

International Labour Organization
Final Thematic Evaluation of RBSA-funded
informal economy Projects in Bosnia and
Herzegovina (BIH/14/01/RBS), in the
Republic of Moldova (MDA/14/01/RBS)
and Sub-regional Component
(SBU/14/03/RBS)

Evaluation Report

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Disclaimer

The views expressed are those of the evaluator and do not necessarily represent any official view of ILO or the Governments of target countries.

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List of Acronyms

ACI	Area of Critical Importance
BD	Brcko District of Bosnia and Herzegovina
BiH	Bosnia and Herzegovina
CEE	Central and Eastern Europe
DWCP	Decent Work Country Programme
DWT/CO	Decent Work Technical Support Team and Country Office
EESE	Enabling Environment for Sustainable Enterprises
EO	Employers' organisation
ESC	Economic-Social Council
EU	European Union
FBIH	Federation of Bosnia and Herzegovina
GDP	Gross Domestic Product
ILC	International Labour Conference
ILO	International Labour Organization
LI	Labour Inspection
NCCCB	National tripartite Commission for Consultations and Collective Bargaining
P&B	Programme and Budget
RBSA	Regular Budget Supplementary Account
RS	Republika Srpska
SDGs	Sustainable Development Goals
TA	Technical Assistance
ToRs	Terms of Reference
TU	Trade Unions
UN	United Nations
UNDAF	United Nations Development Assistance Framework
VET	Vocational Education and Training

Executive Summary

The present document is the final thematic evaluation of the **RBSA-funded informal economy Projects** in Bosnia and Herzegovina (BIH/14/01/RBS), in the Republic of Moldova (MDA/14/01/RBS) and Sub-regional Component (SBU/14/03/RBS). The evaluation was conducted from September to October 2016.

Purpose and objective of the projects

More than half of the world's workforce is estimated to work in the informal economy. Consequences are often denial of rights at work, a lack of social dialogue and low productivity, losses for the national taxation systems. This undoubtedly represents a significant obstacle to the development of sustainable enterprises.

The Central and Eastern European countries are characterized by a relatively broad informal sector, which is seen as an obstacle to a substantial modernization of the economy and society. The share of the informal economy is typically estimated in the range of 30 to 50 per cent of the official GDP in the Central and Eastern European region.

The projects on informal economy covering Bosnia and Herzegovina and the Republic of Moldova, sought to lay the ground for the effective design, planning and launch of national strategies aiming at enhancing the formality, productivity and decent employment in the national economy.

In the target geographical areas, ILO interventions focus on building alliances with governments, workers' and employers' organizations and encouraging them to jointly develop and implement common action plans to address undeclared work.

These joint actions have focused on three main elements:

- Adoption of necessary legal changes conducive to reducing informal employment;
- Improving law enforcement;
- Awareness-raising on the negative effects of undeclared work.

The overall objective of the projects was to strengthen the capacity and commitment of governments and the social partners to design and implement policies and measures that, through the formalization of the economy, will improve the quality, decency and productivity of jobs.

The Sub regional component on informal economy aimed to support knowledge sharing and dissemination of results on the ILO approach to the formalization of the informal economy in the sub-region.

Direct recipients of the projects were: social partners, line ministries, public employment services, vocational education and training agencies, labour inspectorates, social security and health insurance institutes and statistical offices.

The **ultimate beneficiaries** of the project were the workers and entrepreneurs of the informal economy.

Purpose, scope and clients of the evaluation

The purpose of the present evaluation, as per ToRs, is organizational learning in order to inform the next steps and improve further programming through the assessment of the work done. It would help determine what the ILO should be doing in the target countries and the broader sub region prior to conceptualizing future interventions on transition from the informal economy to the formal economy or engaging into the design of new DWCPs.

Based on the analysis of the findings the evaluation will aim to provide practical recommendations on the potential future needs of technical assistance on the transition from the informal economy to the formal economy that could be incorporated into the design of future initiatives.

The scope of the evaluation is the RBSA-funded Informal Economy projects in Bosnia and Herzegovina (BIH/14/01/RBS), Moldova (MDA/14/01/RBS) and Sub-regional component (SBU/14/03/RBS).

The evaluation will serve the following clients: ILO management, technical specialists and programming staff in elaboration of new initiatives in the area of informal economy in the region, and tripartite constituents in the target countries.

Methodology of evaluation

The evaluation was conducted in the following phases:

- i) a documentation review (desk research), where preliminary material was collected and analysed,
- ii) an orientation phase at the ILO DWT/CO Budapest, with management and technical staff,
- iii) a field phase, where information and additional material were collected and interviews were held with local stakeholders,
- iv) a drafting phase, which output is the present draft report;
- v) a final phase, where comments from all stakeholders will be analysed and incorporated.

The main sources of information for the evaluator have been interviews, literature review and site visits.

Literature Review

The evaluator has analysed ILO programmatic documents; ILO and national partners' publications on decent work; project documents for each of the component and for each of the analysed countries; international and national legal frameworks in relation to informal economy; other country reports, other information on the sector.

Field visits

The purpose of the field visits was to explore stakeholders' commitment and attitudes, as well as verify countries' priorities and experiences. The following field visits were conducted:

Moldova: 21th to 23rd September 2016

BiH: 24th to 30th September 2016.

The orientation meeting at ILO DWT/CO Budapest took place from 18th to 21st September 2016, prior to the field visits.

Semi-structured interviews

At general management level, interviews have been held with ILO DWT/CO staff in Budapest. *At ILO country management level*, interviews have been held with the staff of the ILO Offices in both Moldova and BiH. *At beneficiary countries' level*, interviews were held with: national ILO offices, national authorities of the two visited countries, national tripartite constituents, including employers' and workers' organizations and other relevant stakeholders and beneficiaries in the two countries.

Main findings

Relevance. The project is highly relevant to ILO policies and priorities, and is aligned with the overall strategies indicated in the ILO Strategic Framework and in the Programme and Budget document. The initiative is also relevant to target countries' policies, in particular with regard to DWCPs and to the priorities spelt out in national strategies. This seems to be more apparent in the case of Moldova, but is also significant in the other country given the high incidence of informal economy and the presence of severe deficits in the state budget which would require more proactive approaches in tackling the phenomenon. The design of the project could be improved through a more logical linkage between the project expected results (called country achievements in the concept note) and both the overall objectives set out in P&B and in the DWCP's, and definition of outputs and milestones. Intense consultations with stakeholders seem to have taken place, thus strengthening project's alignment with national needs.

Effectiveness. Good management at local level, continuous dialogue with partners and quality of expertise were undoubtedly appreciated by beneficiaries. The expected objectives were partially achieved; some initial steps have been made to enhance institutional capacities in target countries through events, conferences, networking. In some cases, the scattered character of those activities may hinder the achievement of more durable and tangible results. Studies produced under the project have been received in different ways in the two countries; this largely depends upon the diverse level of commitment and progress of policies in this area, and secondly upon the complex institutional context in BiH, which imposes challenges in achieving uniform results and impedes the development of, and consensus on, comprehensive and holistic solutions. In general, there is still a strong need to further improve national capacities to address the issue of informalities; this will require continuous efforts from the ILO, and target countries' strong commitment. This said, the project has to date enhanced cooperation among relevant stakeholders and has introduced new tools and knowledge which – when properly adapted and divulged - might be of help.

Efficiency. The project has been implemented directly, without the use of external resources. This has brought about highly satisfactory results in term of cost-benefits and use of resources, and has also allowed for a good degree of freedom in the planning and implementation of activities. It has also encouraged an integrated approach and team work among the specialists of the ILO DWT/CO, which has proved a good practice in dealing with interdisciplinary issues in case of limited funding available.

On the other hand, reporting might be improved, be regular and structured around result-based principles.

Sustainability. The project did not include an exit strategy, which would be recommended, among others, to test Governments' willingness to further sustain and fund some project results which are considered particularly relevant for the target countries. Ownership was relatively good, thanks to the continuous dialogue of ILO with constituents and to the alignment of the project with national priorities and areas of cooperation. In Moldova, the new DWCP includes several elements on informal economies, and this is to be considered an achievement. One of the biggest merits of the project has been to have initiated a structured discourse on issues of informality and to have gathered together – in some cases for the first time - all relevant stakeholders. The extent to which this result will serve to boost the development of appropriate policies will largely depend on the countries' and stakeholders' willingness to effectively tackle this phenomenon; in any case, ILO will have to continue promoting this discourse with its constituents in resilient ways.

As for impact, it is not easy to measure it, as the project has been implemented in recent times. In the longer term, M&E might be useful to try and capture any results further down the line.

Gender Concerns. ILO strategies and policies in recent years have progressively increased the focus on gender equality issues. Women are among the groups who are most affected by informal employment. The project has been able to mainstream gender approaches – as enshrined in latest P&Bs – through the inclusion of a specialist in the planning and implementation of the project; this has been useful as several outputs highlight the need for considering gender aspects in the development of statistical data and for proper monitoring of the phenomenon.

Knowledge Sharing There is increasing evidence in project development that knowledge sharing should occupy a more relevant place, in order to improve effectiveness and sustainability of actions. In the case of Moldova both the study on informal economy and the products of the awareness raising campaign have been constantly utilised and referred to until now by many constituents. In Bosnia and Herzegovina, there is little evidence that the project related knowledge products are actually being utilised. Projecting should include arrangements to ensure that the knowledge produced under actions is really reflected in working practices; that studies are utilised; that training material is embedded in appropriate institutions or centres. It is recommended that provisions for this purpose be included in next projects.

Conclusions

1. The project could initiate and improve dialogue and discourse around the issue of informal economy.
2. It was able to gather together sometimes for the first time all stakeholders engaged in the work on informality in target countries.
3. The design of the concept note is not always logical, and the process from country priorities to milestones is not always apparent.
4. Reporting arrangements should be better structured and should provide for result-based principles.

5. The knowledge resources developed under the project are not always utilised by beneficiaries of the actions. This concerns for example training material.
6. The project lacks an appropriate exit strategy.

Lessons Learned and Good Practices

1. Continuity is required in order to take advantage of results and outputs developed under the project.

The project has brought about several positive outcomes: a more comprehensive dialogue on the issue of informal economies, a set of studies, material for training courses. These achievements need to be consolidated through further cooperation.

2. ILO is still proving effective in encouraging and promoting discussion among its stakeholders on issues regarding employment and labour, also in relatively new challenges as the one represented by informal economies.
3. Project design can be improved. This is valid not only for this project, but in general concerns actions developed by ILO in other countries and fields. A more logical process of designing interventions would bring about great improvements in the way actions are structured and monitored.
4. The project is more successful where it was executed in synchrony with sector reforms and legislative developments in the sector.

A clear example of this is to be found in Moldova, where the Government had started some years ago in the elaboration of action plans to fight informal economy. This certainly improved ownership and commitment of stakeholders. In general, all projects designed to support recently launched strategies or policies have a demonstrated higher impact and enjoy more favourable conditions for sustainability and durability.

Linking Conclusions with Recommendations

Conclusions	Recommendations	To whom?
1. The project could initiate and improve dialogue and discourse around the issue of informal economy.	Ensure further and continuous support to social partners and governments, for an enhanced policy dialogue, to improve their capacities to carry out effectively the required tasks in tackling the phenomenon.	DTW/CO and Country Offices
2. It was able to gather together- sometimes for the	Further contribute to ensuring proper networking and	DTW/CO, Country

Conclusions	Recommendations	To whom?
first time - all stakeholders engaged in the work on informality in target countries.	communications among concerned partners	Offices
3. The design of the concept note is not always logical, and the process from country priorities to milestones is not always apparent.	Improve project design with focus on results, impact and sustainability. Improve logical structuring by identifying in a more clear way the linkages between strategic priorities (P&B, DWCP), project-level objectives and country achievements, and outputs/milestones. Improve indicators, making them objective and SMART. This would allow for better monitoring of the action.	DTW/CO, ILO programming offices, countries' offices, other relevant constituents
4. Reporting arrangements should be better structured and should provide for result-based principles.	Provide for regular reporting, articulated around a set of objectives-results- activities- indicators in a simple, logical way	DTW/CO, target countries' offices
5. Knowledge resources developed under the project are not always utilised by beneficiaries of the actions. This concerns for example training material.	Include in the project design some sustainable actions aimed at ensuring that knowledge is appropriately used and embedded	DTW/CO, countries' offices, target countries' constituents
6. The project lacks an appropriate exit strategy.	Develop exit strategies aimed at ensuring that some of the outcomes will be further taken care of by project stakeholders	DWT/CO, ILO country offices

1. Background

1.1. Context

1.1.1. ILO and informal economies

More than half of the world's workforce is estimated to work in the informal economy. Consequences are often denial of rights at work, a lack of social dialogue and low productivity, losses for the national taxation systems. This undoubtedly represents a significant obstacle to the development of sustainable enterprises.

From an historical perspective, the ILO launched the concept of informal sector more than three decades ago. It has been commented that since then, it has done more work on both the concept and the underlying social problem than any other single institution. .

Since decades, ILO has made attempts to set up several mechanisms to collect and share lessons from good practice and policy, as well launch policy frameworks to tackle the phenomenon. In the last decade, at least two major milestones can be observed.

In 2002, a Resolution concerning decent work and the informal economy was adopted by the International Labour Conference; the Resolution called for the needs of workers and economic units in the informal economy to be addressed, with emphasis on an integrated approach from a decent work perspective.

In March 2013 the ILO constituents agreed to place a standard-setting item on "Facilitating transitions from the informal to the formal economy" on the agenda of the International Labour Conference (ILC) in 2014. The subject was discussed in the following months, and in 2015 ILO adopted a new international labour standard that was expected to help hundreds of millions of workers and economic units move out of informality and into the formal economy. The new Recommendation acknowledges that most people enter the informal economy not by choice but due to a lack of opportunities in the formal economy and an absence of any other means of livelihood. The new labour standard provides strategies and practical guidance on policies and measures that can facilitate the transition from the informal to the formal economy. The vote of the Recommendation by the International Labour Conference is considered a key step, as it will allow for assisting countries to set up the necessary measures to promote decent job creation and sustainable enterprises in the formal economy.

The importance of the informal economy and the need for continuous support to ensure a sustainable transition to formality have been reflected in the Director-General's Programme and Budget proposal for 2016-17.

Finally, “formalization of the informal economy” is one of the 10 key Policy Outcomes (Outcome 6) of the ILO Programme and Budget 2016-17.

1.1.2. Informal economies and the UN system

As far as the UN family is concerned, in the context of the Post 2015 Development Agenda, the General Assembly of the United Nations has adopted the Sustainable Development Goals (SDGs). The Decent Work concept is part of Goal #8, and the informal economy issue is explicitly included as one of its indicators.

1.1.3. Geographical context

The Central and Eastern European countries are characterized by a relatively broad informal sector, which is seen as an obstacle to a substantial modernization of the economy and society. The share of the informal economy is typically estimated in the range of 30 to 50 per cent of the official GDP in the Central and Eastern European region.

