnational organised crime. By January 2014, 115 states had signed the ATT and eight had ratified it. The effectiveness of the treaty, which will enter into force after the 50th ratification, will be largely dependent on national-level implementation.
- **UN Programme of Action:** Problems related to effective implementation are also found in the UN Programme of Action to Prevent, Combat and Eradicate the Illicit Trade in Small Arms and Light Weapons in All Its Aspects (PoA), agreed in 2001. It sets out a range of voluntary measures for states to take to manage all aspects of the SALW problem, including the control of small arms transfers, regulating small arms brokering, managing stockpiles, marking and tracing small arms and assisting other states in PoA implementation. States are expected to provide to the UN Office for Disarmament Affairs (ODA) national reports on their implementation of the PoA commitments, but do not always do so. Furthermore, review conferences have failed to agree on a framework of measurable indicators to assess the actual impact of implementation.
- **Transparency and information sharing:** Transparency and information sharing mechanisms have the potential to play important roles. In 1991 the UN Register of Conventional Arms was agreed, which committed states to report publicly on any imports or exports of seven categories of major conventional

arms plus SALW. However, the process is voluntary and not universal. In recent years the number of states submitting reports has fallen.

How can the efforts to tackle arms flows be measured?

There are several challenges associated with measuring arms flows, their impact and the effectiveness of efforts to address them. There is a serious absence of information on the illicit flow of arms given that the trade is almost always covert in nature. Although far from comprehensive, data on the licit trade is more widely available. However, context-specific factors play an important role in determining the impact of arms flows. For example, an assessment of the risk of a sudden influx of arms into a particular country can only be made alongside consideration of other conflict drivers, such as the presence of heightened political tensions or significant horizontal inequalities. In order to measure the proportion of global licit arms flows that risk driving conflict, data on their flow could be used alongside or combined with other global data sets on conflict and fragility, including for example the Global Peace Index.[202]

In general, arms control programming lags behind other areas in the development field as there has been relatively little investigation into "the best practices for establishing baseline criteria and performance and success indicators for SALW issues and for monitoring and evaluating SALW projects".[203] The success of SALW programmes at national level is often judged on criteria such as number of weapons collected or the outputs and capacities of institutions. These indicators often fall short, for example by overlooking the number of weapons still in circulation or failing to assess the risks still faced by the population. One area of current focus is on household surveys, which may prove useful in gathering data on experiences and perceptions of security at community level and the degree of SALW proliferation. At the global level, there is little adequate information to track or monitor the assistance being provided by international donors and "no basis for measuring what impact, if any, a given activity has had towards achieving international and regional goals, and whether or not assistance was optimally used to help achieve these goals".[204]

Notwithstanding these serious challenges and shortcomings, a number of key resources and data sets are available that can help programme staff assess the impact of international arms flows on conflict in a particular context, and develop appropriate indicators for measuring progress against mitigating these impacts. The table below identifies a range of key resources and data sets, outlines how they could be used to inform in-country programming, and offers examples of potential indicators that could be generated from each resource.

UN International Small Arms Control Standards (ISACS) **Link:** smallarmsstandards.org/isacs/	Framed by existing international agreements such as the UNPoA, the ISACS provide policymakers and practitioners with in-depth information and guidance on SALW control issues. This includes a detailed guide for conducting in-country surveys which may be especially useful for evaluating the nature of the problem and/or the effectiveness of measures to address it. National surveys/mappings are also available for a number of countries.
	Example indicator: If someone in your community wanted to obtain an illegal small arm, how easy would this be? (*ISACS household survey question)*
UN Office on Drugs and Crime (UNODC) Homicide Statistics **Link:** unodc.org/unodc/en/data-and-analysis/homicide.html	UNODC Homicide Statistics include data on intentional homicide covering 207 countries and territories. Although not considered comprehensive, data is gathered from criminal justice or public health systems (and therefore is only as reliable as these systems themselves). It includes specific information on homicides by firearms which is broken down in different forms and years. This information can be useful in assessing the impact of arms on security. However, the UNODC data excludes violent deaths from conflict and so must be used with caution. Data sets on direct battle deaths, such as that provided by the Uppsala Conflict Data Program (UCDP), can be used to measure direct conflict deaths but does not distinguish which weapons are the cause of death.
	Example indicator: Intentional homicide by firearm rate per 100,000 population.

