

Working with informality – July 1st 2024

Informal socio-economic relations in food systems

Wageningen Centre for Development Innovation

Cases from 15 different countries - WORK IN PROGRESS

RESOURCE-POOR, YET RESOURCEFUL

Engaging with informal actors for
more resilient food systems and
livelihoods



Ted Schrader
Thies Reemer

Presentation

Case study
approach

Some findings

Practical guide
and tools



This is a short introduction for a broad and important subject.

- We start off with some information about the case study approach we adopted with professionals from 15 different countries
- The findings that have so far been harvested from the draft case studies
- First ideas about the implications of these findings to better engage with the informal sector
- Some words about developing a practical guide and tools

1. Case study approach

Lead questions

Trajectory

Cases

Framework

Actor mapping

Concerning our case study approach, we would like to highlight:

- The lead questions
 - The steps of our trajectory
 - The diversity of cases,
 - The case study framework,
- ➔ The actor mapping is shared separately

Lead questions

A. PERCEPTION OF CURRENT INFORMAL ECONOMIES AND ROLE OF INFORMAL ACTIOS

B. ADVICE TO BETTER ENGAGE WITH INFORMAL SECTOR

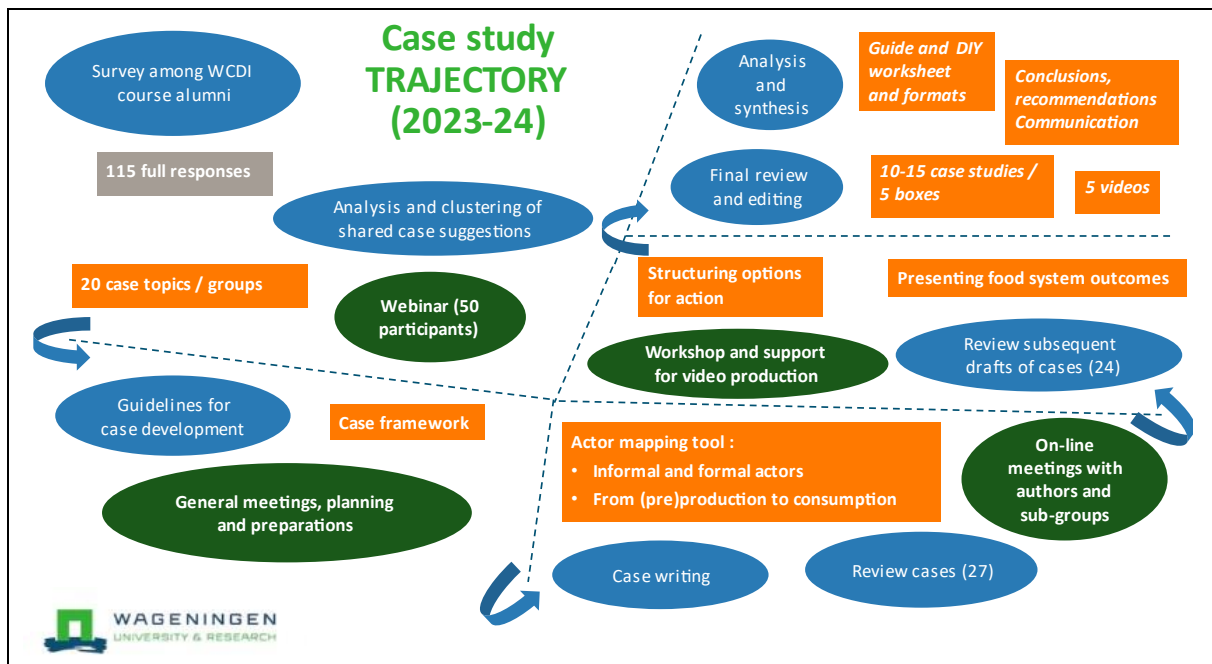
of Global South practitioners



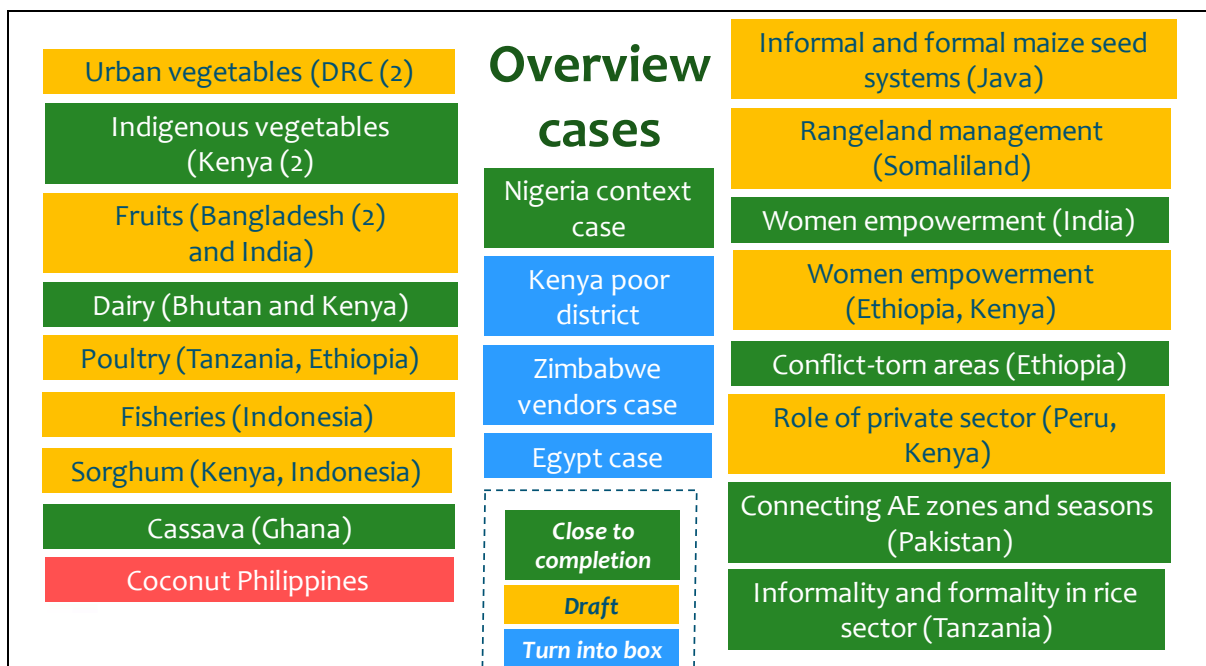
Two main questions guide this action research project:

- The first is more about the current informal economies and the role of informal actors ---
“How do partners from the Global South perceive informal economies and the role of midstream actors?”
- The second is action-orientation and looks for advice to development actors and donors: “
How can external (development) actors (non-food system actors) provide incentives to informal midstream actors to enhance their contributions to food system outcomes? These two main questions are reflected in the basic case study outline.