In the target geographical areas, ILO interventions focus on building alliances with governments, workers’ and employers’ organizations and encouraging them to jointly develop and implement common action plans to address undeclared work.

These joint actions have focused on three main elements:

- Adoption of necessary legal changes conducive to reducing informal employment;
- Improving law enforcement;
- Awareness-raising on the negative effects of undeclared work.

The projects on informal economy covering Bosnia and Herzegovina and the Republic of Moldova, sought to lay the ground for the effective design, planning and launch of national strategies aiming at enhancing the formality, productivity and decent employment in the national economy. These countries were directly targeted as their respective Decent Work Country Programmes have explicitly identified priorities linked to the formalization of the informal economy.

1.1.4. Project objectives

The overall objective, as per ToRs, was

to strengthen the capacity and commitment of governments and the social partners to design and implement policies and measures that, through the formalization of the economy, will improve the quality, decency and productivity of jobs.

The Sub regional component on informal economy aimed to support knowledge sharing and dissemination of results on the ILO approach to the formalization of the informal economy in the sub-region.

1.1.5. Project beneficiaries

Direct recipients of the projects were: social partners, line ministries, public employment services, vocational education and training agencies, labour inspectorates, social security and health insurance institutes and statistical offices.

The **ultimate beneficiaries** of the project were the workers and entrepreneurs of the informal economy.

1.2. Components

The table below is an attempt to recapitulate the main expected results and related activities of the project. These have been divided by country, including the sub-regional component.

Country	Results	Activities for each result
BiH	R1: National tripartite strategies and action plans are developed or validated and appropriate monitoring mechanisms are established. (September 2014 -February 2015):	National study on the quantitative and qualitative dimension of the informal economy and informal employment.
		Tripartite strategic workshop in collaboration with the Economic and Social Councils of the entities to a) analyse and validate the study; b) formulate a national action plan; c) propose the composition and mandate of an inter-institutional monitoring body under the auspices of the Council.
		One follow-up tripartite workshop is held to monitor and evaluate implementation.
	R2: National public opinion is sensitized to the benefits of formalization of the economy. (May 2014 - September 2015)	National information and sensitization campaign
R3: Staff from labour inspectorate, social security institution, employers' and workers' organizations are trained to expand their outreach to the informal economy. (February - October 2015)	Specific training and planning workshops delivered to the labour inspectorates, employers' organizations, workers' organizations, social security institution	

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	R4: Concrete proposals are formulated in relation to legal and regulatory frameworks and administrative procedures. (March - September 2015)	Technical assistance provided for formulation of legislative and regulatory reforms on employment contracts and relationships
	R5: Action plans are formulated to improve the effectiveness and outreach of business development services. (May - October 2014)	An EESE methodology introduced for employers' organizations. Business development services component not fully developed.
	R6: Banking and credit in institutions are sensitized on micro-finance schemes. (May - October 2015)	Technical assistance provided to the different partner institutions along the implementation process.
	R7: National vocational education and training providers become familiar with ILO tools and approaches for skills and entrepreneurship development. (November 2014 - May 2015)	Technical assistance and training are delivered to national vocational education and training agency and providers.
	R8: Additional resources mobilized (May 2014 - December 2015)	Local resource mobilization initiatives undertaken to expand the scope and the long-term duration of the programme
Moldova	R1: National tripartite strategies and action plans are developed or validated and appropriate monitoring mechanisms are established. (May-October 2014)	Compilation and analysis of existing data on the quantitative and qualitative dimension of the informal economy and informal employment.
		Tripartite strategic workshop in collaboration with the National Commission for Consultations and Collective Bargaining to a) analyze and validate the study; b) formulate a national action plan; c) propose the composition and mandate of an inter-institutional monitoring body under the auspices of the Commission.
	R2: National public opinion is sensitized to the benefits of formalization of the economy. (May 2014 - September 2015)	One follow-up tripartite workshop is held to monitor and evaluate implementation.
		National information and sensitization campaign.
	R3: Staff from labour inspectorate, social security institution, employers'	Website of National tripartite Commission for Consultations and Collective Bargaining established, providing separate compartment on formalization of informal economy (additional milestone)
		Specific training and planning workshops delivered to the labour inspectorate, employers' organizations,

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	and workers' organizations are trained to expand their outreach to the informal economy. (September 2014 - December 2015)	workers' organizations, social security institution.
	R4: Concrete proposals are formulated in relation to legal and regulatory frameworks and administrative procedures. (October 2014 - March 2015)	ILO technical assistance provided for legislative and regulatory reforms on employment contracts and relationships.
	5: Tripartite consensus is reached on measures aiming at improving the enabling environment for the creation and development of sustainable enterprises. (October-November 2014)	The results and response strategy to the EESE assessment exercise conducted in 2013 are validated in a tripartite workshop.
	R6: Action plans are formulated to improve the effectiveness and outreach of business development services. (May - October 2014)	Training workshops are conducted on business development services and micro-finance.
	R7: Banking and credit institutions are sensitized on micro-finance schemes. (May - October 2015)	Technical assistance provided to the different partner institutions along the implementation process.
	R8: National vocational education and training providers become familiar with ILO tools and approaches for skills and entrepreneurship development. (November 2014 - May 2015)	Technical assistance and workshop organized for national vocational education and training agency and providers.
	R9: Additional resources mobilized (May 2014 - December 2015)	Local resource mobilization initiatives undertaken to expand the scope and the long-term duration of the programme.
Sub-Regional Component	R1: A sub-regional tripartite workshop is held to share knowledge and experiences	Organization of the workshop
	R2: Synthesis reports are produced summarizing the key findings and lessons learnt	Production of reports

1.3. Evaluation Background

1.3.1. Evaluation objectives

As ToRs specify, a thematic evaluation on informal economy is part of the RBSA Monitoring and Evaluation Plan 2016-2017 of the ILO Regional Office for Europe and Central Asia.

1.3.2. Scope and clients of the evaluation

The present evaluation has been conducted from September to October 2016, under the supervision of the ILO Evaluation Manager, Mrs Lejla Tanovic.

The scope of the evaluation is the RBSA-funded Informal Economy projects in Bosnia and Herzegovina (BIH/14/01/RBS), Moldova (MDA/14/01/RBS) and Sub-regional component (SBU/14/03/RBS).

The evaluation will serve the following clients' groups:

- ILO management, technical specialists and programming staff in elaboration of new initiatives in the area of informal economy in the region, and
- tripartite constituents in the target countries.

1.3.3. Evaluation limitations

The main limitations of this exercise are linked to the limited availability of time in the field missions and by time constraints in drafting the report, whose higher quality would require more detailed and in-depth analysis.

1.4. Evaluation Approach and Methodology

The guiding principle in conducting the evaluation exercise has been wherever possible the use of participatory approaches, where relevant stakeholders are involved in the identification of main issues to be evaluated, which will constitute the evaluation foci.

The tight timing of the field mission and the unavailability of some stakeholders have to some extent posed a limitation in the implementation of this approach.

This exercise was carried out in the following phases:

- A desk phase, where preliminary material was collected and analysed;
- A field phase, where information and additional material were collected and interviews were held firstly with ILO DWT/CO management and Senior Specialists in Budapest and subsequently with local stakeholders;
- A drafting phase, whose output is the present draft report;

- A final phase, where comments from all stakeholders will be analysed and incorporated.

1.4.1. Evaluation Criteria and Questions

Focus

The evaluation is mainly focused on relevance and design, as well as efficiency and effectiveness of implementation and sustainability of project outcomes after the end of related activities.

Impact will be less measurable considering that the project was implemented relatively recently (2014-2015).

With regard to sustainability, it was of particular importance to analyse the level of commitment and ownership of stakeholders, to verify the readiness and the capacity of the countries to make good use of the project's outputs and outcomes. These aspects will be key in the development of further initiatives addressing issues of informal economy in the target geographical areas.

Questions

This evaluation has been conducted according to the DAC evaluation criteria, namely **Relevance, Effectiveness, Efficiency, Sustainability and potential Impact**.

Two additional headings have been added as requested by ILO, namely Gender Concerns and Knowledge Sharing.

The initial evaluation questions were reviewed and their number was reduced to ensure smooth reading of the report, without losing focus.

1.4.2. Methodological tools

The main sources of information for the evaluator have been interviews, literature review and site visits.

Literature Review

The evaluator has analysed:

- ILO programmatic documents;
- ILO and national partners' publications on decent work and informal economy
- Project documents for each of the three components (baseline studies, needs assessments, ILO and beneficiary countries strategies and policies, logical/results framework, technical and financial reports, minutes of meetings, research reports in the countries;
- International and national policy frameworks in relation to informal economy;

- Other country reports, other information on the sector.

A list of documents made available to date is provided in Appendix 4.

Field visits

The purpose of the field visits was to explore stakeholders' commitment and attitudes, as well as verify countries' priorities and experiences. The following field visits were conducted:

Moldova: 21th to 23rd September 2016

BiH: 24th to 30th September 2016.

Moreover, an orientation meeting at ILO DWT/CO Budapest took place from 18th to 21st September 2016, prior to the field visits, in order to obtain a general overview of the project from the ILO management perspective.

Semi-structured interviews

At general management level, interviews have been held with ILO DTW/CO.

At ILO country management level, interviews have been held with the staff of the ILO Offices in BiH and Moldova.

At beneficiary countries' level, interviews were held with: national authorities of the two target countries, national tripartite constituents, including employers' and workers' organizations, other relevant stakeholders and beneficiaries in the two countries.

1.4.3. Data analysis

Data for analysis have been triangulated through a mixed methods approach that included desk review, consultation with all main stakeholders, and an independent assessment of development effectiveness. The latest made use of a difference-based approach, to identify expected and unexpected changes. Process tracing was also used, to identify mechanisms of change and the likely contributions of the project to the final results.

1.4.4. Performance standards and evaluation matrix

On the basis of the Evaluation Questions, the evaluation consultant has elaborated a detailed Evaluation Matrix, including evaluation questions, relevant sub-indicators, and method for collecting data. The evaluation matrix elaborated and used for this exercise is to be found as Appendix 2.

1.4.5. Stakeholders Engagement

Approximately 20 relevant stakeholders have been interviewed during the field visits.

The fact that some time has elapsed after the completion of activities has impacted on the evaluation in terms of interviewees' memory, availability of data and information provided. Many of the persons who participated in projects' activities were not available at the time of the evaluation or have left their posts.

1.4.6. Ethical Considerations

The evaluation of the project outcomes will be conducted in accordance with ILO evaluation policy guidelines, UN Evaluation Group (UNEG) Norms and Standards and OECD/DAC criteria for evaluating development assistance, as well as with the ILO Procedures for the use of the Regular Budget Supplementary Account (RBSA) stipulating that RBSA-funded outcomes are being subject to evaluation procedures in order to examine the results achieved with RBSA resources and their contribution to broader ILO and UN programming and country cooperation frameworks, including Decent Work Country Programmes (DWCPs) and UNDAFs

In particular, the UN ethical standards in evaluations are based on the UNEG Ethical Guidelines and Code of Conduct.

The UNEG guidelines note the importance of ethical conduct for the following reasons:

1. **Responsible use of power:** All those engaged in evaluation processes are responsible for upholding the proper conduct of the evaluation.
2. **Ensuring credibility:** With a fair, impartial and complete assessment, stakeholders are more likely to have faith in the results of an evaluation and to take note of the recommendations.
3. **Responsible use of resources:** Ethical conduct in evaluation increases the chances of acceptance by the parties to the evaluation and therefore the likelihood that the investment in the evaluation will result in improved outcomes.

The evaluation consultant has carefully followed the above mentioned Guidelines.

1.4.7. Structure of the Report

This report is structured in accordance with the OECD DAC requirements for evaluations. In Section 2 we discuss the project's design and its relevance to national priorities and ILO country programmes priorities and strategies. Section 3 follows with a discussion of effectiveness, in particular the contribution of the results achieved to achieving the immediate objectives (outcome). Section 4 discusses the project's efficiency, including the conversion of resources (financial and human) into results. Section 6 discusses the project's sustainability over time and makes some consideration on the impact, understood as the likelihood of achieving the development objective. Section 7 deals with gender concerns, intended as the capacity of the project to coherently pursue right-based and gender mainstreaming approaches. Section 8 discusses the extent to which knowledge sharing has been used to maximise the impact of project outputs.

This is followed by the final section of the report, focused on a discussion of the conclusions, lessons learnt and recommendations emerging from the project experience.

Main Findings

2. Relevance and Design

WERE THE PROJECT ACTIVITIES AND OUTPUTS/TOOLS RELEVANT TO THE NEEDS OF THE CONSTITUENTS AND THE STATED OBJECTIVES?

2.1. Links with ILO Programme and Budget

The project was directly linked to the following Programme & Budget Outcomes¹.

Countries	ILO Programme & Budget Priority
Moldova	ILO P&B Outcome 2: <i>Skills development increases the employability of workers, the competitiveness of enterprises, and the inclusiveness of growth</i>
	ILO P&B Outcome 3: <i>Creating and extending social protection floors</i>
Bosnia and Herzegovina	ILO P&B Outcome 12: <i>Tripartism and strengthened labour market governance contribute to effective social dialogue and sound industrial relations</i>
Sub-regional component	ILO P&B Outcome 11: <i>Labour administrations apply up to date labour legislation and provide effective services.</i>

The project is part of the ILO Programme and Budget 2014-15's Area of Critical Importance (ACI) 6 "Formalization of the Informal Economy",

Moreover, the initiative responds to the *Formalization of the informal economy* Area of Critical Importance (ACI) of the ILO, which states:

In spite of rapid economic growth in many emerging and developing economies, large proportions of the employed are active in informal settings.

¹ The biennial Programme and Budget of ILO sets out the strategic objectives and expected outcomes.

The ILO will review current experience and good practice, draw lessons and promote drivers of formalization, targeting micro- and small enterprises in selected economic sectors and categories of workers in informal employment conditions. Policy advice, technical cooperation and capacity building will promote formalization through enterprise, employment, labour and social policies. The ILO will work with governments and other partners to develop and promote legislation and regulations that encourage formalization. It will work to strengthen the capacity of organizations of employers and of workers to reach out to informal businesses and workers in order to promote effective transitions to formality².

2.2. Links with ILO and UN/UNDAF country programmes

At the regional level, the formalization of the informal economy and the promotion of compliance are top priorities of the ILO agenda in Europe. These are anchored to the Decent Work Country Programmes (DWCPs), the main programming tool for delivery of ILO support to countries. Designed to promote decent work within national development strategies, all currently active DWCPs include a joint commitment by the ILO and the national constituents to attribute the highest priority to the formalization of the informal economy.

2.2.1. Bosnia and Herzegovina

ILO

In BiH, the project is aligned with the Decent Work Country Programme 2012-2015. There are no discrepancies between the project purposes and the DWCP, but rather additions to the original DWCP³. In fact, the Programme presents three priorities:

Priority 1: Strengthening capacity of government institutions and the social partners to improve the governance of the labour market

Priority 2: Increasing employment opportunities

Priority 3: Strengthening social protection systems.

