<http://www.diva-portal.org>

Postprint

This is the accepted version of a paper published in *Journal of Intervention and Statebuilding*. This paper has been peer-reviewed but does not include the final publisher proof-corrections or journal pagination.

Citation for the original published paper (version of record):

Danielsson, A. (2016)

Reforming and performing the informal economy: Constitutive effects of the World Bank's anti-informality practices in Kosovo.

Journal of Intervention and Statebuilding

<http://dx.doi.org/10.1080/17502977.2015.1137393>

Access to the published version may require subscription.

N.B. When citing this work, cite the original published paper.

Permanent link to this version:

<http://urn.kb.se/resolve?urn=urn:nbn:se:uu:diva-275242>

Reforming and Performing the Informal Economy: Constitutive Effects of the World Bank's Anti-Informality Practices in Kosovo

Abstract

The World Bank has for over a decade tried to formalize the informal economy in Kosovo. However, local journalists and businessmen among others provide an alternative understanding of informality that problematizes the World Bank's view and actions. Against this backdrop, the article analyses the constitution and the constitutive effects of the World Bank's anti-informality operations in Kosovo between 1999 and 2014. Drawing on Pierre Bourdieu's power analytics, the article claims that the Bank's agenda, and the economic ideas enacted through it, does structure and shape informal economic practices on the ground. Yet this structuring involves two forms of misrecognition. As a result, informality is paradoxically constituted (in novel ways) and reconstituted through the World Bank's imposed anti-informality agenda. The article concludes with a discussion of how this underlines the need for policy solutions that depart from liberal peacebuilding's subject-object distinction to instead form around an acknowledgement of informality as emergent and transforming throughout international interventions.

Keywords: Informal economy; International interventions; Balkans; Pierre Bourdieu; World Bank; Symbolic power

Author:

Anna Danielsson

Affiliation:

Uppsala University

Contact address:

Anna Danielsson

Uppsala University

Department of Government

Box 514

751 20 Uppsala

Sweden

Telephone: +46-73-931 99 32

Email: anna.danielsson@statsvet.uu.se

Introduction

Located on the continuum between legality and criminality, informal economies comprehend economic activities that bypass business registration, tax payments or other regulations (Portes 2010). Informal economies are attributed increased significance in conflict contexts (Keen 1998; Wennmann 2005; Strazzari 2008). There are two main aspects to this development. One relates to the mid-1990s scholarly turn to acknowledge conflicts' economic dimensions (Collier and Hoeffler 2000; Le Billon 2001; Ballentine and Sherman 2003). The other aspect concerns the trajectory of peacebuilding as professional practice. Contemporary international interventions seek peace and development through the construction of a liberal state. The merging of peace- and statebuilding makes the 'formalization' of informality and the establishment of a market economy vital.

Kosovo is a case in point for the increased interest in informality. Based on a view of informal economies as 'deviations' from liberal standards (that require documentation and regulation), the World Bank has for over a decade sought to formalize informality in Kosovo. Taxes, registration and licensing costs have been lowered. Institutional barriers have been improved or removed (European Commission and World Bank 1999; World Bank 2010). The idea has been to provide incentives for businesses to choose formality rather than informality. Although still a topical issue – recent reports estimate informal economic activities to comprehend 25-50 per cent of Kosovo's GDP (Small and Medium Enterprise Support Agency 2011; US Department of State 2014) – the World Bank's juridicalized reformative agenda appears to have gained the desired results (World Bank Group 2015).

There are, however, at least two possible interpretations of informal economic dynamics in Kosovo.¹ One belongs to international actors such as the World Bank. Another emerges through observations made by local NGOs, journalists, state representatives and businessmen. This alternative understanding of informality problematizes the World Bank's view. According to Naser Grajčevci and Lumir Abdixhiku, the most common articulation of informality among Kosovars is not necessarily unregistered businesses or activities that occur without the necessary licenses. Informality is reproduced also by registered businesses that do not report their complete or any income to the tax authorities.² This forces other businesses to operate informally. The informal economy is thus internally divided. In addition, informality is a socially ubiquitous phenomenon. Informal economic activities are taken for granted by a majority of the local population.³ The journalist Migjen Kelmendi states that 'everybody knows how it works; it goes without saying. It is a normal way to do it'.⁴ From this perspective, the World Bank's vision is not necessarily wrong but it does not take into account the complete, everyday dynamics of informality. The World Bank's anti-informality operations are an example of liberal peacebuilding's flawed analytical frameworks and top-

down strategies that result in a neglect of local practices (for variations of this general critique see for example Bliesemann de Guevara 2008; Kurz 2010).

The problem would thus form around the World Bank's neglect of taking local informal economic dynamics into account. This article, however, makes an argument that rather concerns the Bank's role in constituting informality in Kosovo. By exploring what discourses and practices *do* in conflict contexts (cf. Heathershaw 2008; Olsson 2015), the article draws upon yet develops existing research on the post-war political economies in the Balkans. It approaches the World Bank's anti-informality practices and regulatory arrangements in Kosovo from 1999 to 2014 as objects and subjects of construction and analyses their constitution (what they are) as well as their constitutive effects (what they do). Specifically, the article argues that the World Bank's anti-informality operations and the economic ideas enacted through them do at least two things. First, the regulatory arrangements actualize and impose a particular form of knowledge of informal economies. By putting into practice rules and regulations, this knowledge form impacts upon and shapes everyday informal economic practices. Further, and at the same time, the imposed regulatory agenda obscures the presence of power relations and forms of domination within the informal economy. Rather than neglect, then, the World Bank's imposed anti-informality agenda paradoxically plays a role in the structuring and reconstitution of economic informality in Kosovo.

To make this argument, the article is inspired by the literature on the performativity of economics. Specifically though, it draws on Pierre Bourdieu's power analytics and discusses how the World Bank's 'symbolic power' to create and impose its particular vision of informality and the constitutive effects thereof rest on two forms of 'misrecognition' (cf. Bourdieu 1991). A first form concerns how the Bank's thinking and acting upon informality in Kosovo *distracts* attention away from power relations that are intrinsic to the informal economy and that come into play through knowledgeable agents' engagement in informal economic practices. Furthermore, the author's fieldwork reveals how the imposed regulatory arrangements have not impacted upon agents in a uniform manner.⁵ Relatively powerful businesses ('dominating businesses') enjoy resources that allow them to bend the imposed rules in their favour at the expense of other, relatively less powerful businesses ('dominated businesses'). Still, the practices of dominating agents act, from afar, upon the space and possibilities for action of the relatively less powerful. A second form of misrecognition emerges as the World Bank's reformative agenda *empowers* certain businesses while dominated agents tend to think and act upon informality as a necessary, given and, for them, unchangeable part of everyday life. The perspective of 'inter-practicality' (rather than of 'inter-action') implies that informality in post-conflict Kosovo can be said to condition informality.

Relatively powerful and relatively powerless businesses are connected yet also differentiated through international-local power dynamics.

Following a brief theoretical placement of the argument, a first empirical section analyses the constitution of the World Bank's anti-informality agenda as put to practice in Kosovo from 1999 to 2014. The Bank's operations are both structured and structuring. By firstly addressing the constitution of the anti-informality agenda and the misrecognition that emerges when this is put to work, the symbolic power of the Bank and the multiple constitutive effects thereof may thereafter be understood. Further, the subtle flows of symbolic power are captured by an exploration of two post-conflict 'moments'. Rather than trying to capture Kosovar informality in all its fluidity and complexity, these moments illustrate the respective constitutive effects of the World Bank's imposed agenda. The focus on moments denies neither the multidimensionality and multiplicity of informality nor the need for everyday informal economic practices to be constantly reproduced. The article concludes by suggesting that policy approaches beyond the view of informality as deviation need to be formulated in relation not only to studies of local contexts but *also* to knowledge sociologies of international interventions and the intra-international dynamics that yield certain thinking and acting upon informality more likely than others.

