The Role of Development Actors in Responding to Illicit Money in Politics
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Thank you and special thanks to ODI and IDEA colleagues for inviting me to join the meeting. I have been asked to speak about what development actors can do to respond to the problem of illicit or ‘dirty’ money in politics? Building on what the three speakers mentioned and drawing from the work we did for DFID on the impact of organized crime on governance in developing countries, I will focus on three inter-related actions they can take on board as a starting point:

1. Acknowledge reality

- Organized crime is a reality in all countries today whether developed or developing democracies or not, as is the manner in which organized crime and corruption interact. And there are sufficient examples of how the spoils of organized crime have been and can be, and are being used to advance political goals. Ignoring this reality from the outset means that, international efforts might only serve to cement relations between political actors and organized crime, or potentially legitimize the flow of illicit funds into politics.

- Experience holds that despite core policy developments including the publication of the 2011 World Development Report on Conflict, Security and Development; numerous UN Security Council presidential statements and declarations; and pronouncements by other regional bodies – this is not necessarily the case.

- At the same time, there are some initial signs that international actors are being increasingly compelled to look at these issues as they impact a range of areas including security, governance and development. Interesting examples (though yet to produce concrete results) include the UN’s actions in West Africa; the work of the West Africa Commission on Drugs; and investments being made by OECD-DAC, DFID, USAID and GIZ in preliminary research on the impact of organized crime on governance in developing (or fragile) countries.

2. Do your Analysis … do it regularly and share it

- International actors – particularly development agencies - have become very good at investing in the development of political economy, typology and threat analysis tools to inform their programming in different countries. They have not done so effective in applying these tools to these kinds of questions. Efforts are being made to overcome

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1 Kavanagh et al (2013), Getting Smart and Scaling Up: Responding to the Impact of Organized Crime on Governance in Developing Countries. NYU Center on International Cooperation (CIC). Accessible at: http://cic.nyu.edu/content/responding-impact-organized-crime-governance-developing-countries
this gap – for example some organizations focused on providing support to political parties (for example, NIMD and International IDEA) have started to use these kinds of tools to determine whether and how to engage with political parties on the question of illicit money in politics. As mentioned earlier, some donors, albeit a limited number, are beginning to at least think about doing so too.

- The room that development actors in particular have to maneuver on these issues is often limited, particularly in traditional development settings where their political leverage is limited. If a recipient country’s core interests (or the interests of elite groups within a country) are threatened by external actors, it can easily play the sovereignty card or impose a range of obstacles to prevent for example, donor agencies from overstepping non-articulated boundaries. This is all the more complex in countries where decision-makers might be complicit in different forms of organized criminal activity and using illicit funds for political objectives.

- For development actors, hence knowing when to engage on these issues is therefore critical. In this regard, a recent USAID study on Drugs and Development that we refer to in the study we did for DFID Getting Smart and Scaling Up, suggests using such tools to determine the complicity of political actors in criminal activity so as to ensure that money will not be wasted if invested in supporting specific institutions or processes; and to determine the degree of pushback that international actors might confront if they start insisting on reforms that will directly impact on the interests of different political or business elites. The kinds of analytical tools I mentioned earlier can serve as an important crutch in this regard.

- In addition it is important to ensure the findings of these analysis tools are regularly up-dated; and that they are shared with other development agencies and other international actors, for example specialized agencies such as the DEA and SOCA. These agencies might not be able to share their intelligence with you but they can nod you in alternative directions and discreetly confirm whether your analysis coincides with theirs (although needless to say, their analysis might not necessarily be correct and vice versa). Analysis can also be shared with potential reformers in and outside government, something we can discuss in more detail later.

3. Take a Preventive rather than a Reactive Approach (or a blend of both)

- Often international actors only begin reacting to situations in which illicit money has entered the political system when violence erupts or when existing levels of violence begin to have a bigger impact on political stability… even when there have been strong indications that illicit money has penetrated the system.

- As we note in the CIC/DFID study, *in situations where organized crime is prevalent it is the absence of violence that should be of concern* as criminal group and networks “can constitute real threats to the state, not through open confrontation, but by penetrating state institutions through bribery and corruption and by subverting or undermining them from within. While applicable to many countries (here I quote
from Peter Gastrow in his piece on organized crime in Kenya called Termites At Work) “governments that lack the capacity to counter organized crime [particularly] run the risk of becoming criminalized or “captured states” over time. Despite this reality, many development and security actors continue to assess organized crime and the penetration of politics by illicit money in relation to the scale of violence it produces.

- The current situation here in Mali is an important example. Despite broad knowledge of links between high-level officials in Bamako and criminal groups operating in the north, the country was largely portrayed as a development success. It was only when the situation turned violent did attention turn to some of the more structural issues underpinning these relations. Six months on, its not clear whether international actors have learned from experience or whether we are facing another case of *plus ca change*…

- In the CIC/DFID report, we also outlined a lengthy series of actions that development actors in particular could invest in – *once they have done their analysis* - to help buffer the political system from organized crime and the infiltration of illicit money (see pp 34-38 for a table summarizing these actions). For example, we outline a series of activities that could help safeguard the legitimacy and integrity of the political and legislative processes and political contestation from organized crime. We also include a range of activities involving civil society as well as regional or national think tanks. International actors have ignored the role of the latter in some regions, not least West Africa, which in turn poses serious problems regarding the internalization and ownership of responses.

- Many of these actions are not new, but considering them from this lens could help in terms of doing less harm and becoming more effective in supporting national actors to protecting their political systems from illicit funding.