All three areas are severely affected by the heavy presence of informal economies, which at the beginning of the project was estimated at 30 to 50% of the country GDP⁴. In particular, government efforts aimed at increasing employment cannot be fully effective in a context where a large part of

² ILO P&B 2014-2015.

³ Changes in the DWCP or in UNDAF need to be verified through Exchange of Letters. Since it would require another round of formal consultations, and both documents are living documents and subject to change, such changes are rather expressed through Programme Monitoring and annual/biennial work plans. In case of BiH the DWCP Board did not challenge or contest those modifications.

⁴ Data from BiH DWCP 2012-2015.

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the economy falls out of control and monitoring mechanisms. Also, informalities influence the capacity of the states to improve their incomes, thus putting at risk any social protection system, including health insurance, pensions, occupational safety, etc. The DWCP stresses that reliable data on occupational accidents are lacking in the country, particularly in the Federation of Bosnia and Herzegovina where cantons are in charge of keeping records.

The DWCP refers to the informal sector in two of the three priorities, as the following table explains.

The table below resumes priorities, indicators, outputs from the DWCP Implementation Report.

DWCP Priority	DWCP Outcome	Comments	Indicator	Milestones
<p>Priority 1. Strengthening capacity of government institutions and the social partners to improve the governance of the labour market.</p>	<p>Outcome 1.1: Legal and institutional environment enabling the full realization of social dialogue.</p>		<p>Indicator: Reliable statistical data available</p> <p>Indicator: Tripartite monitoring mechanism set-up under entity ESCs</p>	<p>2014</p> <ul style="list-style-type: none"> • Concept of the project on the informal economy developed and funds for activities allocated • Desk review of existing studies carried out and an outline for the overview on informal economy produced. • Consultations with constituents on project objectives and expected outputs carried out. • Drafting of ToRs for national consultants to develop the overview and initiation of selection process. • Fact finding mission on the social protection component of the overview carried out. • Government representative participated in the Academia on Formalization of Informal Economy, November 2014, ITC Turin <p>2015.</p> <ul style="list-style-type: none"> • MoU signed with statistical Offices on data availability for the purposes of the study on informal economy, January 2015 • Workshop on Measuring Informal Economy & Informal Employment for Statistical Offices, Sarajevo, 17-19 February 2015 • Workshop on the Collection of Social Security Contributions in BiH, Sarajevo, March 2015

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				<ul style="list-style-type: none"> • Draft Study on Informal Economy and Informal Employment drafted and presented at the Validation workshop in Sarajevo, 18 June 2015 • Draft EESE report on informal economy drafted and presented at the round table held in Sarajevo, 15 July 2015 (UPFBIH) • Workshop on non-standard forms of work held, Vlasic, 21 July 2015 • UPFBIH held a Conference on IE and presented a Grey Book on Informal Economy (EESE report on IE), Sarajevo, 10 September 2015. • A tripartite delegation from BiH participated at the Regional Tripartite Conference on the Formalization of the Informal Economy, Becici, 15-16 September 2015. • UUPRS organised 3 events in the RS to present a research on informal economy “Creation of more conducive business environment for the reduction of IE (EESE report on IE), 10-17 October 2015. • ILO Workshop on Measuring Informal Economy and Youth Employment under ACI 6 for Statistical Offices in BiH, Sarajevo, 30 November- 3 December 2015 (inclusive). • ILO Workshop on local level solutions for transiting to formal economy for public employment services, regional development agencies and associations of municipalities, Sarajevo, 15 December 2015. • Summary Report on the Regional Conference on Formalization of Informal Economy translated and printed, December 2015. • Selected chapters of the ILO Guide on measuring Informal Economy translated for distribution to the Statistical Offices in BiH. <p>UUPRS round table on the study on informal economy and taxation of labour, Banja Luka, July 2016</p>
<p>Priority 3: Strengthening social</p>	<p>Outcome 3.3: Strengthen the effectiveness of the</p>	<p><i>The ILO will help to build capacity for labour</i></p>	<p>Labour inspection policy guidelines for</p>	<p>Technical assistance for developing policy guidelines at the</p>

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<p>protection systems.</p>	<p>Labour Inspection system to better promote decent working conditions through information, advice and law enforcement</p>	<p><i>inspectorates, by providing technical assistance to better inform and supervise on working conditions, particularly as regards to occupational health and safety and undeclared work. Technical assistance will be provided for developing gender sensitive policy guidelines, training for labour inspectors, facilitating tools and best practice sharing, through networking with organizations from the EU and Eastern Europe. The ILO will advocate for the creation of a tripartite body to examine the problems of, and promote measures to fight, undeclared work.</i></p>	<p>undeclared work and occupational health and safety are revised or drafted, in consultation with the social partners and then implemented.</p> <p>A tripartite body to combat undeclared work is set up.</p> <p>Both management support and facilitating tools are developed for better information and enforcement of legislation on occupational health and safety at work and undeclared work.</p> <p>Labour inspectors are trained on occupational health and safety, labour law and modern inspection methods.</p> <p>Bilateral cooperation protocols are signed with sister</p>	<p>entity level</p> <p>Training on undeclared work is organized</p> <p>Campaign for awareness raising on undeclared work</p> <p>Setting of the tripartite body</p> <p>Manual, training plan and checklist developed, training for labour inspectors – technical assistance</p> <p>Database developed – technical assistance</p>
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			organizations from Eastern Europe and the EU.	
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A deeper look at the table reveals that the relation between milestones indicated in the evaluation ToRs and the DWCP Outcome 1.1. *Legal and institutional environment enabling the full realization of social dialogue* (BiH103) is not deeply substantiated. Indicators are not relevant and do not refer to informal economy issues; on the other side, to a certain extent, the establishment of a tripartite mechanism to monitor IE under the entity ESC which was originally envisaged under DWCP Outcome 3.3. and moved to DWCP Outcome 1.1. could be seen as an IE related indicator of Outcome 1.1.

Outcome 3.3 of the same DWCP is much more pertinent to informal economy, as it deals with the capacity of Labour Inspectorates to monitor and fight undeclared work. Indicators are also more relevant to the project.

Given this, it is not clear why Priority 3 and its Outcomes are not presented in the DWCP Implementation Table on ACI 6.

UNDAF

The project is linked with the 2015 United Nations Development Assistance Framework (UNDAF) agreed with the country, in its Outcome 6 - By 2019, better articulated and coordinated employment, education, and scientific policies and programmes enable greater access to productive employment and income opportunities:

Through the UNDAF, the UN will support a range of labour market measures to enhance job seekers' access to decent employment opportunities and ensure that education and vocational training policies reflect the demands of the labour market. To contribute to the UNDAF outcome, examples of major outputs expected from UN programme cooperation may include: development of mechanisms to facilitate transition from informality to formality through strengthening the institutional capacity and commitment of the relevant BiH authorities and the social partners to design and implement policies that will improve the quality and productivity of jobs and which will include establishment and functioning of new tripartite bodies and strengthening capacities of the existing ones, such as the Economic and Social Councils and their bodies.⁵

The project was conceived in parallel with the drafting of the UNDAF and seems to have largely incorporated the new UNDAF priorities in the informal sector. We can therefore conclude that the initiative was fully aligned with UN objectives expressed in the UNDAF.

2.2.2. Moldova

ILO

The DWCP 2012-2015 examines the issue of informalization in the country's economy and labour market, highlighting the growing numbers of poor quality jobs in the informal economy and the high rates of rural population (70 per cent approximately) confined to informal agriculture and household survival activities.

⁵ UN- BiH One Programme 2015-2019.

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The project claims to be linked to Outcome 1.1. *Legal and institutional environment enabling a functioning social dialogue in place (MDA 103)*⁶. In reality, no specific actions are devised under this outcome, nor are relevant indicators included.

Some more direct reference to informal aspects of labour appears under *Outcome 1.3: ILS better reflected in labour legislation*, which emphasizes among others the need for ensuring better access of vulnerable categories of workers (youth, women, temporary workers, old workers, informal workers) to decent work.

Outcome 2.1 is reflected in the work done in the project to improve the capacities of National Statistical Office.

Also, project activities related to the strengthening of capacity and effectiveness of Labour Inspectorate are to be linked to Outcome 3.4.

It is only in the subsequent DWCP, for the period 2016-2020, that the issue of informal economy is dealt in a more articulated way. The document provides an overview of the context and indicates the need for further enhancing the capacities of the Labour Inspectorates in its Outcome 2.3: *Enhanced effectiveness of the labour inspectorate*, as well as Outcome 3.2: *Reforming social security systems to improve their adequacy, sustainability, compliance and coverage*.

A recapitulative table of DWCP 2012-2015 is presented below.

Priorities	Outcomes	Indicators
Priority 1: Improving governance of the labour market	Outcome 1.1: Legal and institutional environment to enable a functioning social dialogue	Tripartite constituents design and introduce measures to encourage and promote effective collective bargaining at various levels (national, sectoral and enterprise level). A functioning mechanism on LDS in place.
	Outcome 1.2: Increased institutional capacity of employers' and workers' organisations	· Capacity built to enable EOs to raise awareness in tripartite forums and amongst members on the barriers and costs to business that hinders moving to the formal economy and having sustainable enterprises. EO undertakes training to support viable and sustainable enterprises. · CNPM establishes presence in regional centres to support employers and to enable social dialogue forums to

⁶ See ToRs.

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		<p>function at all levels in Moldova.</p> <ul style="list-style-type: none"> · Training of trainers conducted by CNSM to understand and promote the extension of the provisions of CA. · Training of trainers conducted by CNSM to provide trade unions with knowledge and tools to mainstream gender equality into CA.
	Outcome 1.3: ILS better reflected in labour legislation	<p>Tripartite constituents take legal and practical measures to apply ILS in response to issues raised by ILO Supervisory bodies.</p>
Priority 2: Promoting of decent work and employment opportunities	Outcome 2.1: Improved labour statistics for evidence-based policy formulation	<ul style="list-style-type: none"> · The first Draft Report on the implementation of the ILO Convention 160 prepared and sent to the ILO. Three Decent Work statistical indicators reviewed and improved. · Improved labour migration module in Labour Force Survey with specific focus on skills issues. · The National Bureau of Statistics acquires full capacity to measure the volume of voluntary work.
	Outcome 2.2: Institutions more effectively manage labour migration and prevent labour exploitation of migrant workers due to increased capacity and improved policy and regulatory framework	<ul style="list-style-type: none"> · Occupational profiles/standards developed in selected economic sectors in line with the development of national qualification framework and local and international labour market demand. · Expanded knowledge base for policy design on balancing migration flow and return with national and international skill needs to prevent skill waste and brain drain. · Capacity of tripartite constituents strengthened to govern labour migration and enact relevant legislation.
	Outcome 2.3: Improved decent work opportunities for youth through knowledge and action and improved employment policies	<ul style="list-style-type: none"> · School to work transition (STWT) surveys done. · The employment promotion law drafted based on best practices.
Priority 3: Improving social protection systems	Outcome 3.1: Strengthened coverage and sustainability of the social security	<ul style="list-style-type: none"> · Various pension reform options developed and their financial impact

	system	assessed.
	Outcome 3.2: Improved OSH policies and programmes	<ul style="list-style-type: none"> · OSH national programme adopted. · A tripartite national mechanism on OSH is established. · Representatives from the enterprises' OSH Services are trained on risk assessment and risk management. · Awareness raised on OSH.
	Outcome 3.3: Improved policy environment for maternity protection and work-family reconciliation in particular for the most vulnerable workers	<ul style="list-style-type: none"> · Constituents take legal and practical measures to protect maternity and promote work family reconciliation issues.
	Outcome 3.4: Strengthened effectiveness and quality of the labour inspection system	<ul style="list-style-type: none"> · Guidance on methods of inspection and reporting is established. · Preventive role of LI is enhanced, through production and dissemination of information materials. · Managers of LI and labour inspectors trained on new methods of inspection. · Coordination with social partners and other state authorities is improved.

In this sense the project expanded the envisaged outcomes of DWCP 2016-2020, and by doing so opened the way for a more comprehensive analysis and more articulated priorities, which are reflected in greater attention to IE themes in the DWCP prepared in parallel with the project implementation.

UN

The latest UNDAF with Moldova does not mention the issue of informal economy. Yet, ILO is a considerable part of the UN family, and the country had embarked in a strategy to fight informalities already in 2011. The informal economy is however going to be addressed in the new UNDAF 2018-2021, currently under preparation.

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As a conclusion, the project is satisfactorily in line with priorities established in the ILO Strategic Framework, in the P&B and in related UNDAFs (this latter for Bosnia and Herzegovina but not for Moldova). With regard to DWCPs, the project's stated linkages with the outcomes are in some cases not obvious, even though in case of Bosnia and Herzegovina it was done through amendments to the DWCP Monitoring Plan. Given the complexity of informal economy, solutions are not to be sought under a single type of policy strictly confined to certain priority defined in the DWCP. It can be said that the project helped consolidating ILO's activities in informal economy around a set of specific goals, thus opening the way for a more articulated and holistic approach to the issue, which is reflected in ILO and UN strategic frameworks and programming documents elaborated after the implementation of the project.

2.3. Relevance to other national strategic frameworks

The intervention focused on two countries of the selected geographical areas. The RBSA Allocation Approval document provides a justification for this choice as follows: *their respective Decent Work Country Programmes have explicitly identified priorities linked to the formalization of the informal economy*. It is also reported that the two countries had explicitly requested ILO some specific interventions addressing informalities.

Bosnia and Herzegovina

The country seems committed to address the issue; challenges related to high levels of informal economy were already highlighted in the *Employment Strategy in Bosnia and Herzegovina 2010 – 2014*, which provides some estimates and includes an exhaustive overview of causes and consequences. One of the factors which further complicate the context is related to the institutional set up of the country; as an example, FBiH allocations for health insurance of the unemployed differ between cantons and are suggested by the cantonal health insurance institutes. Furthermore, the right to free health insurance for the duration of unemployment stimulates stay in the informal economy and avoiding payment of social security contributions.

Under Objective 3.2.1 *Promote an inclusive and job-rich growth and reduce the deficit of productive employment and decent work*, Measure 2 of the Strategy is aimed to *Reduce employment in the informal economy and facilitate the formalization of economic activities*. This includes:

- develop multi-layer package policies that include incentives, sanctions and preventive measures in order to facilitate a successful transition to formal economy
- fiscal incentives (e.g. unloading business operations in terms of reducing taxes and social security; adoption of comprehensive and 'transparent' and tax laws and simplifying accounting and business accounting regulations
- improve the managerial capacities of the management of labour administration and labour inspection
- devise preventive measures such as public education campaigns about the harmful effects of the informal economy in terms of budget losses and damages to the community.
- targeted interventions to encourage enterprises in the informal economy to formalize their activities

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- promote a favourable business climate.

