Illicit drugs and tough trade-offs in war-to-peace transitions

The case for including illicit drugs in Agenda 2030
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About Drugs & (dis)order

‘Drugs & (dis)order: building sustainable peacetime economies in the aftermath of war’ is a four-year Global Challenges Research Fund project generating new evidence on how to transform illicit drug economies into peace economies in Afghanistan, Colombia and Myanmar. It is an international consortium of internationally recognised organisations with unrivalled expertise in drugs, conflict, health and development. Led by SOAS, University of London, project partners are: Afghanistan Research and Evaluation Unit (AREU), Alcis, Christian Aid, Kachinland Research Centre (KRC), London School of Economics and Political Science International Drug Policy Unit (LSE IDPU), London School of Hygiene and Tropical Medicine (LSHTM), Organization for Sustainable Development and Research (OSDR), PositiveNegatives, Shan Herald Agency for News (SHAN), Universidad de los Andes, and Universidad Nacional de Colombia. Find out more at www.drugs-and-disorder.org
List of acronyms and commonly-used terms

Agenda 2030 – title of United Nations Resolution 70/1 adopted in September 2015 that set the 17 Sustainable Development Goals intended to be achieved by 2030.

AD – Alternative Development, a set of policies typically associated with programmes to replace illicit drug crops with legal alternative crops.

ATS – Amphetamine-type stimulants, a group of substances comprised of synthetic stimulants, often with hallucinogenic effects.

CODHES – Consultoria para los Derechos Humanos y el Desplazamiento, or Consultancy for Human Rights and Displacement, a Colombian human rights organisation.

Drugs and (dis)order – a research project (2018 to 2021) funded by the GCRF to answer the question: ‘How do war economies transform into peace economies?’ Cases covered are the borderlands of Afghanistan, Colombia and Myanmar.

FARC – Fuerzas Armadas Revolucionarias de Colombia, or the Revolutionary Armed Forces of Colombia

GCRF – Global Challenges Research Fund, a £1.5 billion fund announced by the UK government in 2015 and managed by the UK Research Councils to support cutting-edge research that addresses the challenges of development.

OAS – Organisation of American States. The regional forum for political discussion, analysis and decision-making in Western Hemisphere affairs.

SDG – Sustainable Development Goals, the 17 goals agreed by the international community to deliver sustainable development. Delivery will be monitored by the attainment of 169 targets and 232 indicators. SDG 16 promotes peace, inclusive governance, and accountable institutions.

SIGAR – The US Special Inspector General for Afghanistan Reconstruction

Sustaining Peace – the effective official global policy on peace adopted by UN Security Council and UN General Assembly Resolution 70/26. It transforms the UN’s mission from ‘peacebuilding’ to ‘sustaining peace’.

UNGASS – UN General Assembly Special Session. In April 2016, the UN held an UNGASS on the World Drug Problem.

UNODC – United Nations Office on Drugs and Crime, the global agency tasked to monitor illicit economies and transnational organised crime. Publishes the annual World Drug Report.
Executive summary

Across the world, millions of poor, marginalised people rely on illicit drug economies for their survival. These people live in poverty, lack access to public services, clean water, land and credit, and are, in certain countries, attempting a transition to peace after decades of war. However, Agenda 2030, particularly Sustainable Development Goal (SDG) 16, makes no mention of the illicit drug economies that are often deeply intertwined with armed conflicts.

It is clear that global drug policy, mandated by three UN treaties1 and enforced in various ‘wars-on-drugs’, has not achieved its stated goals and has caused immense human suffering.2 It is increasingly recognised that a new, development-based approach to tackling illicit economies is needed. But at present, the evidence base to inform such policies is weak. The Global Challenges Research Fund’s (GCRF) Drugs and (dis)order project, focused on nine borderland regions in Afghanistan, Colombia and Mynamar, seeks to connect the fields of drug policy, development and peacebuilding and to provide an evidence base to address a critical question: How can war economies transform into peace economies?

To answer the question, many assumptions about illicit drug economies need to be challenged. The borderland regions where drugs are cultivated are not necessarily underdeveloped, ungoverned or unruly: borderland drug economies may be linked to economic growth and forms of governance that bring a measure of stability. Those involved in illicit economies are commonly represented as either passive victims or self-interested profit-seekers; but this hides a more complex reality of people adapting and innovating in response to risks and challenges. The notion of a binary separation between the legal and illegal economies misses the multiple connections and entanglements between activities regarded as ‘licit’ and ‘illicit’. National policies affect these regions, and the drug economies in turn influence national economic and political life. The extension of the state and markets – a core foundation of peacebuilding policy – is not a blanket solution and may, in some circumstances, undermine peace and stability in borderland regions.