By working together with alumni, we got perspectives from the ‘Global South’ and their advice to external (development) actors , who are generally from the ‘Global North’

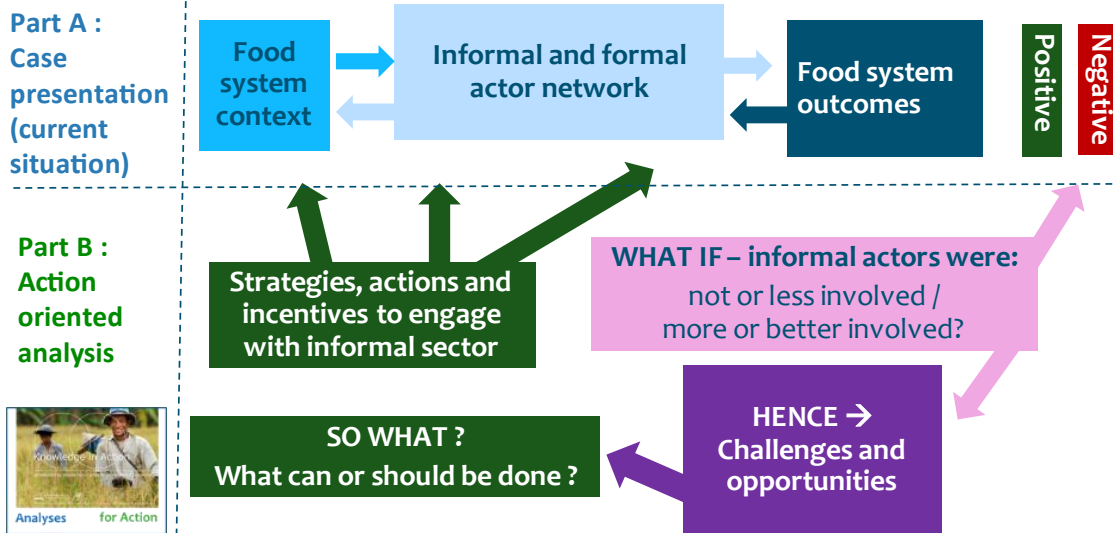


- We started in 2023 with a survey among many course alumni.
- We clustered the suggestions for cases and selected 20 topics
- We kickstarted with a webinar attended by over 50 participants
- Alumni were guided for case study development; the framework and its components were presented.
- By the end of 2023 almost all cases were reviewed and early 2024 on-line meeting were organised with authors.
- An actor mapping tool was suggested.
- The presentation of food system outcomes and the identification and structuring of options for action requires attention.
- To bring the informal sector to life, we suggested the authors to make short videos, for which on-line meetings were held and practical tools were shared
- We expect to have some 10-15 full case studies – some stories in boxes and some 5 videos, hopefully more.
- All the case studies are input for identifying key characteristics of informality in food systems, challenges and options for action



We have some 20 topics as shown in this figure. Quite some cases are commodity-oriented and others are more thematic. Some of the case studies are close to completion, and can be completed according to the template; others will be finalized keeping the current structure. Some cases may become a (short) box to communicate key message in a direct manner. Some will be dropped.

Case framework



The focus of the case studies is on doing analyses for action; this is translated in two main case study sections.

The first part is about presenting the current situation with three elements:

- The food system context – for which points of attention were suggested
- The informal and formal actor network - Giving an idea of the level of informality, the co-existence of formal and informal actors, roles of informal actors, access to resources and markets, relations and collaboration
- The food system outcomes – both positive and negative.

The mapping and assessment of informal and formal actors is taking the largest part of this section.

We considered it important to have a tool to explicitly map both informal and formal actors, from pre-production to consumption.

The second part is action oriented and starts with the WHAT IF question.

What if the informal sector would operate differently: more, less, better or worse??? What would then be the situation?

This is to dig deeper and to get the positive and negative roles and contributions of informal actors much clearer

In this way, the What If question precludes to the identification of challenges and opportunities.

Having these identified, the next question is SO WHAT, what can or should be done to have more positive food system outcomes?

What can be practically done? What are strategic recommendations to better engage with the informal sector (both for enhancing positive role and addressing negative roles).

2. Findings so far

Food system context

Informal and formal actors

Location: Up- main- mid- and side-stream

Resource-poor and resourceful

Visibility and perception

Co-existence

Concerning the current situation, there are already many findings. We focus on the food system context and information about the informal and formal actors.

Food system context

Millions depend on the informal sector

Limited visibility – insufficient understanding

Bias to formal actors and formal solutions

- In the countries of the authors (Nigeria, Ethiopia, Indonesia, Kenya, Ghana, India, Pakistan and others) millions of people depend on the informal economy.
- But do we see these realities???
- It is frequently observed that there is hardly any registration, there are few statistics - which translates in limited visibility.
- This is already a fundamental reason why there is insufficient understanding and engagement with the informal sector.
- During the case development, we observed that quite some actors are not identified and mentioned at first. We need to dig deeper. This applies for the case owners, and more than probably for us all.
- There is a strong tendency to see formal actors, to think of the formal situation (as it should be) and to look for formal solutions

Examples bias formal solutions:



*Informal milk brokers (Bhutan):
from “unnecessary usurpers” to
indispensable actors*



*Integrating traditional knowledge into food
safety regulations – preserving cultural
heritage while promoting safe and nutritious
food (Kenya)*

Example Bhutan:

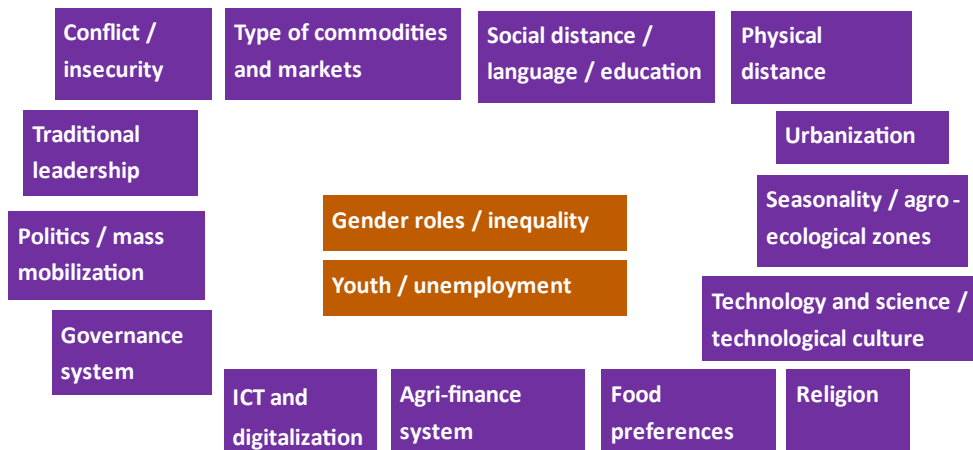
Livestock department under the Ministry supports commercialisations, creating Milk Collection Centres and Processing Units.