Economic Informality through the Performativity of Symbolic Power

This section places the argument within relevant theoretical debates. To begin with, the conception of informality as deviation from liberal standards is prevalent in international policy circles. Research on the economic dimensions of post-conflict interventions in the Balkans, however, describe more ambiguous relations between the international and local informal economic practices.⁶ Two main views, respectively focused on elite and non-elite actors, may be discerned.

With a focus on local elite actors' practices of subversion, adaptation and modification, previous research has found that the neoliberal economic model imposed through international interventions has provided local elites and war entrepreneurs with opportunities for economic gain (Pugh 2002 and 2004; Yannis 2003). Such practices may turn local elites into peace spoilers as much as stakeholders in peace (Andreas 2009). For instance, Luca J. Uberti argues that rent-seeking behaviour, 'predatory adaptation' and corruptive interactions have enabled local state actors and politically connected businesses to subvert the World Bank's mining-sector reforms implemented in Kosovo (Uberti 2014). For Michael Pugh, pre-war and war-time antecedents of clientelism, predatory elites and organized crime dynamics have enabled local elites in Bosnia and Kosovo to adapt their clientelist and corruptive activities to the international neoliberal agenda (Pugh 2002; Pugh 2005a; see also Bhatia 2005, Strazzari 2007).

The other main view of international-local interactions focuses on local non-elite actors. From this perspective, informality in the Balkans constitutes resistance practices against internationally imposed neoliberal policies and their neglect of welfare needs (Pugh 2006; Visoka 2012). Neoliberal reforms have neglected local needs of employment and social protection. The lack of welfare distribution, together with high tax levels, sustains informal economic practices among the local population (Pugh 2002, 472; 2005a, 8; 2005b, 449-455; Wennmann 2005). In Bosnia, informality is said to enable resistance and to provide social cohesion and protection against neoliberal hardships (Divjak and Pugh 2008, 383).

This article is deeply indebted to previous research on international-local dynamics of the Balkans' post-conflict informal economies. Yet, by making a claim about how the World Bank constructs and imposes a particular vision of informality that renders multiple constitutive effects, the article develops current research in two main ways. First, the article transcends the separation between local elite and non-elite actors that characterizes earlier studies. At times, the variety of shadow economic activities in post-conflict contexts (ranging from organized crime, corruption and clientelist relations in politics and business to the informal economic activities of the population at large) are recognized to overlap (Pugh 2002, 472; Pugh 2005a, 4-16). Still by focusing the analysis predominantly on local elites and their interactions with international actors, this aspect is left unexplored. As a result, questions about power relations within informal economies and about how these have been structured and (re)constituted through the anti-informality operations of international agencies have gained less attention. Also, the article goes beyond the view of informal economic practices among local populations as forming resistance. Drawing on Roger Mac Ginty's (2012) work on 'non-participation', informality as denoting non-participation in the imposed socio-economic order needs to be analysed in its own right.⁷

For Michael Callon, economics does not observe the economy as much as it 'performs, shapes and formats the economy' (Callon 1998, 2). As a performative activity, economics and economists do not describe and study economies as much as they project and impose their ideas and models onto economies. By shaping market infrastructures, regulatory arrangements and institutions, economic models and ideas are forms of knowledge that constitute everyday economic practices (Callon 1998; see also Mitchell 1998 and 2002; Mackenzie 2006). Crucially, performativity studies must locate constitutive effects in time and space (Miller 2002, 2005) and, one might add, not assume the homogeneity of such effects. This article is interested in the ideas and assumptions that inform the World Bank's construction of and acting upon a particular vision of informality in Kosovo. Pierre Bourdieu's concepts of symbolic power and misrecognition are useful tools with which to explore the structured character of the Bank's vision, its

agency to impose this vision in Kosovo and the constitutive and structuring effects thereof on everyday informal economic practices.

Symbolic power denotes the performative power of classification and categorization. Bourdieu refers to symbolic power in terms of 'world-making', that is, acts that create and impose as legitimate and accepted a specific vision of the world and thereby constitute practices and hence the world itself (Bourdieu 1990 [1980]; Bourdieu 1991; Bourdieu 2000). For this article, the concept has two main benefits. First, it draws attention to the relative authority of the performing agent. What an agent does or says matters less than from where she does or says it (Bourdieu 1997). Some international organizations, for instance the World Bank, often have the authority to construct models of economic life and actualize them in the world (Miller 2005, 9). Second, symbolic power denotes the relational and everyday character of power. Power is not an essence or a resource held by any particular agent. Rather, power circulates through social relations and makes certain practices more routine and socially accepted than others (Bourdieu 1990 [1980]). When as most efficient in constituting certain understandings of and practices in the world as more socially likely and meaningful than others, symbolic power rests upon misrecognition (Bourdieu 1991). Misrecognition refers to how the actualized power relations and certain ways of acting are left unquestioned by the actors involved, whereby the current socio-economic order is taken for granted (Bourdieu and Wacquant 1992).

By employing the tools of symbolic power and misrecognition, the article analyses the intrinsic power relations of the informal economy in Kosovo and how these are misrecognized yet also shaped and reconstituted through the World Bank's anti-informality operations. Rather than focusing on direct interactions between for instance local elites and international agents, this conceptual framing enables an analysis of the international-local processes throughout which certain understandings of informality end up taken for granted and reproduced.⁸

Making Economic Informality Visible/Invisible in Kosovo

This section and the following one locate the article's claim empirically. By analysing policy documents, reports and evaluation statements, the first section explores the World Bank's anti-informality agenda as put to practice in Kosovo from 1999 to 2014. It shows that the Bank's agenda is less important for what it reveals about informal activities and more for what it does in terms of creating a reality of informality that is subsequently acted upon. Central to the Bank's symbolic power to construct and impose its vision of informality are practices of knowledge production related to problem formulations and definitions that when acted upon make certain aspects of informality visible while silencing others. These aspects are

reproduced throughout practices of monitoring and evaluation. Moreover, various ideas about informality circulate within professional and academic circles. The article finds that the Bank's vision of informality is formed particularly by ideas of the 'legalist school'. The legalist discourse on informality is enacted through the World Bank's operations in a way that misrecognizes and distracts attention away from power relations and dynamics that are intrinsic to the informal economy in Kosovo.

Producing the Informal

Following the passing of the United Nations Security Council Resolution 1244 in June 1999, Kosovo was established as an international protectorate to be temporarily administered by the United Nations Interim Administration Mission in Kosovo (UNMIK) and the NATO-led Kosovo International Security Force (KFOR). Under UNMIK Pillar IV, the EU and the World Bank were put in charge of Kosovo's post-conflict economic reconstruction. Marketization was considered a priority. It involved the privatization of socially and state-owned enterprises (Knudsen 2010, 2013) and the formalization of the informal economy. The general strategy was to co-opt rather than confront informality (Yannis 2003, 184; Wennmann 2005, 485).

The importance of formalizing the informal economy was emphasized in the first program for reconstruction issued in 1999. The informal economy was represented as 'activities of a legal nature', distinguishable from formality and from economic activities 'of an illegal nature'. Existing private businesses were considered unregistered and operative in the informal economy due to the post-conflict absence of business regulations (European Commission and World Bank 1999, 6-10). By formulating the problem of informality as a lack of regulations, the solution was to establish a regulatory formal institutional framework and provide businesses with formalizing incentives (European Commission and World Bank 1999, 11-15).

