The overall objective of the meeting was to gather analysis and recommendations from civil society experts on how the EU can better engage with the issue of illicit economies in its development and conflict prevention work. Specifically, based on the country cases of Colombia and Myanmar, the meeting was intended to gather insights, lessons learned and recommendations for the EU on:

- The implications of illicit economies in fragile and conflict-affected contexts, especially as they relate to governance issues in remote borderland areas;
- How illicit economies can be better addressed so as to support more sustainable and inclusive transitions from war to peace, for the economy and for peace more broadly;
- Understanding the gender dynamics and diverse gendered experiences of illicit economies, including how women and women-headed households are adapting and playing larger roles in transitions from war to peace;
- How gender-sensitive conflict analysis integrating political economy dynamics should be used in practice by the EU in fragile and conflict-affected contexts.

The meeting gathered 24 civil society experts working on issues relating to illicit economies in fragile and conflict-affected contexts, and policy-makers from both the European Commission (EC) and the European External Action Service (EEAS). Discussions were held under the Chatham House Rule. There was no attempt to generate a consensus and this report contains the key points which were made by the civil society participants.
Understanding illicit economies

- The EU must ensure that actions seeking to address illicit economies are context-specific and based on robust, gender-sensitive conflict analysis (integrating political economy dynamics). The analysis must take into account the different needs of the people affected by and engaged in illicit activities.

- Illicit economies have complex and diverse impacts, especially in contexts transitioning from war to peace and in borderland areas. They may intensify conflict dynamics and be exploited by violent groups and/or predatory state actors, but they may also enable some people to survive and constitute a source of empowerment for certain marginalised groups. Likewise, transitioning away from violent conflict and from illicit economies is likely to have complex and diverse impacts on power structures, communities and people. The EU must therefore set aside possible prior assumptions about the potential positive and negative impacts of licit and illicit economies when designing its engagements.

- The EU must consult local civil society and diverse women, men and communities extensively as part of any conflict analysis process, in order to base its understanding of issues relating to illicit economies on local realities and how these dynamics are perceived locally (e.g. regarding what is considered licit or illicit, what is considered legitimate and what isn’t, etc.).

- Participants presented various examples to illustrate the complex impacts of illicit economies and the importance of setting aside prior assumptions in favour of nuanced, context-specific analysis:
  - In Colombia, many people turn to coca farming because they do not have access to the land required for other crops, they do not have access to agricultural credits, they would not be able to travel to sell non-coca crops to markets (coca dealers often come directly to the farms), etc. The coca economy has guaranteed various communities modest but significant social advances, including for women – allowing them to develop their financial autonomy and their capacity to save money, to invest in education, healthcare, land and diverse services, etc. However, these advances can come with substantial costs relating to instability, exposure to violence, etc. (the drug system contributes to a significant extent to financing armed groups engaged in conflict in the country).
    As a result, communities are often eager to transition out of illicit economies, but they do not want to lose out on their means of survival and on the positive social advances they’ve achieved through them (licit, peace economies are not necessarily more egalitarian than illicit, war economies). The EU must therefore understand the specific trade-offs and needs faced by communities, and determine how they should be supported, how adequate alternatives should work and what they should provide to communities.
  - In Myanmar, drug cultivation and production (e.g. opium and methamphetamine) can both be crucial to the lives of local communities and contribute to widespread health issues in the same areas.
  - Although drug use in Myanmar and Colombia has devastating health effects, it can constitute a coping mechanism for people facing an exploitative licit economy or dealing with difficult circumstances (e.g. in Myanmar, some camps for internally displaced people (IDPs) see high levels of methamphetamine consumption as it also works as an appetite suppressant).

- Illicit economies are rarely, if ever, the cause of a conflict, but instead they may contribute to its complexity and intensity, including because governments often react through repressive approaches to the drug economy.
The EU should take into account and analyse illicit economies wherever it is considering engaging, even if the intervention does not seek to target issues relating to illicit economies directly.

- Different types of interventions may be helpful in indirectly addressing issues relating to illicit economies, and illicit economies involve power structures and dynamics that may influence the impact of interventions regardless of their focus (e.g. formal peace processes may inadvertently reinforce harmful illicit economies if the underlying power structures and how they will be affected are not sufficiently understood).