Yet our case owner – working in the department – has a hard time convincing colleagues that informal brokers are not a problem but part of the solution – if they are engaged meaningfully and respected for their skills and networks.

Example Kenya

The informal Indigenous Vegetables VC is regarded as “backward”, with food safety issues that cannot be controlled. Yet, now consumer demand is rising, there is a push for recognising traditional knowledge f.e. on fermentation – to integrate into food safety regulations.

Food system context



There are many factors in the food system context that influence the prevalence, the roles and the perception of the informal sector.

- Conflict – requires continuous adaptation and creativity
- Level of commercialisation - local food commodities are more informally organized than export commodities
- Social distance – requires brokering
- Physical distance requires connection and transport
- This is related to urbanization, and also to seasonality, different altitudes and agro-ecological zones - case of fruits and vegetables in Pakistan
- Technology and science – One article– case hybrid maize Indonesia stresses the importance “technological cultures”
- Religion - e.g. the fasting calendar of the Ethiopian Orthodox church, that strongly influence demand for meat and dairy
- Food preferences (indigenous vegetables, raw milk, local chicken, fresh fish)
- The Agri finance system and modalities for accessing financial services, informal mechanisms and informal money lenders
- ICT and digitalization – increasing digital divide and information asymmetry, but also possibilities for more direct interaction
- Governance system: government dominated, government control ?
- Attitude towards informal economy; neutral or negative attitude,
- Informal actors seen as a shame or policy nuisance
- Or as a political tool (boda boda drivers, vendors)
- Co-existence of formal and informal leadership – case of informal leaders Somaliland.

And last but not least: Very pervasive factors:

- Gender roles and inequality
- Youth and unemployment

We need to have our eyes everywhere and looking at food system context from different viewpoints. This is a first step for seeing the informal actors.

Informal sector in conflict context



Pushcart vendor, Ethiopia

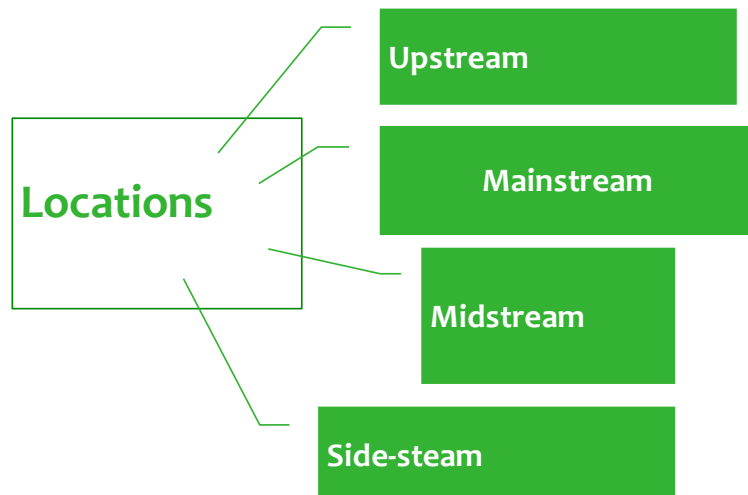
Services in markets and towns



Milling dried plantain flakes into flour with plate attrition mill, Nigeria



Informal actors are everywhere



Informal actors are everywhere in food systems and along value chains

- Upstream: there we have Informal seed vendors, informal exchange of seeds, informal agro-input supply, ...
- Mainstream: the very large group of smallholder farmers, who are mainly having informal market relations
Linked to production, but often not sufficiently seen: casual land labourers, herdsman, boatmen, ...
- Midstream, think of
 - local transporters of all kinds and related labour for loading and off-loading
 - intermediaries/brokers/middlemen of all sorts and sizes,
 - processing – from home, artisanal to semi-industrial processing
- Side-stream: using residues and by-products, waste collection

RESOURCE POOR...

YET RESOURCEFUL

Self-employment and self-generated income

Income generating activities that require small start capital

Bridging distances (physical, social, language, ...)

Valuing what has limited value (first mile transport, retail and street food, waste collection, ...)

Gender-sensitive analysis is needed



Jackfruit collection, Bangladesh



Button phones help to bridge distances



Waste collector, Nigeria

The resource-poor are resourceful -

- The people operating in the informal economy find themselves most often in a precarious economic situation, marked by formal unemployment and limited financial resources
- Although resource-poor, people in the informal economy show a high level of resourcefulness - harnessing opportunities to earn something
- The informal sector is about self-employment and self-generated income.
- Informal income-generating activities that only require small start capital
- It is often about bridging distances and valuing what has limited value
- It seems like that with more challenges there are, the creativity there is and has to be to find solutions, using the available resource endowment

Gender sensitive analysis is needed

Informal sector is very important for women,

- as they have less exposure to formal education and employment,
- have less time (because of domestic tasks)
- and face more challenges (to access land, hire labour, get/buy inputs, get a loan, time for IGA, authorization to travel, ...)

Example Kenya – formalising dairy sector: would mean many women lose out

Yet the informal sector can also exclude women – example mustard next slide

Example: need for gender analysis



Sometimes formalisation is the only way for women to claim space in an informal, male dominated mustard value chain (India)



Example that gender sensitive analysis is needed:

Mustard Value Chain in India, in this case hardly any opportunity for women. Informal, male dominated, messy and harsh.

Sometimes formalisation is the only way for women to claim space: collaboration, collective action and registration as company performing multiple VC functions.

“a by-pass”

Success story, yet isolated case. Replicating this without really engaging with the messy, harsh informal mustard chain may trigger informal actors to collude, raise prices and destroy the company.