1 The three UN treaties are: the 1961 Single Convention on Narcotic Drugs; the 1971 Convention on Psychotropic Substances; and the 1988 Convention Against Illicit Traffic in Narcotic Drugs.
Today in Afghanistan, Colombia and Myanmar, poorly conceived counter-narcotics policies are undermining the possibility of sustainable post-war transitions. A new approach based upon a stronger, evidence-based understanding of the nature of the illicit economies is needed to develop appropriate policies, and to end the counter-productive separation between drug policy and development/peacebuilding policy. At the same time, it must be recognised that these fields are hard to reconcile in practice and doing so involves difficult trade-offs. These changes will require policymakers to engage honestly with questions about how to tackle these trade-offs in order to best achieve a lasting and equitable peace while strengthening the delivery of the SDGs.
Introduction

On 25 September 2015, a special summit of the United Nations adopted Agenda 2030, a global commitment to leave no one behind by eradicating poverty and achieving sustainable development around the world. The agenda has 17 Sustainable Development Goals (SDGs), a “blueprint to achieve a better and more sustainable future for all.” The inclusion of SDG 16 and its recognition of the need to build peaceful, just and inclusive societies – based on equal access to justice, effective rule of law and good governance at all levels, respect for human rights, and transparent effective and accountable institutions – resonated strongly among those working on peace and development in fragile, conflict, and violence-affected locations across the globe.

However, this agenda is at risk of failure unless a more determined and transformative change is pursued to address a significant blind spot: illicit drugs. Among the seventeen SDGs, there is no mention of the illicit drug economies that for many marginalised communities around the world have become a vital coping mechanism. These communities are undoubtedly among the “furthest behind,” those whom Agenda 2030 has committed to “reach first”. People living in these neglected, often violent regions live below the poverty line (SDG 1), and are without social protection (SDG 8), access to core public services (SDG 3, 4) or clean water (SDG 6). They do not hold rights to the land they work and are typically beyond the reach of state infrastructure and formal sources of credit (SDG 9). And today in Afghanistan, Colombia and Myanmar, they are attempting a transition to peace after decades of violent armed conflict (SDG 16).

As things stand, the SDGs reflect the conventional but flawed view that illicit drug economies are exclusively anti-developmental and a source of disorder. These economies are treated as exceptional and external, as though they have some inherent attributes, like a disease, that automatically engender crimes, conflict and state fragility. This representation ignores a more complex picture in which illicit economies can be at the forefront of processes of development, welfare and security provision, which are as much about transformation as breakdown – albeit with major costs and

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3 Agenda 2030 consists of a political declaration; the set of 17 Sustainable Development Goals and 169 targets; means of implementation; and a framework for follow-up and review.
4 Although SDG 16 deals explicitly with transitions to peace, a further seven SDGs seek to measure elements related to peace, including access to justice and inclusion in society. At present SDG 16, target 4 refers to the reduction of illicit financial and arms flows by 2030, but it is not yet clear whether this will include flows related to the illicit drug sector.
trade-offs. This suggests the need to move away from a traditional state-centred vantage point and to instead look at illicit economies from the perspective of marginalised 'borderland' regions and communities. This leads to a more nuanced understanding of illicit drug economies and their relationship to post-war transitions, and to design appropriate policies that are 'drug sensitive' as well as 'conflict and peace sensitive'. Developing this “borderlands” approach is the focus of the ongoing Drugs and (dis)Order project supported by the Global Challenges Research Fund. The project aims to place illicit drug economies in their socio-economic, cultural and political context, and, in doing so, produce research and analyses that support more context-sensitive and effective responses.

This paper addresses an urgent policy challenge: how to build sustainable peacetime economies in the aftermath of war. Although there is a growing body of research on the political economy of conflict, there are still no convincing answers to the question: how can war economies transform into peace economies? Addressing this question is crucial, given that more than two billion people live in countries where development outcomes are affected by fragility, conflict and violence.

Despite the trillions of dollars spent on the ‘war on drugs’, the global illicit drug economy continues to grow, while militarized counter-narcotic strategies have increased the vulnerability and impoverishment of marginalised communities dependent on drug cultivation for survival. The effects of these ill-conceived policies have been especially detrimental in developing countries affected by armed conflict, particularly in the borderland regions where most illicit crops are grown. In light of the failures of counter-narcotics interventions, the policy consensus surrounding the war on drugs is falling apart. There are increasing efforts to establish counter-narcotic strategies that prioritise pro-poor development, align drug policy with the Sustainable Development Goals and move away from the securitised approach inherent in the ‘War on Drugs’.

However, the evidence base to support such policy reform remains weak. It is unclear how the policy fields of drugs and development can be reconciled in practice, and how the SDGs offer a possible – though currently not utilised – entry point for doing this. This paper will show: why it matters that the blind spot of drugs is addressed for development and peace; how

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5 For more on the Drugs and (dis)order Project, see https://drugs-and-disorder.org/
6 For more on the GCRF, see https://www.ukri.org/research/global-challenges-research-fund/.
this element is missing in the SDG framework and the difference it makes; and finally, it will set out some recommendations for policy-makers and donors to address this gap.

