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Social dialogue for formalisation and employability in the Southern Neighbourhood Region (SOLIFEM)

QUICK FACTS

Countries: Algeria, Egypt, Lebanon, Occupied Palestinian Territories (OPT)

Evaluation date: 07 March 2025

Evaluation type: Project

Evaluation timing: Final

Administrative Office: CO-Algiers, RO-Arab States/DWT-Beirut, DWT/CO-Cairo

Technical Office: DWT Cairo, DWT Beirut, INWORK, DIALOGUE, DEINVEST, SKILLS; ACTRAV, ACT/EMP

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Donor(s) & budget: European Commission, DG for Neighbourhood and Enlargement Negotiations, European Neighbourhood 4'000' 000 EUR; ILO 400'000 EUR

Key Words: Capacity building; freedom of association; gender equality; ILO tools; informal economy; labour standards; skills development; social dialogue; youth employment

BACKGROUND & CONTEXT

Summary of the project purpose, logic and structure

Prevailing trends across the Southern Neighbourhood consistently show that informal employment is linked to poorer working conditions, lower wages, and reduced productivity compared to formal employment. To support the transition from the informal to the formal economy through tripartite social dialogue, ILO launched the **Social Dialogue for Formalisation and Employability in the Southern Neighbourhood Region (SOLIFEM)** project.

The project was implemented in Algeria, Egypt, Lebanon, and the Occupied Palestinian Territories (OPT), focusing on two key areas:

- Developing integrated strategies to promote formalisation through enhanced social dialogue, capacity building, and policy coordination (Outcome 1)
- Strengthening skills training and recognition systems, especially for women and youth, to improve employability and access to formal employment (Outcome 2).

To achieve these objectives, the project worked at **national and regional levels** – with each level working to reinforce one another in enabling progress towards the two outcomes.

Present situation of the project

The SOLIFEM project started in March 2021, which was initially expected to end in August 2024, was extended under a no cost-extension (NCE) until the 31st of December 2024. A second NCE was approved, extending the project until the 31st of March 2025.

Purpose, scope and clients of the evaluation

The final evaluation aims to independently assess SOLIFEM's performance, focusing on its results against expected objectives, key lessons learned, and recommendations. It also aims at assessing the added-value and the challenges of the regional / multi-country nature of the project. The evaluation builds on the mid-term evaluation findings with a more targeted focus on the period from August 2023 to November 2024. Evaluation clients include ILO, constituents and donors primarily, as well as implementing partners and other stakeholders

Methodology of evaluation

The evaluation applied the key OECD/DAC evaluation criteria and complied with the ILO Policy Guidelines for results-based evaluation (2020) as well as the UNEG Ethical Guidelines and Norms and Standards in the UN System. The Evaluation Team followed strict

data protection policies aligned with the European Union's General Data Protection Regulation. The evaluation relied on a mixed methods data collection and analysis approach using **three types of data collection: desk research, interviews and FGDs**.

The evaluation faced certain limitations:

1. The evaluation's tight timeframe occasionally necessitated convenient sampling of beneficiaries (as in Alsharkeia, Egypt) rather than random sampling, potentially limiting representativeness. This bias was considered in the analysis, but interview and FGD content did not suggest any disproportionate positive or negative views compared to desk research.
2. The planned FGD with participants of the RPL workshops in Algeria did not take place, so the Evaluation Team relied on desk review and interviews to assess Outcome 2's progress in Algeria.
3. Since the Project was still under implementation—and a second NCE was confirmed during the evaluation, this hindered the evaluation's ability to address the project's outcomes and longer-term impact.

MAIN FINDINGS & CONCLUSIONS

Relevance: Since the completion of the Mid-Term Evaluation (MTE) in December 2023, the project's priorities and objectives remained relevant and some key concerns were addressed. The changes in country contexts in the OPT and Lebanon affected the project relevance, as the increase in unemployment enhanced the importance of job creation (before formalisation). The project team responded to the key recommendations of the MTE with regards to the project scope, timeline and engagement of women.

Coherence: The Project lacked alignment with SOLiD II, another EU co-funded regional initiative supporting social dialogue in the Southern Mediterranean. However, SOLIFEM aligned with other national ILO projects focused on formalising employment and businesses and/or developing skills. The Project established links with EU priorities aligned with the Union for the Mediterranean (UfM) agenda, as well as with ILO institutional and country-level priorities, as reflected in its P&Bs and CPO. However, its ability to connect with national strategies on formalisation was limited, as

these strategies either made no reference to informal labour or took different views on how to address it.