SEESAC Performance Indicators for Monitoring and Evaluation of SALW Control Programmes **Link:** seesac.org/res/files/publication/536.pdf	Supported by UNDP and the EU, SEESAC has a mandate to provide operational and technical assistance as well as information-sharing in South-Eastern Europe. This document provides an overview of performance indicators that could be applicable to SALW control programmes and makes recommendations for evaluation methodologies.
	Example indicator: Changes in street prices of weapons relative to supply and demand.
UNPoA Implementation Support System (UNPoA-ISS) **Link:** poa-iss.org/Poa/poa.aspx	The UNPoA-ISS includes national reports submitted every two years by states on a voluntary basis. These reports include a description of the actions individual states have taken to implement the UNPoA, which can be useful for assessing what actions are being taken to address illicit SALW proliferation, especially when combined with research questions identified in the ISACS (see above). However, reporting numbers vary. In 2011/12, 96 countries submitted reports while in 2009/10 118 countries submitted. The UNPoA also provides details on National Focal Points in each country who should be the first point of call for more information.
	Example indicator: Review of UNPoA national report. (*Qualitative using ISACS criteria)*
Implementation Monitoring Project, UN Institute for Disarmament Research (UNIDIR) and Small Arms Survey (SAS) **Link:** unidir.org/programmes/process-and-practice/analysis-of-poa-implementation	Noting that measurement of the effectiveness of PoA implementation remains open to question, UNIDIR and SAS launched a multi-year project to assess implementation and impact of the PoA. A tool has been designed to score states using indicators based on PoA commitments. So far, the project has uncritically recorded the self-reporting by states, however as the project develops there are plans to undertake qualitative analysis of those national reports, in which case it could be useful for assessing country-specific progress. The assesment of countries is restricted to those that submit PoA reports in any given year.
	Example indicator: Country score/ ranking.
UN Register of Conventional Arms **Link:** un-register.org/HeavyWeapons/Index.aspx	The UN Office for Disarmament Affairs (UNODA) manages the Register of Conventional Arms, which captures data on reported exports and imports of seven categories of major conventional arms and SALW. Not all states report and not all states report comprehensively. As such, it should be considered only a partial picture. Nonetheless, the Register can be one of several resources used to gather data on weapon flows into countries. Sharp increases may signify a higher risk of conflict. However, any information on changes in the volume of arms flows needs to be contextualised within an assessment of other conflict drivers and broader fragility. Declining rates of reporting to the UN Register in recent years also have an impact on the utility of this resource.
	Example indicator: Increase in arms imports year on year (*contextualised with reference to other conflict drivers)*.
Stockholm International Peace Research Institute (SIPRI) Arms Transfer Database **Link:** portal.sipri.org/publications/pages/transfer/splash	Considered to be the most comprehensive database on international arms flows, SIPRI's database should be used when assessing flows into countries. Drawing on a range of sources, it provides information on the source of weapons and volumes (measured according to SIPRI's own Trend Indicator Value (TIV), intended to represent "the transfer of military resources rather than the financial value of the transfer"[205]). However, SIPRI data should not be considered comprehensive. Nor does it gather information on SALW. As with the above, information on arms flows must be contextualised with consideration of other factors.
	Example indicator: Increase in arms imports year on year (*contextualised with reference to other conflict drivers)*.
Norwegian Initiative on Small Arms Transfers (NISAT)	NISAT's database focuses on SALW flows and may be a useful complementary tool. NISAT uses a variety of sources, including UN Comtrade and national customs data. However, as with other databases, it

Link: nisat.prio.org/Trade-Database/ **Document library link:** nisat.prio.org/Document-Library/	should not be considered comprehensive. It records flows of arms into countries which may simply be in transit i.e. not the final destination country. Again, information on flows must be contextualised. In addition, NISAT runs a searchable document library, which contains over 40,000 articles on small arms issues, including over 22 000 on illicit trafficking. **Example indicator:** Increase in SALW imports year on year (*used alongside or in combination with data on conflict and fragility risks)*.
Gunpolicy.org **Link:** gunpolicy.org/firearms/home	Gunpolicy.org is a website hosted by the University of Sydney. It provides a vast array of facts relating to a wide range of small arms issues organised by country, by region and by issue area, from firearms laws to numbers of homicides, rates of firearms possession to PoA National Focal Points. It also provides daily global and regional bulletins on small arms policy, armed violence prevention and gun control news published in mass media. **Example indicator:** Estimated rates of private gun ownership.
UN Panel of Experts reports **UNSC Link:** un.org/sc/committees/ **SIPRI Link:** sipri.org/databases/embargoes	The UN Security Council (UNSC) resolutions related to the creation of arms embargoes often mandate the creation of expert panels to monitor their enforcement. Reports by the expert panels often include detailed information on arms flows. There is no single repository for expert reports; they must be accessed on a case-by-case basis from the UNSC. SIPRI retains a list of UN arms embargoes and associated documents. **Example indicator:** Number of reported failures of cooperation with UNSC embargoes.

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[8] United Nations, 2013. *Special Event 25 September: Outcome Document.* UN: New York.
[9] See, for example, Saferworld, 2013. *Addressing Conflict and Violence from 2015: A Vision of Goals, Targets and Indicators* Saferworld: London.
[10] High Level Panel on Post-2015 Development Agenda, 2013, pp 64-65.
[11] Ibid. p30.
[12] Some of the HLP members from countries worst affected by external stresses were reportedly opposed to the inclusion of a target on external stresses due to a concern that it could damage their international reputation, and interfere with their handling of sensitive sovereign issues. However, other affected countries were successfully able to make the case that issues such as organised crime warrant international attention and collective action, and must be included in the framework. The inclusion of universal targets that oblige all states, including developed countries, to assume responsibility for their impacts on conflict in developing countries may prove politically appealing.
[13] The trade in these resources has been identified most consistently as being related to conflict. For example, see Ross, 2013, *The Politics of the Resource Curse: a Review*, in Social Sciences Review Network, Collier, 2003, *Natural Resource, Development and Conflict: Channels of Causation and Policy Interventions*, World Bank, Washington DC, and Program on Forests, 2011, *Forests, Fragility and Conflict*, Washington

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[14] Naim, 2005. *Illicit: How smugglers, traffickers and copycats are hijacking the global economy*. Anchor Books: New York.

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[16] See, for example, Glenny M, 2008, *McMafia: Seriously Organised Crime*, Vintage Books: London; Winer J, Roule T, 2003 'Follow the money: the finance of illicit resource extraction', in eds Bannon and Collier, *Natural Resources and Violent Conflict: Options and Actions*, World Bank: Washington DC; FitzGerald V, 2003, '*Global Financial Information, Compliance Incentives and Conflict Funding'* QEH Working Paper Number 96, Taylor M, 2013; Moore M, 2012,'*The practical political economy of illicit flows*', pp.458, 474, in Reuter P, *Draining Development: Controlling Flows of Illicit Funds from Developing Countries*, World Bank: Washington DC; Kar D, 2011 '*Illicit Financial Flows from the Least Developed Countries: 1990-2008*', UNDP Discussion Paper, New York.