**Why illicit drugs are a development issue**

Across the world, millions of poor, marginalised people rely on illicit drug economies for their survival. In Afghanistan alone, it is estimated that the opium industry provides full-time employment to over half a million farmers.\(^7\) Across the Andes mountains, on small plots of land used mainly for subsistence agriculture, families supplement their income by growing coca or cannabis. In Myanmar, primarily in upland, isolated regions, hundreds of thousands of people rely on the opium poppy to provide the cash income they need to survive. Many of the people engaged in these illicit economies live in poverty, lack access to public services, clean water, land and credit. At the same time a number of these drug-affected countries are struggling to make a transition, after decades of conflict, towards a sustainable peace. Frequently this transition is linked to drug eradication and reduction programmes. Thus, the tendency is to stigmatise and criminalise borderland communities, placing on them the brunt of global strategies in the name of building peace and reducing illicit drug production.

The regions where illicit crops are produced have traditionally been considered zones of violence and criminality, where people are often depicted as simply awaiting the arrival of the state so that development can begin. In reality, they adopt mechanisms for coping and survival by whatever means possible, thereby creating their own versions of order even without, or perhaps because of the absence of, state and market institutions. It is typically in these areas where the development gap experienced by poor communities is filled by the economic opportunities afforded by illegal crops. Unlike traditional crops, which are susceptible to price fluctuations, demand for illicit crops is generally stable, there are more harvests per year, and the price is above what could be earned by selling food crops. And, because the traffickers will collect the produce directly from the farmer, the inhibitive costs of moving the goods to market are overcome. Opium poppies, coca and cannabis have therefore become important sources of

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\(^7\) Byrd, W.A. (2017), Disease or Symptom? Afghanistan’s burgeoning opium economy in 2017, Afghanistan Research and Evaluation Unit
employment, as well as cash incomes that allow many farmers to purchase the necessities of life, including healthcare and education, and to achieve a minimum level of food security. Unsurprisingly, illicit drugs have in many regions become deeply embedded in the local culture.

The regions where illicit drug economies are present are not necessarily black holes of development. In fact, illicit economies have replicated many of the support mechanisms associated with agricultural development. Cultivating illicit crops means farmers have access to sources of financial assistance, including credit and loans, and to land and inputs that would otherwise be impossible. Lacking opportunities in the formal economy, the cash income provided by work in the (labour-intensive) drug trade allows people to survive in regions where prices are often higher than the national average. Infrastructure has also developed to support these economies: traffickers, with productivity and profits in mind, have financed the digging of boreholes and wells, developed irrigation systems, paid for the construction of roads and the repair of bridges and have helped farmers pay for livestock and repairs. Communities have had to be dynamic and innovative in order to survive, forming credit unions, communal savings and investment programmes, and often finding informal and collective means of providing basic needs such as electricity and water. However, it is important to recognise that these innovations inevitably come with costs and trade-offs. People in these regions struggle to make ends meet in a difficult, precarious, often violent context. The credit they may receive, for example, can imply a high price if they are unable to repay a creditor drug trafficker or warlord. Drug economies tend to increase inequalities, with a growing differentiation between those with assets who can invest and accumulate and those whose economic horizons are restricted at a permanent subsistence level and are denied the advantages of living in a modern state.

In Colombia, coca growers supported by Christian Aid have explained how the drug trade has guaranteed that money circulates in the area, and how this directly affects local businesses, including shops, bars and local transport, among others. Cultivating coca, or working in the trade ‘cooking’ coca base or picking leaves, also allows people to secure credit from local businesses, despite a general aversion to risk in such regions. The market for

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coca is regulated by armed groups, meaning prices and demand are stable. The community contributes to a local fund, administered by women, which is used to improve roads, create local food halls, and carry out other projects for the benefit of the community. A study by the growers’ organisation describes how coca allows young people to remain in the region, despite the lack of formal opportunities, to become independent of their parents and provide for their own families. The primary disadvantages of the coca trade, reported by the growers, are persecution by the state, the risk of being criminally prosecuted, the violence of armed groups, and the stigma of being involved in illegal activity.

“Coca is an opportunity to support our families. Even though we risk going to prison, it is the best option we have right now to provide food for our families and schooling for our children.”

- Female resident of the Sur de Bolivar region

In order for illicit economies to be understood as a development issue, a number of conventional assumptions need to be challenged. Rather than being isolated regions disconnected from the national and international economies, borderland illicit drug economies play an important role in tying together centres and peripheries. Money from the drug trade finds its way into the legal economy and influences its development, on both a national and international level. The income from drug sales has in many countries come to constitute a significant proportion of GDP, and national political life has inevitably been affected. Construction booms, entertainment complexes, and many other large-scale projects have been attributed to traffickers attempting to launder their illicit profits. In one striking example, the proceeds from organised crime appear to have been crucial in providing liquid cash to many international banks, perhaps saving them from collapse.\(^\text{10}\)

The assumption that national economic policies are largely irrelevant to illicit economies has been particularly damaging. It is the foundation of the gap between counter-narcotics and development policy which has hindered both fields. In reality, macroeconomic policy can be the most important counter-narcotics policy. It can also be a powerful pro-narcotics policy. Free Trade Agreements, for example, allow subsidised agricultural products from developed countries to enter local markets, undermining farmers’

livelihoods and incentivising them to cultivate illicit crops instead.\textsuperscript{11} Similarly, many developing countries have adopted economic models with monetary and fiscal frameworks that restrict their ability to assist the agricultural sector, thereby hampering any counter-narcotics efforts before they even begin.\textsuperscript{12}

Historically, it is the increase or decrease of hectares under cultivation that have been considered the key measure in monitoring progress in the fight against illicit drugs. This approach has demonstrably failed. With a development approach, the more relevant measures are economic development, access to public services, poverty reduction, respect for human rights, levels of human security, confidence in the state, and access to meaningful employment. This approach also allows the analysis of the role of illicit drug economies to benefit from the valuable insights of the development and peacebuilding literatures, including forms of poverty reduction, inequality, gendered dynamics, and human (in)security.