Visibility and perception

More visible / more mentioned

| | | |
|----------------------|--------------|--|
| Brokers Middlemen | Processors | Retailers |
| Input suppliers | Transporters | Small restaurants Street food vendors |

Less visible / less mentioned

| | | |
|------------------|--|---------------------|
| Informal finance | Informal farmer groups and community organisations | Corruption |
| Seasonal labour | Informal profession groups | Traditional leaders |

It is quite remarkable that there are different levels of visibility and perceptibility of informal actors and services

- Some informal actors are often well noticed, others are often unnoticed, or noticed when digging deeper
- Informal actors that are most often mentioned are brokers and middlemen, input suppliers, transporters, home and artisanal processors, all kinds of retailers, small restaurants and food vendors
- At the production side, seasonal labourers are less seen than smallholder farmers.
- Informal finance is less mentioned. Financial transactions are more difficult to see as they are more discrete → However, more attention needed; brokers and traders are also informal money lenders, and interest rates are often high to very high
- Informal organisations are also not much mentioned: informal farmer groups (mutual support groups, burial groups, women groups, informal saving and credit groups, ...); informal organisation of transporters (for instance boda-boda in Eastern Africa) or processors is even less mentioned
- Traditional leaders are also less mentioned, although they can have a lot of power.
- Corruption seems to be a taboo → whereas formal actors are often in informal (illegal) transactions

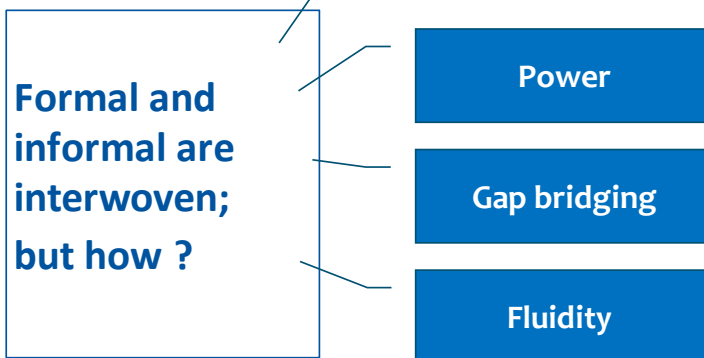
It is important to make these informal actors more visible.

Also because of the 'invisibility' - there is a tendency to propose formal group and formal finance solutions.

Fighting corruption is a delicate subject as is collaboration with traditional leaders.

Informal is quite regularly equated to illegal. We observed that some countries seem to be more inclined to consider situations or actions illegal as compared to others (for instance Ethiopia compared to DRC or Nigeria)

Co-existence



Formal and informal actors and roles co-exist in food systems.

As mentioned, we need to see all the actors first. We also have to dig deeper and find out how formal and informal actors and roles are interwoven.

We suggest four complementary perspectives, which we shortly introduce focusing on the questions to ask.

The first perspective is interdependence. What is the level of interdependence between formal and informal actors ?

- In most cases, there is complementarity formal and informal food system actors and roles.
- Sometimes the interdependence is high - there is constant interaction, and back and forth movement of products and services.
- Sometimes the interdependence is moderate, with certain functions being held by informal actors only.
- There are also cases where formal and informal systems are “living apart together. Examples of almost separated informal and formal chains are food markets in Egypt and the Mustard value chain in India.

The second perspective is Power

- Analysing the position and role of informal actors in food systems requires political economy analysis
- The question is who have the power in the food / market system?
- The formal side can have much power: An example is the clash of formal and informal technological cultures (hybrid maize case in Java, where the Multinational Company is backed by law.
- Informal leaders are however often very powerful as is the case in Somaliland where clan leaders decide on Livestock migration and use of pastures and landowners are even said to be untouchable in the urban horticulture cases in Kinshasa

Gap bridging

- The third perspective is gap bridging. There are two questions: how come that the formal sector is far from the informal sector and how come the voice of informal actors is weak, although they are with many?

- As mentioned, informal actors play an important role to bridge physical and social distances and gaps.
- In the rural economy, formal actors (private, public and external) are often at a large (physical, social, cultural, ...) distance to informal actors. Think of local governments, research and extension services, financial institutions, traders, supermarkets, projects and donors.
- Intermediaries of all kinds to bridge the gap – they have the information, the capital or the storage and transport facilities – Different mid-stream actors can make a positive contribution to make food systems work. There is however a risk of power abuse of mid-stream actors → the challenge is to strike a balance
- There is a clear need for informal actors to be organised and empowered for collective action, negotiation and advocacy, to reduce the distance and power asymmetry.

Fluidity

- The fourth perspective is what we have called 'fluidity'. Actors can move in and out of the formal and informal system.
- An example is a young person who got formal schooling – doesn't find a job, moves to self-employment and generates income in informal sector – is successful, grows business and saves, then moves to business planning and formalisation for loans, government support, business contracts → This process of moving in and out probably quite widespread.
- It is not to be taken for granted that informal actors want to become formal. In the rice case in Tanzania, local leaders were not too eager to establish a formal organisation, which would give extra visibility and responsibilities. For other reasons, it is often good to be under the radar.

Food system outcomes – positive and negative

Functioning of the system, from remote producers to different consumer groups

Employment and income for money → food and livelihoods

Bridging social and physical distances

Preventing waste and waste management

Low prices for producers – margins of intermediaries

High interest rates – informal money lenders

High losses (storage, transport, processing, retail, ...)

Food quality and hygiene

Exploitation, abuse, exclusion

The following positive food system outcomes can be highlighted:

Functioning of the system

Employment / income → food

Bridging social and physical distances

Preventing waste and waste management (Nigeria, jackfruit Bangladesh)

...

Among important negative outcomes we can mention:

Low prices for producers

High interest rates of informal money lenders

High losses (storage, transport, processing, retail,)

Food quality and hygiene

Exploitation, abuse

Exclusion

...

3. Some implications

Sensitivity and involvement

Action research

Programme and project design

Considering the number of people in the informal sector, we think that these findings and outcomes have a lot of implications :

- Sensitivity and involvement
- Action research to get to grips with the real realities on the ground
- Adapted modalities for programme and project design
- A guide and Do-it-yourself worksheet (with related tools) for development professionals

Sensitivity and involvement

Awareness

- We need to be much more conscious about the large number and important roles of a very diverse range of informal actors in food systems.

Assessment

- Appreciate the resourcefulness, entrepreneurship and positive contributions
- Recognize exploitative behaviour and negative contributions

Action

- Pro-actively involve informal sector actors in action research and programme design, with specific attention for those that are often overseen
- Remote areas, poor social classes and gender -based roles, resources and challenges.

→ **Need for guidelines for informal sector sensitive rapid food system analysis**

Action research

Resource endowment

- Five / six capitals – understanding resource base and finding entry points

Mapping

- From pre-production to consumption
- Diversity and numbers of informal actors
- Connection of formal and informal actors

Action-orientation

- Remote areas, avoid tarmac and urban biases
- Poor social classes and gender-based roles, resources and challenges.
- Lead questions that are action oriented \

→ Research with informal sector actors, even though they might be reluctant

Programme and project design

Policies

- Address current bias for formal situation, organisations and solutions
- Integrate attention for informal sector in policy documents (Government and external actors)

Ownership

- Give space and ask for informal actor involvement in action research for concept notes and especially for full proposals
- Ask for proof that agenda and actions are owned by actors (informal and formal)
Agenda setting and ownership of actions more important in assessments
- In fact: do inception phase before project ganting and not afterwards.

