

Organized Crime, the State and Democracy

The Cases of Central America and the Caribbean



New York Seminar

01

Conference Report / Informe de Conferencia
May 2007

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Organized Crime, the State and Democracy

The Cases of Central America and the Caribbean

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This report has been prepared by FRIDE in collaboration with the United Nations Department of Political Affairs (DPA) and with the support of the Conflict Prevention and Peace Forum (CPPF) following a two-day seminar held in New York in January 2007 on the impact of organized crime on state structures and democratic governance in Central America and the Caribbean.



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Conference Report / Informe de Conferencia
May 2007

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Introduction

The profound impact that organized crime has on state structures undermines the ability of the state to provide services, to protect people, to maintain the trust of citizens in government and democracy, and to enforce the law. In turn, weak government structures, inequality and the lack of economic opportunities feed criminal activities. International and domestic actors increasingly recognize this vicious circle: several United Nations documents including the 2004 *Report of the UN High Level Panel on Threats, Challenges and Change* and the 2005 *World Summit Outcome Document* highlight the impact of crime on peace, security and development, and acknowledge the need to work collectively against the threat of transnational crime. Similarly, research produced by a number of think tanks and NGOs¹ stresses how the scale and scope of organized crime activities have increased, posing huge challenges for state stability and democratic governance.

Faced with increased violence related to organized crime and a public clamour for immediate action, governments often respond with strong security measures while paying less attention to some of the key structural causes of illicit activities. It is thus important for the international community to understand the complex relation between organized crime and governance in order to suggest, promote, and support better strategies to tackle and prevent this threat to the stability of states.

Levels of violence, crime and corruption are particularly startling in parts of Central America and the Caribbean, whose geographic location facilitates the transit of drugs, arms, people and a broad range of natural resources. The concern is greater in those Central American countries which only recently

¹ Just to name a few, the Washington Office on Latin America (WOLA), the Latin American Faculty of Social Sciences (FLACSO), the US Council on Foreign Relations and the Universidad Centroamericana's *Envío* magazine have published reports and articles on issues of governance and crime.

emerged from conflict and may run the risk of relapsing into it. Concerns have also been expressed regarding emerging links between drug trafficking networks in Central America and the Caribbean and similar structures in West Africa.

This document reports the proceedings of a meeting organized by FRIDE in New York on 18 and 19 January 2007², which sought the views of members of the international community and academic experts on the extent to which illicit activities are eroding democratic institutions and hindering development in Central America and the Caribbean.³ Also explored were the possible links between organized crime and the illegal funding of parties and campaigns. Finally, participants attempted to map and assess activities currently being undertaken by the international community in the region, and tried to identify priority areas for preventive action

It became clear during the meeting that the separate areas of democratic governance, security and organized crime are broad and multifaceted in themselves, and even more complex when discussed as inter-related issues. Both provide huge fields for research and policy action and require detailed analysis. However, there was consensus that if national governments and the international community are to succeed in designing strategies to address organized crime, their strategies must acknowledge the interrelation between development, democratic governance and security.

The following pages highlight the main debates and recommendations that arose during the session organized in five major areas of discussion:

² In order to encourage free exchange of ideas, the meeting was held under Chatham House rules, whereby the content of discussions may be revealed but not the identity and affiliation of the speakers. This report, which gathers together the most salient arguments and analyses made in the meeting, does not imply that agreement was unanimous over all the issues raised.

³ While certain geographic specificities, trafficking dynamics and governance trends make Central American and Caribbean countries comparable, it is clear that there are many differentiating factors between the sub-regions and the countries within them. When discussing specific issues, the discussions focused on current challenges in Guatemala, Honduras, Nicaragua, Jamaica and Trinidad and Tobago.

1. The centrality of the state
2. The relevance of traditional criminal justice and law enforcement
3. Organized crime as a governance issue
4. Organized crime as a development issue
5. Possibilities for international assistance (research, dialogue, new partnerships, electoral assistance, and work with political parties)

1. The Centrality of the State

The participants emphasized that a state that controls the monopoly on the use of force while respecting individual and collective rights is better able to deter and prevent organized crime. Such a state can control its territory, guarantee the security of its citizens, uphold its internal legal order and deliver public services to the population. Therefore, any strategy to address crime requires discussion on the roots of state crisis and on how to build state capacities.

The prevalence of organized crime in Central America and the Caribbean is a manifestation of decreasing state capacity to maintain the monopoly of force and to democratically enforce the rule of law. As organized crime generates new forms of violence, it threatens territorial sovereignty, weakens institutions, damages the maintenance of public values through law, and discredits states before the international community. Globalization has further undermined the capacity of the state to control illicit activities by generating multiple non-state actors that operate across national borders, and by creating new mechanisms for the rapid, uncontrolled financial transactions which are key to laundering the proceeds from organized crime and to developing trafficking activities.

The paradox, however, is that rather than destroying the state, criminal organizations and corrupt elites are interested in maintaining a weak state in order to

provide cover their illegal activities and to negotiate their position for the international system. Therefore, the links between illicit economies, corruption, and the weakness of the state have become a vicious circle, in which a fragile state becomes ever more vulnerable due to links between political authorities and organized crime. At the same time, a weak state is the perfect base for the continuous growth of criminal activities. In Guatemala, Honduras, Nicaragua, Trinidad and Tobago and Jamaica, consistently low or decreasing levels of political stability and the rule of law testify to the problems that exist.