Policy makers need to be aware of a number of factors when adopting a development approach. Despite decades of attempts, it is clear that universal solutions to the issue of illicit drugs do not exist. The appropriate policies for Colombia cannot be mechanically transferred to Afghanistan or Myanmar. Each region has its own idiosyncrasies, and these need to be addressed accordingly. When the state attempts to undermine the illicit economy with its own initiatives, for example, the support of the local community is by no means guaranteed. There may be a historic distrust of the state among people who have suffered decades of persecution or who feel their livelihoods are under threat. The reduction of the level of involvement in the illicit economy is also no guarantee of policy success. Often in developing countries the illegal economy provides a sort of safety valve which absorbs surplus labour; many developing countries have very high levels of informal employment, sometimes up to sixty or seventy percent. Those leaving the trade may not find a better life elsewhere in the national economy; as will be discussed later, this has been the case for many of the demobilised guerrillas of the FARC in Colombia.

\textsuperscript{11} See, for example, the implications of the Colombia-US FTA, described by OXFAM: OXFAM America (2011) Impact of the US-Colombia FTA on the Small Farm Economy in Colombia, www.oxfamamerica.org/static/media/files/colombia-fta-impact-on-small-farmers-final-english.pdf

\textsuperscript{12} For the implications in Afghanistan, see: Del Castillo, G (2014) Afghanistan’s Misguided Economy, Boston Review, 28 January
Why illicit drugs matter for peacebuilding

Illicit economies are deeply intertwined with armed conflict. During wartime, government officials, insurgent groups, and local power brokers can all be simultaneously involved with, and benefit from, the production, trafficking, and taxing of illicit drugs. Yet at the same time, the illicit economy may contribute to emergent forms of order by providing a source of rent which cements political coalitions and elite bargains, thereby creating incentives to manage large scale violence. Illicit drugs have often distorted the image of a conflict, affecting government policies and counter-insurgency strategies. This has been the case historically in Colombia and Afghanistan: the social and political sources of the conflict have been largely forgotten, and the survival of insurgent movements attributed to the finances they receive through their involvement with illicit drugs.

A lasting peace cannot be achieved without understanding and addressing the role of illicit economies. Groups or individuals involved in illicit drugs may have a vested interest in the maintenance of the status quo, and transitions to peace may require uncomfortable compromises with power brokers who could possibly spoil any efforts at reconciliation. This means unpacking the role of drugs within “war economies” to better understand the incentives of those involved; drugs can fund fighting, profiteering and survival and appropriate policy responses need to be cognizant of these nuances.13

In Colombia, for example, decades of war and displacement have meant there are many households in which women must be both home-maker and bread-winner. Women also cultivate coca and are often the ‘cooks’ who convert the leaves into the coca base. But under the government’s coca-substitution programme, a core part of the peace process, it is men who receive the benefits, regardless of whether they live with their partner and children or have changed partners. Therefore, many women who both manage a household and cultivate coca are excluded.14 A more appropriate policy would understand the role women play in the illicit economy and war-to-peace transitions, and, through development, provide more suitable livelihood alternatives that allow them to see opportunities and alternatives.


outside the drug trade. At present, it is not well understood how illicit economies should be managed during peace processes, and further research in this area is one of the objectives of the Drugs and (dis)Order project.

The UN’s “Sustaining Peace Resolutions” have rightly recognised the need to “promote an integrated, strategic and coherent approach to peacebuilding.”\textsuperscript{15} Contemporary cases demonstrate the need for a more integrated approach and provide examples of the pitfalls of the dominant understanding of illicit drugs as an enemy to be combatted. A prescient example is Colombia and the peace agreement signed in 2016 between the government and FARC guerrillas. In that agreement, the government committed itself, at least on paper, to a number of initiatives in rural areas, including the provision of credit, subsidies and technical assistance, the development of infrastructure, and access to education and healthcare. According to the agreement, which received input from coca growers themselves, farmers would be able to take advantage of alternative development schemes while voluntarily reducing their reliance on the illicit crop. The government has maintained the threat of forced eradication and community participation has been minimal. Yet coca growers accompanied by Christian Aid have emphasised the need for an integrated answer to illicit cultivation and a more active state role in enabling development. They argue that ending illicit cultivation requires land titles, infrastructure, access to credit, technical assistance, a market for their goods, and a progressive approach to crop substitution that provides them with income during the transition to legal crops. However, the government has continued to view coca cultivation alone as the problem, and not economic marginalisation; as such, progress is measured in terms of the reduction of hectares under cultivation, and not economic rebirth and redistribution.\textsuperscript{16}

It is illustrative of the government’s approach that, according to Colombian sources, former-president Juan Manuel Santos had promised the US government that FARC guerrillas would “turn over” their drug trafficking routes once the deal was signed, and that this would make it easier to “fight the drug trade.”\textsuperscript{17} These comments, which neatly shift the blame for


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Cultivation to the machinations of armed groups, reveal a fundamental misunderstanding or a wilful blindness to the nature of illicit economies.