In the immediate post-conflict turbulence, UNMIK managed to secure a level of socio-economic stability. A tax administration, a customs service and a central bank were among the first institutions established. Trade and tax regimes were refined. Taxes were lowered. A huge inflow of aid and remittances made the economy boom. In May 2001, a new constitutional framework was adopted. The administration of Kosovo became a shared responsibility between UNMIK and the Kosovar Provisional Institutions of Self Government (PISG). Responsibility over policy areas began to gradually shift to the local government. The registration of private businesses became a responsibility of the Ministry of Trade and Industry (MTI) and its *Agjensioni i Regjistrimit të Bizneseve në Kosovë* (Kosovo Business Registration Agency, KBRA). Following World Bank ordinations, the KBRA has for instance diminished the costs of business registration.

In a 2003 report, the World Bank recognized that the size of the informal economy was a 'puzzle as the rate of payroll taxes is among the lowest in the region' (World Bank 2003, viii). With this report, the problem formulation of informality widened. Besides business registration, informality was now defined also in relation to employment contracts and tax payments. The emphasis on incentives was complemented with a discussion about the 'costs' of formality and informality. The pervasiveness of informality was explained as a coping strategy due to lacking opportunities in the formal sector (World Bank 2003, 98). Moreover, to understand the social preconditions of informality the Bank commissioned a survey of households. The survey included a list of 22 informal economic activities as base for respondents' self-identification. Unexpectedly, subsistence activities were not common. Informality was not correlated with poverty. Around two-thirds of jobs were recognized as 'informal in the sense of not paying social security taxes' (World Bank 2003, 92-97). These findings could have relativized the idea of informality as coping strategy yet were not further explored. Informality was in fact not considered a policy problem. Strategies to improve the formal sector would 'gradually draw actors currently in the informal sector into the formal economy' (World Bank 2003, 98-99). The problem of informality was acted upon as a problem of formality.

The 2003 report demonstrates how the World Bank's operations to curb informality in Kosovo were constituted by certain scholarly ideas. Traditionally, three academic discourses about informality have (albeit to various degrees) informed policy interventions: the structuralist, the legalist and the network school of informality (Rakowski 1994; Portes 2010). Each school forms around distinct assumptions and explanatory premises. Legalist ideas in particular have been important in shaping the World Bank's view and actions upon economic informality.

Founded by the Peruvian economist Hernando de Soto, the legalist school got its breakthrough in the mid-1980s. At the time, it quickly gained the support of the World Bank, the IMF and organisations such as the Atlas Foundation for Economic Research (Mitchell 2005). The fact that a Peruvian economist was the leading figure gave the impression of a developmental agenda that stood above any Western hegemonic interests. That de Soto had been educated in Europe and had close ties to European and North American neoliberal circles were seldom mentioned (Kleiner 2004). By the mid-1990s, cooperation between legalists and the World Bank was well established.⁹

For legalists, informality is the rational choice of businesses that face dysfunctional institutional frameworks. Cumbersome regulations prevent the poor majority from realising their assets in the formal market. If 'unlocked', however, informality opens the road to development (de Soto 1989; de Soto 2000). De Soto's initial vision has been further developed by legalist scholars influenced by the paradigms of the

new institutionalism in economics and rational choice institutionalism. Accordingly, informality is defined in relation to the established rules of the game understood as the formal institutional framework (Feige 1990, 990). Drawing on the work by Oliver E. Williamson (1979), legalists see the formal regulatory framework as decisive in forming individuals' behaviour. Excessive regulations create various costs that influence businesses and their choice whether to operate formally or informally. If the costs of formality are too high, informality emerges as a rational and voluntary choice. Legalists refer to entry costs such as registration fees and operating costs such as tax burdens and labour regulations (de Soto 1989; Friedman et al 2000; Maloney 2004; Dabla-Norris et al 2008).

The legalist shaping of the World Bank's anti-informality operations was not inevitable. The 2003 report contained traces of an alternative network-focused understanding of informal economies. The emphasis on social networks to explain informality gained momentum in the mid-1990s. The network school stresses the importance of social capital, trust and solidarity as much as patronage and criminality (e.g. Trigilia 1998; Samers 2005; Meagher 2006; Portes 2010). In the 2003 report, there are references to the importance of social capital and a network of family and friends for people engaged in informal exchanges (World Bank 2003, 93-95). Yet, continued emphasis on incentives and costs implied that the potential for a network-based intellectual framing of the World Bank's anti-informality operations was sealed off. Although there were increasing international concerns about the socio-historical preconditions of informality in Kosovo and the potential criminal aspects thereof – not least in light of the dynamics that marked the early 'spontaneous privatizations' of socially and state-owned enterprises (Grasten and Uberti 2015) – the World Bank continued to devise top-down regulatory arrangements and institutional improvements to formalize informality.

In the following years, a temporary fixing emerged in terms of how legalist ideas were continuously shaping the World Bank's knowledge production about informality in Kosovo. By 2004, the Kosovar post-conflict economic boom had slowed down. It was recognized that most people still worked 'outside the formal economy' (Economic Strategy and Project Identification Group 2004, 9). The resilience of informality relativized the World Bank's one-dimensional understanding of informality as a lack of business regulations:

Informality may take a number of different forms: at one end of the spectrum are firms that seek to be totally "invisible" from the authorities, and avoid official registration and licensing and evade payment of any taxes. At the other end of the spectrum are firms that are semi-

informal, who may be registered, and who may pay taxes, but fail to report all income or may avoid payment of employee-related benefits. (World Bank 2004, 33)

Despite an improved regulatory environment – registration procedures had become easier and entrepreneurs faced relatively few administrative barriers when opening a business – the World Bank continued to act upon informality less as a problem in itself and more as a problem derivative of a weak institutional framework. Equating informality with 'un-documented transactions' (World Bank 2004, 33), attention was now directed at what particular costs and constraints businesses faced in Kosovo. These local particularities were to complement the assumedly universal costs of regulations and taxes. Surveys with the business community identified frequent power shortages as the most severe constraint. Also, an 'unfair' or 'informal' competition was for the first time listed as a constraint for businesses. Implemented policy solutions remained focused on institutional measures to improve business regulations and to create a more inclusive formal market (World Bank 2004, 30-32; World Bank 2007, v).

Following Kosovo's declaration of independence in February 2008, responsibility over various policy areas shifted from the international to the local administration. EULEX was deployed as an international rule of law mission. In mid-2009, Kosovo became member of the IMF and the World Bank. In partnership with the local government, the World Bank continued to act upon informality as a spin-off to problems in the formal institutional framework. In its 2010 Kosovo Economic Memorandum, the Bank claimed that the informal economy remained sizeable due to faulty regulations. Lengthy registration and licensing procedures were singled out as main factors that 'push' businesses into the informal economy (World Bank 2010, 23). Registration costs and the obtainment of inspections and permits were seen as particularly costly, why it should come as 'no surprise that the informal sector is so large' (World Bank 2010, 24).

Regulatory reform committees that use World Bank indicators to create a suitable regulatory framework were created at the interministerial level. The local government implemented various reforms that adhered to the Bank's views about how to make it easier to conduct formal businesses. Tax payments were simplified (World Bank Group 2010, 132). Elimination of a minimum capital requirement and an improved protection of investors made it easier to start a business (World Bank Group 2013, 139). Procedures related to construction permits, social security registration and licensing were cut or simplified, registration fees were reduced and a one-stop-shop procedure simplified businesses' start-up phase (World Bank Group 2014, 74-164).