In short, understanding state vulnerabilities and how to recover control over areas threatened by criminal actors are major challenges for governments, citizens, international organizations and donors. The challenge is greater in post-conflict states such as Nicaragua and Guatemala, and in post-authoritarian states such as Honduras. As some participants noted, in these countries repressive governments previously exercised an effective monopoly of force and provided security for a minority in the name of fighting insurgent groups or in the name of "national security". Paradoxically, as these countries advanced towards democratization and demilitarization, the monopoly of force was fragmented and permeated by criminal powers, some of them related to the old repressive apparatuses. As governments have been unable to guarantee effective law enforcement or citizen security, violence and impunity have in turn increased. Thus, the challenge in these countries is to recover the monopoly of force without losing the achievements of a non-militarized, democratic state.

2. The Relevance of Traditional Criminal Justice and Law Enforcement

Participants acknowledged that the recognition of crime as a governance and development issue does not entail an underestimation of traditional crime reduction strategies and law enforcement. It rather emphasizes the need for a multifaceted strategy with a strong emphasis on long-term prevention rather than immediate reduction. It also highlights the need to redefine current strategies focused solely on policing and militarization. Therefore, it requires reaching out to law enforcement agents who have first hand knowledge of the security/criminal concerns of a given country so as to understand the governance and development implications of crime

The experience in Central America shows that militarization alone does not prevent or reduce the success of law enforcement depends on the quality and accountability of those involved. In this respect there seems to be a sharp contrast between the low level of accountability of the military in Central America, and the higher standards in the Caribbean. In any case, given the recent history of militarism in Central America, it is crucial not to blur the lines between national defence and public security mandates. Thus it is important to support and strengthen civilian police forces, and to minimize the use of the military or of military strategies in crime reduction strategies.

In order to promote a multifaceted approach towards crime prevention, the international community needs to engage national partners in traditional law enforcement procedures, advocating criminal justice reform, reinforcing law enforcement institutions through technical assistance (*inter alia* forensic

training for national police forces), supporting intelligence on money laundering, and sharing lessons learned from innovative approaches (such as the successful use of community policing in Nicaragua or mobile police stations in Lima, Peru). A number of specific recommendations were made during the meeting. Throughout, however, it was emphasized that the international community's support of criminal justice and law enforcement goes hand in hand with the promotion of social auditing. The CICIG (*Comisión Internacional contra la Impunidad en Guatemala*⁴), recently designed by the United Nations for use in Guatemala, was described as an example of an innovative mechanism that could tackle the criminal networks and counteract their impact on democratic governance.

3. Organized Crime as a Governance Issue

Organized crime undermines democratic governance by exacerbating corruption, eroding the rule of law, creating dynamics of social exclusion and limiting political participation. Thus, it reduces the chances of channelling conflict in a positive manner, and increases the chances that Central American nations may relapse into armed conflict and that Caribbean democracies may become destabilized.

Participants agreed that the discussion about organized crime, state structures and democratic governance is ultimately a discussion about the location and distribution of power in the state and within the winning coalitions that form governments. Thus, in the most worrying cases, criminal elements are not at the margins of society, but are permeating the central institutions of the state.

⁴ See Annex 1

Two major channels were identified through which the power and money of organized crime might penetrate state institutions: the corruption of elected and non-elected public officials, and, secondly, the distortion of political competition.

The weakness of political parties facilitates both corruption and distorted political competition while eroding the basis for accountability and the trust of citizens in representative institutions. According to *Latinobarómetro 2006*, political parties are the least trusted institutions in Latin America.

Fragmented and weak parties, such as those in Guatemala, make it difficult to control the activities of individual politicians. In countries such as Nicaragua and Honduras, where bipartisan party structures are more stable, entrenched patronage networks translate into highly politicized judiciaries and state institutions prone to corruption. In the Caribbean, where bipartisan structures have been the basis of stable democracies, parties seem increasingly unable to answer to social demands. In all cases, elitism and patrimonial rule create incentives for politicians to collude with criminal groups, either because traditional corrupt networks are entrenched or because newcomers need to recur to the power and money of criminals in order to compete.

Corruption

Corruption is essential for the survival of criminal organizations. It facilitates the movement of goods and persons, influences the rules of the game in favour of criminals, facilitates the financial operations necessary to launder illegal proceeds, and guarantees impunity. Despite reforms to the police and the judiciary in Central America, corruption continues to nurture impunity. For example, it has been recently estimated that about 98 per cent of murders in Guatemala in 2006 have not been solved, and that Honduras has one of the highest proportions of prisoners in pre-trial detention. In both countries, the absolution or escape of well-known criminals and the lack of investigation on extrajudicial killings of witnesses or suspects in organized crime cases are unfortunately common.

Corruption occurs at various levels: occasional and ingrained bribery of low-level public officials, especially in the police; corruption in the judiciary; systematic corruption that permeates several state institutions on a long-term basis and involves high-level officials; and the funding of political parties and electoral campaigns. One case of systematic corruption is that of Honduras during the past decade, where mid and high-ranking immigration officials allegedly formed part of a network involved in drug-trafficking and human-smuggling, granted passports to those involved in the trafficking, and had links to corrupt activities in several institutions. In Guatemala and Nicaragua, recent corruption scandals have involved the highest levels of public officials, such as former presidents, government ministers and parliamentarians.

Given the extent and impact of systematic corruption, participants in the meeting discussed whether systematic corruption could be considered a form of organized crime, as it shares many characteristics attributed to criminal organizations, defined by the UN Convention against Transnational Crime as a “structured group of three or more persons, existing for a period of time and acting in concert with the aim of committing one or more serious crimes or offences (...), in order to obtain, directly or indirectly, a financial or other material benefit”. While systematic corruption may not necessarily involve the coercion and violence common to many definitions of organized crime, it becomes easily ingrained at all levels and has a huge potential to tie into more traditional illegal activities, such as money laundering. The strong links between systematic corruption and crime were recognized, but it was recommended that they be analyzed as interrelated yet different phenomena.