The peace agreement was at its core a pact between political elites and the leadership of the guerrillas. Its purpose was an end to fighting between two armed groups, rather than the resolution of the problems that could lead to lasting peace. The government has refused to honour many of its commitments and to implement the key elements of the agreement. In coca growing regions, it is the deployment of the police and the military that has been prioritised over development.¹⁸

The failures to address the core issues had major repercussions. At the time of writing, since the demobilisation of the FARC, around 3,000 new members are reported to have joined rebel FARC factions that did not agree to lay down their arms. According to reports, some of these recruits are former fighters, but many are joining for the first time.¹⁹ It was reported that political violence was highest in the regions that were prioritised in the peace agreement.²⁰ Understandably, there are concerns that the agreement may hold on paper but collapse in practice.

In Myanmar, the government has negotiated with armed groups while passing policies that are exacerbating the concentration of land. Changes to the legal basis of land rights have been undertaken without consideration for small-scale subsistence farmers – many of whom do not have formal land titles - or the existing situation of land tenure in rural areas.²¹ The new laws appear to benefit the private sector at the expense of smallholder farmers and create new opportunities for large-scale land-grabbing.²² The government has also pursued a development model similar to that of Colombia, emphasising agro-industrial production and foreign investment

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in the countryside. The causes of ethnic conflict have been aggravated, at the same time that the warring parties were negotiating an end to the violence.\textsuperscript{23}

Since the late 1980s, the Myanmar regime has taken advantage of ceasefires with insurgent groups to extend the control of the state into borderland regions where illicit crops are grown. The result of this military-led policy has been extensive militarisation, the proliferation of army-backed militia and the growing concentration of land and resources in the hands of a small nexus of business and military elites. While the government has viewed peace agreements and ceasefires as a means to subdue ethnic groups, history has taught ethnic armed groups, and the people living in areas under their control, to be wary of government promises surrounding the benefits of peace and development. For these reasons, the peace process has not put an end to the violence. Since the formal process began in 2011, fighting escalated in Kachin and Northern Shan State. For the Myanmar army, the peace process has been a means to extend its control over the region, rather than a genuine effort to consolidate peace.\textsuperscript{24}

In Afghanistan, the United States and the Taliban are, at the time of writing, also negotiating an end to the long-running conflict. The Taliban refused to negotiate with a national government they consider illegitimate. At the same time there has been no indication that the talks have addressed the political economy behind the war. In national polls, Afghans have identified poverty and unemployment as the key source of insecurity in the country.\textsuperscript{25} Perhaps understandably because of the imperative to address the short-term political issues, the longer-term challenges linked to the transformation of the war economy are left unaddressed. But if this is not changed, Afghanistan is likely to remain a country where “ordinary Afghans lack opportunities to participate in decent income-generating activities, while individuals affiliated with patronage networks, politically-connected groups, and businesses wielding political clout exercise monopolistic control over development projects and national economic markets.”\textsuperscript{26}


\textsuperscript{26} Burhani, O (2018) Afghanistan’s Economic Problems and Insidious Development Constraints, Foreign Policy Journal, 25 October
In Afghanistan, as elsewhere, the relationship between drugs and insurgency is complex and context- and time-specific. For example, drug production increased significantly when the Taliban came to power in the mid-1990s and yet this was a period when most Afghans experienced a level of stability and ‘peace’. In borderland regions the cultivation of opium is a means to ensure economic security in an extremely precarious environment. This economic security has been undermined through the forced eradication campaigns of the state and the foreign occupying forces, generating resentment and violence in turn. As argued by Goodhand and Mansfield, “drugs must be placed firmly within the framework of Afghanistan’s broader political economy, including an analysis of patterns of growth, formal and informal economic activities, patterns of ownership in the economy, the regulatory environment and key policy interventions in the economic and other spheres.”

In Afghanistan, Colombia and Myanmar elsewhere, a narrow and pragmatically-defined peace is unlikely to be sustainable and equitable. If warring parties determine only to end the conflict but otherwise maintain the status quo, it is difficult to imagine how the factors that drive the cultivation of opium by poor farmers can be rectified. As already noted, the post-war expansion of states and markets into regions where illicit economies are present does not automatically represent an investment in peace; careful attention needs to be given to the distributional effects and how borderland communities are included or excluded as a result of such transformations. Policy-makers must also recognise the ways that illicit economies affect conflict and are affected by them, and how, as was the case in Colombia, they can change as the armed conflict officially ends.