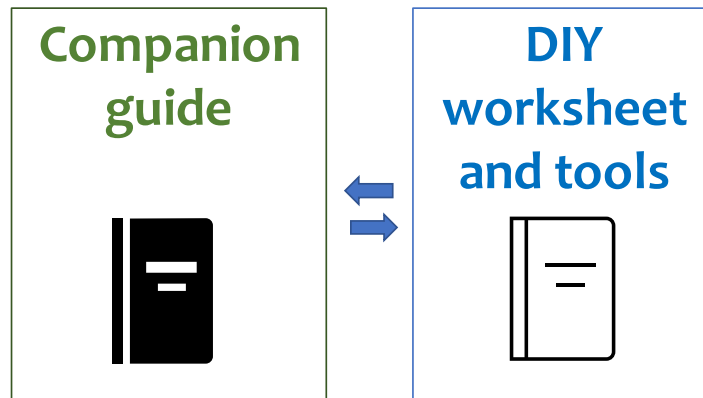
4. Practical guide and tools

Companion guide and DIY worksheets and tools

Mapping tool

Visualizing food system outcomes

Guide and DIY worksheet and tools



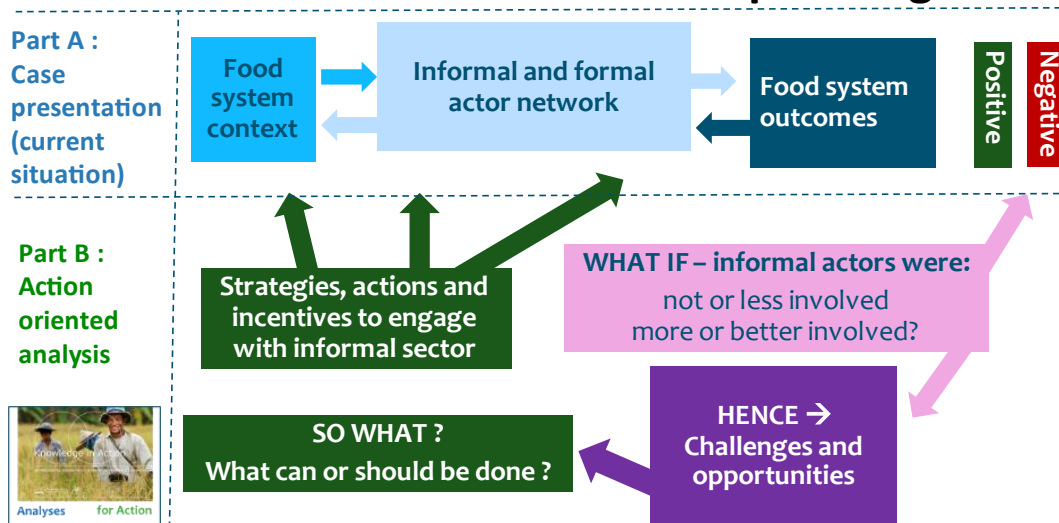
We aim to produce a s Guide, that is a companion for professionals to do a rapid analysis for action. Key elements would be:

- Short text about the importance of informal sector
- Explanation of case study structure with two main parts
- Checklists for the different paragraphs – suggesting points of attention for the different paragraphs
- Tool for informal and formal actor mapping
- Suggestions for short presentation of food system context and food system outcomes
- Suggestions for ‘what if’ and ‘so what’ sections

DIY worksheet

- The worksheet is based on the guide, suggests a basic outline, which would make the writing and editing easier

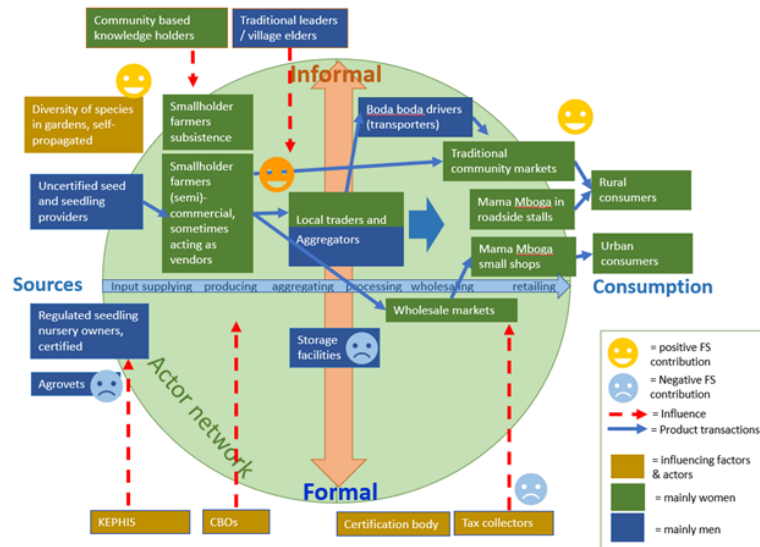
Case framework – basis for companion guide



Actor mapping

Many options for sharing information and visualization

Challenge to facilitate mapping



Informal-Formal Actor Mapping for Indigenous Vegetables Value Chain based on Tana River County

In this figure you see horizontally the product flow from pre-production to consumption, with indication of actors and locations.

- The actors in and around the top half-moon are informal actors, the actors in around the bottom half-moon are formal
- Blue arrows are used to connect actors and locations
- Green and blue colour is used to indicate whether actors are mainly women or men.
- Positive and negative contributions are indicated with happy and unhappy smileys
- Influencing factors and actors are indicated, with arrows indicating the influence
- Actor mapping is not easy, there are many possibilities to map informal and formal actors (and factors)

The key thing is to make the actors and relations visible in figures that are understandable to the reader.

The experience of mapping with the two axes is that it leads to the identification of actors and relations that are otherwise unseen.

We have the aim to facilitate actor mapping with different options.

Facilitating actor mapping

Actor categories

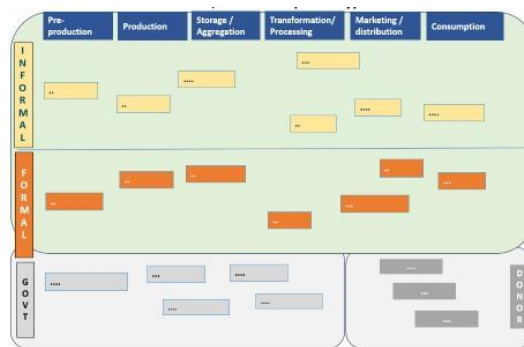
- Informal actors: private sector
- Formal actors: private sector and public sector and external actors (donors, projects, NGO's)

Two axes

- Vertical axis : informal and formal actors
- Horizontal axis: from pre-production to consumption

Points of attention:

- What are connections between informal and formal (private sector) actors?
- With whom do public sector and external actors connect and collaborate?
- What are external factors, informal and formal ?