Distortion of political competition

The influence of organized crime on political competition at the local and national levels is an entrenched reality in some countries, and a latent risk in others. At the local level, especially in areas where state presence is weak, criminal organizations may

easily connect with the population and with political parties through direct pressure or by building social bases.

Crime distorts political competition when violence and armed support networks are used to affect political affiliation, as in Jamaica's "garrison" communities, where "Dons" or gang leaders have close relations with political parties. In certain communities criminals defy or replace the state, while providing services or welfare benefits in order to ensure control over lawless areas. Thus, they become strong power brokers not only by using direct threats but by building social bases. This phenomenon is not as pervasive in Central America as it is in Jamaica, but it is increasing. Along some coastal areas of Honduras, Nicaragua, and Guatemala, the power that criminals build up by providing social welfare allows them to control political power, for example by buying votes.

Political party and campaign funding

There are few conclusive reports of the links between crime and campaign funding. However, there are increasing allegations and serious concerns that drug and crime money may be funding political activities, especially in local elections in areas such as the Mosquitia Coast in Central America. In the Caribbean, this same phenomenon is perceived to be an increasing threat for democracy (Munroe 2004).

Even when not proven, corruption and funding scandals undermine the credibility and legitimacy of political systems. Illicit party funding can directly benefit politicians who may be facing mounting campaign costs⁵ or growing electoral competition. This may begin by involving just one campaign contribution, but its effects extend over time. In most cases, such as recent

ones in Guatemala and Nicaragua, instances of this funding indicate the existence of direct links with crime and/or with complex networks that systematically embezzle public funds.

Illicit funding is both the result of structural problems (in political parties and law enforcement institutions) and weak legal regulations. In recent years, the regulations for party and campaign funding have been studied by institutions like the Organization of American States (OAS), the International Institute for Democracy and Electoral Assistance International (IDEA), the International Foundation for Election Systems (IFES) and the United States Agency for International Development (USAID). Within these institutions there is some agreement that comprehensive party funding rules can be a means both to provide equal opportunities for parties in the political system and to promote the independence of the government from powerful elites or from illegal interests. According to a study conducted by the OAS in association with IDEA, frameworks for party funding in Latin America and the Caribbean are generally incomplete and/or not enforced. Furthermore, this region is one of the least transparent regions in the world when it comes to party funding regulations.

Party funding regulations in Central America are somewhat more comprehensive than they are in the Caribbean where, following the Commonwealth tradition, parties are not considered legal entities, and therefore have not been perceived to require regulation until very recently. There is still a lot of public resistance to proposals such as the introduction of mixed funding and limits on contributions (OAS-IDEA 2005). Even among experts there is considerable discussion on what constitutes a good framework for party funding in the region, as each country requires a model of campaign/party funding adapted to its own conditions and problems. However, as the 2005 OAS-IDEA study concluded, certain basic practices such as the disclosure of expenditures and contributions, the enforcement of regulations, fair use of media, transparency, and some elements of public funding are crucial and should be advocated.

⁵ In the Caribbean campaign costs can be extremely high in relation to population figures. In Antigua and Barbuda, per capita campaign spending is seven times higher than in the United States (OAS-IDEA, 2005).

4. Organized Crime as a Development Issue

Although the initial focus of the seminar was on how organized crime affected governance, the impact of crime on development appeared as a crucial issue. This was discussed from two angles: firstly, the economic costs of organized crime, and secondly, the socio-economic factors that nurture crime. The second angle gave rise to a discussion in the connections among crime, youth gangs and deportees formed an important part of this second discussion.

The costs of crime

The Inter-American Development Bank has estimated that the costs of crime in Latin America and the Caribbean range between 5 and 10 per cent of GDP. In Guatemala this cost reaches 7.3 per cent of GDP (UNDP 2006), while in El Salvador it reaches 11.5 per cent (UNDP 2005). These costs are both direct (enforcement personnel, arms, surveillance, criminal justice) and indirect (investment driven away by insecurity, environmental costs of drug production and trafficking of natural resources, health care for victims of violence etc).

A striking reality highlighted by some participants was the large share that the informal economy represented in some countries in the region - to the extent that they might not be economically viable without it. However, there was a strong call among participants for a clear differentiation between informality and illegality: between 45 and 50 per cent of the economy in Latin America is informal, but around 95 per cent of this corresponds to subsistence activities. Informality might have some connections to the illegal economy that sustains criminal organizations, but it is rooted primarily in poverty and inequality.

The socio-economic factors that nurture crime

Participants mentioned that in Central American and Caribbean countries socio-economic factors provide a fertile ground for criminality. Guatemala, Honduras and Nicaragua rank very low in Human Development Indices and in indices of income inequality. In Jamaica and Trinidad and Tobago these indices are higher, but have displayed worsening trends in recent years. Poverty and inequality create incentives for people to seek in illegal activities the social advancement they cannot find in legal activities. They also open the space for criminals to create power strongholds and patronage relations with communities while providing the basic services the government is unable to provide.

It was emphasized that poverty and inequality may be necessary but not sufficient conditions for the emergence of crime and violence. Nicaragua and the Caribbean countries illustrate this point. On the one hand, Nicaragua is the poorest country in Central America, and yet it has very low murder rates. On the other hand, Jamaica, with its stable macroeconomic and investment climate and a poverty rate of 14.8 percent, according to the Public Ministry, has a worsening Human Development Index and extremely high murder rates. In the case of Trinidad and Tobago, both the levels of economic growth (6 per cent in 2005) and human development are higher than in many of the countries in both sub-regions, but murder and kidnapping rates continue to rise. Thus, human development can decrease even in the presence of macroeconomic growth, especially given the vulnerability of small island states.

