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Cluster Evaluation of ILO's support to fostering transition to formality of informal workers and business through integrated approaches (2023-2025)

ILO DC/SYMBOL: KHM/23/01/RBS; NPL/23/01/RBS; PHL/23/01/RBS; MGN/23/01/RBS; VNM/23/01/RBS

Type of Evaluation: Cluster Evaluation

Evaluation timing: Final

Evaluation nature: Independent

Project countries: Cambodia, Mongolia, Nepal, the Philippines, Viet Nam

P&B Outcome(s): 4.3; 7.4; 8.1; 8.3

SDG(s): SDG 1 and 8

Date when the evaluation was completed by the evaluator: 19 October 2025

Date when evaluation was approved by EVAL: [Click here to enter a date.](#)

ILO Administrative Office: ILO ROAP

ILO Technical Office(s): DWT-Bangkok, Specialist on Local Strategies for Decent Work

Joint evaluation agencies: N/A

Project duration: March 2023-Dec 2025

Donor and budget: RBSA funding, ~400,000 USD per project, 1,999,980 USD total

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Evaluation Office oversight: Pamornrat Pringsulaka, ROAP; Naomi Asukai, EVAL

Evaluation budget: 34,012 USD

Key Words: ILO Tools, formalization, Gender Equality, informal economy, small or micro-enterprises, social protection, FYB training,

BACKGROUND & CONTEXT

Summary of the project purpose, logic and structure

Informality remains a significant challenge across Southeast and East Asia, hindering economic development and social protection efforts. It affects a large proportion of workers in Vietnam, Cambodia, Nepal, Mongolia, and the Philippines, each with unique characteristics and challenges, although the countries have various trends in common. Women in all countries are more vulnerable in the informal sector.

In 2023, the ILO awarded **Regular Budget Supplementary Account (RBSA)** funding to five interventions in Asia Pacific, with the common objective to **facilitate the Transition to Formality in the region**. The selected countries included Cambodia, Mongolia, Nepal, the Philippines and Viet Nam. The funding was aimed as contribution to the key 2022-23 Programme & Budget lines related to the topic, namely:

- *Output 4.3.* Increased capacity of Member States to develop policies, legislation and other measures that are specifically aimed at facilitating the transition of enterprises to formality
- *Output 7.4.* Increased capacity of Member States to provide adequate labour protection to workers in diverse forms of work arrangements, including on digital labour platforms, and in informal employment
- *Output 8.1.* Increased capacity of Member States to develop new or reformed sustainable national social protection strategies, policies or legal frameworks to extend coverage and enhance benefit adequacy.
- *Output 8.3.* Increased capacity of Member States to integrate social protection in comprehensive policy responses to support and protect workers and employers during their life and work transitions.

Present situation of the project

At the time of the evaluation finalisation (October 2025), four of the five interventions have closed, while the Philippines received a no-cost extension until December 2025.

Purpose, scope and clients of the evaluation

The main **purpose** of the cluster evaluation is to serve organizational learning. The review also serves to provide accountability to the donors and ILO constituents. The evaluation findings and insights will serve organisational learning purposes e.g.

	to develop cross-learning, including success stories to innovate and feed into regional learning on formalisation and social protection. The evaluation scope covers the RBSA 2022-23 round I formalization RBSA funded interventions. The primary users of the evaluation findings are ILO constituents, RBSA funding partners, ILO Country Offices, ILO Regional Office for Asia and the Pacific (ROAP), ILO DWTs and HQ (technical departments, Evaluation Office, PARDEV and PROGRAM). Secondary users of the evaluation findings are other interest partners, academic, other ILO units and regions, and the wider public.
Methodology of evaluation	The evaluation covered the six OECD/DAC criteria of relevance, coherence, effectiveness, efficiency, impact and sustainability. The evaluation report furthermore integrated ILO's cross-cutting concerns, focusing particularly on gender equality and integration of women's needs in the interventions. As this concerns a cluster evaluation, the evaluation focused holistically on all five countries and interventions, to draw conclusions on the functioning of the RBSA portfolio as a whole and draw lessons learned and good practices from across the region. The evaluation relied on secondary data analysed through desk research, and primary data collected through interviews and focus group discussions: Interviews with 22 ILO staff across the regional and national offices Interviews with 27 stakeholders across the five countries Interviews and FGDs with 36 beneficiaries across Nepal, Mongolia and the Philippines.
MAIN FINDINGS & CONCLUSIONS	Relevance The RBSA interventions were relevant for national and stakeholder priorities regarding formalization as it filled important gaps in formalization policies and collaboration frameworks. Particularly, the integrated approach ensured that the topic was addressed from different dimensions and perspectives, which was lacking in existing policy frameworks and online systems. There were almost no criticisms voiced by stakeholders on the relevance of the interventions.