We suggest to distinguish the following actor categories:

- Informal actors: they are in the private sector, it is about self-employment, offering of products and services
- Formal actors: spread over private sector, public sector and external actors (donors, projects, NGO's)

Two axis

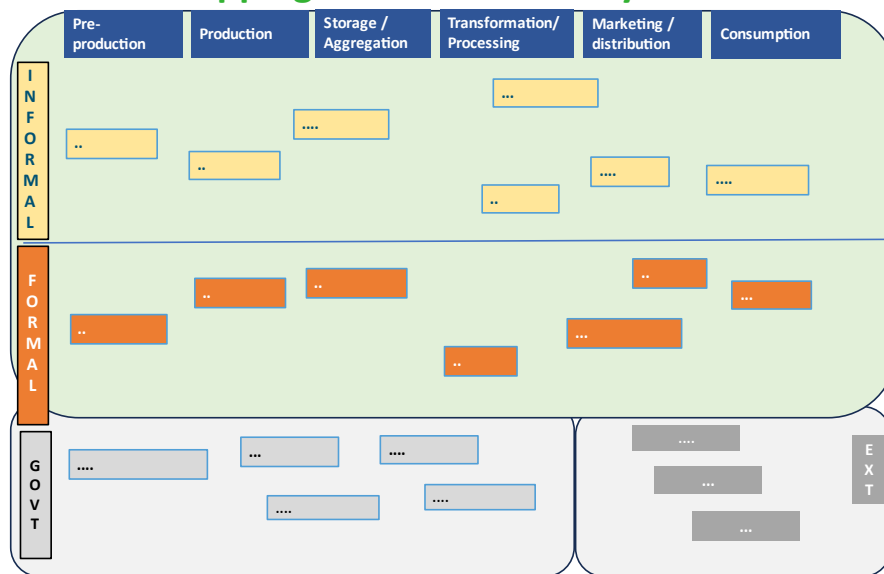
- Vertical axis : informal and formal actors → helps to explicitly identify the informal actors
- Horizontal axis: from pre-production to consumption → helps to see the flow of food products and services, provided by formal and informal sector actors

Points of attention:

- Relations/connections between informal and formal private sector actors
- With whom do public sector and external actors connect and collaborate?
- What are external factors, informal and formal ?

The visualization suggests that when we talk about private sector development, we must consider the informal private sector.

Actor mapping tool – Actors only



Format for mapping the actors only

Suggested symbols and observations

- Product flow →
- Support →

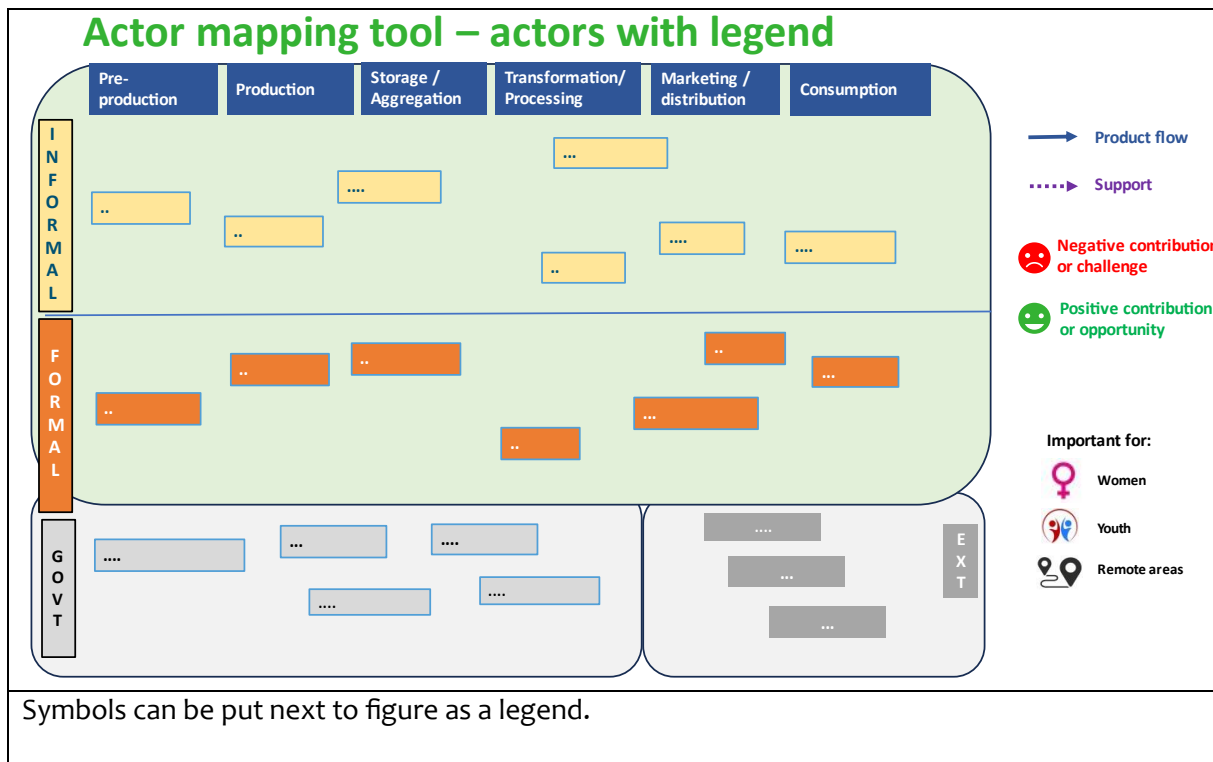
- Importance for women ♀
- Importance for youth 👤
- Importance for remote areas 📍

- Negative contributions / challenges 😞
- Positive contributions / opportunities 😊



Some symbols are suggested to show relations and visualize important findings :

- For showing the product flow and for showing support relations
- For indicating the importance for women, youth and remote areas
- To highlight negative contributions and challenges and positive contributions and opportunities. This makes the actor mapping more analytical and action oriented.



Additional information on informal and formal factors and other comments

Informal factors

- ...
- ...

- Additional information for informal factors (culture, religion, traditional leaders, land rights, gender relations)
- Additional information for formal factors (power relations, policies, taxes, ...)

Formal factors

- ...
- ...