Between 2008 and 2013, however, various surveys with the business community were commissioned. These downplayed the importance of costs related to the regulatory framework. For example, in 2008 the

share of businesses that considered licensing and permits a major constraint was 4.6 per cent. The share of businesses formally registered when their operations started was around 90 per cent (World Bank and International Finance Corporation 2009). By 2013, this had increased to 95 per cent. Rather, electricity shortages and informal economic activities remained the top constraints as perceived by businesses. In 2013, 'practices of the informal sector' were listed as the major constraint facing everyday economic activities. Around 66 per cent of the surveyed firms claimed to compete against informal firms (World Bank and International Finance Corporation 2013).

Reproducing the Informal

The anti-informality regulatory arrangements imposed in Kosovo have been reproduced throughout practices of monitoring and evaluation. These are mainly carried out in the annual *Doing Business Reports*. Produced by the World Bank Group, these reports evaluate and rank countries on the ease for small and medium sized businesses to operate in the formal economy. The reports measure the state of the regulatory environment with regards, for instance, to ease of business set-up and tax payments. These indicators are assumed to explain the existence of informality as 'good rules' enable businesses to operate in a formal manner (World Bank Group 2013). Since 2012, Kosovo's ranking in the reports has improved. In this sense, the World Bank's reformative agenda constituted by legalist ideas has been 'juridicalized' and seemingly produced the desired changes and effects (World Bank Group 2015).

Yet there is an inherent circularity in how the Bank's practices of knowledge production create and act upon a particular reality of informality that is subsequently monitored, evaluated and thereby reproduced. The evaluation process is based on the assumption of causality between burdensome regulations and informality (World Bank Group 2010). This assumption derives directly from the Bank's representation of informal economies. Further, monitoring and evaluation practices reduce informality to a number of pre-set indicators. This makes the evaluations transparent, replicable and cross-country comparable. Particularly the numerical quantification of business constraints gives the impression that informality can be measured in the same way anywhere in the world. Still, these indicators are constitutive components of the Bank's anti-informality agenda. Monitoring and evaluation are thus carried out in a world that through legalist ideas has been organized to make certain knowledge possible; a world in which certain facts can be established and implemented reforms evaluated in ways that re-establish this knowledge. By eliminating any distance between problem and solution, an epistemic closure emerges that grounds the Bank's symbolic power to constitute and reproduce its vision of informality.

Closure implies that when acting upon legalist ideas, the Bank's anti-informality operations misrecognize and distract attention away from how power relations that are intrinsic to the very functioning of informality condition the phenomenon's reproduction. The proliferation of these relations is facilitated. This can be accounted for in relation to the theoretical underpinnings of the legalist school. The legalist view sees informality as 'less formal'. Informality is defined negatively, by what it is not rather than by what it is. Analysed in light of and as a problem of formality, informality is made intelligible only through categories and indicators that are assumed to define the formal market and its functioning. This binary thinking makes informality an exterior phenomenon to formality, a deviation, and something that will disappear once the formal market improves. There is no space for informality to also shape the formal economy. Even the World Bank's finding that informality in Kosovo poses an unfair competition and crowds out formality has merely yielded calls for further formal regulatory improvement.

Symbolic Power Seen Through Two Post-Conflict Moments

To understand informal economic dynamics in Kosovo, the role of the World Bank at the nexus of historical and contemporary socio-economic processes needs to be considered. Drawing on interview and secondary material, this section zooms in on two post-conflict 'moments' that each illustrates the constitutive effects of the World Bank's symbolic power. The first moment illustrates how the Bank's imposed regulatory arrangements have shaped everyday informal economic exchanges on the ground, yet not in the expected way. Imposed rules and regulations have structured informal economic practices to follow requirements and use attributes commonly associated with a formal market economy. At the same time, the World Bank's misrecognition of intrinsic power dynamics implies that the imposed regulatory agenda tacitly reconstitutes conditions of domination. The second moment illustrates how certain agents in the informal economy hold political and criminal resources, or 'capitals' to speak with Bourdieu (Bourdieu 1997). These relatively powerful agents ('dominating businesses') inhabit more beneficial positions and are able to make use of the imposed regulations and bend the rules in their favour, at the expense of relatively powerless agents ('dominated businesses'). From afar, the practices of dominating businesses act upon the space and possibilities for action of dominated businesses that hold lesser amounts of the valued resources. Dominated businesses understand the current order as given and for them impossible to impact upon. They misrecognize their own role in the reproduction of informality.

Historical Formation of Power Relations

Informal and illicit economic practices have played vital roles in stateformation processes across the Balkans since the Ottoman era. In Tito's Yugoslavia, clientelism, predatory practices and complex networks of reciprocity contributed to a 'retraditionalisation' and to a fragmentation of the federation as it was embedded within global economic processes (Woodward 1995; Schierup 1999). The power dynamics that permeate contemporary informality are partly a legacy of these processes. The 1990s is of particular importance.

In the early 1990s, the Kosovo conflict intensified. The idea of a Kosovar non-violent resistance gained momentum. Due to its ability to outmanoeuvre political rivals, the *Lidhja Demokratike e Kosovës* (Democratic League of Kosovo, LDK) spearheaded the Kosovar movement. Kosovars collected funds for the creation of parallel state structures (Vickers 1998). Centred on health care and education, the parallel state also implied an informalisation of the private sector (Maliqi 1998; Judah 2002). Meanwhile, the Balkan wars were catalyzed by political, economic and military collaborations that crossed the crumbling borders. International sanctions imposed upon Yugoslavia/Serbia in 1991-1992 had the adverse consequence of encouraging illicit economic activities (Andreas 2005). Conflict conditions and sanctions paved the way for war entrepreneurs. Kosovo became an important crossroad from various smuggling channels. The situation was particularly favourable for businesses that managed to establish links to political elites, criminal groups and militias (Woodward 1995; Strazzari 2007).

By 1998, the informality of the parallel state and the criminal and illicit activities of war entrepreneurs fused (Pugh 2005a) and transformed into socio-economic differentiations and an unequal resource distribution. This would come to distinguish between yet also link relatively privileged businesses and relatively powerless businesses involved in informality. Crucial is how the *Ushtria Çlirimtare e Kosovës* (Kosovo Liberation Army, KLA) developed into a structure that controlled large shares of the economy (Judah 2002, 135-162). During the Kosovo conflict these configurations deepened. In the immediate post-conflict period they were increasingly fortified. Upon termination of physical violence, the KLA was officially dissolved. However, its members continued to assert political and economic authority. By appropriating enterprises, former Yugoslav petrol companies, aid and other assets, the privileged few diverted resources to their own benefit (International Crisis Group 2000; Strazzari 2008).

Contemporary Informality and Reconstituted Power Dynamics

The conflict and the immediate post-conflict period cemented resource valuations and distributions, economic differentiations and dispositions as they had been historically formed. In contemporary Kosovo, the power relations formed during the 1990s is thus a much vivid legacy. These power relations are part

and parcel of the workings of informality. Formed in relation to historical configurations and in relation to agents' sense-makings of what is necessary action, these power relations come into play through differently positioned businesses' shared understandings and knowledgeable engagement in informal economic practices. Yet contemporary power dynamics within the informal economy cannot be understood merely in relation to its historical legacy. Despite a persistent presence of the past in the present, the 'post' in post-conflict is important. It marks a partial break from historical antecedents and highlights the fusion of local-international power relations. In post-conflict Kosovo, the World Bank's anti-informality agenda has had various constitutive effects on everyday informal economic practices.