Moldova

Since several years Moldova has recognised the existence of a large informal component in its economy, and has committed to tackle informal economy through the implementation of a National Action Plan for the reduction of the informal (grey) economy adopted in 2011. The Plan sets the goals and envisages various steps to curb the informal economy, notably by addressing undeclared work and underreporting of wages to avoid tax and social security contributions. Moldovan government and social partners have pursued various policy innovations to promote culture of compliance, encourage electronic transactions and limit payments in cash, among others.

Tripartite constituents are also committed to deal with this phenomenon⁷; for example, the National Confederation of Trade Unions (CNSM) include among its priorities improved penetration within the informal economy by trade unions⁸.

In addition, as part of the National Development Strategy Moldova 2020 and with a view to the fulfilment of the Association Agreement with the EU, the Moldovan government is committed to reform the social protection systems. In fact it is recognised that to effectively plan and implement measures to combat the informal economy and undeclared work, the Government and social security institutions must strengthen their capacity. Also, social partners need strengthening their capacities to play an active role in this effort.

As a conclusion, we can say that priorities and needs of target countries were adequately reflected and articulated in the design of the interventions.

2.4. Design

As seen in the previous section, the issue of informal economy has been on the agenda of ILO interventions in Central and Eastern Europe since long time; most DWCPs in this geographical area include a joint commitment by the ILO and the national constituents to attribute the highest priority to the formalization of the informal economy. In 2012-2013, sectorial activities to improve formalization of informal economy had been carried out in different countries, such as Montenegro, the Former Yugoslav Republic of Macedonia (FYRoM), Bosnia and Herzegovina and Greece, in order to actively promote policies and incentives for the transition from informality to formality, in cooperation with all national constituents. This occurred in particular through technical cooperation initiatives aimed at strengthening labour inspections.

The main document setting out objectives, outputs and activities of the intervention is the Concept Note. The document sets out the main principles guiding the intervention; contains a short description of the situation to be addressed in each of the target countries; contains an indication of the strategy used to pursue the objectives. In particular, the following is noteworthy:

⁷ http://www.ilo.org/budapest/information-resources/press-releases/WCMS_443280/lang-en/index.htm

⁸ DWCP 2012-2015.

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- The focus is put on the institutional strengthening of relevant institutions: social partners, line ministries, public employment services, vocational education and training agencies, labour inspectorates, social security institutes;
- The strengthening of networks and the creation of synergies among relevant institutions is considered key to the attainment of the ultimate purpose – reduction of informal economies – since only coordinated efforts and sharing of information can be effective to tackle the phenomenon;
- This strategy is built on lessons learned from the ILO project implemented between 2008 and 2010 on Enhancing Social Partnership to Tackle Undeclared Work in Albania, Bosnia and Herzegovina, and Montenegro;
- Attention is declaredly out on the strengthening of the capacities of statistical services to produce reliable figures in informal work.

In terms of design, more attention could have been given to establishing logical connections between stated objectives and expected achievements at country level on one side – as articulated in the project document – and the list of outputs and milestones on the other side. It is always advisable to use logical framework approaches or a theory of change when designing interventions, since they show the logical process from problem analysis to activities and help strengthening coherence and effectiveness of actions.

A typical challenge faced by ILO – and by most UN agencies – is represented by the trade-off between uncertainty in funding, be they from RBSA, TC or otherwise and expecting constituents/partners to work in creating a log-frame on all potential projects. A proper assessment of this aspect would require a thorough observation of the programming process leading from identification of priorities to budget allocations. A suggestion might be to promote inception stages as necessary for prioritising actions.

HAVE POTENTIAL RISKS TO PROJECT'S ROLL OUT BEEN ASSESSED AND ALTERNATIVE STRATEGIES PUT FORWARD?

The RBSA Allocation Approval document does not contain any risk analysis and subsequently no alternative strategies.

The Potential risks are not detailed, and subsequently no alternative strategies are proposed.

A better articulation of risks might have helped in defining timely re-arrangements and revisions of the project's objectives and results in cases of need. Risk analyses are particularly useful when projects are to be implemented in countries with challenging institutional contexts, such as Bosnia and Herzegovina, where the subdivision of powers among entities has already posed challenges to previous ILO projects⁹.

DID THE TARGET GROUPS PARTICIPATE IN THE FORMULATION AND IMPLEMENTATION OF THE PROJECT?

The participation of stakeholders in the design of project objectives, outputs and activities is not confirmed or reported in the documentation, nor emerged in the interviews held by the consultant. On the other side, ILO programming is strongly based on consultative mechanisms processes with its

⁹ As an example, the project 'Consolidating the Legal and Institutional Foundations of Social Dialogue in the Countries of Western Balkans and Moldova', evaluated by the consultant in 2011, was faced with analogous constraints in BiH.

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tripartite partners, according to ILO mandate and structure. Such consultations lead to the development of country priorities, exemplified in the ILO Programme & Budget. Similarly, DWCPs are elaborated in close consultation with tripartite constituents. The project is largely based on DWCP priorities.

It is also to be noted that the level of problem analysis for each country is sufficiently detailed in the Concept Note; this seems to confirm that the design of the project took into appropriate consideration the needs expressed by various national stakeholders.

2.4.1. Conclusions on design

The project responds well to the ILO defined priorities and strategies, and is in line with target countries' policies and agreed with IL|O areas of cooperation.

The document, though being concise and essential, provides all information needed. However the design lacks a robust logical approach, clearly showing the linkages between stated objectives and activities (milestones). This might have been easily done through the insertion of a project logframe or a theory of change. A well-built logframe – or Theory of Change - obliges stakeholders to think in terms of results, thus focusing on the real meaning of an action and its contribution to the desired changes, instead of a 'tick-the-box' approach where the focus is on the mere execution of activities. This avoids the risk that a project becomes a series of sporadic activities with no real logical linkages.

Finally, a risk analysis might have helped in devising alternative strategies in case of external constraints; these seem to occur rather often in challenging contexts, and Bosnia Herzegovina is no exception.

The *improvement of project design* is a crucial factor for advancing quality, efficiency and effectiveness of aid interventions, issues to which ILO pays increasing attention, as shown by the most recent P&B.¹⁰

It is recommended that a proper PCM approach be used in order to allow for improved clarity and logical sequencing of objectives, results, activities and for the introduction of well-designed indicators.

3. Effectiveness

TO WHAT EXTENT HAVE THE STATED OBJECTIVES BEEN ACHIEVED AND IS THAT PROGRESS SUFFICIENT?

3.1. Achievement of Results¹¹

In order to make it possible the analysis of the achievements, we will make use of the RBSA Allocation Approval, which establishes the expected achievements at country level (country achievements, CA).

¹⁰ *To those who have drawn attention to the need for more robust indicators to measure the real quality and the real impact of ILO activities, I would simply recall that this is far from being a new matter but rather one of ongoing work, an integral part of our efforts to strengthen results-based management (P&B 2014-15, p. xiii). The evaluator believes that this sentence refers to all levels of programming and planning, including design of projects.*

¹¹ Only significant outputs and those with good information made available to the evaluator are commented.

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The first table refers to the project document, which is the only document mentioning objectives and expected results (by country).

Country achievements are the same for BiH and Moldova.

The second and third table refer to outputs and milestones. They are not directly related to the first table.

Our analysis is based on the first table (expected achievements). Outputs and milestones will be assessed if functional to the CAs.

Project Country Achievements (expected – from the Concept Note)

CA a.	CA b.	CA c.	CA d.	CA e.	CA f.	CA g.
a. The formalization of the informal economy becomes an explicit priority in the policy agenda of constituents in the countries concerned and action plans are adopted and/or implemented (linked to P&B outcome no. 9 and 10).	b. Knowledge on the quantitative and qualitative dimension of the informal economy and informal employment provides basis for development of strategies (linked to P&B outcome no. 19).	c. Vocational education and training agencies become familiar with ILO tools and approaches to reach out to entrepreneurs and workers in the informal economy (linked to P&B outcome no. 2).	d. Constituents show commitment and capacity to analyse and advocate for the improvement of the enabling environment for the formalization and sustainability of small and micro-enterprises (linked to P&B outcome no. 3).	e. Tripartite consensus is reached on the identification of workable legislative, regulatory and operational solutions in order to regulate various forms of employment contracts and employment relationships	f. The government and social security institutions design policies to extend coverage and services to the workers in the informal economy and build the capacity to improve the efficiency of the collection of social security benefits (P&B no. 4)	g. Labour inspectorates design a strategy and a plan to expand their outreach to the informal economy (linked to P&B outcome no. 11)

Outputs/Milestones by country

BiH

Outputs	Milestones
1: National tripartite strategies and action plans are developed or validated and appropriate monitoring mechanisms are established. (September 2014 -February 2015):	National study on the quantitative and qualitative dimension of the informal economy and informal employment.
	Tripartite strategic workshop in collaboration with the Economic and Social Councils of the entities to a) analyse and validate the study; b) formulate a national action plan; c) propose the composition and mandate of an inter-institutional monitoring body under the auspices of the Council.
	One follow-up tripartite workshop is held to monitor

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	and evaluate implementation.
2: National public opinion is sensitized to the benefits of formalization of the economy. (May 2014 - September 2015)	National information and sensitization campaign
3: Staff from labour inspectorate, social security institution, employers' and workers' organizations are trained to expand their outreach to the informal economy. (February - October 2015)	Specific training and planning workshops delivered to the labour inspectorates, employers' organizations, workers' organizations, social security institutions
4: Concrete proposals are formulated in relation to legal and regulatory frameworks and administrative procedures. (March - September 2015)	Technical assistance provided for formulation of legislative and regulatory reforms on employment contracts and relationships
5: Action plans are formulated to improve the effectiveness and outreach of business development services. (May - October 2014)	An EESE methodology introduced. Business development services component not fully developed.
6: Banking and credit in institutions are sensitized on micro-finance schemes. (May - October 2015)	Technical assistance provided to the different partner institutions along the implementation process.
7: National vocational education and training providers become familiar with ILO tools and approaches for skills and entrepreneurship development. (November 2014 - May 2015)	Technical assistance and training are delivered to national vocational education and training agency and providers.
8: Additional resources mobilized (May 2014 - December 2015)	Local resource mobilization initiatives undertaken to expand the scope and the long-term duration of the programme

Moldova

Outputs	Milestones
1: National tripartite strategies and action plans are developed or validated and appropriate monitoring mechanisms are established. (May-October 2014)	Compilation and analysis of existing data on the quantitative and qualitative dimension of the informal economy and informal employment.
	Tripartite strategic workshop in collaboration with the National Commission for Consultations and Collective Bargaining to a) analyze and validate the study; b) formulate a national action plan; c) propose the composition and mandate of an inter-institutional monitoring body under the auspices of the Commission.
	One follow-up tripartite workshop is held to monitor and evaluate implementation.
2: National public opinion is sensitized to the benefits of formalization of the economy. (May 2014 - September 2015)	National information and sensitization campaign.
	Website of National tripartite Commission for Consultations and Collective Bargaining established,

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	providing separate compartment on formalization of informal economy (additional milestone)
3: Staff from labour inspectorate, social security institution, employers' and workers' organizations are trained to expand their outreach to the informal economy. (September 2014 - December 2015)	Specific training and planning workshops delivered to the labour inspectorate, employers' organizations, workers' organizations, social security institutions.
4: Concrete proposals are formulated in relation to legal and regulatory frameworks and administrative procedures. (October 2014 - March 2015)	ILO technical assistance provided for legislative and regulatory reforms on employment contracts and relationships.
5: Tripartite consensus is reached on measures aiming at improving the enabling environment for the creation and development of sustainable enterprises. (October-November 2014)	The results and response strategy to the EESE assessment exercise conducted in 2013 are validated in a tripartite workshop.
6: Action plans are formulated to improve the effectiveness and outreach of business development services. (May - October 2014)	Training workshops are conducted on business development services and micro-finance.
7: Banking and credit institutions are sensitized on micro-finance schemes. (May - October 2015)	Technical assistance provided to the different partner institutions along the implementation process.
8: National vocational education and training providers become familiar with ILO tools and approaches for skills and entrepreneurship development. (November 2014 - May 2015)	Technical assistance and workshop organized for national vocational education and training agency and providers.
9: Additional resources mobilized (May 2014 - December 2015)	Local resource mobilization initiatives undertaken to expand the scope and the long-term duration of the programme.

Country Achievement (CA) a. The formalization of the informal economy becomes an explicit priority in the policy agenda of constituents in the countries concerned and action plans are adopted and/or implemented

BiH

It is perhaps premature to say that the fight to informal economy is a priority in the Government agenda. There is certainly an interest in developing strategies that would reduce the size of undeclared economic activities; however, a comprehensive action would require resources which are far beyond the budget capacities of the country. As an example, the number of labour inspectors is insufficient to grant a proper coverage and monitoring of enterprises. This said, the project has developed many activities aimed at increasing dialogue and coordination among relevant institutions.

Moldova

The case of Moldova is rather different. The country has pursued attempts to address the informal economy starting from 2011, when an action plan was drafted to minimize envelope payments and informal labour of the Ministry of Labour. The main objectives were inter alia to strengthen enforcement mechanisms for violation on wages, to improve detection of informal employment, to

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increase the reported wage rate and to promote legal education for employees. The ILO project could therefore work within a better defined framework and a more solid basis of understanding. Work is continuing in a regular way; the DWCP 2016-2020 contains a very broad range of objectives and activities linked to the objective of formalising informal economy. This is to be considered as a sign of steady commitment of the country.

CA b. Knowledge on the quantitative and qualitative dimension of the informal economy and informal employment provides basis for development of strategies

BiH

This objective has been partially achieved. The project has consistently worked on the improvement of statistical data; after a rather long negotiation period, a Memorandum of Understanding (MoU) was signed with statistical Offices on data availability for the purposes of the study on informal economy. Subsequently, a Workshop on Measuring Informal Economy & Informal Employment was held for Statistical Offices in February 2015. As a result of efforts, a Draft Study on Informal Economy and Informal Employment was prepared and presented at a Validation workshop in Sarajevo in June 2015.

Moldova

Assessment and studies on the informal sector had already been prepared by other donors or the Government itself. In the framework of the ILO initiative, an initial assessment of the informal economy was carried out in 2014 and then presented, discussed and validated at a tripartite workshop in Chisinau in March 2015. The study was finalized after the workshop, based on the comments received by representatives of the government, employers' organizations and workers' organizations. It provided the basis for the development of strategies, policy measures and advocacy to address undeclared work, to reach out to entrepreneurs and workers in the informal economy and to facilitate transitions to formality.

CA c. Vocational education and training agencies become familiar with ILO tools and approaches to reach out to entrepreneurs and workers in the informal economy

BiH

This CA - which is also reflected in the table of Outputs and Milestones under Output 7 - does not seem to have been dealt with in the implementation of the project. Possible explanations could be sought in the Office's attempts to address a number of aspects of informal economy from decent work perspective despite resource constraints, as well as to difficulties to identify vocational training institutions that deal with entrepreneurs and workers in the informal economy. Several training activities have been however carried out in 2015; as an example, some Government representative participated in the Academia on Formalization of Informal Economy at ITC Turin in 2014. Also, workshops were held on specific matters (i.e. collection of social security contributions; measuring informal economy and youth employment; on nonstandard forms of work. The knowledge elaborated and provided under these activities has not however been embedded/ systematised yet into vocational training programmes and institutions.