[17] Winer J, Roule T, 2003, p168 and FitzGerald V, 2003, p13.

[18] Chatham House 2013, '*Fragile States, Capital Flight and Tax Havens'*, Chatham House, London p8; Hill G et al, 2013. '*Yemen: Corruption, Capital Flight and Global Drivers of Conflict'* Chatham House: London.

[19] Estimates for the true value of the illicit drugs trade, and the proportion of funding it provided to transnational organised crime vary enormously, and are extremely difficult to verify. UNODC (2011) estimate that between 20-25% of total criminal income comes from the drugs trade, but this raises significantly when income is restricted to 'organised crime'. Generally, UNODC consider 50% to be an upper limit (private correspondence). Others have argued that the proportion could be as high as 85%. See Glennie, 2008.

[20] E.g. UNODC, 2013, World Drugs Report. IRIN, 2013, *Myanmar: Drug production on the rise*, http://www.irinnews.org/report/92436/myanmar-drug-production-on-the-rise

[21] Most estimates put the total number of drug related killings in Mexico between 2006-12 at approximately 50-80,000, although other sources have quoted significantly higher numbers. See Molloy, 2013, *Mexico's national crime statistics show no significant decline in homicides and disappearances*, http://blog.chron.com/bakerblog/2013/10/is-drug-related-violence-in-mexico-on-the-decline/

[22] Rehab International, 2010. *Drug Market Violence in Mexico – Infographic*. http://rehab-international.org/blog/drug-violence-in-mexico-infographic

[23] UNODC, 2010. *The Globalisation of Crime: A Transnational Threat Assessment.* UNODC: Vienna.

[24] See Ross, 2013, *The Politics of the Resource Curse: a Review*, in Social Sciences Review Network for an overview of recent debates and evidence.

[25] See Global Witness, 2013. http://www.globalwitness.org/campaigns/conflict/post-conflict/liberia/liberia-sierra-leone-and-charles-taylor

[26] Human Rights Watch, 2013 *What is a house without food? Mozambique's coal mining boom and resettlements.* HRW: London.

[27] E.g. see Collier and Bannon, 2003, *Natural Resources and Violent Conflict: Options and Actions.* The World Bank: Washington DC.; Ross, 2013.

[28] Given the availability of data on global arms transfers the absence of recent and robust quantitative evidence on correlations between volumes of arms flows and the incidence of armed conflict is surprising. One statistical study on Sub-Saharan Africa "finds that arms transfers are significant and positive predictors of increased probability of war. The analysis and findings, while not asserting explicit causal links between arms transfers and the incidence of political violence, support the view that weapons acquisitions are virtually necessary as ingredients in the recipe for war." One other study has found statistical associations between arms transfers and conflict incidence in a study of 87 third world countries between 1967 and 1976. See: Cassady Craft and Joseph P. Smaldone 2002 '*The Arms Trade and the Incidence of Political Violence in Sub-Saharan Africa, 1967-97'* Journal of Peace Research Vol. 39, No. 6, pp 693-710.

[29] See, for example, Al Monitor 2013 '*West, Saudi Arabia Step Up Efforts to Arm Syrian Rebels'* 13 July 2013 http://www.al-monitor.com/pulse/security/2013/07/west-saudi-arabia-efforts-arm-syrian-rebels.html##ixzz2qelKWYvm

[30] DFID describes violent extremism as "the acceptance or tolerance of the use of violence targeted on civilians as a means of rectifying grievances, real or perceived, which form the basis of increasingly strong exclusive group identities." DFID, '*Addressing violent extremism through DFID's development work'*, Briefing Paper, London. p. 2.

[31] Anita Ernstorfer, Jonathan White and Deirdre Smith (2013) *Literature Review: The Relationship between Violent Extremism/Terrorism and Development*, CCVRI Helpdesk Request & Response, 24 July, p. 9.

[32] Ibid. p. 9.

[33] Paul Collier 2008, *The Bottom Billion: Why the Poorest Countries are Failing and What Can Be Done About It*. Oxford University Press: London.

[34] Indeed a number of studies purport to show a statistically significant correlation between countries receiving high numbers of refugees and increased violence within that country. See I Salehyan, KS Gleditsch, 2006 '*Refugees and the Spread of Civil War*' International Organization Vol. 60 No. 2 pp. 335-366.

[35] In 2012, remittances to developing world amounted to $406 billion, significantly more than aid. In the same year, aid from OECD DAC amounted to $125.6 billion. World Bank 2013 '*Developing Countries to Receive Over $410 Billion in Remittances in 2013, Says World Bank'* Press Release, 2 October 2013.

[36] World Bank, 2011, pp81, 86, 229; Lee B et al, 2012. '*Resources Futures: A Chatham House Report'*, Chatham House, London, p4; Savun B, Tirone D, 2012 *'Exogenous Shocks, Foreign Aid, and Civil War'*, International Organization, 66, pp 363-393, p363.

[37] Burcu Savun, Daniel C. Tirone 2012.

[38] See P Guillaumont, S Jeanneney, 2003. '*Dampening Price Shocks'*, in Eds Bannon and Collier, *Natural Resources and Violent Conflict: Options and Actions*, World Bank: Washington DC, pp 356 ff.

[39] Dube O, Vargas J, 2010 '*Commodity Price Shocks and Civil Conflict: Evidence from Colombia'*, p1384.