To explain the former cases, three ideas were discussed. First, the relation between governance and development: i.e. how low levels of governance (as measured by the World Bank governance indicators) hinder the provision of good quality services and development in general. In this sense, the explanation for increasing crime could be found in poor governance practices, which in turn affect the economic environment and foster the emergence of parallel

powers such as those of criminal organizations. Improvements in governance would then be a prerequisite for development and greater equality. The recent World Bank concept of the three hundred percent dividend was introduced, namely that a country that increases one point in the quality of governance gets three times more income per capita in the long term. Although this idea was welcomed by the participants, it was emphasized that the relation between governance, development and security is a single equation with multiple causalities.

Secondly, it is not just poverty and inequality but processes of social degradation and lack of urban policies that become catalytic factors for an increase in crime. This appears to be the case in both Caribbean instances mentioned above, where despite the economic growth living conditions are deteriorating and inequality is increasing. Many participants noted how the rising emigration of skilled citizens is both a symptom and a cause of these complex social transformations that catalyze crime. Skilled migration has undermined the social base needed to combat crime by driving away the human capital crucial for development. This is especially evident in several Caribbean countries, where 70 per cent of the total skilled labour force has migrated. Guatemala and El Salvador also show some of the highest rates of skilled emigration in the world.

Thirdly, even if the macroeconomic and quality of life conditions are good, young sectors of the population may be carrying the burden of inequality, poverty and unemployment. In fact, the population group that commits most crimes globally is formed by unemployed, urban-based, young men aged between 15 and 24 (UNODC 2006). Therefore, it was suggested that it is critical to promote youth and employment programmes, local entrepreneurial capacities, the alliance with productive sectors (such as local chambers of commerce), the definition of long-term prevention and rehabilitation schemes and the improvement of urban areas and physical structures to connect popular neighbourhoods with city centres.

Organized crime, youth gangs and deportation

Governments in Central America frequently refer to the connection between young people and crime, and the alleged links between youth gangs, or *maras*, and organized crime. In addition, Central American and Caribbean governments argue that deportation policies in the United States are swelling the ranks of local youth gangs and increasing their criminal sophistication. However, during the meeting it was constantly emphasized that a great deal of research is still required to reach a fuller understanding of these interrelations.

In countries such as El Salvador, Guatemala and Honduras the alleged relation between gangs and organized crime has been used to legitimize the introduction of the latest generation of *mano dura* (strong hand) policies so as to crack down on the violence of the late 1990s and early 2000s. The first of those policies was Honduras' *Operación Libertad*, which authorized imprisonments for up to 12 years based only on the suspicion of gang membership; created joint military and police anti-gang patrols; relaxed evidentiary standards; and increased sentences for gang membership (WOLA 2006). El Salvador's *Mano Dura* and Guatemala's *Plan Escoba* followed the Honduran model. These policies led to a short-term reduction in murders and to the arrest of prominent gang leaders, but also to social profiling, indiscriminate detentions, and violations of due process, with arrests sometimes made solely on the basis of dress codes and tattoos. In the end, gang members responded with more violence and the "strong hand" policies generated additional social problems, such as prison overcrowding in Honduras.

The problem, according to recent studies on crime and development in Central America and the Caribbean by UNODC (2007), is that there is scant evidence to sustain common assumptions that youth gangs and deportees are directly linked to organized crime activities such as drug-trafficking. The studies argue that the relations between gangs, deportees, and

organized crime are far from clear and should not become the basis on which to define policy options. This claim may not be palatable to governments, because it calls for a deeper analysis of the socio-economic and cultural roots of the gang phenomenon, and calls into question the methods most commonly used to fight gangs.

UNODC suggests that the impact of gangs on crime may have been overestimated because gangs are mistakenly associated with groups of young people that engage occasionally in common crime activities. In fact, the percentage of people under 18 years (the bulk of gang members) responsible for crimes in Central American countries is smaller than what is usually expected. It is also difficult to prove that gangs are linked to drug-trafficking, as there is no clarity about the way in which gangs, which are primarily urban-based, could be involved in drug-trafficking, which takes place *primarily* by sea. Furthermore, the prevalence of cocaine usage among young people (suspected gang members) is not high in Central America except in El Salvador. Therefore, if the local consumer market is smaller than suspected, it is difficult to maintain that these gangs control local distribution networks.

The data analyzed by UNODC also suggests that the evidence presented by Central American and Caribbean governments to indicate that deportees are responsible for the growth of gang violence is also weak. It would appear that the vast majority of criminal deportees are not individuals convicted of drug-trafficking, murder, or other major offences but have been sent home on immigration charges or other misdemeanours. Second, deportees have low repeat offence rates, and thus it is difficult to sustain that they re-engage in criminality in their countries of origin. Third, there is no significant correlation between deportation and increases in crime. In addition, criminal deportees do not appear to be connected with organized crime activities such as drug-trafficking, as is suggested by the fact that less than one percent of people arrested for drug trafficking in the United States in 2004 were Central Americans.

On the other hand, it emerged in the discussion that while there is little documented proof to show that gangs and deportees are the main drivers of violence and crime, there is enough anecdotal evidence to suggest that deportees have accelerated the gang phenomena - even if they are not the main drivers of it, especially in the Caribbean. For example, in 2004 in Jamaica 72 per cent of all deportees from the United States had criminal charges and this percentage has been increasing since 1997, coinciding with an upward trend in murder rates and criminality on the island. In other countries such as in Trinidad and Tobago, the link between gangs and crime is confirmed by an increasing incidence of gang-related killings. Thus, it is possible that while the links between gangs, deportees and crime have been overemphasized in Central America, they are indeed quite strong in the Caribbean. Furthermore, some participants noted that the fusion between gangs and organized crime in Central America is a latent risk which needs to be controlled.