Effectiveness: Significant progress was made towards Outcome 1 on formalisation, particularly in raising awareness and strengthening the capacity of constituents and beneficiaries. Examples include the development of roadmaps, policy recommendations, and instances of beneficiaries taking steps to formalise their businesses. However, delays and external factors, notably the war in the OPT, prevented the Project from achieving policy change in all four countries. By the time of the evaluation, several activities for Outcome 2 on skills development had been completed and targets met, with improvements in RPL especially evident in Algeria, where the existing system was bolstered. The Project benefited from strong engagement among tripartite constituents and beneficiaries keen to formalise the informal labour sector. Nonetheless, it faced an overambitious logframe, a lack of support from some stakeholders, and shifting national and regional contexts. The Project contributed to social dialogue and International Labour Standards—specifically Recommendation 204—by using social dialogue as both a method and an objective. While it emphasised women’s inclusion, efforts largely focused on ensuring equal participation and tracking via disaggregated data. The Project did not include measures specifically targeting persons with disabilities, nor did it address environmental sustainability.

Efficiency: Budget adjustments and the prioritisation of Outcome 1 improved the Project’s efficiency and ensured adequate resources for quality activities. However, the approach of allocating country budgets was unclear to staff and stakeholders. Various barriers led to delays, resulting in two no-cost extensions. The Project was largely well-managed at both regional and national levels, supported by sufficient technical assistance. Nonetheless, challenges stemmed from SOLIFEM’s scope as a regional project spanning two ILO regions (North Africa and the Arab States). The M&E system also lacked sufficient indicators to gauge progress.

Impact: The Project has established a foundation to achieve impact. While the impact is still limited as some activities remain on-going,

the Project's monitoring data shows that a limited number of workers were already able to formalise their businesses. A mentality shift has occurred regarding the narrative about informal work and the willingness to tackle the issues through social dialogue.

Sustainability: The Project did not include an exit strategy in its design or during the evaluation. While there is evidence of on-going exit strategy discussions, many high-level stakeholders remain unaware of any formal exit plan. Despite progress in raising awareness of informal labour market issues, developing knowledge products, and strengthening capacity, stakeholders stressed the need for an additional phase to consolidate achievements. At the country level, awareness and capacity-building efforts provide a basis for sustaining results. However, regional challenges—such as armed conflict, insufficient financial and human resources, and limited capacity— will undermine continuity.

RECOMMENDATIONS, LESSONS LEARNED AND GOOD PRACTICES

Main findings & Conclusions

Overall, the Project was of value for its target stakeholders and beneficiaries as it responded to important challenges in the region, in terms of informality, but also in terms of barriers to social dialogue and effective tripartism. SOLIFEM also demonstrated coherence with both EU priorities in line with the UfM agenda and ILO's strategic objectives.

Following the ILO Recommendation No. 204, the Project made important steps on enhancing capacity and awareness regarding informality. However, various challenges hindered the Project from achieving its expected outcomes fully and create a solid foundation for impact and sustainability.

Recommendations:

1. Future projects should improve gender mainstreaming beyond the equal participation of women.
2. Enhance the link between the regional project concept and the national context.
3. Enhance the achievability of future projects, by creating a Theory of Change with realistic Outcomes that can be achieved within the scope of one project.

	<ol style="list-style-type: none"> Expand the M&E system of future projects to measure every step along the ToC and obtain different data to measure project achievements. Consider organising regional meetings towards the end of the project when there are concrete lessons to share. During the interim phases, exchange can take place through in-person study visits and peer-learning. Integrate follow-ups on the roadmaps, strategies, policy recommendations and other strategic outputs of SOLIFEM in other projects and programmes of the ILO, the EU and in the UfM context.
Main lessons learned and good practices	<p>Lessons learned:</p> <ol style="list-style-type: none"> Country-level budget allocation should be agreed upon in the proposal or early inception stage to ensure that each national ILO office is aware of the resources available to them for the project. Regional activities should be planned chronologically after initial national achievements are made. <p>Good practices:</p> <ol style="list-style-type: none"> Flexibility of budget reallocation by the donor and ILO staff allows for a project to enhance its relevance and effectiveness based on its M&E activities. Close alignment with the ILO International Labour Standards proved effective and relevant for the design of the concrete intervention. The organisation of peer-learning events with a small group of countries is effective for concrete exchange of lessons and practices.