[40] See, for example, Saferworld, 2013 *Addressing conflict and violence from 2015 - Issue Paper 2: What are the key challenges? What works in addressing them?* Saferworld: London.

[41] See UNODC statistics web-portal- https://stats.unodc.org/

[42] UNODC 2005, *World Drugs Report, Volume 1; Analysis*. UNODC, Vienna, P126.

[43] Hentschel, T., et al*., Global Report on Artisanal & Small-Scale Mining, 2002, Minerals, Mining and Sustainable Development*. See more at: http://www.miningfacts.org/Communities/What-is-Artisanal-and-Small-Scale-Mining/#sthash.FULZTNvu.dpuf

[44] Fink et al. 2013, Meeting the challenge: A guide to UN counter terrorism activities. p. 4.

[45] High Level Panel on Post-2015 Development Agenda 2013 p. 54.

[46] For example, see World Bank, 2011.

[47] A Global Strategy to tackle violent extremism and terrorism was agreed by the UN in 2006.

[48] See UN General Assembly Department of Public Information 2013. *'Crucial importance of strengthening link between migrants, post-2015 development agenda stressed as General Assembly adopts resolution'* UN, New York. 3 October 2013. http://www.un.org/News/Press/docs/2013/ga11434.doc.htm and UN General Assembly 2013. *A Life of Dignity for all: accelerating progress towards the Millennium Development Goals and advancing the United Nations development agenda beyond 2015* Report of the UN Secretary-General, p 15.

[49] For example, Swing, William, 2013 '*Why migration should be a pillar of the post-2015 development agenda'* Devex News 3 October 2013 https://www.devex.com/en/news/why-migration-should-be-a-pillar-of-the-post-2015/82009

[50] The framework is drawn from Saferworld, 2013, *Addressing Conflict and Violence from 2015: A Vision of Goals, Targets and Indicators* London: Saferworld.
[51] In the suggested target on illicit financial flows, the perceptions indicators suggested are geared more towards measuring public perceptions of overall corruption rather than 'illicit financial flows' per se. The reason for this is that tackling illicit financial flows is in large part a question of tackling large-scale corruption. As such, they complement more specific measures of other aspects of the fight against illicit financial flows. An alternative approach would be to ask the public specific questions on levels of illicit financial flows. However, doing so would probably not yield useful data, as the public is unlikely to understand the terminology. But the public does tend to know how pervasive the culture of corruption is in each particular context. Broad public survey questions on corruption can therefore yield useful information on what progress the public thinks is being made to tackle corruption, and make sure that what the people in a society know about the extent of corruption is not obscured by a sole focus on laws, capacities and statistical data. As Gallup poll data covers many countries, including conflict-affected countries, that other sources do not, and as the question 'was there at least one instance in the last 12 months when you had to give a bribe/present or not?' is an experiential question – and thus may be viewed as more reliable – including these potential indicators serves to illustrate that there are options for compiling a balanced and holistic indicator 'basket' on this issue – and crucially one in which the public has a voice.
[52] Saferworld 2013, p 7.
[53] See High-Level Panel of Eminent Persons on the Post-2015 Development Agenda, 'A New Global Partnership', (UN, 2013), Executive Summary: "It is time for the international community to go beyond an aid agenda and put its own house in order: to implement a swift reduction in corruption, illicit financial flows, money-laundering, tax evasion, and hidden ownership of assets."
[54] Glenny M, 2008.
[55] ibid.
[56] See, for example, Winer J, Roule T, 2003; FitzGerald V, 'Global Financial Information, Compliance Incentives and Conflict Funding' (QEH Working Paper Number 96, Feb 2003), Taylor M, 2013.
[57] Moore M, 'The practical political economy of illicit flows', pp.458, 474, in Reuter P, *Draining Development: Controlling Flows of Illicit Funds from Developing Countries* (World Bank, 2012).
[58] Kar D, 2011.
[59] Taylor M, 2013, p2. Cf UNODC: 'The overall best estimates of criminal proceeds are close to 3.6% of GDP or US$2.1 trillion in 2009. The best estimates of the amounts laundered are close to 2.7% of GDP or US$1.6 trillion in 2009', UNODC, 2011, '*Estimating illicit financial flows resulting from drug trafficking and other transnational organized crimes'*, Vienna, p.127.
[60] Reuter P, 2012 'Policy research implications of illicit flows', in Reuter P, *Draining Development: Controlling Flows of Illicit Funds from Developing Countries*, World Bank, Washington DC. p484.
[61] Development Initiatives, 2013. *Investments to end poverty*, Development Initiatives, Bristol, see 'Highlights', p.3.
[62] Kar D, 2009, p vii.
[63] Ibid.
[64] Kar D, 2011, 'Illicit Financial Flows from the Least Developed Countries: 1990-2008', UNDP Discussion Paper, New York,, p3; increase figure quoted adjusted for inflation.
[65] Winer J, Roule T, 2003 p168.
[66] Ibid.
[67] FitzGerald V, 2003 'Global Financial Information, Compliance Incentives and Conflict Funding', QEH Working Paper Number 96, p13.
[68] Winer J, Roule T, 2003, pp170, 205.
[69] Ibid.
[70] Sources: UN Security Council, 2000 'Report of the panel of experts on the illegal exploitation of natural resources and other forms of wealth of the Democratic Republic of Congo' ; Montague D, 2002 'Stolen Goods: Coltan and Conflict in the Democratic Republic of Congo' *SAIS Review* 22 both cited in Winer J & Roule T, 2003), pp.200ff.
[71] Most deaths due to diseases aggravated by conflict. Estimates have been contested: see IRC, 'Mortality in the Democratic Republic of Congo' IRC, 2008; Human Security Report 'Human Security Report 2009: Simon Fraser University 2010, The Shrinking Costs of War'; Spagat M et al, 2009, 'Estimating War Deaths - An Arena of Contestation' *Journal of Conflict Resolution*, Vol.53, No.6, December, pp.934-950.
[72] See Ware N, 'Congo War and the Role of Coltan' ICE Case Studies 10 (December 2001).
[73] The Guardian, 'South Sudan president accuses officials of stealing $4bn of public money', 5 June 2012.
[74] Chatham House, 2013 'Fragile States, Capital Flight and Tax Havens', p8; Hill G et al, 2013 'Yemen: Corruption, Capital Flight and Global Drivers of Conflict', Chatham House: London.
[75] Moore M, 2012 'The practical political economy of illicit flows', p 474, in Reuter P, *Draining Development: Controlling Flows of Illicit Funds from Developing Countries,* World Bank: Washington DC.
[76] Ibid.
[77] Saferworld, 'Addressing conflict and violence from 2015 - Issue Paper 2: What are the key challenges? What works in addressing them?' Saferworld: London.
[78] For example, Winer J, Roule T, 2003, pp170-171.
[79] World Bank, 2011, p.34.
[80] Reuter P, , 2012, p488: 'Tim Daniel and James Maton, in their review of recent cases (chapter 13), show that courts and police in Switzerland and the United Kingdom have helped return stolen assets to Nigeria, whereas the systems in African countries such as Kenya have singularly failed in dealing with their own grand corruption (Wrong 2009)'.
[81] On use of anticorruption for political purposes in Nigeria, see de Waal A, 2010, 'Fixing the Political Market Place', CMI, Bergen. On how efforts to curb terrorist finance have arguably strengthened authoritarian responses in Sri Lanka, Myanmar and Turkey, etc. see FitzGerald V, 2003 'Global Financial Information, Compliance Incentives and Conflict Funding', QEH Working Paper Number 96, p14. Fitzgerald uses this to illustrate the pertinent point that "Clearly incumbent states (and some other regional or international powers) have a vested interest in declaring internal opposition illegal, particularly when armed conflict is involved. If this is automatically ratified internationally, then oppressive regimes are reinforced and genuine self-determination becomes virtually impossible – despite being enshrined in the UN Charter" (p17).
[82] DFID, 2010. Building Peaceful States and Societies: A DFID Practice Paper. DFID. London.
[83] Chatham House, 2013; Reuter P, 2012, p8.
[84] Kar D, 2011, pp17, 23.
[85] Ibid. p17.
[86] Ibid. pp20-21.
[87] Ibid. p19, 21.
[88] See, for example, Glenny M, 2008, p.210, on efforts to recover assets from one of the largest fraud cases in history: 'Tracing the money to Switzerland, England' required lawyers in 'London, Kentucky, LA, New Yor, Geneva, Hong Kong, Singapore and Lagos'.
[89] Sources for this section are: OECD 2013 'Measuring OECD responses to illicit financial flows', OECD issue paper, Paris, pp13-14; World Bank 2011, pp262-264; Robert Palmer/Global Witness, private correspondence with author, 12 December 2013.
[90] The World Bank refers to 'More than 74 global, regional, and multicountry exercises' (World Bank, 2011, pp228-229). These include: the Financial Action Task Force, the Egmont Group Initiative, the Extractive Industries Transparency Initiative, UNSCRs 1373 and 1566, the UN ('Palermo') Convention against Transnational Organized Crime, the UN ('Vienna') Convention Against Illicit Traffic in Narcotic Drugs, the