In short, there is insufficient conclusive data to fully understand the impact of gangs and deportees. Even among participants at the meeting, estimates of the exact number of gang members in Central America based on various sources varied significantly from 70,000 to 140,000. Considerable and valuable research is already being undertaken by institutions such as the Washington Office on Latin America (WOLA) and the Instituto Tecnológico Autónomo de México (ITAM), but clearly further studies into this key area are required.

5. Possibilities for International Assistance

One of the main objectives of this session was to discuss the strategies that could be promoted by the international community to assist governments in tackling the root causes of organized crime and corruption and counteract their impact on democratic institutions. Given that sovereignty concerns would certainly be paramount, and the probability that any investigation may potentially implicate high public officials, there was agreement that dialogue and partnership with national authorities and civil society was always preferable to “naming and shaming” exercises conducted from outside. Similarly, aid conditionalities (such as those used by International Financial Institutions to confer loans and credits) and sanctions used to compel governments into action tended to be counterproductive. A second issue discussed was how the different actors within the international community should work in a coordinated way within their respective mandates and use their comparative advantages to mobilize support for activities to counteract crime and corruption.

Four major areas for potential assistance emerged during the discussion: namely, research, dialogue initiatives, new partnerships and work with political parties / electoral assistance.

Research

The covert nature of crime and corruption makes them areas where accurate data is very difficult to obtain and gather. It was agreed, however, that the generation of accurate knowledge through research by national and international institutions is a necessary starting point to design better strategies to prevent and reduce organized crime and its consequences. It was

considered important to support and perhaps replicate effective research tools already in place, such as the Observatory of Violence established by the Autonomous National University of Honduras with the support of UNDP, and to provide assistance to local civil society groups interested in tracking the effects of crime and corruption.

The availability of more solid research would allow both national actors and the international community to:

- a) Identify and differentiate the scope of the problems to produce better assessments of the situation. Research could determine, for example, if crime-related corruption is emerging in a country or is already entrenched, and, therefore, if a policy should be preventive or reactive.
- b) Establish clear concepts, for example differentiating core (transnational) organized crime activities from other activities that may be related but require different policy interventions, such as illegal migration, systematic corruption, or common crime committed by unemployed urban youths.
- c) Generate better quantitative and qualitative data and indicators in areas such as corruption, political party funding and crime at the regional, national and local levels so as to assess the most appropriate levels for intervention. For example, in cases where local crime dynamics are more salient than national ones, attention to decentralization and the design of local strategies could be important.
- d) Identify successful experiences and evaluate the possibilities of replicating them elsewhere.
- e) Identify the best regional, national and local partners in each context.

Dialogue initiatives

The mobilization of support for initiatives against crime and corruption is a long-term process that requires permanent vigilance in order to change the dynamics that lead public officials and citizens to engage in criminal activities and corruption. As many participants stated, it also requires a change in those

cultural norms that contribute to the entrenchment of crime, corruption, or armed patronage networks, either by direct collusion between social groups and/or individuals and criminal interests, or by widespread social tolerance of these phenomena. Finally, it requires the creation of incentives to remove the fear of tackling these difficult problems.

The international community can assist by bringing issues to the fore and raising public awareness about the costs of crime on governance and development. This is especially important given that the public clamour for an immediate solution to insecurity and violence tends to overshadow the need to address the structural roots and long-term impact of crime. Dialogue initiatives in countries facing high levels of violence may help establish common ground between very diverse interests at the national level, between governments and international organizations, and within the international and donor community itself. These initiatives can cover broad issues such as the nature of the state and social expectations regarding democracy and development, as well as specific challenges being faced by sectors of society.

Current dialogue initiatives promoted by the United Nations illustrate the benefits of broad conversations among national stakeholders, such as the recent Social Cohesion Programme in Guyana, which contributed to the first peaceful elections in that country in more than 50 years. Similarly, actors such as UN Peace and Development Advisors can work with government counterparts and civil society leaders to stimulate debate around difficult issues and encourage national ownership of dialogue initiatives.

New partnerships

The promotion of dialogue goes hand in hand with the identification of prestigious actors at the local level, such as members of human rights organizations and faith-based organizations, academia, justice sector professionals, law enforcement officers and the media who can voice issues, generate accurate data and

advocate reforms. Although the most effective partners will vary enormously depending on the national context, some sectors were mentioned repeatedly as key to tackling the effects of crime and corruption. Among them were nascent civil society organizations (such as the national chapters of Transparency International), members of the judicial system (especially young independent lawyers), the business sector (which may be galvanized through initiatives such as the Global Compact to promote corporate responsibility and provide financial support for social movements), and investigative journalists (who can uncover corruption scandals, disseminate information, and mobilize public opinion for social change).

Participants acknowledged that activists attempting to face up to powerful organized crime and corruption networks require extra support and protection. The international community could bolster the actions of investigative journalists and independent lawyers by advocating security arrangements for them, closely following specific cases through the legal system and providing financial support and international recognition to make the lives of those devoted to monitoring public interests easier.

Also discussed was the fact that organized crime networks operate across borders and often affect entire regions. In this respect, working with regional organizations on regional initiatives against crime and corruption could serve a double purpose: on the one hand, to deflect from direct attribution of responsibility to national actors (which may prove counterproductive); and on the other to highlight the pervasiveness of criminal networks and advocate coordinated regional strategies against them.