The RBSA activities largely addressed **beneficiary needs**, particularly regarding basic awareness of registration and social security. Adaptations of FYB to national contexts enhanced relevance. However, no uniform solution was available to ensure participation of female beneficiaries with childcare duties, and the e-platforms are not yet fully user-friendly in line with the digital literacy of beneficiaries.

The RBSA-funded interventions aligned strongly with **SDG1** and several components of **SDG8**. They also supported countries' progress towards the objectives of the **Global Accelerator**, particularly in terms of offering integrated solutions, and by supporting evidence-based policymaking.

Coherence

Coherence in applying the **integrated approach** was ensured largely through the establishment of working groups, which ensured that the main relevant stakeholders were involved and could provide input from their mandate and perspective.

The RBSA intervention outcomes were designed and presented in their direct connection to the **P&B outcomes and outputs**. Due to the multidimensional nature of informality, the interventions contribute to a broader range of outcomes of the P&B than listed in the proposals.

The current RBSA-funded interventions were built on previous **projects by ILO** targeting specific aspects of informality and therefore enabled continuity of the efforts. In most countries, the projects reinforced, or were reinforced, by parallel ILO projects. Several RBSA-funded interventions also benefited from collaboration with **UNDP** to strengthen outreach and thematic expertise or created synergies with other ILO-UN joint projects as elaborated above. No stakeholder reported that the RBSA interventions duplicated or unnecessarily overlapped the work of other actors.

Effectiveness

The RBSA interventions contributed to strengthening **national policy and digital systems** for formalization, based on increased stakeholder collaboration (working groups) and evidence-based recommendations generated through diagnostic studies. Some challenges regarding the turnover of staff participating in the working groups were mentioned by stakeholders.

Some of the RBSA interventions made efforts to trickle national-level results to the **local or sectoral level**, or vice versa. Achievements at sectoral level mainly included diagnostic studies, while local-level activities mostly targeted beneficiaries. Nepal and the Philippines conducted both policy and advocacy work at local level.

The interventions address a core barrier to formalization among **beneficiaries**, namely awareness of the need to register, its benefits, and the importance of social insurance. Barriers related to complex registration procedures remain an obstacle for registration.

Efficiency

The **budgets** were aligned with the planned activities, demonstrating that the interventions were realistically planned. Many examples of cost-sharing with other ILO projects were found. Costs for staff were perceived as too little, which required sharing of staff among projects.

Stakeholders were highly satisfied with ILO's **management**. However, ILO staff reported multiple challenges regarding human resources, in terms of recruitment and turnover, for both staff and consultants. The interventions subsequently received no-cost extensions. Input for various ILO specialists was highly appreciated, despite the occasional delays.

Impact

Initial monitoring results and stakeholder perceptions show that the activities addressing informal workers and business owners created

some **impact on registration, social security payment, and business expansion**. High tax rates and lengthy procedures continue to hinder formalization. Domestic responsibilities also affect the impact of the interventions for women.

Further impact towards the P&B objectives is partially guaranteed by the **allocation of (some) budget** to the implementation of the adopted policies. Stakeholders are willing to continue working and expanding the results, aligned with their mandates, but may be hindered by funding gaps.

Sustainability

The interventions took several measures to ensure sustainability of the results, particularly through **reliance on existing platforms** and close **links with ongoing work and priorities** of stakeholders. The sustainability of working groups depends on political will and commitment.

RECOMMENDATIONS, LESSONS LEARNED AND GOOD PRACTICES

Recommendations

- **Recommendation 1:** Work with stakeholders to address the key barriers of formalization as linked to complex registration procedures and high taxes for MSMEs.
- **Recommendation 2:** Explore good practices regarding incentives for employers to enhance formalization of informal workers.
- **Recommendation 3:** Strengthen solutions for women to benefit equally from formalization interventions
- **Recommendation 4:** Take additional measures to enhance the sustainability of the working groups beyond the interventions.

Main lessons learned and good practices

Lessons learned

- The introduction of new working groups is useful to ensure that a topic receives dedicated and focused attention of all stakeholders but has a higher risk of discontinuing if ILO as driving force closes the intervention.



- Barriers still exist for women with childcare duties to participate in FYB trainings, often due to the lack of resources of trainers to hire caregivers or provide other forms of support.
- Complex registration procedures and high taxes will continue to hinder formalization, despite the efforts of training and other support on awareness-raising.

Good practices

- The invitation of national and local guest speakers from relevant authorities (tax, social insurance) ensured that FYB beneficiaries could receive detailed and practical information directly from the authority itself.
- Co-designing or closely consulting key stakeholders enhances relevance, effectiveness and sustainability, by ensuring that the intervention fits into the existing policy work.
- Close collaboration between projects enhances efficiency and reinforcement between activities, thereby enhancing potential impact.