International Chamber of Commerce Rules of Conduct to combat extortion and bribery in business, the Publish What You Pay initiative, the Wolfsberg Principles for banking self-regulation, initiatives by the Basel Group of Bank Supervisers, the International Organisation of Securities Commissions and the Offshore Group of Bank Supervisers, OECD Tax Haven Initiative, the OECD Project Against Illicit Tax Competition, the OECD Convention on Bribery in Transnational Business Transactions, the Financial Stability Forum, the International Corruption Hunters' Alliance, the Stolen Assets Recovery Initiative, the Council of Europe's GRECO Program on corruption, the Global Forum on Transparency and Exchange of Information for Tax Purposes.

[91] Reuter P, 2012, p499.

[92] BBC, 'Somali remittances granted reprieve', (5 November 2013).

[93] Sources: FATF, 'An introduction to the FATF and its work', (OECD, 2010); Reuter P, 'Policy research implications of illicit flows', in Reuter P, 2012, *Draining Development: Controlling Flows of Illicit Funds from Developing Countries,* World Bank, Washington DC, p490; Winer J, Roule T, 2003, p184-185; Global Witness, 2012, '*How FATF can measure and promote an effective anti-money laundering system'*, London, pp1,3.

[94] Sources for these recommendations: Moore M, 2012; Kar D, 2011, pp4, 22, 23.

[95] Ross argues that for every resource rich country that has suffered a civil war, there are 2 or 3 that have not. Ross, 2013, *The Politics of the Resource Curse: a Review*, Social Sciences Review Network.

[96] World Bank, 2011, p.78

[97] China, India, USA and Brazil. This jumps to over 50% if the EU is included. Chatham House, 2012. *Resource Futures: A Chatham House report*. The Royal Institute of International Affairs, 2012.

[98] Global Witness. http://www.globalwitness.org/campaigns/conflict

[99] For example, UNDP, 2012, *Toolkit and guidance for preventing and managing land and natural resources conflict: Conflict Prevention in Resource-Rich Economies*.