The first post-conflict moment occurs around 2003-2004. At this point in time, and by equating informality with un-documented transactions, the World Bank's operations had strengthened the external control of businesses. Initial improvements of the regulatory framework had been achieved (World Bank 2004). The number of visits to private businesses paid by the tax authorities would soon be twice to that of the rest of the Balkans (World Bank 2010, 20). Prior to the first moment, most of the businesses in Kosovo that operated completely or partly informally did so in an undocumented manner. Following the increased external control, however, businesses modified their practices. At present, informal economic activities are not performed 'without invoices [because] if the tax authorities inspect us we need something to show them'.¹⁰ Kushtrim owns a company located in the suburbs of Pristina that specializes in the repair and trade of computers. To get his merchandise, Kushtrim goes to the warehouses in Pristina. Despite some improvements, Kushtrim says, he would not get an official receipt even if he asked for it. Yet it is always possible to get an unofficial, internal invoice that allows the involved partners to keep track of exchanges.¹¹ Unofficial invoices may show around half the exchanged amount. This is then reported to the tax authorities. The seller engages in further informal exchanges in order to keep the stock intact in case the tax authorities come by and inspect the official bookkeeping and inventory.¹²

The first moment illustrates how the World Bank's symbolic power to construct and impose its vision of informality has been adhered to on the ground. Yet not (only) in the expected way, the Bank's operations have shaped how informal economic practices play out in practice and thereby, to speak with Bourdieu, constituted the social world of informality (e.g. Bourdieu 1990 [1980]). Imposed rules and regulations have structured everyday informal economic practices to rely upon attributes and requirements that are commonly associated with formal economic exchanges, for instance contracts, receipts and bookkeeping. This structuring implies that informal economic practices have become an integral component of the formal economy rather than an exterior phenomenon (cf. Ledeneva 2006). By enabling a further institutionalisation of informality through the use and bending of (rather than

abandonment) rules and regulations, informal economic practices support the façade of a formal economy while tacitly undermining it from within.

The second post-conflict moment refers in particular to developments in Kosovo after 2008. It highlights how the historically formed power relations have fused with the World Bank's regulatory arrangements and produced lines of opposition that distinguish between yet also link relatively powerful and relatively powerless businesses. These lines of opposition reveal themselves as regularities that systematically place certain businesses in a better position than others to: win contracts in openly announced procurement processes, win public bids despite their operating license having been withdrawn, gain licit and illicit profits from processes of privatisation, and benefit from the protection and involvement of criminal groups. Abdixhiku describes how there exists a parallel system 'built into the grey economy'.¹³ Due to the holding of valuable resources such as political and criminal contacts, relatively powerful businesses are able to operate informally by bending and making use of the formal rules and regulations. This creates an unfair competition and forces from a distance other less privileged businesses to also operate informally.

Since February 2008, many observers have noted an increased politicization of the economy. Privatization and procurement processes involve a bending of the regulatory framework in ways that enable the informal economic activities of businesses that enjoy political and/or criminal protection. State officials are subject to pressure from political agents who seek to influence the processual outcomes (Kosovo Stability Initiative 2010; Jahaj 2012). Mutual dependencies between dominant businesses and political or criminal agents result in certain businesses being disproportionately benefitted at the expense of others, also more qualified ones (Anti-Corruption Agency 2010; Knudsen 2010; Youth Initiative for Human Rights 2010). For instance, Dritan owns a construction firm in Prizren. He started his business in 1993 and experienced the initial post-conflict construction boom. At present, Dritan is very pessimistic as his businesses faces what he perceives as an unfair competition:

All tenders that other companies get, it is because they [the political sphere] are giving it to their people. They have their companies with which they are in connection, the businesses and politicians are in connection.¹⁴

Political protection conditions an internal structuring of the informal economy that distinguishes between differently positioned businesses. Certain businesses end up in relatively powerful and dominating positions. This positioning facilitates their informal and illicit economic practices. Dominating businesses

may manipulate required documents and licenses (Anti-Corruption Agency 2010). Written in highly specific terms or explicitly vaguely formulated, contracts may point at a certain business that would otherwise not have gained the deal.¹⁵ Businesses that enjoy political protection 'are on the rise in a variety of sectors and may range from the ones that are tiny and newly formed, suddenly demonstrating increased turnovers, as well as larger companies that already are financially strong' (Youth Initiative for Human Rights 2010, 46). Some of these relatively powerful businesses simultaneously pursue economic, political and criminal ends.¹⁶ Businesses with criminal contacts may gain access to cheaper contraband goods due to an avoidance of import duties and other tariffs. Criminal organisations monitor and control a large share of the privatisation and procurement processes and receive financial support when a contract is awarded certain businesses (Phillips 2010; Kosovo Stability Initiative 2011). Agim owns a company located in Prizren that produces baby products. He buys most of the raw material in Istanbul. Agim tells of how he faces unfair competition from businesses that import goods through criminal connections. According to Agim, goods are either imported without any duty being paid or labelled with a false code that renders these businesses a smaller amount of custom duties:

Some of these importers falsify their papers and so need only to pay a lesser amount of import duty. These companies do this two or three times – they go to China, get the cheap goods and then import it falsely. Then, when enough money has been made, these companies close down and the owners re-start in some other company. Or, the company changes owners and continues such practices.¹⁷

Interestingly, the World Bank noticed these dynamics already in 2004 and repeatedly after that (World Bank 2004; 2007; World Bank and International Finance Corporation 2013). Yet, the Bank's continued imposition of its anti-informality agenda and the misrecognition of power relations facilitated the proliferation of these internal dynamics.

From afar and beyond direct interactions, the practices of dominating businesses act upon and structure the space and possibilities for action of other, relatively less privileged businesses. Basically, dominated agents' knowledgeable engagements in informal economic practices are formed in relation to the practices and interests of dominating agents. Informal economic practices that may appear disparate and the commonsensical social status that informality enjoys in Kosovo are thus reconstituted through misrecognition and symbolic power at the interplay of international-local power relations.

For relatively less privileged businesses, informality represents the unquestioned way to do business.¹⁸ Bekim finds it hard to imagine another situation.¹⁹ For Kushtrim, 'everything pertains to the informal economy'.²⁰ Although dominated agents are not able to articulate any threat that would follow if they did not adhere to the current order, neither are they able to express any meaningful choice. They may verbally criticize the situation and claim that they are the 'willy-nilly of informality'.²¹ Yet any course of action other than what they currently engage is ruled out. In this sense, dominated businesses misrecognize the fusion of international-local power relations and their own role in reproducing informality. This does not necessarily imply that they see the current situation as legitimate. Rather, misrecognition denotes how dominated businesses fail to question both the World Bank's and their own role in upholding informality in Kosovo. They apprehend the current structuring and the everyday character of informal economic practices as a given and unchangeable part of life.

By mimicking the practices of dominating agents, the informal practices of dominated businesses centre on double bookkeeping and the use of manipulated invoices, contracts and receipts. Contracts and invoices are issued in a manner that hides the identity of the buyer. Receipts may provide false information about the exchanged amounts. Empty receipts may also be issued.²² Dominated agents commonly obtain fake receipts from other businesses in order to hide the gains from a transaction. This makes it possible for them to operate informally while still maintaining a relationship with the tax authorities. Fatmir, for example, owns a restaurant in Pristina and he depends upon imported goods:

I buy all the stuff for the restaurant from large importers. Many of these companies falsify their papers in order to avoid custom fees and VAT or to pay a lesser amount. So when I buy from them I get an invoice that shows half of what I have spent. When I am to declare my expenses and profits, I need to hide part of the profits because otherwise it will look extremely high due to the false lesser amount of expenses in the papers which then depends on the affairs of the larger firms.²³

Bekim owns a company that likewise depends upon imported goods. He tells of how businesses that have the right political or criminal connections import goods without paying the correct amount of custom duties. This knowledge shapes Bekim's everyday business practices. For him, the use of a double set of invoices for the same transaction is extremely common. One invoice is for internal use and shows the real price. The other is for external use (i.e. the tax authorities) and demonstrates a fake amount.²⁴ Likewise, Agim works with false invoices that either have been issued in the name of individuals (rather than in the

name of the buying company) or that have been issued in the name of X, that is, without specifying the identity of the buyer. In this way, the company that buys his products may avoid declaring their sales and thereby avoid paying some of the required taxes.²⁵

In sum, the practical similarities among dominated agents illustrate how their engagements in informality are conditioned within a particular domain of possibility. This domain and the effectuated informal economic practices have been shaped and reconstituted less as deviations from or as resistance to the World Bank's anti-informality agenda but rather as symbiotically tied to it. The structuring and commonsensical status of informality in Kosovo is reconstituted at the interplay of international-local power dynamics. In turn, the proliferation of informal economic practices creates an apparent demand for further reformative action. There is hence no antagonism between local informal economic practices and the World Bank's symbolic power but rather a relation of mutual constitution. Further, informality is in this sense not the final product of power dynamics. The domain of possibility is not fixed. It demands constant reproduction through all involved agents' apprehensions and socially shared understandings, in their particular environments, of what actions are necessary.