Moldova

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It is not clear whether the knowledge developed in the training activities held in the country under the project have been embedded in vocational training structures. Material from workshops and conferences is in some cases held in the involved institutions. However, interviews did not evidence regular use of those materials.

CA d. Constituents show commitment and capacity to analyse and advocate for the improvement of the enabling environment for the formalization and sustainability of small and micro-enterprises

BiH

The project has surely contributed to better awareness of constituents and has equipped them with knowledge and tools. This is confirmed by interviews held in the field mission. As an example of this, it is to be noted that the Union of Employer Associations of Republika Srpska (UUPRS) conducted a research on informal economy “Creation of more conducive business environment for the reduction of Informal Economy (ESEE report on IE), and organised three events in the RS to present their findings in October 2015. Analogous work was carried out by the Employers' Association of the Federation of Bosnia (UPFBiH), which prepared a Grey Book on Informal Economy (ESEE report on IE) which was presented at a Conference in September 2015. Such reports are an indication of the commitment and interest of the above parties to engage in the general discourse about informal economies in the country.

Moldova

The events and workshops carried out in the country have promoted better knowledge and awareness, thus contributing to improvements in the environment for the formalization and sustainability of small and micro-enterprises. The Final Conference of the project, held in December 2015 in Chisinau, saw the attendance of representatives of all relevant stakeholders and social partners. The Conference was opened by the Deputy Minister of Labour, who underlined the complexity of the phenomenon of informal economy and the challenges the country faces in fighting it; ILO assistance was praised. In the context of the project a comprehensive awareness campaign was also implemented, targeting several layers of the Moldovan population and aimed to:

- *assist the national and local stakeholders in their effort to prevent and reduce informal employment and undeclared work.*
- *increase the awareness of the advantages and benefits of formal employment and declared work by informing at least 70% of the 362,800 informally employed persons.*
- *increase the understanding of the relation between the labour and social security rights and the obligation to register and pay tax and social security contributions for at least 30% of college and university students¹².*

At the final conference, ILO recommended to the tripartite beneficiaries to make full use of the project's outputs and outcomes in the policy making processes. Actually, the remaining work should be carried out by the national stakeholders themselves.

¹² Campaign Plan.

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CA e. Tripartite consensus is reached on the identification of workable legislative, regulatory and operational solutions in order to regulate various forms of employment contracts and employment relationships***BiH***

The achievement of consensus among tripartite constituents on the formulation of workable employment contracts and their extension to the non-formal sphere is obviously a long term goal. The project has surely facilitated this process, by gathering together constituents and stimulating the development of a common reflection and discourse around informal economy. It has generated the awareness that this phenomenon can be tackled only if efforts are combined and integrated.

Moldova

In Moldova ILO work is being carried out more smoothly. Currently ILO is supporting constituents to formulate and implement a national employment policy in line with the Employment Policy Convention, 1964 (No.122). It combines national incentives, compliance and enforcement efforts to curb informality, but also, through the transition to the formal economy, to progressively extend, in law and practice, social security, maternity protection, decent incomes and working conditions to all workers in the informal economy.

CA f. The government and social security institutions design policies to extend coverage and services to the workers in the informal economy and build the capacity to improve the efficiency of the collection of social security benefits***BiH***

The design of adequate policies to extend the social security coverage to informal workers is subject to the country's commitment and availability of finances. The ILO project surely facilitated the progress of BiH in different ways; as an example, a workshop was held in December 2015 on local level solutions for transiting to formal economy. It targeted public employment services, regional development agencies and associations of municipalities. Currently, however, there is no evidence that the country is undertaking active steps towards such measures. There are several constraints, from limitation in resources to the complex institutional configuration of the country. For instance, the administration of the social security system is under the jurisdiction of the three entities (Brcko District has its own health insurance system but the inhabitants should choose to join the pension systems in the Federation of BiH or in Republika Srpska).

Moldova

Training was provided in 2015 to a various range of stakeholders from the government (Ministry of Labour, Social Protection and Family, State Tax Service, State Labour Inspectorates), social security institutions (National Social Health Agency, National Office of Social Insurance), employers' organizations and trade unions. The main aim was to develop a better understanding of the main characteristics of the contribution system (categories of beneficiaries, contributors, types of benefits, principles of operation, etc.), as well as main roles and responsibilities in the governance and management of collecting contributions and enforcing compliance, particularly in supporting an institution's administrative processes and supporting ICT systems in these areas. The main objective of

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the Training was to share good practices and lessons learned in the field of compliance and contribution collection with a specific emphasis on the challenge of the informal economy, to improve the technical capacity of the social security institutions, tax authorities and labour inspectorates involved in the enforcement of compliance and contribution collection, and to discuss the next steps towards improved compliance of social security laws and efficient collection of social security contributions in the Republic of Moldova.

CA g. Labour inspectorates design a strategy and a plan to expand their outreach to the informal economy

BiH

The main constraints to the achievement of this objective – outreach of labour inspectorates to informal economy – are represented on one side by the impossibility to devise a unified strategy at country level, given the current arrangements. On the other side, these limitations are linked to the lack of financial and human resources of the inspectorates themselves, which are in most cases understaffed and can hardly fulfil their workplans with declared enterprises. (Inspectorates also complain about the low salaries, which are not conducive for motivation and commitment of employees).

Moldova

As explained above, recent legislative developments linked to the need for reducing the number of public administration bodies seem to have repercussions on the number of inspectorates, and consequently on their capacity to monitor and inspect. ILO is carefully following such developments, and it is hoped that continuous dialogue with constituents – which is one of the strongest aspects of ILO mandate and operational modalities – will bring results in terms of adherence to the principles enshrined in the organisation. Moreover and most importantly, ILO is helping constituents to formulate and implement a national employment policy in line with the Employment Policy Convention, 1964 (No.122). It combines national incentives, compliance and enforcement efforts to curb informality, but also, through the transition to the formal economy, to progressively extend, in law and practice, social security, maternity protection, decent incomes and working conditions to all workers in the informal economy. Finally, as stated above, The ILO-Moldova DWCP 2016-2020 is very rich and comprehensive in its sections on the formalisation of informal economy; it is hoped that these commitment will be further expressed through additional steps forward taken by the GoM toward holistic solutions to this issue.

3.1.1. Sub-regional component

This component was implemented through a regional conference entitled “Formalizing the Informal Economy in Europe and Central Asia” which took place in Bečići, Budva (Montenegro), on 15-16 September 2015. The event was a result of an extensive consultation between ILO Geneva (in particular, ILO Regional Office for Europe, ACTRAV, ACTEMP and other ILO technical departments, such as EMPLOYMENT, INWORK, LABADMIN/OSH) and the ILO Decent Work Technical Support Team and Country Office for Central and Eastern Europe in Budapest (DWT/CO-Budapest) and the ILO Decent Work Technical Support Team and Country Office for Eastern Europe and Central Asia in Moscow (DWT/CO-Moscow).

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The conference saw the attendance of 46 participants grouped in tripartite delegations from 15 countries in the Region, namely Albania, Armenia, BiH, Bulgaria, Greece, Kazakhstan, FYRoM, Montenegro, Portugal, Romania, Serbia, Russia, Tajikistan, Turkey, Ukraine. In practical terms all major constituents and stakeholders of these countries had the opportunity to meet and discuss on themes of informal economy.

The objectives of the event were the following¹³:

Promoting the outcome of the 2015 International Labour Conference (ILC) discussion on the transition from the informal to the formal economy with practical examples and in particular the adopted ILO R204¹⁴;

Sharing knowledge among tripartite constituents from the Region on approaches and instruments related to the formalization of the informal economy, including the lessons learned through the implementation of several ILO projects across the Region;

Facilitating tripartite dialogue among social partners and government representatives for the development of national programs on the formalization of the informal economy;

Identifying regional and sub-regional priorities for possible future initiatives.

The initiative has been highly valued by participants as a useful tool to promote exchange of knowledge and good practices. It helped clarifying and discussing the role of tripartite constituents in addressing challenges posed by the IE. Finally, it contributed to create a forum to share good practices and ideas on how to continue tackling the informal economy and to better implement the ILO R204. Whether such network is still operating, and the extent to which the cooperation among regional partners is functioning, largely depends upon countries' commitment. ILO inputs have been positive in any case, as the conference significantly contributed to increase awareness and establish the basis for further joint work of regional social partners.

WHAT HAVE BEEN THE MAJOR RESULTS/ACCOMPLISHMENTS OF THE PROJECTS?

3.2. Major results

In general terms, the project has largely contributed to the initiation of a dialogue among most relevant stakeholders on the issue of informal economy in the two target countries. Informal economy is a complex and multifaceted phenomenon, which undoubtedly requires not only understanding of underlying factors, but also the establishment of a joint platform of work and cooperation. Events, workshops and training on specific issues regarding various aspects of the problem, which have been organised under the initiative, have represented a significant step forward; such activities have gathered together a number of national bodies which had not had the opportunity to discuss this issue before. This is to be considered an achievement. On the other side, the limited budget of the intervention and the specific feature of ILO programming – which is in many cases focused on stand-alone activities - has not allowed for a more articulated, coordinated and prolonged action, which is

¹³ Summary Report, Regional Conference on the Formalization of the Informal Economy, 2015.

¹⁴ on Transition from the Informal to the Formal economy.

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needed to achieve longer term results. Follow up is surely required in the next period to ascertain that networks, mutual understanding and communication established among stakeholders are not lost, and that this cooperation will actively continue. This is particularly valid in the sector of informal economies, which is relatively new in the countries' agenda and needs further reflection, at least in BiH.

In Moldova, ILO cooperation with the Government on issues concerning the informal sector seems to be more stabilised, and the GoM has put in place action plans already in previous years. For this reason, the project activities dedicated to the elaboration of a study on the informal sector – which have been implemented in both countries – have found a more favourable environment; they have well responded to the existing country needs and commitments, and their impact seems therefore to be deeper. **As a lesson learnt, it can be concluded that project activities if clearly aligned with country priorities and strategies are more effective.**

This said, the value of the study produced in BiH should not be neglected. It has in fact produced a reaction and a discussion among stakeholders, and it has surely started a process which from now on should be thoroughly followed up with constant efforts. ILO will certainly continue playing a crucial role in guiding its constituents towards the objective of reducing the size of the informal sector.

WHAT WERE THE MAJOR FACTORS INFLUENCING THE ACHIEVEMENT OR NON-ACHIEVEMENT OF THE OBJECTIVES? HAVE THERE BEEN ANY UNINTENDED RESULTS?

The intervention is based on a comprehensive set of support modalities, which vary from support to study and research on the nature and causes of informal economies, to advice to the formulation of action plans, ad hoc training to relevant stakeholders, assistance in the elaboration and launch of awareness campaigns.

One of the prerequisites for any intervention to achieve expected objectives is the level of national commitment and willingness to tackle the phenomena addressed in the action. It is not the objective of this evaluation to assess the efforts of the governments of the target countries. Informal economies are a complex phenomenon, involving a broad range of actors; addressing all of them requires high motivation, complete freedom from vested interests and – last but not least – availability of resources, both human and financial. This is not the case for most countries, including those which are EU members or present advanced, developed economies; and it does not seem the case of the two target countries in this intervention.

WERE THE ACTIVITIES AND OUTPUTS OF THE PROJECTS CONSISTENT WITH THEIR OVERALL OBJECTIVES AND HAS THE QUALITY OF THESE OUTPUTS BEEN SATISFACTORY?

As said in the section on relevance and design, there are some logical discrepancies between the project objectives – set out in the Concept Note – and related outputs and activities, which are not always directly related to expected results (country achievements). This said, all project activities have more or less contributed to the overall objective (*Strengthen the capacity and commitment of governments and the social partners to design and implement policies and measures that, through the formalization of the economy, will improve the quality, decency and productivity of jobs*).

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3.3. Conclusions

Most of activities to date have contributed to the attainment of the above results. On the other side, the project interventions are characterised by time and resource constraints, as well as by favouring the gathering of constituents to find a common ground and to achieve a greater level of dialogue on specific issues, rather than operating according to a 'project approach' where objectives and activities are logical, consequent and based on regular activities aimed at achieving expected results, even though these are well defined.

These features risk to neglect the need for continuity and in-depth methods of work required to tackle complex phenomena such as informal economies. Results envisaged in the project have a strategic dimension, whereas the strategy chosen to achieve them goes mainly to the opposite direction and consists of activities which are mostly short-term and scattered, such as workshops and conferences. An exception is given by the elaboration of the country studies; these are a very positive achievement and it is hoped that – especially in Moldova, where the context seems more conducive – the results of the initiative will further be expanded and consolidated. Given the time and resource constraints, the objectives explicitly related to strategy development rather than on impact in the reduction of informal economy.

On the other side, the overall project approach was to tackle IE in a tripartite integrated manner (e.g. through, inter alia, the establishment under ESCs auspices of tripartite mechanisms to design, implement and monitor IE policies) with a view to enhancing awareness and developing national strategies.

A longer-term approach for the formalization of the informal economy would definitely require a substantially larger budget, which was not available at the time of the project design process. It might be asked, however, whether funds might be spent on a reduced number of activities having a deeper focus on tangible results, rather than on many scattered activities whose impact can be at risk.

Also, it is rather clear that in order to further pursue the objectives of the project more coordination and communication among parties should be ensured. This will depend by large upon the willingness and commitment of the partner governments.

In this sense, Moldova's efforts seem to be encouraging; this is proven both by the large section dedicated to addressing informal economies in the DWCP 2016-2020, and in the Moldova national policies, strategies and plans, where this subject is treated in a comprehensive way.

Less promising seems to be the context in Bosnia and Herzegovina, where the commitment of the authorities is not as clear as in Moldova; this is to be attributed to financial constraints and to the institutional set-up of the country, which is not very conducive to a holistic reflection and to the introduction of coherent, comprehensive measures. The commitment of the ILO Country Office is to be undoubtedly praised, and it is hoped that such endurance will bring satisfactory results over time.

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4. Efficiency

HAVE RESOURCES (FUNDS, HUMAN RESOURCES, TIME, EXPERTISE, ETC) BEEN USED EFFICIENTLY AND HOW EFFICIENTLY HAVE BEEN THE INPUTS TURNED INTO THE OUTPUTS?

4.1. Management Arrangements

The project has been directly managed by the ILO Offices. No external project structure has been established. At country level, ILO COs in Moldova and BiH have been in charge of coordination of all the project activities.

In terms of content, the project has seen the direct involvement of the ILO DWT/CO in Budapest, which has involved a pool of expert staff for each of the areas targeted in the intervention, as follows: one Social Dialogue and Labour Law specialist; one Employment Specialist; one Social Security specialist; one Workers' Activities specialist; one Employers' Activities specialist; one specialist on Conditions of Work and Employment/Gender Equality. These experts have actively worked on the project, through negotiation and preparation of activities, provision of training in the countries, elaboration of research and knowledge material.