[100] Ross, 2003a, *The Natural resource Curse: How wealth can make you poor*. In Natural Resources and Violent Conflict: Options and Actions, ed. Collier and Bannerman. World Bank: Washington DC.

[101] Ross, 2003b, 'Oil, drugs and diamonds: the varying roles of natural resources in conflict'*,* in *The Political Economy of Armed Conflict: Beyond Greed and Grievance*. Eds. Ballantine and Sherman. Lynne Rienner Books: London

[102] Ross, 2013

[103] Ibid.

[104] International Alert, 2012. *Practice note 6: Natural Resource Governance in Conflict-Affected Contexts.* IA: London.

[105] Global Witness 2010, *Simply Criminal: Targeting Rogue Business in Violent Conflict.* GW, London.

[106] UNDP 2011.

[107] Ross, 2013.

[108] For example, see World Bank, 2011, Ross, 2013 and Collier, 2003, *Natural Resource, Development and Conflict: Channels of Causation and Policy Interventions*, World Bank: Washington DC.

[109] Ross, 2003a.

[110] OECD 2012. '*Think global, act global: Confronting global factors that influence conflict and fragility',* OECD: Paris.

[111] UNDP 2011. *Toolkit and guidance for preventing and managing land and natural resources conflict: Conflict Prevention in Resource-Rich Economies*.

[112] Ross, 2003a.

[113] See UNDP 2012, *Strengthening Capacity for Conflict Sensitive Natural Resource Management.* UNDP: New York.

[114] The Natural Resource Charter is another notable example. It provides a set of principles for governments and societies on how to best manage the opportunities created by natural resources. See http://naturalresourcecharter.org/

[115] EITI does not actively support civil society to demand greater accountability, but seeks to improve access to data that can allow them to advocate for increased accountability. If the broader political, social and legal conditions are not conducive to improved accountability, EITI in itself is unlikely to affect significant change. See Scanteam, 2011. Achievements and Strategic Options: Evaluation of EITI final report.

[116] UNDP, 2011.

[117] OECD, 2012.

[118] OECD 2013, *Due Diligence Guidance for Responsible Supply Chains of Minerals*, from Conflict-Affected and High-Risk Areas: Second Edition, OECD: Paris.

[119] The Voluntary Principles on Security and Human Rights. http://www.voluntaryprinciples.org/

[120] International Alert, 2012.

[121] Glenny, M, 2008, *McMafia: Seriously Organised crime*, Vintage Books: London. For more on the Kimberly Process, see http://www.kimberleyprocess.com/

[122] See http://www.globalwitness.org/campaigns/publish-what-you-pay

[123] FLEGT seeks to improve transparency within the timber industry. For more, see http://www.cpet.org.uk/flegt-regulation

[124] World Bank, 2011.

[125] Although no specific audit methodology is required, increasingly the OECD guidelines on supply side management of conflict minerals are being seen as the 'standard' methodology. See http://dodd-frank.com/

[126] For example, Taylor M, 2013.

[127] For example, see interview with Eric Kajemba on 'Conflict minerals, in Congo Siasa: A blog on Congo, its politics and tribulations'. Available at http://congosiasa.blogspot.co.uk/2011/08/interview-with-eric-kajemba-on-conflict.html?m=1

[128] Hentschel, T, et al., 2002. *Global Report on Artisanal and Small-Scale Mining*. Minerals, Mining and Sustainable Development

[129] Andreas recounts an incident in which, after "pushing a United Nations (UN) official to explain how he came up with the $500 billion figure for the estimated size of the global drug trade, and the remarkably candid response was that while this number might be problematic it was effective for grabbing public attention." He goes on to argue that "The lack of reliable data on illegal markets is the Achilles heel of IIPE research, forcing one to rely on anecdotal information, questionable official estimates, and imperfect methodologies. This requires a heavy dose of skepticism of official data and a high sensitivity to and tolerance for the limitations of quantification. This is not meant to imply that measurement is impossible, but rather to emphasize its inherently problematic nature." For detailed discussion of direct and indirect means of measuring the illicit economy, see Vito Tanzi (ed.) (1992) *The Underground Economy in the United States and Abroad*, Lexington Books; *Measuring the Non-Observed Economy: A Handbook*, OECD, 2002; and Susan Pozo (ed.) (1996) *Exploring the Underground Economy: Studies of Illegal and Unreported Activity, Kalamazoo* MI: Upjohn Institute. All cited by Andreas, P. '*Illicit international political economy: the clandestine side of globalization*', Review of International Political Economy 11:3 August 2004: 641–652

[130] Figures taken from UNODC, GTZ and EUPOL estimates.

[131] Transaction value relates to the total value of goods at export.

[132] Ernst & Young, 2012. *Global oil and gas transactions review.* Active and Resilient M&A Environment.

[133] UNODC 2013. *World Drug Report, 2013*. UNODC, Vienna. Page 1.

[134] Like estimates of the value of this trade, it is extremely difficult to assess the true proportion of global organised crime revenues generated through the drugs trade. Most estimates place it between 70 and 85%. Glennie, 2008. *McMafia: Seriously Organised Crime*. Vintage Books: London.

[135] World Bank, 2011, p 220.