Concluding remarks

The article has argued that the World Bank's anti-informality agenda, constituted by legalist ideas and explanatory premises, structures the performance of informal economic practices on the ground in post-conflict Kosovo. By constructing informality as a negative phenomenon, however, the Bank's symbolic power to constitute and reconstitute informality through imposed regulatory arrangements rests upon two forms of misrecognition. These distract attention away from power dynamics that are intrinsic to the informal economy and empower certain businesses at the expense of others. All in all, these dynamics reconstitute informality as a socially commonsensical phenomenon. Given a chain of social practices that link informality as representation and informality as everyday activity, the World Bank as the subject of intervention cannot be placed in a position of exteriority from the object that it seeks to govern. Economic informality in post-conflict Kosovo is constituted and reconstituted through the World Bank's anti-informality agenda rather than in opposition to or as a deviation from it.

The interrelation between informality as representation and informality as everyday activity does not imply that peacebuilders should avoid the issue. It does imply, however, a different set of policy approaches. To begin with, the systemic complexity of informality in Kosovo and the inter-practicality between dominating and dominated agents imply that alternative policy approaches need to pay attention to the link between everyday informal economic practices and wider global capitalist structures

(cf. Pugh 2006). Secondly, policy formulations need to depart from the illusive subject-object distinction upon which the World Bank's anti-informality practices rest. Transforming informality is not a question of increased knowledge or improved policy tools but of seeing the constitutive role of international agencies as they are entangled with the very phenomenon that they seek to govern. This demands a reflexive approach and an acknowledgement of informality as emergent and transforming throughout the intervention (cf. Chandler 2014).

Recently, the concepts of 'hybridity' and 'postliberal' forms of peace have emerged in the peacebuilding literature (Richmond 2009). Hybridity involves a bottom-up perspective that explores the interactions between local and international actors in post-conflict environments (Mac Ginty 2010). Studies of postliberal hybridity have provided valuable insights. Yet, a fully reflexive understanding of the dynamics of informality rests not only upon detailed studies of local conditions. It also requires studies of knowledge production as it occurs within and between the multiple organisations that make up the international arena of informality. The Kosovo case is not freestanding but part of a wider intra-international context that branches out into academia and in which certain anti-informality practices have become dominant. To fully understand the transnational politics of informality, the phenomenon needs to be studied also from a sociology of intervention perspective. This implies analyses of the wider social context of informality in terms of the intersections of heterogeneous actors and their linkages to scholarly approaches that with different effects constitute international anti-informality practices. In other words, to understand the multiple and at times paradoxical constitutive effects of international anti-informality operations, it is vital to assess their inner constitution and transformative dynamics.

Acknowledgements

The author would like to thank Berit Bliesemann de Guevara and the two reviewers for their insightful and useful comments on an earlier version of this article. Research for this article was supported by a grant from the Swedish Research Council.

Anna Danielsson earned her PhD from Uppsala University in 2014. She has been a postdoctoral researcher and Lecturer at the Institute of Political Science at the University of Tübingen and a Lecturer at Södertörn University. Anna currently holds a postdoctoral position at Uppsala University funded by the Swedish Research Council. Her present work focuses on conflict expertise, knowledge production and performativity through international interventions into conflict contexts, with a particular focus on the countries of former Yugoslavia. (anna.danielsson@statsvet.uu.se)

References

- Andreas, Peter. 2005. "Criminalizing Consequences of Sanctions: Embargo Busting and Its Legacy." *International Studies Quarterly* 49: 335-360.
- Andreas, Peter. 2009. "Symbiosis between Peace Operations and Illicit Business in Bosnia." *International Peacekeeping* 16 (1): 33-46.
- Anti-Corruption Agency. 2010. *Annual Report 2010*. Pristina: Anti-Corruption Agency.
- Ballentine, Karen and Jake Sherman, eds. 2003. *The Political Economy of Armed Conflict: Beyond Greed and Grievance*, Boulder: Lynne Rienner Publishers.
- Bhatia, Michael. 2005. "Postconflict Profit: The Political Economy of Intervention." *Global Governance* 11 (2): 205-224.
- Bliesemann de Guevara, Berit. 2008. "The State in Times of Statebuilding." *Civil wars* 10 (4): 348-368.
- Bourdieu, Pierre. 1977/1972. *Outline of a Theory of Practice*. Cambridge: Cambridge University Press.
- Bourdieu, Pierre. 1990/1980. *The Logic of Practice*. Cambridge: Polity Press.
- Bourdieu, Pierre. 1991. *Language and Symbolic Power*. Cambridge: Polity Press.
- Bourdieu, Pierre. 1997. *Kultur och Kritik*. Göteborg: Daidalos.
- Bourdieu, Pierre. 2000. *Pascalian Mediations*. Cambridge: Polity Press.
- Bourdieu, Pierre and Loïc Wacquant. 1992. *An Invitation to Reflexive Sociology*. Cambridge: Polity Press.
- Callon, Michel. 1998. *The Laws of the Markets*. Oxford: Blackwell.
- Chandler, David. 2014. "Beyond Neoliberalism: Resilience, the New Art of Governing Complexity." *Resilience: International Policies, Practices and Discourses* 2 (1): 47-63.
- Collier, Paul and Anke Hoeffler. 2000. *Greed and Grievance in Civil Wars*. Policy Research Paper 2355, Washington D.C.: World Bank.
- Dabla-Norris, E., M. Gradstein and G. Inchauste. 2008. "What Causes Firms to Hide Output? The Determinants of Informality." *Journal of Development Economics* 85: 1-27.
- Danielsson, Anna. 2015. "Informality and Peacebuilding: Field Notes on the Intrinsic Reproductive Principles of Informal Economic Practices in Post-Conflict Kosovo." *International Peacekeeping* DOI. 10.1080/13533312.2015.1058163, Published online 7 July 2015.
- De Soto, Hernando. 1989. *The Other Path: The Invisible Revolution in the Third World*. New York: Harper & Row.
- De Soto, Hernando. 2000. *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*. New York: Basic Books.