A pragmatic approach to illicit economies will inevitably involve difficult questions, tricky trade-offs and uncomfortable compromises. Should local powerbrokers or warlords involved in the drug trade be ostracized or incorporated, criminalized or co-opted? Should individuals who are engaged in productive activity be effectively brought into the legal economy and if so, how? What if the illicit economy provides employment that the legal one cannot? How can the resources of the illicit economy be leveraged so that


27 Mansfield, D (2014), From Bad They Made It Worse, Afghanistan Research and Evaluation Unit https://areu.org.af/publication/1411/

they contribute to, rather than hinder peace? Such questions require tough decisions, and a solid foundation of research and understanding on which answers can be constructed.

The problem with current approaches

The traditional approach to illicit economies is encapsulated in the policies followed by the ‘War on Drugs’: the forced eradication of crops and the militarisation of the fight against drugs gangs. The consequences have been disastrous.\textsuperscript{29} Crop eradication operations have caused displacement, increased deforestation and land concentration, with little impact on overall cultivation levels.\textsuperscript{30} Aerial fumigation - the spraying of carcinogenic chemicals on illicit crops - has led to health problems and environmental damage.\textsuperscript{31} The use of the military in law enforcement operations has led to egregious human rights abuses.\textsuperscript{32} When governments have attempted to ‘combat’ drugs gangs with military operations, the result has been spiralling levels of violence and the emergence of more violent groups in response.\textsuperscript{33} Mexico, where the homicide rate is reaching record levels, and more than 200,000 people have been killed since the government decided to wage war on the cartels in 2006, is the most tragic case.\textsuperscript{34} Counter-narcotics operations have also been highly selective, focusing on the lowest links in the chain, and have been ineffective in targeting the facilitators of money.
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Laundering, the role of international banks and the supply of precursor chemicals by international businesses. The War on Drugs and the ‘Iron Fist’ approach to policing have caused certain groups of individuals to be stigmatised - mostly young males living in impoverished neighbourhoods - and the extrajudicial executions of people considered ‘dispensable’ by security forces have become commonplace. The results of the punitive approach to the possession of illegal drugs are mass incarceration, enormous strains on national judicial systems, and, particularly in Latin America, over-crowded prisons that have become fertile recruiting grounds for gangs. In already fragile states, such policies have further militarized the state, undermined social contracts, heightened social tensions and increased polarisation.

The financial costs of half a century of supply-side “counter-narcotics” initiatives amount to hundreds of billions of dollars. The price paid in human suffering has been enormous, while the balance sheet for narcotics production makes grim reading both for policy makers and taxpayers. A decade ago, the United Nations Office on Drugs and Crime (UNODC) stated that the problem of illicit drug use had been “contained, but not solved.” The claim was optimistic. Since then cocaine use has stabilised, but the demand for marihuana and amphetamine-type stimulants (ATS), respectively the first and second most popular illicit drugs, has risen. Recently both opium and coca cultivation reached record levels.

The failures of Wars on Drugs are manifest. After two decades and billions of dollars spent in Colombia, the archetype of the counter-narcotics drive in the Andes region, coca cultivation reached a historic high in 2017. Global

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35 Such executions have been common across Latin America. They have recently made headlines in Thailand and Indonesia, both countries that enacted harsh, repressive attacks on drugs gangs and users. Drug use, however, does not appear to have been significantly reduced.


37 If broader costs of the War on Drugs are included – maintaining a large prison population etc - this rises to over US$ trillion since 1971. Drug Policy Alliance, Making Economic Sense http://www.drugpolicy.org/issues/making-economic-sense


opium production has meanwhile doubled since the turn of the century. In Afghanistan, where around US$9 billion has been spent on counter-narcotics initiatives since 2002, production has risen to record levels.\(^{41}\) According to the latest estimates, the global value of the illicit drug market could be between US$300 and US$600 billion a year, the vast majority of which is captured by traffickers, while less than one percent of the final retail price is retained by farmers.\(^{42}\)

In order to better understand how the failure to employ a development or locally-sensitive approach can have negative consequences, it is worth considering a number of key examples.

Colombia’s “Consolidation Plan” is an important case. Initiated in 2007 with half a billion dollars of funding from the United States, the plan aimed to improve security and reduce drug cultivation by extending the presence of the state into isolated regions of the country. The backbone of the strategy was the deployment of the military and the police, and areas of concentration were reportedly selected according to levels of guerrilla activity. In a study of the plan, the Center for International Policy pointed out that one of its goals was “to build communities' relationships with the military, as opposed to having the military create the security conditions necessary to allow communities to relate to the civilian part of the government.”\(^{43}\) The increased military presence was soon accompanied by a rise in human rights violations and, in certain regions, the strengthening of paramilitary groups with historic connections to the military and local politicians.\(^{44}\) In 2010, the Colombian Human Rights Organization CODHES

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\(^{44}\) Universal Periodic Review, Report on the Human Rights Situation in Colombia 2008-2013 by International Platforms and Organisations,
found one third of all forced displacements were occurring in consolidation zones, and that paramilitary groups there were operating freely.45

The Consolidation Plan was an effort to impose a certain kind of governance and an exclusionary economic model on regions outside of state control. It aimed, according to the government, to combine military and economic objectives in strategic regions of the country and to “maintain investor confidence.”46 By 2010, alongside the abuses and fortification of paramilitary groups, CODHES found that oil palm plantations had expanded rapidly in the consolidation zones. Although illicit cultivation had initially been reduced and security improved under the Plan, the results were, perhaps predictably, short-lived.