Work with political parties / Electoral assistance

Work with political parties and electoral assistance were identified as entry points for the international

community to address the effects of crime and corruption on democratic governance and more precisely, issues of political party and electoral reform. It was acknowledged that working with political parties is a complex endeavour given their low levels of legitimacy in civil society and the fact that the roots of many crime and corruption scandals have been traced back to the centres of power in party politics. Nonetheless, despite their dubious performance and negative public image, parties remain crucial institutions within the region's democratic political system, as well as the main drivers of legislative reform. They should be strong and accountable. Hence, it is important to support those sectors or individuals within the political system who seem willing to tackle electoral reform. The specific experience of the OAS in this area was noted.

Also emphasized was the important role that electoral assistance and observation by the international community may have in highlighting broader issues of democratic conduct. Clearly, the credibility of the electoral process depends on issues that go far beyond the technical correctness of procedures on election day. Therefore, electoral assistance could promote dialogue with governments and electoral bodies on the reform and enforcement of legal frameworks for technical concerns such as voter registration and balloting, and on broader issues such as access to the media, voter education, and party and campaign transparency and funding.

A discussion of the scope of electoral assistance in the region seems particularly relevant given that elections will be held in Guatemala, Jamaica and Trinidad and Tobago in 2007. Should these governments request the international community to provide electoral assistance, it would be advisable, as mentioned above, for this assistance to include assessments of the broader issues described above.

Conclusions

1. Crime is a governance and development issue. While traditional law enforcement and the criminal justice system is key in fighting crime and corruption, the grave public security situations and low human development indices prevalent in parts of Central America and the Caribbean call for crime prevention strategies to be built into the work of the international community in all areas of governance and development.
2. A successful multifaceted approach to combat and prevent crime requires a coordinated strategy of the international community. UNODC, the World Bank and the Inter-American Development Bank have started to promote initiatives to this effect. Further cooperation should be ensured.
3. The creation and support of local and regional research instruments are crucial to design improved strategies for the prevention and reduction of organized crime. It is particularly important to stimulate conclusive research into the reported links between youth gangs/deportees and transnational organized crime networks.
4. Dialogue initiatives can become tools to mobilize support for crime and corruption prevention, as well as for judicial and electoral reforms.
5. The international community should find new partners to support and empower their work. Among the most effective may be nascent civil society organizations (such as the national chapters of Transparency International), young members of the judicial system, the business sector and investigative journalists who can mobilize public opinion for social change.
6. Both work with political parties and electoral assistance constitute entry points for the international community to assist in strengthening the credibility of electoral processes in countries permeated by crime, addressing not only the technical aspects of elections but also broader issues such as access to the media, voter education, and party and campaign funding.

7. Given the transnational reach and pervasive nature of organized crime and corruption, it is crucial for national and international bodies to monitor the success of crime reduction strategies on a permanent basis.

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ANNEX 1. CICIG: International Commission Against Impunity in Guatemala

In early 2003 the Government of Guatemala (GoG) asked the United Nations Department of Political Affairs (DPA) to assist in the development of an international mechanism to investigate and prosecute members of clandestine illegal groups threatening human rights defenders and undermining the criminal justice system. The idea to establish a special mechanism arose first among human rights NGOs. As a result of subsequent discussions and a technical

exploratory mission, the United Nations signed an agreement with the GoG on 7 January 2004 providing for the establishment of a Commission for the Investigation of Illegal Groups and Clandestine Security Organizations in Guatemala (CICIACS).

The agreement contained a groundbreaking proposal for the creation of an independent international investigatory commission with broad, quasi-prosecutorial powers operating under Guatemalan law. Unlike the special tribunals launched by the Organization, CICIACS was to present cases to Guatemalan courts and use Guatemalan criminal procedure. Unlike a truth commission, which looks at the past, CICIACS was to examine current acts of criminality.

However, the agreement faced extensive opposition in the Congress, and the Constitutional Court issued an advisory opinion concluding that it violated the constitutional delegation of criminal prosecution powers to the Public Prosecutor and the courts.

As the activities of clandestine organizations continued, and organized and common crime grew at an alarming rate, the GoG redrafted the CICIACS text to avoid the constitutional problems raised by the Court, and approached DPA at the end of 2005 with a request to negotiate the establishment of a commission with a revised mandate. The GoG carried out broad consultations with civil society and political parties throughout the first half of 2006.

The new commission, now called the International Commission Against Impunity in Guatemala (CICIG), has three principal objectives. First, to investigate the existence and modes of operation of illegal security groups and clandestine security organizations, identifying their structures and links to state officials and organized crime. Second, to work actively with Guatemalan institutions, principally the Office of the Public Prosecutor, on investigations and prosecutions of individuals involved in these groups. It may act as a "private prosecutor" (*querellante adhesivo*) alongside the Public Prosecutor in individual cases. And third,