### Gender and illicit economies

The EU should take into account and fully integrate gender into any analysis and intervention relating to illicit economies.

- Illicit economies may contribute to the transformation or the perpetuation of gendered power structures and relations, and of gender norms, roles and practices. The EU should ensure that it captures how they affect diverse groups differently, as illicit economies may involve various roles for diverse women and men and have gendered and intersectional impacts on communities and individuals.

- The EU should ensure that it consults diverse women in its conflict analyses and in the design, implementation, monitoring and evaluation of its programmes (e.g. engagements aiming to support the empowerment of women should be based on what local women consider to be empowering). The EU should also ensure that it provides a safe space for women when consulting them (e.g. by organising meetings without men present).

- The EU should ensure that it adequately captures and understands the diverse participation of women and men in illicit economies, including by using disaggregated data and by analysing the social, religious and customary norms which may play a role in the division of labour. In some contexts, there may be significant gender differences in the division of labour in illicit economies (e.g. in Myanmar, men often tend to work on clearing the land, while women tend to focus on picking crops), in others less so (e.g. in Colombia, coca cultivation is in many ways more egalitarian than the licit economy and other agricultural activities).

- In order to fully understand the violence resulting from or exacerbated by conflicts and illicit economies, the EU should also look for less visible forms of violence than killings, including domestic / intra-familial violence, intimidation, the vulnerability of widows, human / sex trafficking, children joining gangs, etc.

- In Colombia, many women gain financial independence from their families, and the ability to raise families of their own, by being able to cultivate and sell coca themselves. The EU should ensure that its engagements supporting transitions out of illicit economies adequately preserve this independence. For example, substitution schemes involving cash payments should ensure that female farmers receive the money directly (as income and payments often runs through the men in families), and land titles should be given to women to allow them to cultivate different crops.

- In Myanmar, women used to be involved in the production of opium but they were not its major consumers. The situation has evolved in the previous decade, with an increase in female consumers (women also continue to participate in the production of opium, as they are sometimes less targeted by the authorities than men). However, the support mechanisms for drug users are designed for men and are often inadequate for women, especially young women.
Illicit economies and borderland areas

- The EU should approach conflict and illicit economies in a holistic manner, looking at central and peripheral areas, as well as at different levels.
  - Borderlands should be seen as central to the challenges of transitions from war to peace, especially in relation to illicit economies which often develop away from capitals.
  - Interventions are often structured based on the nation state, which makes it harder to respond to the specific dynamics found in borderlands (which may be significantly different from those found in more central areas), as these may be better understood outside of national framings and addressed through localised and cross-border actions.
  - Actions involving border management measures may, in certain cases, be counter-productive, especially as local communities often rely on cross-border movement and exchanges for their livelihoods.
  - The EU should deepen its engagement with subnational civil society organisations (CSOs) based in borderlands (as opposed to engaging mostly with national elites in capitals).

- The EU should contribute to enhancing the governance and accountability of state and non-state institutions as part of efforts to address illicit economies, especially in borderland areas.
  - The EU should support the creation and strengthening of accountable local governance structures, including informal, non-state structures, which are supported by local populations and which address illicit economies according to the needs of communities. It should also support building trust and working relations between these structures and national authorities. As there is no single governance model that would be optimal in all contexts, efforts to improve governance must be context-specific.
  - Issues relating to state reform, federalisation and decentralisation are often complex; in contested / borderland areas where there is a lack of state presence and illicit economies thrive, an increased state presence may not necessarily have a positive impact. Indeed, state penetration may undermine existing local governance structures which were helping populations; targeting major armed groups, which may serve as service-providing authorities in the areas they control, without adequate follow-up actions to improve governance may lead to a more volatile and violent environment (including because of the emergence of more problematic armed groups, as has happened in Colombia in certain areas which used to be controlled by the FARC); state institutions can behave in a predatory manner and encourage more harmful illicit activities; a wider state presence can result in an increase in land grabbing, etc.
  - In Myanmar, state actors, in particular the armed forces, are using illicit economies to consolidate their presence in contested areas, including by striking agreements with armed groups who are allowed to profit from illicit economies as long as they align with the government. As a result, criticising the drug trade is sometimes labelled as opposing the peace transition, and it is risky to challenge state actors publicly on this.
  - In Colombia, the EU should help to build the capabilities that would enable the state to implement the 2016 peace agreement, including in borderlands, in order to provide the kind of public services and support to farmers that would help communities transition out of illicit economies.
Addressing illicit economies

- The EU should prioritise conflict-sensitive, integrated development and peacebuilding interventions which address the root causes of illicit economies and conflict, and the diverse needs of local populations, over law enforcement and repressive responses to illicit activities.