Or:

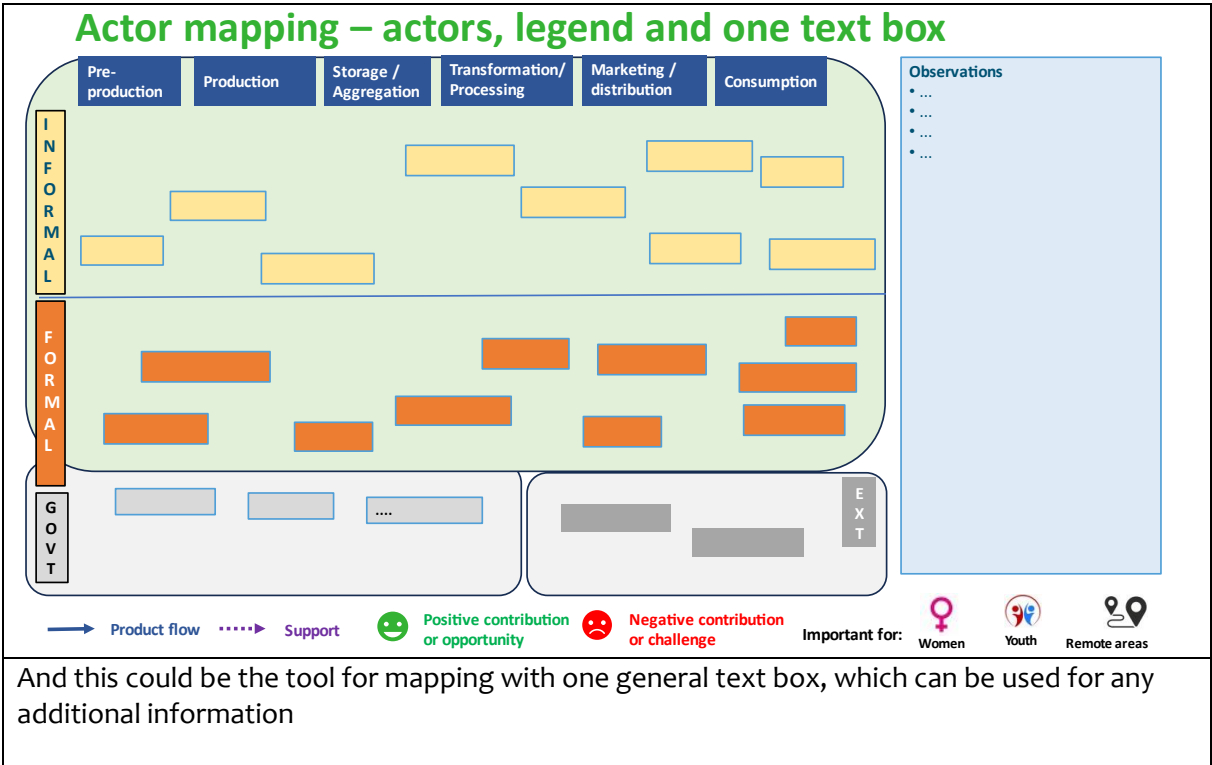
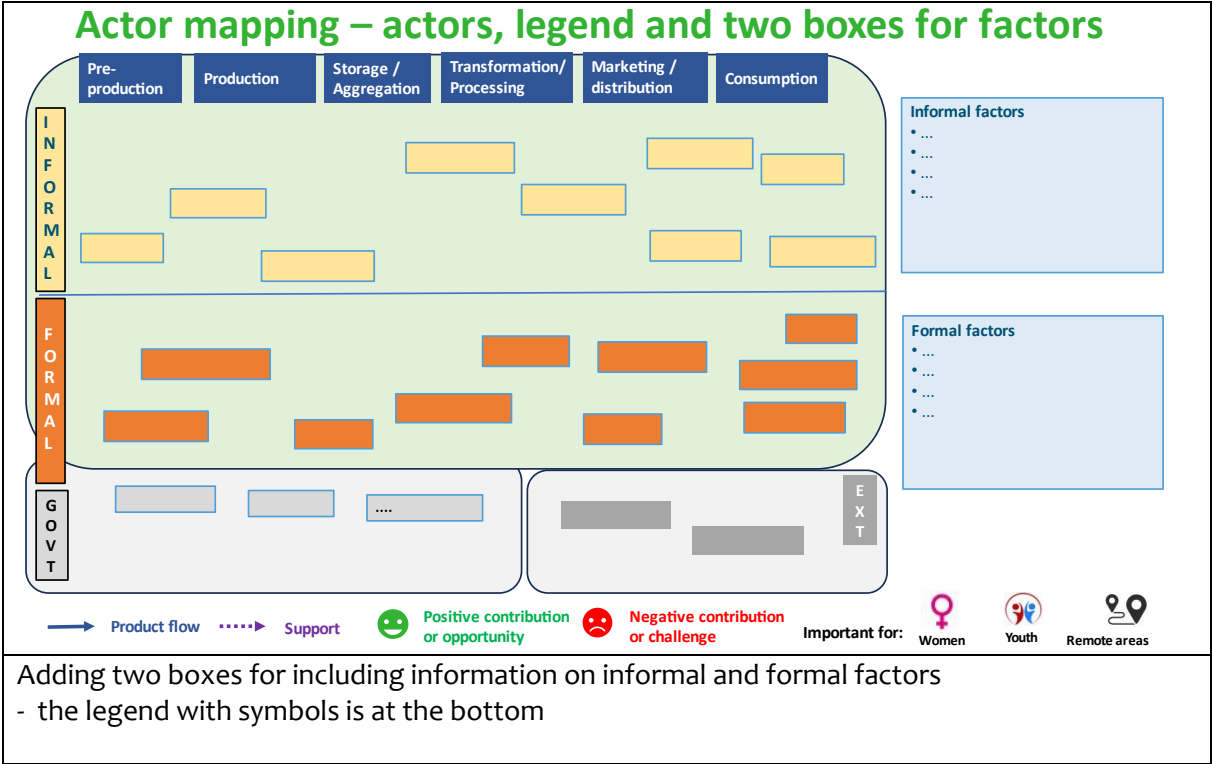
Text box to the right for (any) additional observations

