



# Informal Economies in Fragile Environments: Exploring the links to justice and security

The Secretariat of the Knowledge Platform Security & Rule of Law is organizing an **Interactive Brainstorm**.

**Date:** 23 November 2015, 10:00 – 17:00

**Venue:** The Hague Institute for Global Justice, Sophialaan 10, The Hague

**Participants:** Approximately 25 experts with backgrounds in research, policy, and civil society

## Purpose & objectives

This Interactive Brainstorm looks at the phenomenon of informal economies in fragile and conflict-affected situations (FCAS) and its entanglement with security and justice provision. By highlighting such connections this event aims to increase our understanding of how security and justice provision interacts (for better or worse) with the everyday realities of economic informality in fragile contexts.

In order to achieve this, this daylong workshop brings together experts from diverse backgrounds for an open-minded exploration of the interplay between economic informality and security and justice provision in fragile environments, to:

- Gain a better appreciation of the systemic connections between economic informality and security and justice provision in fragile environments, their broader consequences in terms of fragility and conflict, and their relevance for policy and programming;
- By discussing a number of empirical cases and engaging in parallel, focused discussions;
- Possibly leading to a preliminary research and policy agenda, which can inform further work in this particular thematic area.

## Context

In fragile environments the “real economy” usually comprises a formal economy that is dwarfed by a much larger informal economy. Simply put, informality is, more often than not, a dominant fact of socio-economic life in fragile contexts. Informal economies touch diverse aspects of fragile societies: from job creation to private sector development, from taxation to organized crime, from livelihood economies to war economies. This reality compels international development actors to better understand the variety of roles informal economies may play in undermining or sustaining the creation of peaceful, inclusive and stable societies.



The Hague Institute  
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The ability of informal economies to provide local communities, in particular vulnerable and marginalized groups, with livelihoods, incomes and jobs means that this phenomenon is once again attracting the attention of international development actors. Renewed interest in the development potential of the informal economy coincides with a growing pre-occupation among Western donors with all things illicit - illicit flows, good, networks- and their effects within and beyond the borders of fragile states.

However, the broad-ranging nature of actors and activities in the informal economy renders it difficult to arrive at a general assessment of the impact of economic informality on security, development and governance in fragile environments. As a consequence, prevailing attitudes within international development circles tend to waver between endorsing the informal economy as a 'seedbed of entrepreneurs' and criminalizing it as a 'hotbed of racketeers'. Thus, the "optimistic" viewpoint frames informal economies as an important terrain of economic empowerment and dynamic entrepreneurialism that can be harnessed as a stepping stone for transitions out of fragility. In contrast, the "pessimistic" view tends to frame the informal economy as a symptom or even a cause of endemic poverty, weak governance and violent conflict.

It should be clear that the multi-dimensional and at times elusive nature of informal economies defies straightforward policy prescriptions and solutions. With this in mind, this Interactive Brainstorm will discuss the impact of large informal economies on socio-political order in fragile environments. Because security and justice provision is central to achieving a modicum of socio-political order, the discussion will focus on the question of how informal economies shape, and are subsequently shaped by, the organization and provision of security and justice in fragile situations.

## Themes & Questions

The topic presented above is, no doubt, expansive. In order to achieve a focused conversation about the interplay between economic informality and the dynamics of security and justice provision, the discussion will be framed by two propositions:

1. *The informal economy represents an alternative regulatory domain in which a variety of actors organise and provide security and justice;*
2. *The informal economy is not simply a sector of and for the poor; it is also a political and economic resource for elites.*

The first proposition underscores that it would be a mistake to view the informal economy as an 'ungoverned space'. Non-state actors and informal institutions generate a considerable degree of governance within the economy, including the organisation of security and justice provision. Consider, for example, workplace associations formed within informal sectors in Nigeria or Burundi, which provide property protection and arbitration mechanisms to their members. Understanding how security and justice is organised, by whom, for whom and for what purpose it is provided, and which groups benefit from it, is a crucial first step in comprehending the implications of large informal economies for socio-political order in fragile environments.

The second proposition points out that informal economies exist for political as well as economic reasons. While informal economies provide local communities livelihoods, jobs and incomes, they also form an institutional resource for elites - through rent creation, coercion or patronage - to pursue their political and economic agendas. Border management in northern Mali looms large in this regard, currently shaped by competition among jihadi and separatist factions to control illicit trade flows. As such, it is key to understand how (violent) attempts to gain access to and control over informal economies shape the power dynamics of security and justice and what the broader consequences are in terms socio-political (dis)order.

By emphasising the notion of informal economies as 'alternative regulatory orders' and by zooming in on the 'politics of economic informality', the event aims for a focused discussion on the linkages between security and justice and informal economies. With these two thematic lenses in mind, the following topics and questions are proposed for discussion:

*Security and justice provision in the informal economy*

- What can case study examples tell us about the potential and the limits of effective security and justice provision organised within informal economic spaces?
- What are the ways in which security and justice organised within the informal economic realm interact with state-regulated provision?
- What can we learn from empirical cases about how security and justice provision within informal economies respond to the needs of the economically marginalised?

*The politics of economic informality: elite interests, non-state actors and local populations*

- How do the elites that control and benefit from informal economies influence the way in which security and justice are organised and provided?
- What are the potential connections between (non-state) providers of security/justice and their involvement in the informal economy? What are empirical examples of their symbiosis or competition?
- How are informal economies used (and perpetuated) to create captive support bases for elite players through patronage networks?

## Format

This one-day meeting will convene a select group of experts from diverse backgrounds to work together to explore the topic. A mix of methods will be used, including plenary discussions and parallel sessions in smaller groups. Moderators will lead the discussions in order to facilitate broad-based participation, and the meeting itself will be held under the Chatham House Rule. The discussion of the day can lead to a preliminary research and policy agenda, which can inform further work in this particular thematic area.



### More information

Interactive Brainstorms are initiated and executed by the Secretariat of the Knowledge Platform Security & Rule of Law with the aim to further the knowledge agenda of the Platform. The Secretariat of the Platform is run jointly by The Hague Institute for Global Justice and the Conflict Research Unit of the Clingendael Institute. This Interactive Brainstorm is developed with the following expert:

- Ms. Megan Price (Research Fellow, Conflict Research Unit)





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