- Divjak, Boris and Michael Pugh. 2008. "The Political Economy of Corruption in Bosnia and Herzegovina." *International Peacekeeping* 15 (3): 373-386.
- Economic Strategy and Project Identification Group. 2004. *Toward a Kosovo Development Plan. The State of the Kosovo Economy and Possible Ways Forward*. Policy Paper No. 1. Pristina: ESPIG.
- European Commission and World Bank. 1999. *Towards Stability and Prosperity: A Program for Reconstruction in Kosovo*. European Commission and United Nations Mission in Kosovo.
- Feige, E.L. 1990. "Defining and Estimating Underground and Informal Economies: The New Institutional Economics Approach." *World Development* 18 (7): 989-1002.
- Friedman, E., S. Johnson, D. Kaufmann and P. Zoido-Labton. 2000. "Dodging the Grabbing Hand: the Determinants of Unofficial Activity in 69 Countries." *Journal of Public Economics* 76: 459-493.
- Haraqia, Artan M. and Lorik Bajrami. 2011. "Public Investments Based on Interests of the Political Parties in Power, not the Plans and Laws: Purchasing Political Land with Public Funds." In *Forum 2015: The Weakest Link of Kosovo's Democracy*, 26-36, Forum 2015: Pristina.
- Heathershaw, John. 2008. "Seeing like the International Community: How Peacebuilding Failed (and Survived) in Tajikistan." *Journal of Intervention and Statebuilding* 2 (3): 329-351.
- International Crisis Group. 2000. *What Happened to the KLA?* Balkans Report 88, Pristina/Washington/Brussels: International Crisis Group.
- Jahaj, Kastriot. 2012. "Kosovo Mayor's Funders Demand Their Payback." *Balkan Insight*, April 5.
<http://www.balkaninsight.com/en/article/kosovo-mayor-s-funders-demand-their-payback>
- Judah, Tim. 2002. *Kosovo: War and Revenge*. New Haven/London: Yale University Press.
- Keen, David. 1998. *The Economic Functions of Civil Wars*. Adelphi Paper no. 320, Oxford: IISS.
- Kleiner, Art. 2004. "The Philosopher of Progress and Prosperity." *Strategy + Business*, June 1.
<http://www.strategy-business.com/article/04211?pg=all>
- Knudsen, Rita A. 2010. *Privatization in Kosovo: The International Project 1999-2008*. NUPI Report, Oslo: Norwegian Institute of International Affairs.
- Knudsen, Rita A. 2013. "Privatization in Kosovo: 'Liberal Peace' in Practice." *Journal of Intervention and Statebuilding* 7 (3): 287-307.
- Kosovo Stability Initiative. 2010. *Untying the Knot: The Political Economy of Corruption and Accountability*. Pristina: Kosovo Stability Initiative.
- Kosovo Stability Initiative. 2011. *A Power Primer. A Handbook to Politics, People and Parties in Kosovo*. Pristina: Kosovo Stability Initiative.

- Kostovicova, Denisa, Mary Martin and Vesna Bojicic-Dzelilovic. 2012. "The Missing Link in Human Security Research: Dialogue and Insecurity in Kosovo." *Security Dialogue* 43(6): 569-585.
- Kurz, Christof P. 2010. "What You See is What You Get: Analytical Lenses and the Limitations of Post-Conflict Statebuilding in Sierra Leone." *Journal of Intervention and Statebuilding* 4 (2): 205-236.
- Le Billon, Philippe. 2001. "The Political Ecology of War: Natural Resources and Armed Conflicts." *Political Geography* 20 (5): 561-584.
- Ledeneva, Alena V. 2006. *How Russia Really Works. The Informal Practices That Shaped Post-Soviet Politics and Business*. Ithaca/New York: Cornell University Press.
- Lemay-Hébert, Nicolas. 2013. "Everyday Legitimacy and International Administration: Global Governance and Local Legitimacy in Kosovo." *Journal of Intervention and Statebuilding* 7 (1): 87-104.
- Mac Ginty, Roger. 2010. "Hybrid Peace: The Interaction between Top-Down and Bottom-Up Peace." *Security Dialogue* 41 (4): 391-412.
- MacKenzie, Donald. 2006. *An Engine, Not a Camera: How Financial Models Shape the Markets*. Cambridge (MA): MIT Press.
- Maliqi, Shkelzen. 1998. *Kosova: Separate Worlds. Reflections and Analyses 1989-1998*, Peja: Dukagjini Publishing House.
- Maloney, W.F. 2004. "Informality Revisited." *World Development* 32 (7): 1159-1178.
- Miller, Daniel. 2002. "Turning Callon the Right Way Up." *Economy and Society* 31 (2): 218-233.
- Miller, Daniel. 2005. "Reply to Michel Callon". *Economic Sociology European Electronic Newsletter* 6 (3): 3-13.
- Mitchell, Timothy P. 1998. "Fixing the Economy." *Cultural Studies* 12 (1): 82-101.
- Mitchell, Timothy. 2002. *Rule of Experts: Egypt, Techno-Politics, Modernity*. Berkeley: University of California Press.
- Mitchell, Timothy. 2005. "The Work of Economics: How a Discipline Makes its World." *European Journal of Sociology* XLVI (2): 297-320.
- Narten, Jens. 2008. "Post-Conflict Peacebuilding and Local Ownership: Dynamics of External-Local Interaction in Kosovo under United Nations Administration." *Journal of Intervention and Statebuilding* 2 (3): 369-390.
- Olsson, Christian. 2015. "Interventionism as Practice: On 'Ordinary Transgressions' and their Routinization." *Journal of Intervention and Statebuilding* 9(4): 425-441.
- Phillips, David L. 2010. "The Balkans' Underbelly." *World Policy Journal* Fall Issue: 93-98.

- Portes, Alejandro. 2010. *Economic Sociology. A Systematic Inquiry*. Princeton/New Jersey: Princeton University Press.
- Pugh, Michael. 2002. "Postwar Political Economy in Bosnia and Herzegovina: the Spoils of Peace." *Global Governance* 8: 467-482.
- Pugh, Michael. 2004. "Rubbing Salt into War Wounds: Shadow Economies and Peacebuilding in Bosnia and Kosovo." *Problems of Post-Communism* 51 (3): 53-61.
- Pugh, Michael. 2005a. "Crime and Capitalism in Kosovo's Transformation." Paper presented at the International Studies Association Conference, Hawaii, March 1-5.
- Pugh, Michael. 2005b. "Transformation in the Political Economy of Bosnia since Dayton." *International Peacekeeping* 12 (3): 448-462.
- Pugh, Michael. 2006. "Post-War Economies and the New York Dissensus." *Conflict, Security & Development* 6 (3): 269-289.
- Pula, Besnik. 2003. "The UN in Kosova: Administering Democratization." In *Understanding the War in Kosovo*, edited by Florian Bieber and Zhidas Daskalovski, 199-216. London: Frank Cass.
- Rakowski, Cathy A. 1994. "Convergence and Divergence in the Informal Sector Debate: A Focus on Latin America 1984-92." *World Development* 22 (4): 501-516.
- Richmond, Oliver P. 2009. "Becoming Liberal, Unbecoming Liberalism: Liberal-Local Hybridity via the Everyday as a Response to the Paradoxes of Liberal Peacebuilding." *Journal of Intervention and Statebuilding* 3 (3): 324-344.
- Schierup, Carl-Ulrik. 1999. "Memorandum for Modernity? Socialist Modernisers, Retraditionalisation and the Rise of Ethnic Nationalism." In *Scramble for the Balkans: Nationalism, Globalism and the Political Economy of Reconstruction*, edited by Carl-Ulrik Schierup, 32-61, Houndmills/Basingstoke: Macmillan Press.
- Small and Medium Enterprise Support Agency. 2011. *SME Development Strategy 2012-2016*. Pristina: Ministry of Trade and Industry.
- Strazzari, Francesco. 2007. "The Decade Horribilis: Organized Violence and Organized Crime along the Balkan Peripheries." *Mediterranean Politics* 12: 185-209.
- Strazzari, Francesco. 2008. "L'Oeuvre au Noir: The Shadow Economy of Kosovo's Independence." *International Peacekeeping* 15 (2): 155-170.
- Trigilia, Carlos. 1998. *Economic Sociology: State, Market, and Society in Modern Capitalism*. Oxford: Blackwell Publishing.