In Afghanistan, the experience of the Helmand Food Zone demonstrates how the failure or refusal to consider local dynamics means counter-narcotics policies based on state-building can have the paradoxical effect of increasing levels of drug cultivation. The US$60 million project extended the presence of the state and enacted a ban on opium, and cultivation in the region was gradually reduced. However, five years after the programme had ended, opium production in Helmand had increased dramatically, reaching record levels. A central problem was that the programme had chosen a discredited crop-substitution model based on the notions of incentives and disincentives to produce opium – the so-called “carrot and stick” approach. Its objectives were firmly metric-based. One of the impacts of the ban was to leave many people, experienced in opium cultivation, looking for work. In the absence of a broader understanding of why opium was cultivated, the policy not only failed, but created conditions for opium production to flourish once the military withdrew. This was largely due to the migration of farmers and workers outside of the Food Zone following the ban: they opened up new agricultural land in the desert, and technical innovation, including the use of solar panels, followed. The new pool of workers lowered

45 CODHES (2011) Consolidación de qué? Informe sobre desplazamiento, conflicto armado y derechos humanos en Colombia, Consultoría para los derechos humanos y el desplazamiento, Bogotá, 11 February
46 Presidente de la República (2009) Directiva Presidencial No. 1; Coordinación del Gobierno Nacional par allevar a cabo el Plan Nacional de Consolidación Territorial, March
wages and, in turn, the costs of producing opium.\textsuperscript{47} Helmand was an emblematic case of how a template approach to counter-narcotics can have results that are the opposite of intended outcomes.\textsuperscript{48} And it was not the only case of its kind in Afghanistan: the US Special Inspector General for Afghanistan Reconstruction (SIGAR) has recognised that “certain reconstruction efforts such as improved irrigation, roads, and agricultural assistance can actually lead to increased opium cultivation.”\textsuperscript{49}

The Taliban-enforced opium ban in Afghanistan in 2000 was ostensibly more successful than international efforts, but it again points to the deleterious impacts of bans on the local population and their lack of sustainability. The Taliban edict, which was supported by Western states and the United Nations, significantly reduced opium cultivation in the country for that cropping year, and the results were widely praised.\textsuperscript{50} But the removal of the opium crop destroyed the livelihoods of hundreds of thousands of people. An informal but functioning credit system based on opium collapsed, leaving farmers indebted and with no means to repay their loans. Before long, “poor agricultural prospects,” “prolonged economic hardship” and a continuing conflict meant hundreds of thousands of people were moving to Pakistan and Iran looking for work.\textsuperscript{51} Not long afterwards, the head of the UN’s drug control research program noted that “in drug control terms [the ban] was an unprecedented success, but in humanitarian terms a major disaster.”\textsuperscript{52} Similar cases, demonstrating the disastrous impacts of such bans, can be cited from around the world; in Laos, for example, where a devastating ban on poppy cultivation removed the


\textsuperscript{48} Christian Aid has, from its own experience, learned the importance of local dynamics when designing development policies. When the organisation financed the construction of borehole in a village in Mandera, near the Kenya-Somalia border, it was undertaken with the aim of providing access to clean and safe water. But the borehole soon revived an old dispute between to clans, and deadly clashes followed. The case demonstrates how a seemingly innocuous attempt to achieve a sustainable development goal can inadvertently cause harm. Christian Aid (2012) Annual Report 2011-2012, Christian Aid, 1 September https://www.christianaid.org.uk/sites/default/files/2017-08/christian-aid-annual-report-2011-2012-september-2012.pdf


\textsuperscript{50} The United Nations Office on Drugs and Crime had offered the Taliban US$250 million and international recognition if the ban was enacted. But two months after the Taliban leadership announced the decree prohibiting the crop, the UNODC ceased their activities in Afghanistan. The US$250 million, which had seemed an unrealistic figure from the beginning, was never paid.


\textsuperscript{52} Armenta, A. Jelsma, M, Blickman, T. Montanes, V. Merging Wars; Afghanistan, Drugs and Terrorism, Transnational Institute.
mechanisms of development previously afforded by opium.53 The evidence is now overwhelming that bans on illicit cultivation aggravate the underlying socio-economic conditions and could only reduce cultivation in the short term. But the mentality persists: a 2019 article in the influential journal Foreign Affairs, while recognising the socio-economic foundations of cultivation, calls for a repeat of the opium ban in Afghanistan.54