Observations

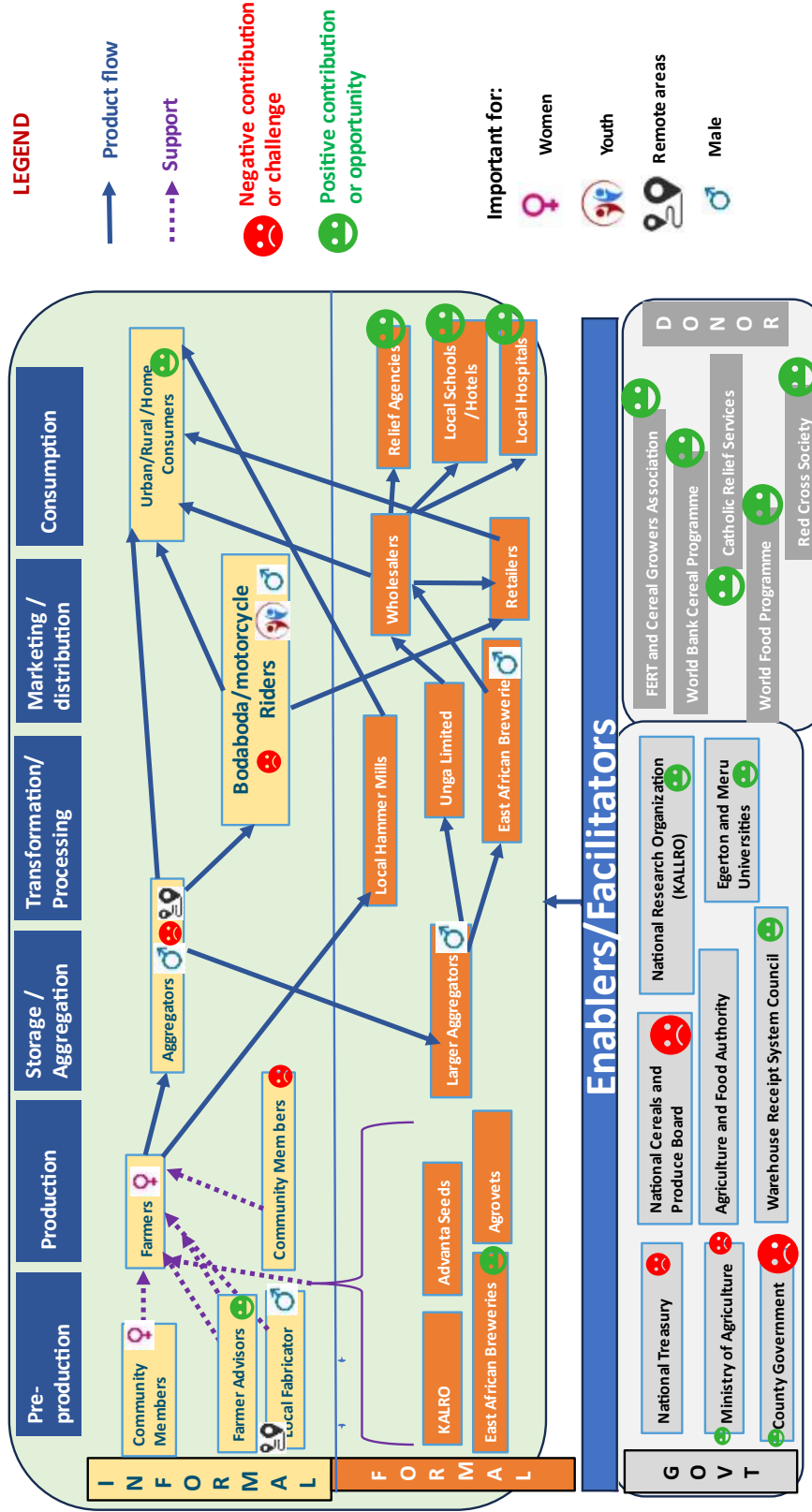
- ...
- ...
- ...
- ...

For a good visualisation and understanding of a case, it may be useful to also explain informal and formal factors.

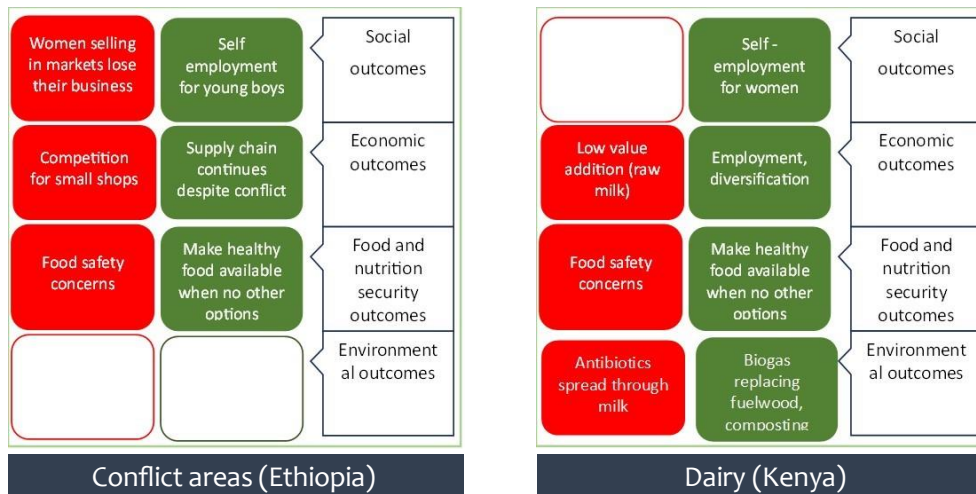
It is also possible to just have a text box for additional comments in general



Example: Sorghum, Meru County (Kenya)

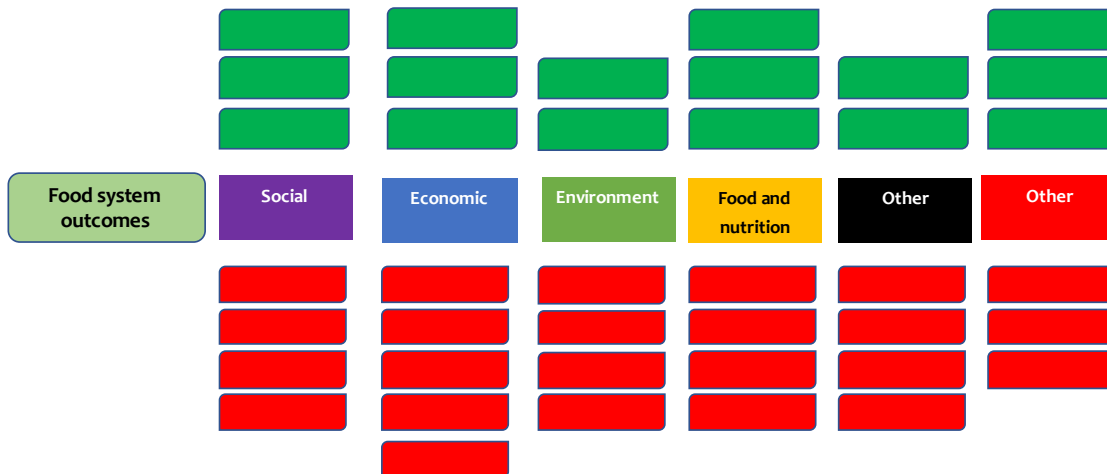


Presenting food system outcomes (example)



This is an example of an easy-to-use format for presenting food system outcomes. This format distinguishes four types of outcomes : social, economic, environmental outcomes and food and nutrition security outcomes
The colours green and red show the negative and positive outcomes. Adaptations of this format are of course possible.

Food system outcomes



This is another visualisation – giving space for more dimensions and more outcomes.