This way of operating is reportedly rather new at ILO DWT/CO, where, prior to this initiative, specialists did not have many opportunities to work together on specific projects. The experience has generally been considered interesting and positive by the staff, who has enjoyed this working modality, allowing them for a better cooperation and a common dialogue and discussion on the horizontal theme of informal economy. Actually, this modality seems to have offered the specialists the opportunity to reflect together on the different dimensions of the issue, thus broadening perspectives; it has also seemingly been a good way to enhance teamwork at office level.

A steering committee has not been included in the project design; but the coordination and overall guidance was provided by the DWCP Overview Boards in both countries. In case of Bosnia and Herzegovina the RBSA project was in fact developed on the basis of discussions held at a high level workshop on undeclared work in 2013, and other activities related to undeclared work and labour inspections run under the previous and respective DWCP.

Finally, the management arrangements for RBSA funding modalities seem to have provided for a good margin of flexibility and allow for project modifications, if needed. One example is the set-up of the NCCCB website with dedicated component on informal economy, not envisaged at the project design stage. This is a positive aspect if RBSA-funded activities, provided that the project management has responsibility and commitment on the expected results. This seems to be the case of this project.

Reporting

Reporting arrangements are not clearly specified in the project document. There are no periodic reports specifying the state of implementation of the project. **It would be advisable to better structure reporting arrangements, in order to achieve more transparency and clarity of the project implementation process. Regular reporting might also be a useful learning tool, helping identifying main bottleneck and reasons of them, and might help designing further actions.**

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4.2. Monitoring & Evaluation

Monitoring plans are prepared for DWCPs. However, in the case of Bosnia and Herzegovina, references to actions aimed at addressing informal economies - since this theme is not present in the narrative DWCP - have been expressed through changes in the DWCP Monitoring Plan and consequently in the Implementation Plan that was discussed and approved by the DWCP Overview Board.. This provided a proper monitoring of the project outcomes at the country level.

At project level, the monitoring of the project is carried out by ILO COs and by ILO DWT/CO, which has elaborated monitoring plans divided by country and by DWCP outcomes. These plans do not reflect the project objectives as described in the concept note. It would be advisable to align project documents, in order to achieve better coherence between project level objectives, objectives at P&B level and objectives at DWCP level. This would allow a more logical projecting process.

It is the evaluator's opinion that M&E mechanisms of ILO and in general of the UN system are cumbersome, lack consistency and would need appropriate re-design to make them more easily implementable. This is also due to often recorded inconsistencies between global and regional/country priorities/outcomes/outputs, which do not facilitate the process of M&E.

HAVE ACTIVITIES BEEN DELIVERED IN A TIMELY MANNER?

From a general point of view, the expected outputs have been delivered timely enough, following the sequencing provided in the project documents.

Some delays have to be observed in BiH, where the challenging country context required more time to negotiate and achieve consensus on outputs.

As an example, a meeting organised to present the ILO project to the Economic and Social Council of the Republika Srpska and discuss the role of the Council in the project implementation – due to be held in Banja Luka in July 2014 - was cancelled due to divergences of opinion among members of the Council itself around issues other than the project on informal economy. Similarly, all activities related to the preparation of the study on informal economies witnessed delays in 2014. Essentially, it took almost one year in BiH to negotiate and agree upon the contents and outputs of the initiative. For the same reasons, the final study on informal economy in Bosnia and Herzegovina, presented in 2015 in Sarajevo, was not accepted by all constituents, and the last version is yet to be finalised.

In Moldova no particular delays have been registered, and the implementation proceeded rather smoothly.

HAVE ACTIVITIES BEEN COST EFFECTIVE?

The project was funded out of voluntary contributions, the so-called Regular Budget Supplementary Account (RBSA)¹⁵. This has surely brought about a certain degree of freedom in the choice of

¹⁵ RBSA allows development partners to provide un-earmarked core funding to the ILO, increasing the Office's capacity to deliver and achieve results at country level. The ILO allocates RBSA funds flexibly when and where they are most needed. RBSA resources are allocated to ODA-eligible countries only, and are aligned with the results-based framework of the ILO (source: ILO).

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implementation, of activities and of priorities. On the other side, it has impacted on some aspects of project management, such as accountability, expressed for instance in the lack of adequate reporting, as we have seen above.

Allocations were decided in consecutive steps. A first Allocation approval was signed on 5 June 2014 for an overall amount of USD 283,000.

A second approval, dated 27 June 2014, allocates further USD 100,000, of which USD 40,000 supplement RBSA allocations at country level, bringing the total allocations approved in the two countries to USD 165,500 in BiH and USD 157,500 in Moldova. With this supplement, it was intended *to permit the timely delivery of the outputs originally envisaged without any further delay*¹⁶. An additional amount of USD 60,000 was allocated to support *knowledge-sharing and dissemination of the results of the programme implemented in Bosnia Herzegovina and Moldova in other five countries, namely Albania, Former Yugoslav Republic of Macedonia, Montenegro, Serbia and Ukraine*¹⁷.

According to the financial documentation provided to the consultants, it results that the project has been decidedly cost-effective. The use of highly qualified internal human resources has permitted to reduce costs related to expertise. Furthermore, management costs are virtually non-existing since the project was managed and coordinated by country offices.

5. Sustainability

ARE THE RESULTS ACHIEVED LIKELY TO CONTINUE AFTER THE END OF THE INTERVENTIONS?

The project design does not envisage any phase-out strategy. It is recommended to insert a reflection on follow-up, to ensure that results be financially and economically sustainable after the completion of the intervention. This seems particularly important in the case of BiH, whereas Moldova is pursuing strategies to deal with informalities since several years and its efforts and commitment seems more solid.

Some efforts might be spent in negotiating with the beneficiary countries/stakeholders on further funding of policies and strategies aimed at supporting the transition to the formal sector.

Given the financial constraints of the target countries, there will probably be issues of financial viability; in this case the strategy might contemplate fund-raising initiatives, i.e. within the international donor community. As an example, the EU is increasingly dealing with the informal sector. Already in 2003 the EU Council issued a Resolution recommending that Member States take preventive and deterrent measures to reduce informalities in their economies; more recently the EU has started addressing the issue of informal economies through an EU platform to address undeclared work, that is bringing together all enforcement bodies involved in tackling undeclared work, including labour and social security inspectorates, as well as EU-level representatives of employers and workers.

¹⁶ RBSA Allocation Approval, 27 June 2014.

¹⁷ IBIDEM.

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In the absence of national funds, ILO might consider exploring modalities of cooperation with the EU structures operating at national level in the target countries.

HAVE LOCAL PARTNERSHIPS BEEN SET UP TO MAXIMIZE THE IMPACT OF THE OUTCOMES?

The project has undoubtedly contributed to the establishment and/or strengthening of cooperation among relevant institutions and among tripartite constituents. This has been at times more difficult in the case of BiH, where relationships among employers and trade unions still present some problematic aspects and the elaboration of joint strategies is to be considered a medium- or long-term goal, given among others the institutional configuration of the country. In general terms, however, the ILO intervention has promoted the development of a common discourse on the informal sector's roots, causes and consequences; has put together all involved stakeholders; and has paved the way for the continuation of cooperation. It is our opinion that the contribution of ILO to the issue has been more than satisfactory. As in all project-based interventions, further consolidation of actions and results as well as continuity of the institutional dialogue are now with the beneficiaries, i.e. constituents and the governments.

WHAT PROJECT COMPONENTS OR RESULTS APPEAR LIKELY TO PRODUCE LONGER TERM EFFECTS AND BENEFITS TO THE TARGET GROUP AND HOW?

A substantial part of the initiative is focused on the strengthening of national capacities to produce and monitor reliable data for informal economies. The collaboration with national statistical offices is surely to be considered one of the most significant milestones; it has positively impacted on the quality of their work and has paved the way for integrated means to understand and address the phenomenon, in a longer term perspective.

In Moldova, the study on the informal economy was welcomed by the Government, which declared to be *open to consider the inclusion of recommendations issued from the workshop in the Government's Action Plan to be revisited in the near future*¹⁸. Adjustments to the action plan have been made in December 2014. Nonetheless, there seems to exist a sort of hesitance in pursuing efforts to reduce informalities. An example is the April 2016 moratorium on planned and unannounced inspections performed by the state bodies, including the tax authorities. Moreover, the efforts to optimize the utilization of state resources - set out in the Action Programme 2016-2018 – led to the decision to reduce the number of institutions empowered with inspection functions from 33 to 11. Although this was justified with the aim of *reducing the administrative burden on the business sector and reducing abuses to entrepreneurs*¹⁹, the possible negative consequences seem rather clear.

WHAT ACTION MIGHT BE NEEDED TO BOLSTER THE LONGER TERM EFFECTS?

In times of spending reviews, uncertain financial and economic environment and reduced funding opportunities, sustainability is crucial for the success of an action and is a key factor to increase

¹⁸ Joint Mission Report - Tripartite workshop on the informal economy in the Republic of Moldova - Chisinau, 30 March 2015.

¹⁹ <http://www.ipn.md/en/economie-business/79178>

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credibility and interest by potential donors. These are the reasons why, now more than ever, any project should include sustainability measures.

In this sense, the project lacks a sustainability vision, implying attention to lasting results, substantial changes in policy directions, further ensuring of funding, embedding of project outputs into management and policy practices of beneficiary countries.

Should additional funds be provided to the project, it would be advisable the next phase work consistently and coherently on this issue, to ensure that the important investment of the donor country will be translated into durable results.

6. Gender Concerns

HAVE WOMEN AND MEN IN THE TARGET GROUPS BENEFITED EQUALLY FROM THE PROJECT ACTIVITIES?

TO WHAT EXTENT DID THE PROJECT MAINSTREAM GENDER IN ITS APPROACH AND ACTIVITIES?

TO WHAT EXTENT DID THE PROJECT USE GENDER/WOMEN SPECIFIC TOOLS AND PRODUCTS?

Gender and human rights principles are enshrined in all ILO policies and strategies, starting from the use and selection of human resources internal to the organization, to programming and projecting activities. A circular dated 1999 emphasizes three levels of gender policies in ILO (staffing, substance and structure²⁰). Besides that, commitment to gender equity are expressed regularly in P&Bs. As an example, the P&B 2014 – 2015 prioritized this issue as follows: *the ILO's good record in addressing the gender dimension in all areas of its activity needs now to be built upon. The structural changes recently introduced in this area give us real opportunity to move forward in this way. From what has been achieved already, the ILO needs to relate its very visible advocacy on gender equality to the perhaps even more demanding task of identifying and promoting those specific labour market policy interventions that really do bring progress.*

The P&B 2016-2017 further highlights this aspect, linking it to policy outcomes: *These policy drivers specify how the outcome strategies are to be implemented in respect of international labour standards, gender equality and non-discrimination, and social dialogue and tripartism.* It recommends that *policy-oriented research be conducted on the situation of women at work as a foundation for the women at work centenary initiative. Research and capacity building on the interactions between macroeconomic policies, employment and labour market policies will equip constituents to reduce the incidence of gender-based inequalities and discrimination.*

In the project, although no mention of gender aspects was made in the Concept Note, these were in reality dealt with in a quite comprehensive and satisfactory way. ILO staff specialised in Condition of Work and Employment / Gender Equality was involved in the design and execution of project activities. The objective was to ensure that project outputs and outcomes take into due consideration

²⁰ ILO, Gender equality and mainstreaming in the International Labour Office, Circular 564 of 17.12.1999

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the role of informal employment as a major source of employment for women, and that such role be considered in the development and evaluation of national policies on employment creation and gender equality. Several documents produced under the initiative actually indicate the need for appropriate tools for monitoring gender indicators, for instance through the development of disaggregated data in statistics, policy-oriented monitoring of gender issues, etc. Finally, the ILO specialist participated in project-related events (such as the Tripartite workshop on the informal economy in the Republic of Moldova, held in Chisinau in March 2015); this is to be considered an additional evidence of the interest and attention paid to gender aspects in the context of the project.

It is the evaluator's opinion that in the last years ILO has considerably progressed in tackling gender issues in programming, strategic priorities and project design and implementation. This should be considered as a remarkably positive achievement.

7. Knowledge Sharing

This section will answer to the following questions:

IN WHAT WAYS HAS THE KNOWLEDGE PERTAINING TO THESE PROJECT EXPERIENCES AND ACHIEVEMENTS BEEN DOCUMENTED?

HAVE THE PROJECT EXPERIENCES AND ACHIEVEMENTS BEEN SHARED WITH STAKEHOLDERS WITHIN AND OUTSIDE THE ILO (WITH SIMILAR ILO PROJECTS IN-COUNTRY AND IN THE REGION, OTHER DONORS' PROJECTS, GOVERNMENT AGENCIES ETC.)?

HAS SUFFICIENT ATTENTION BEEN GIVEN TO DOCUMENTING THE PROJECT EXPERIENCES AND ACHIEVEMENTS?

It is surely noteworthy spending a few words on the utilization of **knowledge material** produced and disseminated during the project implementation. In the evaluator's opinion, all initiatives should contain provisions aimed at ensuring that tools, materials and knowledge elaborated during projects are not dispersed. This is also valid when an intervention is not funded by a particular donor, as is the case of this project. In times of decreasing resources, it is of utter significance to keep accountable towards constituencies and show that taxpayers' money is not lost.

With regard to the studies, we have seen in previous chapters that the study in Moldova produced a good impact and is to be inscribed in a long term, comprehensive work on informal economy which is leading to articulated action plans and policies, whereas in BiH the context is not fully conducive to achieve similar results.

Other activities are composed of conferences and events, which are by definition not transferable into institutions' practices and had different purposes, i.e. contributions to the discourse around the informal sector.

Training activities – according to information collected by the evaluator – were short, usually 2-3 days. In some cases, this did not allow for the embedding of material in training institutions. In general, according to interviews held with local beneficiaries, there is very little evidence that the material produced in the training sessions is still being used; this is partly due to high staff turnover, but mostly

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to the fact that beneficiaries have limited care of outputs and do not receive instructions on how to make use of them in their work, or there is no consolidated interest in this theme at institutional level.

As a conclusion, not much attention has been paid to ascertain that the knowledge produced and provided under training is being kept 'alive' and used. The responsibility is shared between the project executors and the beneficiaries, the former for not having provided clear indications about the use of the knowledge resources, the latter for not perceiving the value of what they received.

Knowledge resources are a very precious value. They imply a lot of work, passion, high level expertise and efforts. It is the evaluator's opinion that they should be treated with care and respect by all stakeholders: by ILO, which might insert some conditions in its projects for further use of them; and by beneficiaries, who should maximize their use by including them into their training, research and working practices.