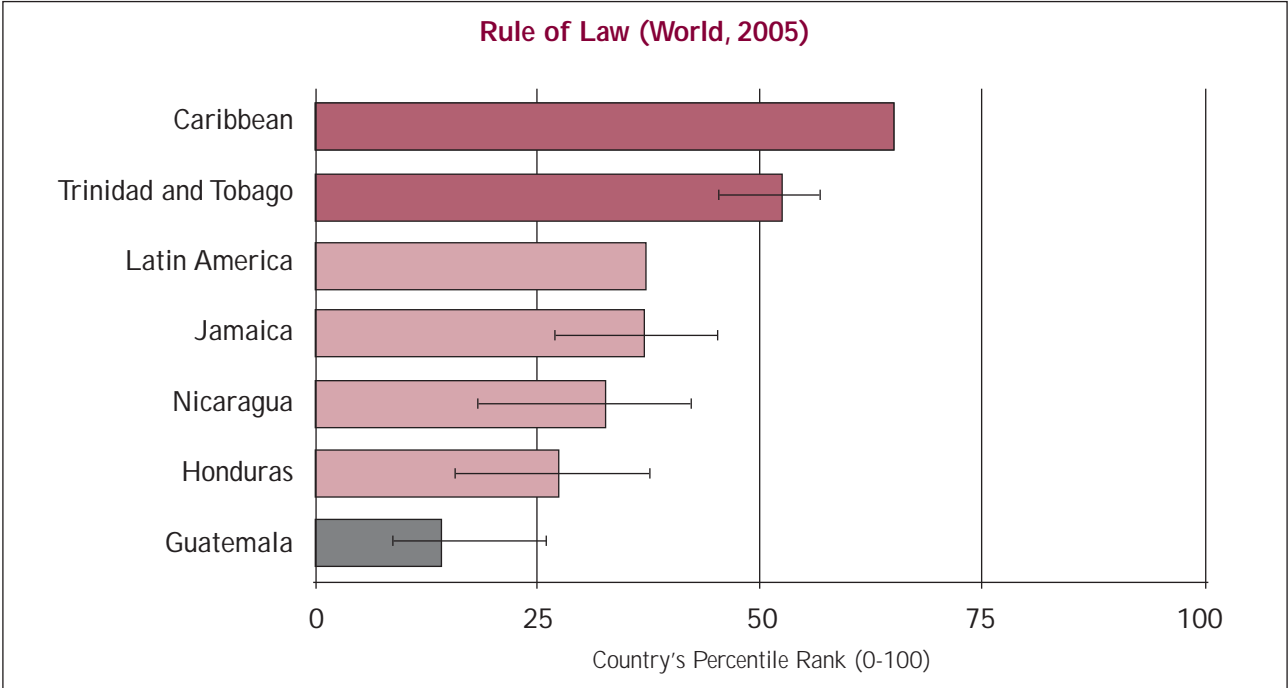
the new commission will provide training to justice sector institutions so that, after the departure of CICIG, the Office of the Public Prosecutor and the police will have greater capacity to effectively combat these groups. The agreement provides CICIG free, unimpeded access to state officials, facilities and information, military as well as civilian, for its investigations.

The GoG, civil society and other stakeholders believe that CICIG will play an important catalytic and support role by carrying out its own investigations and directly supporting Guatemalan institutions in the face of attempts by members of these groups to block government action against them. The political climate inside the country is said to have changed since 2004, as increasing political and organized criminal violence has contributed to a more favorable environment for an international body like CICIG among the country's political actors. The Constitutional Court has been replaced by a new slate of members and is now reportedly much less politicized than its predecessor.

In addition, the GoG has adopted organized crime legislation in accordance with the Palermo Convention and, consequently, now has much more effective legal tools available to combat these groups. CICIG will be able to use these tools working both within Guatemala and outside the country (with other states and international organizations) to collect and share information and recommend financial and other measures against investigation targets in Guatemala who also operate regionally or internationally.

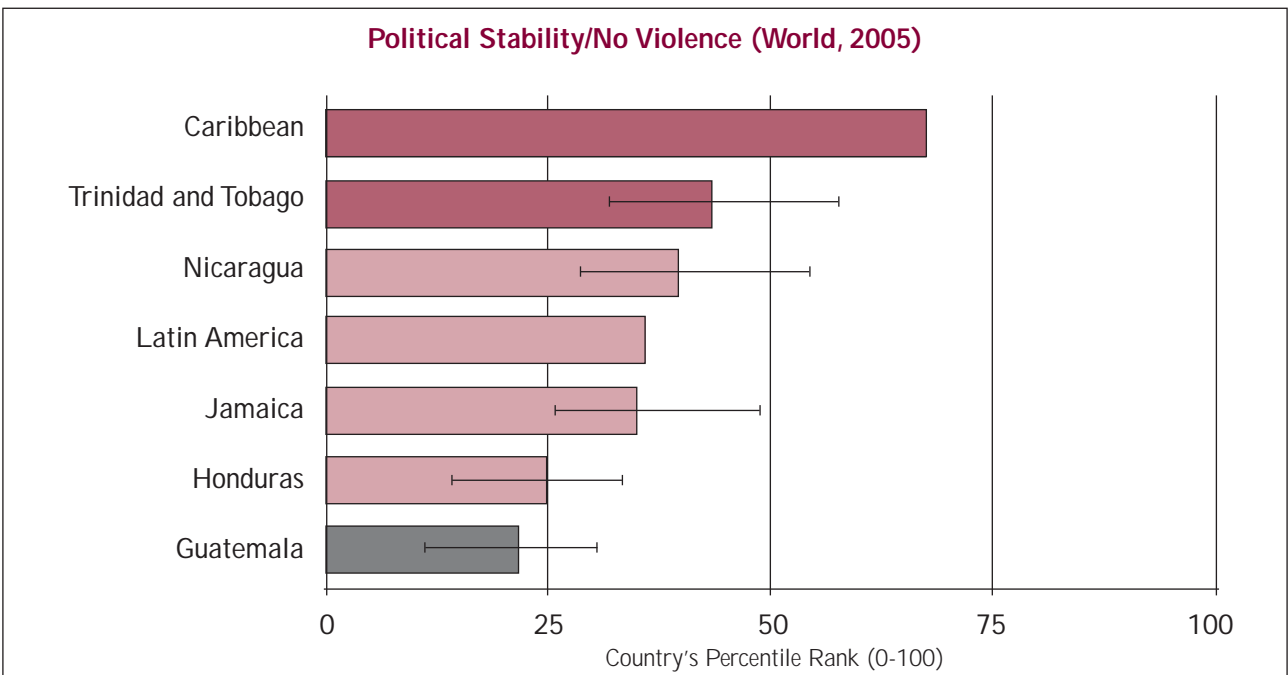
CICIG represents a novel approach by the United Nations to support Member States emerging from civil conflicts while facing increasing levels of common and organized crime, which together threaten to destabilize fragile democratic institutions and efforts to strengthen respect for human rights and the rule of law. In May 2007 Guatemala's Constitutional Court ruled that the creation of CICIG did not violate the Constitution. As of June 2007 the proposal remained in the hands of the Guatemalan Congress.