[136] UNODC, 2013 p iv.
[137] Glennie, 2010, '*Drugs are a development issue- which is why we should legalise them'*. The Guardian, Oct. 2010.
[138] The heroin and cocaine trades are more strongly correlated with violence than other illicit drug trades. However, there is a large degree of overlap between actors involved in the trade of all illicit drugs.
[139] UNODC, 2010. *The Globalisation of crime: A transnational organised crime threat assessment*. UNODC, Vienna.
[140] Count the Cost, 2012. *The war on drugs: Undermining international development and security, increasing conflict.*
[141] Goodhand J, 2005. *Frontier wars: the opium economy in Afghanistan*. Journal of Agrarian Change, Vol. 5 No. 2, April 2005, pp. 191–216.
[142] UNODC, 2010. *The Globalisation of crime: A transnational organised crime threat assessment*. UNODC, Vienna.
[143] Vulliamy, E. 2010. Amexica: War Along the Borderline. Vintage books. London.
[144] OECD 2012, '*Think global, act global: Confronting global factors that influence conflict and fragility'*, OECD, Paris. p2.
[145] UNODC, 2010.
[146] Chatham House 2012. *Drugs and Organised Crime: Towards a new policy agenda.* International Security Meeting Summary. London.
[147] For example, a study in Pittsburg, USA found that almost 80% of 19 year olds who sold hard drugs, such as cocaine and heroin, also regularly carried a gun. Quoted in WHO, 2009. *Interpersonal violence and illicit drugs.* Centre for Public health. Liverpool.
[148] Ibid.
[149] World Bank, 2011.
[150] Galeotti, 2012. *Transnational aspects of Russian organised crime.* Chatham House meeting summary. London.
[151] E.g. IHRA (undated), *Human rights and drug policy: Crop eradication*. Briefing paper 5.
[152] UNODC 2013, *International Standards on Drug prevention*. UNODC. Vienna.
[153] Greenwald, G, 2009. *Drug Decriminalization in Portugal: Lessons for Creating Fair and Successful Drug Policies*. CATO Institute, Washington DC.
[154] Glennie, 2009, p 263.
[155] Putzel/ CSRC. *Regional and Global drivers of conflict: Consequences for fragile states and regions*. LSE. London.
[156] There have been notable successes in eradicating drug production in certain countries. For example, illicit opium production has largely been eliminated in Turkey, Iran, Pakistan and Thailand. However, these successes have been more than compensated for by the increase in production in Afghanistan. UNODC, 2010.
[157] UNODC. *Transnational Organised Crime in East Africa: A threat assessment* UNODC, Vienna.
[158] International Commission on Drug Policy is a high level panel of senior politicians, diplomats and business people, including former presidents of Colombia, Brazil and Switzerland, as well as a former US Secretary of State. The commission is tasked with 'bringing to the international level an informed, science-based discussion about humane and effective ways to reduce the harm caused by drugs to people and societies'. International Commission on Drug Policy, 2011, *The War on Drugs: Report of the Global Commission on Drug Policy*. P. 1.
[159] OECD 2012. p. 32.
[160] See UNODC statistics web-portal- https://stats.unodc.org/
[161] UNODC 2005, *World Development Report, Volume 1; Analysis*. UNODC, Vienna P126.
[162] UNODC, 2012. *World Drugs Report, 2012, Statistical Annex: Methodology*. UNODC, Vienna.
[163] Ibid.
[164] Greene, Owen, Marsh, Nicholas, 2012, 'Conclusion' in *Small Arms, Crime and Conflict*' Eds. Greene O, Marsh N, Routledge: London, p 250. Several case studies support the assertion. For example, one comparative study of different South Eastern European countries notes for example that "the non-availability of weaponry to Moldovan actors is one factor that helps to explain why they did not enter into a cycle of widespread violence such as took hold in Bosnia from 1992-1995." (See Attree, L et al. 2005, *Linkages between SALW and Development in South Eastern Europe* SEESAC, p 7.) Case studies from Timor Leste (where arms flows created violent rivalries between different security actors), Sierra Leone (where arms flows threatened to undermine and make violent the elections in 2012), and South Sudan and Sudan (where large scale transfers were seen to have a destabilizing impact both within and between the countries) demonstrate how, "if handled incorrectly, supplies of arms and ammunition can play a role in continued instability and tensions in fragile states." Bromley, Mark et al. 2013, *Transfers of Small Arms and Light Weapons to Fragile States: Strengthening Oversight and Control* SIPRI: Stockholm, p 5.
[165] Given the availability of data on global arms transfers – which is admittedly incomplete – the absence of recent and robust quantitative evidence on correlations between their flow and the incidence, intensity or duration of armed conflict is surprising. One statistical study on Sub-Saharan Africa "finds that arms transfers are significant and positive predictors of increased probability of war. The analysis and findings, while not asserting explicit causal links between arms transfers and the incidence of political violence, support the view that weapons acquisitions are virtually necessary as ingredients in the recipe for war." One other study has found statistical associations between arms transfers and conflict incidence in a study of 87 Third World countries between 1967 and 1976. (See: Cassady Craft and Joseph P. Smaldone, 2002. 'The arms trade and the incidence of political violence in sub-Saharan Africa, 1967-97' in Journal of Peace Research Vol. 39, No. 6, pp 693-710). Finally, one study of Cold War flows to a select group of states between 1950 and 1991 found "that the weapons shipments of the US and USSR were profoundly destabilizing" and drove inter-state conflict between recipients. (See: Sanjian, Gregory, 1999. 'Promoting Stability or Instability: Arms transfers and regional rivalries, 1950-1991' in *International Studies Quarterly* 43, 641–670).
[166]Donnelly, Tom, Isbister, Roy, 2012. *International markets for security and military assistance* OECD Working Paper WP 2/2012, p 18.
[167] Ibid. p 7.
[168] Greene, Owen, Penetrante, Ariel Macaspac, 2012. "Chapter 9: Arms private militias and fragile state dynamics" in *Small Arms, Crime and Conflict*, 2012. Eds. Greene, Owen and Marsh, Nicholas, Routledge: London, p 159.
[169] Marsh, Nicholas, 2012. "Chapter 2: The tools of insurgency" in *Small Arms, Crime and Conflict* Eds. Greene, Owen and Marsh, Nicholas Routledge: London, p 26.
[170] SALW covers a wide range of weapons, including revolvers, rifles, assault rifles, machine guns, grenade launchers, portable anti-tank and anti-aircraft guns and missile launchers, and mortars of less than 100mm calibre. United Nations Secretary-General, 2012. *Small Arms: Report of the Secretary-General to the United Nations Security Council* S/2013/503, p 6.
[171] The eight countries were Indonesia, Algeria, Chechnya, Colombia, Côte D'Ivoire, Nepal and Uganda. Militaries equipped with high-tech weapons are more likely to kill with air strikes or artillery. For example, in the 2006 Lebanon conflict 1,104 direct casualties were attributed to air strikes and artillery whilst only five were due to gunshot wounds. Kreutz, Joakim and Marsh, Nicholas, 2012. "Chapter 4: Lethal Instruments" in *Small Arms, Crime and Conflict* Eds. Greene, Owen and Marsh, Nicholas Routledge: London, p 50.
[172] Security Council Report, 2013. *September 2013 Monthly Forecast: Small Arms* Online.
[173] United Nations Secretary-General, 2012. *Small Arms: Report of the Secretary-General to the United Nations Security Council* S/2013/503.
[174] Donnelly, Tom, Isbister, Roy, 2012, p 19.
[175] Donnelly, Tom, Isbister, Roy, 2012, p 19.
[176] Institute for Economic and Peace (2013), 'Corruption and peace', Online.
[177] Donnelly, Tom, Isbister, Roy, 2012, p 12.
[178] Marsh, Nicholas, 2012, p 17.
[179] Security Council Report, 2013, *September 2013 Monthly Forecast: Small Arms* Online
[180] Bourne, Mike, 2012. "Chapter 3: Small arms and light weapons spread and conflict" in *Small Arms, Crime and Conflict* (2012) Eds. Greene, Owen and Marsh, Nicholas Routledge: London p 42.