8. Conclusions

The informal economy and undeclared work are a complex phenomenon caused by a wide range of economic, social, institutional and cultural factors. Therefore, strategies for the transition from the informal to formal economy as well as the reduction of undeclared work require a long-term commitment, as well as coordinated and concerted actions by all stakeholders including the labour inspectorate, tax authority and social partners.

8.1. Main Findings

The table below provides a concise recapitulation of the answers to evaluation questions. The criterion of design usually goes under relevance, and it has been separated in this table to evidence the need for further improvements.

	Low	High
Relevance		
Design		
Effectiveness		
Efficiency		
Sustainability		
Gender Concerns		
Knowledge Sharing		

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Relevance

The project is highly relevant to ILO policies and priorities, and is aligned with the overall strategies indicated in the ILO Strategic Framework and in the Programme and Budget document. The initiative is also relevant to target countries' policies, in particular with regard to DWCPs and to the priorities spelt out in national strategies. This seems to be more apparent in the case of Moldova, but is also significant in BiH given the high incidence of informal economy and the presence of severe deficits in the state budget which would require more proactive approaches in tackling the phenomenon. The design of the project might be improved through a more logical linkage between the project expected results (called country achievements in the concept note) and on one side overall objectives set out in P&B and in DWCP, and on the other side in the definition of outputs and milestones. Intense consultations with stakeholders seem to have taken place, thus strengthening project's alignment with national needs.

Effectiveness

Good management at local level, continuous dialogue with partners and quality of expertise were undoubtedly appreciated by beneficiaries. The expected objectives were partially achieved; some initial steps have been made to enhance institutional capacities in target countries through events, conferences, networking. In some cases, the scattered character of those activities may hinder the achievement of more durable and tangible results. Studies produced under the project have been received in different ways in the two countries; this largely depends upon the diverse level of commitment and progress of policies in this sector, and secondly upon the complex institutional context in BiH, which imposes challenges in achieving uniform results and impedes the development of, and consensus on, comprehensive and holistic solutions. In general, there is still a strong need to further improve national capacities to address the issue of informalities; this will require continuous efforts from the ILO, and target countries' strong commitment. This said, the project has to date enhanced cooperation among relevant stakeholders and has introduced new tools and knowledge which – when properly adapted and divulged - might be of help.

Efficiency

The project has been implemented directly, without the use of external resources. This has brought about highly satisfactory results in term of cost-benefits and use of resources, and has also allowed for a good degree of freedom in the planning and implementation of activities. It has also encouraged cooperation and dialogue among staff of the ILO DWT/CO, which has not been practiced until this intervention. On the other hand, reporting might be improved, be regular and structured around result-based principles.

Sustainability

The project did not include an exit strategy, which would be recommended, among others, to test Governments' willingness to further sustain and fund some project results which are considered particularly relevant for the target countries. Ownership was relatively good, thanks to the continuous dialogue of ILO with constituents and to the alignment of the project with national priorities and areas of cooperation. In Moldova, the new DWCP includes several elements on informal economies, and

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this is to be considered an achievement. One of the biggest merits of the project has been to have initiated a structured discourse on issues of informality and to have gathered together – in some cases for the first time - all relevant stakeholders. The extent to which this result will serve to boost the development of appropriate policies will largely depend on the countries' and stakeholders' willingness to effectively tackle this phenomenon; in any case, ILO will have to continue promoting this discourse with its constituents in resilient ways. As for impact, it is not easy to measure it, as the project has been implemented in recent times. In the longer term, M&E might be useful to try and capture any results further down the line.

Gender Concerns

ILO strategies and policies in recent years have progressively increased the focus on gender equality issues. Women are among the groups who are most affected by informal employment. The project has been able to mainstream gender approaches – as enshrined in latest P&Bs – through the inclusion of a specialist in the planning and implementation of the project; this has been useful as several outputs highlight the need for considering gender aspects in the development of statistical data and for proper monitoring of the phenomenon.

Knowledge Sharing

There is increasing evidence in project development that knowledge sharing should occupy a more relevant place, in order to improve effectiveness and sustainability of actions. With some few exceptions, there is no evidence that the project related knowledge products are actually being utilised. Projecting should include arrangements to ensure that the knowledge produced under actions is really reflected in working practices; that studies are utilised; that training material is embedded in appropriate institutions or centres. It is recommended that provisions for this purpose be included in next projects.

8.2. Conclusions

7. The project could initiate and improve dialogue and discourse around the issue of informal economy.
8. It was able to gather together sometimes for the first time all stakeholders engaged in the work on informality in target countries.
9. The design of the concept note is not always logical, and the process from country priorities to milestones is not always apparent.
10. Reporting arrangements should be better structured and should provide for result-based principles.
11. The knowledge resources developed under the project are not always utilised by beneficiaries of the actions. This concerns for example training material.
12. The project lacks an appropriate exit strategy.

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8.3. Lessons Learned and Good Practices

7. Continuity is required in order to take advantage of results and outputs developed under the project.

The project has brought about several positive outcomes: a more comprehensive dialogue on the issue of informal economies, a set of studies, material for training courses. These achievements need to be consolidated through further cooperation.

8. ILO is still proving effective in encouraging and promoting discussion among its stakeholders on issues regarding employment and labour, also in relatively new challenges as the one represented by informal economies.
9. Project design can be improved. This is valid not only for this project, but in general concerns actions developed by ILO in other countries and fields. A more logical process of designing interventions would bring about great improvements in the way actions are structured and monitored.
10. The project is more successful where it was executed in synchrony with sector reforms and legislative developments in the sector.

A clear example of this is to be found in Moldova, where the Government had started some years ago in the elaboration of action plans to fight informal economy. This certainly improved ownership and commitment of stakeholders. In general, all projects designed to support recently launched strategies or policies have a demonstrated higher impact and enjoy more favourable conditions for sustainability and durability.

8.4. Linking Conclusions with Recommendations

Conclusions	Recommendations	To whom?
5. The project could initiate and improve dialogue and discourse around the issue of informal economy.	Ensure further and continuous support to social partners and governments, for an enhanced policy dialogue, to improve their capacities to carry out effectively the required tasks in tackling the phenomenon.	DTW/CO and Country Offices
6. It was able to gather together- sometimes for the first time - all stakeholders engaged in the work on informality in target countries.	Further contribute to ensuring proper networking and communications among concerned partners	DTW/CO, Country Offices
7. The design of the concept note is not always logical, and the process from country priorities to milestones is not	Improve project design with focus on results, impact and sustainability. Improve logical structuring by identifying in a more	DTW/CO, ILO programming offices, countries' offices, other relevant

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Conclusions	Recommendations	To whom?
always apparent.	the linkages between strategic priorities (P&B, DWCP), project-level objectives and country achievements, and outputs/milestones. Improve indicators, making them objective and SMART. This would allow for better monitoring of the action.	constituents
8. Reporting arrangements should be better structured and should provide for result-based principles.	Provide for regular reporting, articulated around a set of objectives-results- activities- indicators in a simple, logical way	DTW/CO, target countries' offices
11. Knowledge resources developed under the project are not always utilised by beneficiaries of the actions. This concerns for example training material.	Include in the project design some sustainable actions aimed at ensuring that knowledge is appropriately used and embedded	DTW/CO, countries' offices, target countries' constituents
12. The project lacks an appropriate exit strategy.	Develop exit strategies aimed at ensuring that some of the outcomes will be further taken care of by project stakeholders	DWT/CO, ILO country offices

9. Appendices

- Appendix 1. Terms of Reference
- Appendix 2. Data collection instruments
- Appendix 3. List of persons or organizations interviewed
- Appendix 4. List of publications used and cited

Appendix 1. Terms of Reference

- Terms of Reference

Final Thematic Evaluation of RBSA-funded informal economy

Projects in Bosnia and Herzegovina (BIH/14/01/RBS), in the Republic of Moldova (MDA/14/01/RBS) and Sub-regional Component (SBU/14/03/RBS)

ILO Responsible Office:	Decent Work Technical Support Team and Country Office for Central and Eastern Europe (DWT/CO-Budapest)
Project Title:	Formalization of the Informal Economy in South Eastern European Countries (Bosnia and Herzegovina and the Republic of Moldova)
Duration of the projects:	BIH/14/01/RBS June 2014-September ²¹ 2015; MDA/14/01/RBS June 2014-September ²² 2015; SBU/14/03/RBS June 2014-September 2015
Links to ILO Programme and Budget (P&B) Outcome:	ILO Programme and Budget (P&B) <i>Outcome 2: Skills development increases the employability of workers, the competitiveness of enterprises, and the inclusiveness of growth</i> and <i>Outcome 3: Creating and extending social protection floors – for Moldova, Outcome 12: Tripartism and strengthened labour market governance contribute to effective social dialogue and sound industrial relations, - for Bosnia and Herzegovina, and Outcome 11: Labour administrations apply up to date labour legislation and provide effective services - for the sub-regional component.</i>
Outcomes & budget:	BIH 103 (\$165,500); MDA 103 (\$157,500); SBU 108 (\$60,000).
Type of evaluation:	Thematic Evaluation
Timing of the evaluation:	Final
Duration of the evaluation :	September - November 2016 (4 day mission to Bosnia and Herzegovina, 2 - day mission to Moldova, 2 -day mission to

²¹ Extended to December 2015

²² Idem

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	Budapest, 3-day desk work, 6-day data analysis and report drafting, 3 days for finalizing the report)
Starting day of the evaluation:	September 2016
Preparation date:	2016
Geographical coverage:	Bosnia and Herzegovina and the Republic of Moldova
Funding source:	ILO Regular Budget Supplementary Account (RBSA)

I Background and Project Description

The Central and Eastern European countries are characterized by a relatively broad informal sector, which is seen as an obstacle to a substantial modernization of the economy and society. The share of the informal economy is typically estimated in the range of 30 to 50 per cent of the official GDP in the Central and Eastern European region.

The projects on informal economy covering Bosnia and Herzegovina and the Republic of Moldova, sought to lay the ground for the effective design, planning and launch of national strategies aiming at enhancing the formality, productivity and decent employment in the national economy. These countries were directly targeted as their respective Decent Work Country Programmes have explicitly identified priorities linked to the formalization of the informal economy under the DWCP Outcome 1.1. Legal and institutional environment enabling the full realization of social dialogue (BiH103), and the DWCP Outcome 1.1. Legal and institutional environment enabling a functioning social dialogue in place (MDA 103). The projects were implemented in the period from June 2014 to December 2015.

The objective of the projects was to strengthen the capacity and commitment of governments and the social partners to design and implement policies and measures that, through the formalization of the economy, will improve the quality, decency and productivity of jobs.

The Sub regional component on informal economy aimed to support knowledge sharing and dissemination of results on the ILO approach to the formalization of the informal economy in the sub-region. The Sub regional component was implemented in the period June 2014 to September 2015.

The above mentioned ILO work was directly linked to:

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- ILO P&B Outcome 2: Skills development increases the employability of workers, the competitiveness of enterprises, and the inclusiveness of growth, and Outcome 3: Creating and extending social protection floors, - for the Republic of Moldova;
- ILO P&B Outcome 12: Tripartism and strengthened labour market governance contribute to effective social dialogue and sound industrial relations, - for Bosnia and Herzegovina; and
- ILO P&B Outcome 11: Labour administrations apply up to date labour legislation and provide effective services - for the sub-regional component.

Direct recipients of the projects were: social partners, line ministries, public employment services, vocational education and training agencies, labour inspectorates, social security and health insurance institutes and statistical offices.

The ultimate beneficiaries of the project were the workers and entrepreneurs of the informal economy.

The projects and the sub regional component were managed and technically backstopped by the ILO DWT and Country Office for Central and Eastern Europe, based in Budapest, which provides the necessary administrative and technical and project-backup support.

Moreover, the strategy responds to the *Formalization of the informal economy* Area of Critical Importance²³ of the ILO.

Milestones:

BIH/14/01/RBS

- 1: National tripartite strategies and action plans are developed or validated and appropriate monitoring mechanisms are established. (September 2014 -February 2015):
 - National study on the quantitative and qualitative dimension of the informal economy and informal employment.
 - Tripartite strategic workshop in collaboration with the Economic and Social Councils of the entities to a) analyze and validate the study; b) formulate a national action plan; c) propose the composition and mandate of an inter-institutional monitoring body under the auspices of the Council.
 - One follow-up tripartite workshop is held to monitor and evaluate implementation.

²³ Areas of Critical Importance were only for 2014-15 P&B

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- 2: National public opinion is sensitized to the benefits of formalization of the economy. (May 2014 - September 2015)
 - National information and sensitization campaign
- 3: Staff from labour inspectorate, social security institution, employers' and workers' organizations are trained to expand their outreach to the informal economy. (February - October 2015)
 - Specific training and planning workshops delivered to the labour inspectorates, employers' organizations, workers' organizations, social security institution.
- 4: Concrete proposals are formulated in relation to legal and regulatory frameworks and administrative procedures. (March - September 2015)
 - Technical assistance provided for formulation of legislative and regulatory reforms on employment contracts and relationships.
- 5: Action plans are formulated to improve the effectiveness and outreach of business development services. (May - October 2014)
 - An EESE methodology introduced.
- 6: Banking and credit in institutions are sensitized on micro-finance schemes. (May - October 2015)
 - Technical assistance provided to the different partner institutions along the implementation process.
- 7: National vocational education and training providers become familiar with ILO tools and approaches for skills and entrepreneurship development. (November 2014 - May 2015)
 - Technical assistance and training are delivered to national vocational education and training agency and providers.
- 8: Additional resources mobilized (May 2014 - December 2015)
 - Local resource mobilization initiatives undertaken to expand the scope and the long-term duration of the programme.

Additional Milestones

- Desk review of existing studies and an outline for the overview on informal economy.
- Fact finding mission on the social protection component of the overview.
- Participation of government representatives in the Academy on Formalization of Informal Economy in ITC Turin.
- Workshops on Measuring Informal Economy and Informal Employment for Statistical Offices.
- Workshop on local level solutions for transiting to formal economy for public employment

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services, regional development agencies and associations of municipalities.

- Translation of selected chapters of the ILO Guide on Measuring Informal Economy into local language.

MDA/14/01/RBS

- 1: National tripartite strategies and action plans are developed or validated and appropriate monitoring mechanisms are established. (May-October 2014)
 - Compilation and analysis of existing data on the quantitative and qualitative dimension of the informal economy and informal employment.
 - Tripartite strategic workshop in collaboration with the National Commission for Consultations and Collective Bargaining to a) analyze and validate the study; b) formulate a national action plan; c) propose the composition and mandate of an inter-institutional monitoring body under the auspices of the Commission.
 - One follow-up tripartite workshop is held to monitor and evaluate implementation.
- 2: National public opinion is sensitized to the benefits of formalization of the economy. (May 2014 - September 2015)
 - National information and sensitization campaign.
 - Website of National tripartite Commission for Consultations and Collective Bargaining established, providing separate compartment on formalization of informal economy (additional milestone)
- 3: Staff from labour inspectorate, social security institution, employers' and workers' organizations are trained to expand their outreach to the informal economy. (September 2014 - December 2015)
 - Specific training and planning workshops delivered to the labour inspectorate, employers' organizations, workers' organizations, social security institution.
- 4: Concrete proposals are formulated in relation to legal and regulatory frameworks and administrative procedures. (October 2014 - March 2015)
 - ILO technical assistance provided for legislative and regulatory reforms on employment contracts and relationships.
- 5: Tripartite consensus is reached on measures aiming at improving the enabling environment for the creation and development of sustainable enterprises. (October-November 2014)
 - The results and response strategy to the EESE assessment exercise conducted in 2013 are validated in a tripartite workshop.