ANNEX 2. Some statistics on Guatemala, Honduras, Jamaica, Nicaragua and Trinidad & Tobago



Source: Kaufmann D., A. Kraay, and M. Mastruzzi 2006: Governance Matters V: Governance Indicators for 1996-2005

0 indicates worst levels



Source: Kaufmann D., A. Kraay, and M. Mastruzzi 2006: Governance Matters V: Governance Indicators for 1996-2005

0 indicates worst levels

Transparency International's Corruption Index*

	Index 2001	Index 2002	Index 2003	Index 2004	Index 2005
Trinidad and Tobago	5.3	4.9	4.6	4.2	3.8
Jamaica		4	3.8	3.3	3.6
Honduras	2.7	2.7	2.3	2.3	2.6
Nicaragua	2.4	2.5	2.6	2.7	2.6
Guatemala	2.9	2.5	2.4	2.2	2.5
Latin America	3.6	3.5	3.4	3.6	3.5
Caribbean	4.2	3.6	3.7	3.8	3.5

Source: Transparency International 2006

*The Index ranges from 1 to 10, 1 being the most corrupt and 10 the least.

Human Development Data

	Human Development Index	Ranking HDI 177 countries	Gini Index
Guatemala	0.673	118	55.1
Honduras	0.683	117	53.8
Jamaica	0.724	104	37.9
Nicaragua	0.698	112	43.1
Trinidad and Tobago	0.809	57	40.3
Latin America and the Caribbean	0.793		

Source: UNDP Human Development Report 2006

ANNEX 3. List of seminar participants

PARTICIPANTS BRAINSTORMING SESSION

“The impact of organized crime on state structures and democratic governance in Central America and the Caribbean” New York, January 18-19 2007

Name	Institution	Location
Louise Agersnap	UN Framework Team Secretariat	NY
Mariano Aguirre	Director Peace Security and Human Rights FRIDE	Madrid
Rebeca Arias	UNDP – Resident Representative Honduras	Tegucigalpa
Alejandro Bendaña	Director Centro de Estudios Internacionales, Managua	Nicaragua
Ivan Briscoe	Senior Researcher FRIDE	Madrid
Megan Burke	Programme Officer, Ford Foundation	NY
Christopher Coleman	Director Policy Planning Unit UN/DPA	NY
Denise Cook	Americas Division, UN/DPA	NY
Blanche Cotlear	Governance Specialist consultant, World Bank Interagency Alliance against corruption	Washington DC
Martha Doggett	Deputy Director for the Americas, UN/DPA	NY
Angelica Duran	Fulbright Scholar	NY
Juan Carlos Espinola	UNDP- Resident Coordinator Jamaica	Kingston
Theo Gittens	UNDP Caribbean Desk	NY
Steven Griner	OAS Senior Specialist Dept for Promotion of Democracy	Washington DC
Anthony Harriott	Professor, University of West Indies; Jamaica	Kingston
Lucie Hrbkova	UNODC Liaison Office, Programme Management Officer	NY
Francis James	UNDP/BCPR Justice and Security Sector Advisor	NY
Anders Kompass	OHCHR Representative Guatemala	Ciudad de Guatemala
Dirk Kruijt	Utrecht University	Utrecht
Theodore Leggett	Research Expert, UNODC	Vienna
Armando Martinez-Valdes	Electoral Assistance Division UN/DPA	NY
Robert Matthews	CIP – NYU Associate	NY
Myriam Mendez	UNDP –Regional Bureau Latin America & Caribbean	NY
Isabel Moreno	Researcher FRIDE	Madrid
Joy Olson	Director, Washington Office on Latin America	Washington
Claudio Providas	UNDP- Dep. Resident Representative Trinidad & Tobago	Port of Spain
Aracelly Santana	Deputy Director Electoral Assistance Division, UN/ DPA	NY
Renata Segura	Conflict Prevention and Peace Forum (CPPF)	NY
Theresa Whitfield	Director, Conflict Prevention and Peace Forum (CPPF)	NY
Detlef Wilke	Americas Division UN/DPA	NY
Susan Woodward	CUNY / Non Resident Research Fellow FRIDE	NY

FRIDE

Over a decade on from the end of the civil wars that devastated the region, large parts of Central America are once again afflicted by chronic violence. This time, however, the principal culprits are narco-traffickers and criminal networks, undermining state structures through corruption and clandestine links to political parties, judges and law enforcement officials. In the Caribbean, meanwhile, a flourishing drug trade has brought wealth, but at the cost of rising homicide rates and grave damage to democratic institutions.

Based on a two-day conference of experts held in early 2007 in New York, this report explores new thinking on the ills afflicting the region – including the highly controversial *mara* gangs - and how the international community might help remedy the problems of crime and corruption without undermining the fragile states that are the essential building blocks of any long-term solution.

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