[181] Ibid., p 35.
[182] For a particularly instructive case-study, see for example Bevan, James (2008) “Blowback: Kenya’s Illicit Ammunition Problem in Turkana North District” Small Arms Survey Occasional Paper 22.
[183] United Nations Secretary-General, 2012. *Small Arms: Report of the Secretary-General to the United Nations Security Council* S/2013/503, p 3.
[184] Small Arms Survey, 2012, *My neighbour, my enemy: Inter-tribal violence in Jonglei* - Sudan Issue Brief no. 21, Octobe4 2012.
[185] See, for example, Sudan Tribune, 2013, ‘Thousands of refugees feel conflict in Jonglei State, says UN’ in *Sudan Tribune* 21 July 2013 and IRIN, 2012. ‘South Sudan: Briefing on Jonglei Conflict’ in *IRIN News* 10 February 2012.
[186] Bromley, Mark et al., 2013. p 13.
[187] Donnelly, Tom, Isbister, Roy, 2012, p 26.
[188] EU Non-Proliferation Consortium, 2013. *European Union Initiatives to Control Small Arms and Light Weapons: Towards a more coordinated approach* Non-proliferation Papers No.33, p 7.
[189] Those involved in training security forces can also play such a role. Australia, Belgium and the UK used this approach in Timor-Leste, Liberia and Sierra Leone, respectively. Bromley, Mark et al., 2013. *Transfers of Small Arms and Light Weapons to Fragile States: Strengthening Oversight and Control* SIPRI: Stockholm, p 16.
[190] OECD, 2009. *Armed Violence Reduction: Enabling Development* OECD: Paris p 46.
[191] EU Non-Proliferation Consortium, 2013. p 11.
[192] Ibid, p 47.
[193] Greene, Owen, and Marsh, Nicholas, 2012, “Chapter 10: Governance and small arms and light weapons” in *Small Arms, Crime and Conflict* Eds. Greene, Owen, Marsh, Nicholas, Routledge: London, p 169.
[194] Greene, Owen and Bourne, Mike, 2012, “Chapter 11: Control of SALW after conflicts” in *Small Arms, Crime and Conflict* (2012) Eds. Greene, Owen and Marsh, Nicholas Routledge: London, p 206.
[195] Greene, Owen and Marsh, Nicholas, 2012, p 178.
[196] Saferworld, 2011, *Harmonising Small Arms Legislation: Selected Case Studies from the Great Lakes Region and the Horn of Africa* Saferworld: London.
[197] Donnelly, Tom and Isbister, Roy, 2012, p 22.
[198] Ibid, p 23.
[199] Marsh, Nicholas, 2012, “Chapter 2: The tools of insurgency” in *Small Arms, Crime and Conflict* Eds. Greene, Owen and Marsh, Nicholas Routledge: London, p 22.
[200] Donnelly, Tom and Isbister, Roy, 2012, p 19.
[201] Ibid, p 23.
[202] The Global Peace Index is managed by the Institute for Economics and Peace. It ranks 162 countries on measures of peacefulness, drawing on qualitative and quantitative data: http://www.visionofhumanity.org/#/page/indexes/global-peace-index
[203] Maze, Kerry, 2010, *Searching for Aid Effectiveness in Small Arms Assistance* UNIDIR, p 24.
[204] Ibid, p 25.
[205] For a fuller explanation of SIPRI’s TIV, see http://www.sipri.org/databases/armstransfers/background/explanations2_default