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- 6: Action plans are formulated to improve the effectiveness and outreach of business development services. (May - October 2014)
- Training workshops are conducted on business development services and micro-finance.
- 7: Banking and credit institutions are sensitized on micro-finance schemes. (May - October 2015)
 - Technical assistance provided to the different partner institutions along the implementation process.
- 8: National vocational education and training providers become familiar with ILO tools and approaches for skills and entrepreneurship development. (November 2014 - May 2015)
- Technical assistance and workshop organized for national vocational education and training agency and providers.
- 9: Additional resources mobilized (May 2014 - December 2015)
 - Local resource mobilization initiatives undertaken to expand the scope and the long-term duration of the programme.

SBU/14/03/RBS

- A sub-regional tripartite workshop is held to share knowledge and experiences.
- Synthesis reports are produced summarizing the key findings and lessons learnt.

II Scope, Purpose and Clients of the Evaluation

A thematic evaluation on informal economy is part of the RBSA Monitoring and Evaluation Plan 2016-2017 of the ILO Regional Office for Europe and Central Asia.

The scope of the evaluation will be the RBSA-funded Informal Economy projects in Bosnia and Herzegovina (BIH/14/01/RBS), Moldova (MDA/14/01/RBS) and Sub-regional component (SBU/14/03/RBS). The evaluation will take place in the second half of 2016.

The purpose of the present evaluation which takes place in 2016 and covers the period 2014 – 2015, is organizational learning in order to inform the next steps and improve further programming through the assessment of the work done. It would help determine what the ILO should be doing in the target countries and the broader sub region prior to conceptualizing future interventions on transition from the informal economy to the formal economy or engaging into the design of new DWCPs.

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The evaluation of the project outcomes will be conducted in accordance with ILO evaluation policy guidelines, UN Evaluation Group (UNEG) Norms and Standards and OECD/DAC criteria for evaluating development assistance, as well as with the ILO Procedures for the use of the Regular Budget Supplementary Account (RBSA) stipulating that RBSA-funded outcomes are being subject to evaluation procedures in order to examine the results achieved with RBSA resources and their contribution to broader ILO and UN programming and country cooperation frameworks, including Decent Work Country Programmes (DWCPs) and UNDAFs.

To the extent possible data collection and analysis will be disaggregated by gender.

The main clients of the evaluation will be ILO management, technical specialists and programming staff in elaboration of new initiatives in the area of informal economy in the region, and tripartite constituents in the target countries.

III Criteria and Questions

The evaluation is intended to assess the relevance, effectiveness, efficiency, potential impact and sustainability of the above mentioned ILO work on informal economy.

The evaluation will:

- 1) Review the project relevance by assessing to what extent it met the needs of its original target groups;
- 2) Review the effectiveness of the project implementation and the project achievements by assessing to what extent the stated objectives and major outputs have been achieved as per the Milestones No 1 throughout No 5 listed on pages 3 and 4;
- 3) Review efficiency of the project implementation;
- 4) Review potential impact, the likelihood of sustainability of the project outcomes and their ownership by the ILO constituents
- 5) Draw conclusions and make recommendations for future actions.

The evaluation will also seek answers to the following questions as per each of the evaluation criteria:

Strategic Fit/Relevance

- Were the project activities and outputs/tools relevant to the needs of the constituents and the stated objectives?

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- Do the problems/needs that gave rise to the project still exist, have they changed or are there new needs that should be addressed?
- Have potential risks to project's roll out been assessed and alternative strategies put forward?

Effectiveness

- What have been the major results/accomplishments of the projects?
- To what extent have the stated objectives been achieved and is that progress sufficient?
- What were the major factors influencing the achievement or non-achievement of the objectives?
- Were the activities and outputs of the projects consistent with their overall objectives and has the quality of these outputs been satisfactory??
- Have there been any obstacles, barriers and/or successes, innovations? Have there been any unintended results?
- Do you find useful the information, analytical materials, technical expertise, guidelines and other outputs of the project?
- Have you received appropriate information on international and regional experiences, modern approaches and best practices?

Efficiency

- Have resources (funds, human resources, time, expertise, etc) been used efficiently and how efficiently have been the inputs turned into the outputs?
- Have activities been delivered in a timely manner?
- Have activities been cost effective?
- Did the target groups participate in the formulation and implementation of the project?

Sustainability and impact potential

- Are the results achieved likely to continue after the end of the interventions?
- What project components or results appear likely to produce longer term effects and benefits to the target group and how?
- What action might be needed to bolster the longer term effects?

Lessons learned and good practices for future application

- What are the major lessons learnt through the project implementation ?
- Are there good practices to be replicated?
- Have local partnerships been set up to maximize the impact of the outcomes?

Gender Concerns:

- Have women and men in the target groups benefited equally from the project activities?
- To what extent did the project mainstream gender in its approach and activities?
- To what extent did the project use gender/women specific tools and products?

Knowledge Sharing:

- Has sufficient attention been given to documenting the project experiences and achievements?
- In what ways has the knowledge pertaining to these project experiences and achievements been documented?
- Have the project experiences and achievements been shared with stakeholders within and outside the ILO (with similar ILO projects in-country and in the region, other donors' projects, government agencies etc.)?

The list of questions can be adjusted by the evaluation consultant in coordination with the ILO evaluation manager.

Based on the analysis of the findings the evaluation will aim to provide practical recommendations on the potential future needs of technical assistance on the transition from the informal economy to the formal economy that could be incorporated into the design of future initiatives.

IV Methodology

Evaluation will be based on documentation review (desk research), and face-to-face interviews carried out during field missions to Bosnia and Herzegovina (4-day mission), Moldova (2-day mission), and orientation meeting with the ILO DWT/CO Budapest management and technical staff (2-day mission), as well on the responses received through a questionnaire, that will be developed by the evaluator and shared with the constituents of the countries²⁴ which took part in the sub regional component except, for Bosnia and Herzegovina and Moldova, where it will be done on occasion of the field mission.

The gender dimension should be considered as a cross-cutting concern throughout the methodology, deliverables and final report of the evaluation. In terms of this evaluation, this implies involving both men and women in the consultation, evaluation analysis and evaluation team. Moreover the evaluators should review data and information that is disaggregated by sex and gender and assess the relevance and effectiveness of gender-related strategies and outcomes to

²⁴ Albania, the Former Yugoslav Republic of Macedonia, Montenegro, Serbia, and Ukraine.

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improve lives of women and men. All this information should be accurately included in the evaluation report.

The Evaluation also identifies/documents lessons learned and makes recommendations that project partners and stakeholders might use to improve the design and implementation of other related projects and programs.

One of the first tasks of the evaluation consultant will be to review the available literature and materials. Then the consultant will carry out an orientation meeting with the ILO DWT/CO management and Senior Specialists.

It will be followed by field missions to the targeted countries for meetings with tripartite constituents and the ILO National Coordinators. Information will be collected by means of individual interviews with the stakeholders in case of the country projects. In case of sub regional component a questionnaire should be developed and shared with the stakeholders who participated in the Sub regional Conference on Formalisation of Informal Economy, Becici, Montenegro, 15-16 September 2015.

Upon completion of research and field missions, the consultant will provide a debriefing to the DWT/CO on the preliminary findings, conclusions and recommendations.

V Main deliverables/outputs

The evaluator will provide a draft evaluation report in English (preferably up to 30 pages, without annexes). The report will follow the format recommended by the ILO Evaluation Office and include:

- ✓ Executive Summary with key findings, conclusions and recommendations²⁵
- ✓ project background
- ✓ evaluation methodology
- ✓ description of the status of the project and overview of the work done (stocktaking)
- ✓ findings
- ✓ conclusions and recommendations
- ✓ lessons learnt and good practices
- ✓ annexes including the TORs, a list of those consulted in each country

²⁵ The executive summary should address the project purpose, project logic, project management structure, present situation/status of project, evaluation purpose, evaluation scope, evaluation clients/users, evaluation methodology, main findings, conclusions, main recommendations, important lessons learned, and good practices.

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The draft report will be circulated by the evaluation manager and shared for comments with the stakeholders. Further to receipt of combined comment from the evaluation manager, the evaluator will prepare a final report that will be subject to approval by the ILO Regional Office for Europe.

Essential parts of the report will be translated into the official languages of Bosnia and Herzegovina and the Republic of Moldova for the constituents' use.

VI Evaluation arrangements and professional requirements

The evaluation will be conducted by an external evaluation consultant who will report to an evaluation manager appointed by the ILO. The assignment will require approximately 19 ½ working days, tentatively from September to November 2015, and will include travel to Bosnia and Herzegovina, Moldova and Budapest. The ILO office will cover the consultancy fee, travel expenses and DSA. Interpretation during the field missions will be provided if necessary, as well as the transport in Bosnia and Herzegovina from Sarajevo to Banja Luka and vice-versa.

A tentative timeline can be found below:

Task	Time	# days
Desk review	First week of September	3
Orientation meeting	Second Week of September (tbc)	2
Field visits	Third and Fourth Week of September (tbc)	6
Data analysis and draft report	First half of October	6
Final report	Beginning of November	3
Total		20

Requirements:

- University degree in social sciences or economics
- understanding of the ILO's tripartite foundations and standards
- expertise in the issues of informal economy and social dialogue
- experience in evaluation of international development initiatives
- knowledge of evaluation methods, qualitative and quantitative research
- knowledge of the region and target countries
- analytical skills

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- fluency in English
- knowledge of the national languages of the target countries is an advantage

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Appendix 2. Data Collection Instruments (Evaluation Matrix)

DAC Criteria	Evaluation Questions	Indicators	Source of data	Method of data collection
Relevance	<p>To what extent is the design of the project relevant to the strategy outlined in the P&B?</p> <p>To what extent is the project responding to national priorities and needs?</p> <p>To what extent is the design ensuring that project results and activities are achieved?</p>	<p>Degree of compliance of the project with ILO strategic priorities at regional and country level</p> <p>Degree of compliance of the project to national priorities</p>	<p>Baseline studies and needs assessment</p> <p>National strategies on TVET and labour market</p> <p>Project logframe</p>	<p>Desk review</p> <p>Interviews with local stakeholders</p>
Coherence	<p>To what extent are the various activities in the project's implementation strategy coherent and complementary within the ILO's Strategic Framework and principles?</p> <p>Which was the level of coordination with other stakeholders involved in the sector / country?</p>	<p>Alignment of the project with ILO reference documents</p> <p>Adherence to ILO principles</p> <p>Existence of donor coordination mechanisms at country level on skills, TVET and labour issues</p>	<p>ILO staff comments</p> <p>Coordination / consultation meetings minutes</p> <p>Donors' reports</p> <p>Initiatives on the issue created by other donors or international organizations</p>	<p>Desk reviews</p> <p>Interviews with ILO staff, both at HQ and in regional offices</p> <p>Interviews with donors active in the sector</p>

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Effectiveness	Have the project outputs been effective in supporting the achievement of the project objectives and results?	<p>Project status with regard to the achievement of immediate objectives (results)</p> <p>Level of achievements (at implementation and results levels) compared to plans</p> <p>To what extent project objectives/outcomes are realistic;</p> <p>To what extent risks and assumptions in the project document are true</p> <p>To what extent project objectives/outcomes have been modified over time</p>	<p>ILO and stakeholders' comments</p> <p>Project documents</p> <p>Strategic and operational changes undertaken and documented</p> <p>Procedures for changes agreement put in place</p> <p>Review of tools developed in the project</p>	<p>Analysis of project document</p> <p>Interviews</p>
Efficiency	<p>How well is the availability of means managed?</p> <p>How well is the implementation of activities managed?</p> <p>How well are outputs achieved?</p>	<p>Foreseen expenditures compared to real expenditures to date</p> <p>Structure of expenditures vis-à-vis different components</p> <p>Efficiency of the management arrangements</p> <p>Degree of interaction and coordination among stakeholders</p> <p>Ratio input / output</p>	<p>Budget</p> <p>Minutes of management meetings</p>	<p>Documents review</p> <p>Interviews with stakeholders</p>
Impact	<p>What are the direct impact prospects of the project at overall objective level?</p> <p>To what extent will the project have indirect impact at social and economic</p>	<p>Preliminary analysis of foreseen impact against baselines</p> <p>Examples of impact/results in the field</p>	<p>Analysis of the project document and logframe</p> <p>Analysis of outputs</p>	<p>Document review</p> <p>Interviews</p>

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	<p>level?</p> <p>Are the project impact indicators realistic and measurable?</p>			
Sustainability	<p>What is the level of ownership by all stakeholders?</p> <p>Will project outcomes/outputs embedded in national institutions?</p> <p>What is the level of policy support, and the interaction between project and policy level?</p>	<p>Degree of participation of stakeholders in decision making processes</p> <p>Pro-activeness of stakeholders in contributing to project outputs</p> <p>Policy support at country level</p> <p>Commitment of stakeholders to ensuring that project outcomes are further developed and embedded</p> <p>Absorption capacity</p> <p>Funding possibilities by new donors</p>	<p>National policies and plans</p> <p>Minutes of meetings</p> <p>Media reviews, reports</p> <p>Other donors' reports</p>	<p>Desk review</p> <p>Interviews</p>

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Appendix 3. List of persons and organizations interviewed

Date	Place	Person	Organisation	Comments
19/09	Budapest	Cristina Mihes	DTW/CO	
	'	Mauricio Dierckxsens	'	
	'	Silke Steinhilber	'	skype
	'	Kenichi Hirose	'	
20/09	'	Dragan Radic	'	
	'	Antonio Graziosi	'	
	'	Grigor Gradev	'	



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Appendix 4. List of publications used and cited

Document Title	Status
ILO policy guidelines for results based evaluation	Downloaded from Internet
Results-based strategies 2011–15: Evaluation strategy – Strengthening the use of evaluations	Downloaded from Internet
ILO Strategic Policy Framework 2010 - 2015	Downloaded from Internet
ILO Programme and budget for the Biennium 2014-2015	Downloaded from Internet
ILO Programme and budget for the Biennium 2016-19	Downloaded from Internet
ILO Gender Equality Policy	received
Project Concept Note	received
RBSA Allocation Agreements (2)	received
BiH DWCP 2012-2015	received
Moldova DWCP 2012-2015	received
Moldova DWCP 206-2020	Downloaded from Internet
Project documents: mission reports, statistical studies, studies on informal economies in target countries, monitoring plans	received
UUPRS and UPFBih studies on informal economy	received