Governments, officials and international organisations have belatedly recognised the need to change the conventional approach to illicit drug production. In 2011, the Global Commission on Drug Policy, a body comprised primarily of serving and former heads of state and government, concluded that: “Vast expenditures on criminalization and repressive measures directed at producers, traffickers and consumers of illegal drugs have clearly failed to effectively curtail supply or consumption.” The Commission also observed how, “Government expenditures on futile supply reduction strategies and incarceration displace more cost-effective and evidence-based investments in demand and harm reduction.”55 Three years later the Organisation of American States recognised that “after 40 years of criminalization and battling to stop the expansion of drugs in our Hemisphere and in other parts of the world, that policy has proved a dismal failure.”56 The United Nations itself recognises the need for “efforts in the context of long-term and sustainable development programmes to address the most pressing drug-related socioeconomic factors.”57

Alternative Development (AD) programmes have, to a limited extent, recognised that the criminal approach to illicit cultivation is misguided and ineffective. But for three decades Alternative Development has had limited results, partly due to the socio-economic context (discussed above) and poor implementation that has sometimes caused them to backfire. One core problem with the AD initiatives is their lack of clarity over what constitutes

“development.” It can cause new forms of exclusion, inequality and corruption, and typically buys into the criminalisation paradigm. It does not address the structural drivers that make illicit crop economies more viable to poor farmers than regular agriculture. Most importantly, continues Julia Buxton, AD does not address power and power relationships, and the structural constraints, such as land and wealth inequalities which constrain or distort broader development processes.58

Despite the official language, the UN has supported militarised eradication campaigns and set unrealistic deadlines for states to “eliminate or reduce significantly and measurably the complete elimination of coca, opium and cannabis cultivation,” quoting the 2009 Political Declaration and Plan of Action of the United Nations General Assembly Special Session on Drugs (UNGASS), which set a deadline of 2019 for this to be achieved.59 As well as demonstrating a fundamental misunderstanding of the drug trade, such deadlines tend to incentivise the short-term, repressive measures of the War on Drugs.60 The recognition by the OAS, the UN and others of the problems inherent in the current approach is a positive step. But the core issue remains the ‘Drug Problem’, rather than the poverty, marginalisation or underdevelopment resulting from inequalities. Making this change will require a more nuanced and contextualised understanding of illicit economies and a more systematic appreciation of the distributional effects of both drugs and development policies.


60 Similar deadlines were set by the Association of Southeast Asian Nations (ASEAN), which announced the intention to make the region ‘drug-free’ by 2015.
Policy implications and recommendations

This policy paper has argued that a new approach to illicit economies is needed, which better integrates the policy fields of drugs and development/peacebuilding. This is required to better meet the urgent policy challenge of transforming war economies into peace economies. At present, Agenda 2030 does not reflect this need: the non-inclusion of illicit economies from SDG 16 is a significant blind spot.

Drugs policies and debates have tended to be highly internationalised, top down and statist. They need to start from a different vantage point; a borderland perspective, starting from the margins, gives a radically different understanding of the governance of drug economies. They are not isolated, disconnected and residual, but highly connected and constitutive of economic and political relations in national and international centres. National economic policies can drive drug production in regions where the state is considered to be absent. Extending the reach of the state may not always be the solution to state fragility and the same applies to market expansion and economic integration. This suggests the need to think very carefully about what kind of state and what kind of economy can bring about peace and equitable development in borderland regions and nationally.

The standard approach has considered the number hectares under cultivation to be the key indicator of the progress or failure of a counter-narcotics policy. But if the intent is to reduce reliance on illicit crops, and to create peaceful transitions from armed conflict, this limited indicator must be replaced with measurements of economic development, access to public services, poverty reduction, respect for human rights, levels of human security, confidence in the state, and access to meaningful employment. Finally, peace cannot be narrowly defined as an agreement between warring parties. The examples cited in this report demonstrate how peace processes have not necessarily improved the situation for people living in borderland regions.

It is imperative, in order to create policies that minimise potential harm, to understand local context and the problems faced by people involved in illicit drug economies. As was demonstrated above, it is not impossible for programmes that seek to achieve the SDGs to have damaging repercussions. The separation of drug policy and development policy makes little sense and has been detrimental to both. A focus on metrics - on indicators and
quantitative measurements - does not capture the complexity of progress towards the SDGs. In fact, by their nature, indicators remove the context necessary to understand the full picture. Finally, security should not be the core of counter-narcotics or peacebuilding initiatives but should complement locally-sensitive development programmes.

What these mean is that a transition away from the conventional understanding of the problem is needed. For example,

- The key problem to solve is not the cultivation and production of opium, coca or marijuana, but the marginalisation and exclusion of displaced and dispossessed communities that leave them with little choice but to rely on illicit crops for survival.
- Illicit crop cultivation and drugs consumption require a move away from template-based approaches, involve more evidence-based alternatives, and should be treated differently from organised crime.
- Policy attention and development aid should acknowledge the agency and resilience strategies of local people, and focus on their structures, norms and adaptations for coping and survival amidst violence and conflict.

In order to achieve its vision of leaving no one behind, those donors prioritising SDG 16 will need to seek more transformative change to recognise the importance of illicit economies and their role in peacebuilding initiatives. In this way, they will commit governments to abandon the counter-productive and damaging policies that have historically defined their relationship to illicit drug economies. The SDGs are an opportunity to encourage a contextualised approach, that commits governments to constructing counter-narcotics and peacebuilding initiatives on a sound foundation of research and understanding.