  - The populations affected by and engaged in illicit economies often find the root causes of conflict and illicit economies more problematic than the illicit activities themselves. The EU should therefore prioritise addressing issues such as exclusion and the social, economic and political marginalisation of populations, a lack of access to resources (including food, land and natural resources) and to proper public services (including health, education and administrative services), inadequate and unaccountable governance structures (and oppressive government policies and actions), and other fundamental and structural issues. This is often more helpful to local populations and allows for more effective and sustainable transitions away from illicit economies than focusing on repressing the illicit activities themselves (depending also on their direct impacts on populations).

  - As part of these peacebuilding and development efforts, the EU should promote and support the structural changes required to build inclusive peace economies in which all groups and individuals are able to thrive collectively and individually, as well as accompanying measures to allow the people engaged in illicit economies to make a successful transition away from them. It is only by positively transforming the systems and structures which contributed to conflict and to the development of illicit economies that transitions can be sustainable.

  - The EU should ensure that it engages and funds actions in the long term as part of its support to transitions away from conflict and illicit economies, as long timeframes are needed for positives changes to be sustainable.

  - Law enforcement and securitised / militarised approaches to illicit economies are often inadequate, insufficiently informed by analysis and potential sources of harm. They frequently fail to address root causes, divert attention away from the peacebuilding and development actions which do lead to sustainable change, and contribute to escalations in violence.

  - Issues relating to illicit economies and drugs are often siloed and addressed by specific actors focusing only on these issues – largely through law enforcement. As a result, actors from other fields who should play a key role in addressing the root causes of illicit economies and their links to development and peace do not work on these issues, because of their sensitivity and the fact that they are already tackled through the silo of law enforcement. The EU should use its range of policy tools in a complementary and integrated manner to address these issues.

  - Overall, positive approaches to illicit economies imply moving away from criminalisation and law enforcement lenses and looking at metrics such as access to public services (including health services), trust in the state, perceptions of accountability, levels of inequalities, access to land, marginalisation, etc.

  - As part of efforts to lead communities to engage in licit activities instead of illicit activities, the EU should address the possible needs of communities in pursuing alternatives across the entirety of the production chain (e.g. by providing them with licit crops and with technical assistance, by facilitating the creation of markets for the crops, etc.).

  - The EU should be ready to support the legalisation of certain illicit activities in contexts where this would have a helpful impact (in particular small-scale activities).
The EU should actively involve and support CSOs (in particular local civil society and informal organisations) and diverse women and men in designing, implementing, monitoring and evaluating actions seeking to address issues relating to illicit economies.

- The EU should take the time to build trust and relationships with the people affected by and engaged in illicit economies, including by actively involving diverse local actors at all stages of interventions and by ensuring that engagements do not only help people transition out of illicit economies but also support those not engaging in illicit activities (otherwise this will lead the latter to engage in illicit activities in order to receive support).

- The EU should create spaces where the people affected by and engaged in illicit economies are able to freely express themselves and share their perspectives on what should be done and what empowerment and progress should look like. The EU should also contribute to the protection of civilians, including human rights defenders, civil society activists and journalists.

- The EU should share as much as possible of its analysis and data on illicit economies with civil society (while ensuring that it does no harm in doing so) and local media, so as to allow them to research issues, and to monitor and evaluate engagements, more effectively.

The EU should address the external drivers of illicit economies.

- External drivers may relate to the role of neighbouring governments and international actors (states, international corporations, etc.), to the promotion by international actors of harmful economic systems and macro-economic policies, to illicit international financial flows, to trade agreements, to the demand for illicit goods (including drugs) coming from other countries (e.g. European countries), etc.

- International sanctions on commodities and criminal actors often have mixed or negative impacts; the EU should ensure that sanctions have very specific targets (individuals) and that they do not harm populations.

- The EU should ensure that it does not promote economic development models (and partnerships with the private sector) which are not adapted to local needs and priorities.