- Uberti, Luca J. 2014. "Neoliberalism and Industrial Policy in Kosovo: The Mining and Metals Industry in the Post-War Transition." *East European Politics* 30 (4): 482-506.
- Uberti, Luca J., Nicolas Lemay-Hébert and Venera Demukaj. 2014. "Introduction: The Political Economy of Regulation in Post-War Kosovo: Intended and Unintended Consequences of External Actors' Involvement." *East European Politics* 30 (4): 429-435.
- US Department of State. 2014. *Investment Climate Statement*. Pristina: US Department of State.
- Vickers, Miranda. 1998. *Between Serb and Albanian. A History of Kosovo*. New York: Columbia University Press.
- Visoka, Gezim. 2012. "The 'Kafkaesque Accountability' of International Governance in Kosovo." *Journal of Intervention and Statebuilding* 6 (2): 189-212.
- Wennmann, Achim. 2005. "Resourcing the Recurrent of Intrastate Conflict: Parallel Economies and Their Implications for Peacebuilding." *Security Dialogue* 36 (4): 479-494.
- Williamson, Oliver. E. 1979. "Transaction Cost Economics: The Governance of Contractual Relations." *Journal of Law and Economics* 22: 233-261.
- Woodward, Susan L. 1995. *Balkan Tragedy: Chaos and Dissolution after the Cold War*. Washington D.C.: The Brookings Institution.
- World Bank. 2003. *Kosovo Labor Market Study: Policy Challenges of Formal and Informal Employment*. Report No. 25990, Human Development Unit, Europe and Central Asia Region.
- World Bank. 2004. *Kosovo Economic Memorandum*. Report No. 28023-KOS, Poverty Reduction and Economic Management Unit Europe and Central Asia Region.
- World Bank. 2007. *Kosovo Poverty Assessment*. Report No. 39737-XK, Poverty Reduction and Economic Management Unit Europe and Central Asia Region.
- World Bank. 2010. *Kosovo: Unlocking Growth Potential: Strategies, Policies, Actions. A Country Economic Memorandum*. Report No. 53185-XK, Pristina: World Bank Kosovo Office.
- World Bank Group. 2010. *Doing Business 2010. Reforming through Difficult Times*. Washington DC: International Bank for Reconstruction and Development/World Bank.
- World Bank Group. 2013. *Doing Business 2013. Smarter Regulations for Small and Medium-Sized Enterprises*. Washington DC: International Bank for Reconstruction and Development/World Bank.
- World Bank Group. 2014. *Doing Business 2014. Understanding Regulations for Small and Medium-Sized Enterprises*. Washington DC: International Bank for Reconstruction and Development/World Bank.
- World Bank Group. 2015. *Doing Business 2015. Going Beyond Efficiency*. Washington DC: International Bank for Reconstruction and Development/World Bank.

- World Bank and International Finance Corporation. 2009. *Enterprise Survey Kosovo*. Accessed May 2 2015.
<http://www.enterprisesurveys.org/data/exploreeconomies/2013/kosovo>
- World Bank and International Finance Corporation. 2013. *Enterprise Survey Kosovo 2013*. Accessed May 2 2015.
<http://www.enterprisesurveys.org/data/exploreeconomies/2013/kosovo#informality>
- Yannis, Alexandros. 2003. "Kosovo: The Political Economy of Conflict and Peacebuilding." In *The Political Economy of Armed Conflict: Beyond Greed and Grievance*, edited by Karen Ballentine and Jake Sherman, 167-196. Boulder, CO: Lynne Rienner.
- Yannis, Alexandros. 2004. "The UN as Government in Kosovo." *Global Governance* 10 (1): 67-81.
- Youth Initiative for Human Rights. 2010. *State of Constriction? Governance and Free Expression in Kosovo*, Pristina: Youth Initiative for Human Rights.

Notes

¹ This article focuses on informal economic practices among the Kosovo-Albanian majority in Kosovo. It thus excludes informality among the Serbian and other minorities, where also the dynamics of informal practices likely differ (see for example Kostovicova et al 2012). It has to be said that the article seeks to illustrate the constitutive effects of the World Bank's anti-informality agenda rather than to explain the complexities of all aspects of informal economic dynamics in Kosovo. As stated, there are probably more than two possible interpretations of informality in Kosovo, depending on the perspective that one applies.

² Interview, Naser Grajçevci, Director of the Small and Medium Enterprise Support Agency at the Ministry of Trade and Industry, Pristina, September 2010; Interview, Lumir Abdixhiku, Executive Director of the Riinvest Institute, Pristina, March 2011.

³ Interview, Lumir Abdixhiku, Executive Director of the Riinvest Institute, Pristina, March 2011.

⁴ Interview, Migjen Kelmendi, Journalist and Broadcaster, Pristina, March 2011.

⁵ Between 2010 and 2011 I undertook various research trips to Kosovo and conducted interviews with local state representatives, journalists, NGOs and business owners in Pristina, Prizren and Gjakova. The interviews with businesses owners were less structured. I formulated open-ended questions around various topics that concerned business strategies, everyday practices and experienced necessities. Since the topic of informality could prove sensitive, I did not to bring it up as such. Yet, most respondents perceived various informal practices as given parts of their business operations. Most respondents did however not equate their own practices with those of the 'informal economy'. All respondents have been given pseudonyms, except for those who agreed to participate under their own name.

⁶ Compared to the literature on democratization, civil society and legitimacy of international administrations (e.g. Pula 2003; Yannis 2004; Narten 2008; Visoka 2012; Lemay-Hébert 2013), research on the economic dimensions of the Balkan interventions is marginal (Pugh 2002, 468; Uberti et al 2014, 429).

⁷ See also Danielsson (2015) for a discussion of the informal economy in Kosovo as a locally conditioned phenomenon. The article at hand draws in part on the same interview material but differs by providing an account of the international-local power relations that structure and reconstitute informal economic practices on the ground.

⁸ This is not to deny the instances in which international actors have been directly involved in local illicit or informal exchanges (see for example Pugh 2005a).

⁹ One example is the World Bank funded formalization programme in Peru that drew upon legalist ideas.

¹⁰ Interview, "Agim", Business owner, Prizren, April 2011.

¹¹ Interview, "Kushtrim", Business owner, Pristina, April 2011.

¹² Interview, "Veton", Business owner, Pristina, April 2011.

¹³ Interview, Lumir Abdixhiku, Executive Director of the Riinvest Institute, Pristina, March 2011.

¹⁴ Interview, "Dritan", Business owner, Prizren, April 2011.

¹⁵ Interview, Senior Manager Kosovo Tax Administration, Pristina, April 2011.

¹⁶ Interview, Labinot Salihu, Executive Director of KUSA, Pristina, March 2011.

¹⁷ Interview, "Agim", Business owner, Prizren, April 2011.

¹⁸ Interview, "Fatmir", Business owner, Pristina, April 2011; Interview, "Pjeter", Business owner, Gjakova, April 2011.

¹⁹ Interview, "Bekim", Business owner, Pristina, April 2011.

²⁰ Interview, "Kushtrim", Business owner, Pristina, April 2011.

²¹ Interview, "Fatmir", Business owner, Pristina, April 2011.

²² Interview, "Veton", Business owner, Pristina, April 2011.

²³ Interview, "Fatmir", Business owner, Pristina, April 2011.

²⁴ Interview, "Bekim", Business owner, Pristina, April 2011.

²⁵ Interview, "Agim", Business owner, Prizren, April 2011.