



# ILO EVALUATION

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**This evaluation has been conducted according to ILO's evaluation policies and procedures. It has not been professionally edited, but has undergone quality control by the ILO Evaluation Office**

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## List of Abbreviations

ACT/EMP	Bureau for Employers' Activities
ACTRAV	Bureau for Workers' Activities
ASOREPEMEE	Regional Association of Small and Medium-sized Enterprises
ASTRADOMES	Domestic Workers' Association of Costa Rica
CCSS	Social Security Institute of Costa Rica
CECOIT	Special Commission on Conflict Management
CNCF	National Council on Competitiveness and Formalization
CNS	National Wage Council
CPO	Country Programme Outcomes
DNM	National Migration Directorate
DNP	National development plan
DWCP	Decent Work Country Programmes
DWT	Decent work team
ENEDP	National Strategy for Employment and Productive Development
EsSalud	Social Security in Health of Peru
EVAL	Evaluation unit
FOMPRRODUCE	Costa Rican Agency for Productive Improvement, Innovation and Added Value
FORLAC	Programme for the Promotion of Formalization in Latin America and the Caribbean
FTA	Free Trade Agreement
ICLS	International Conference of Labour Statisticians

ILC	International Labour Conference
ILO	International Labour Organization
ILS	International labour standard
INAMU	National Institute of Women
INFOTEP	National Institute of Technical and Professional Training
IRIS	Integrated Resource Information System
ITCILO	International Training Centre of the ILO
JEF	Jamaica Employers' Federation
LAC	Latin America and the Caribbean
MNF	Multinational firm
MPE	Policy and strategic framework
MTPE	Ministry of Labour and Employment Promotion
MTSS	Ministry of Labour and Social Security
MDG	Millennial Development Goals of the United Nations
SDG	Sustainable Development Goal
OSH	Occupational safety and health
PCM	President of the Ministerial Cabinet
PDP	Productive Development Policy
PROSEI	Project "Promoting respect for labour rights of workers of the informal economy"
P&B	Programme and budget
SIYB	Start and Improve Your Business
SME	Small and medium-sized enterprises
SUNAFIL	National Labour Control Agency

SUNAT	National Tax Authority of Peru
RDW	Rural domestic work
UCCAEP	Costa Rica Chambers and Associations of the Private Business Sector
UNDAF	United Nations Development Assistance Framework
UPACP	Union of Auxiliary Personnel of Private Homes
USDOL	United States Department of Labour

## I. EXECUTIVE SUMMARY

### *The ILO Strategy to Promote the Transition to Formality in the Americas, 2014-2017*

1. In Latin America and the Caribbean, the non-agricultural informal employment rate was 46.8 per cent in 2015. In 2016, there were some 134 million informal workers.<sup>1</sup> The highest rates of informal employment correspond to own-account workers, followed by domestic workers and employees of microenterprises. In the Americas, the informal economy is a diverse, multidimensional phenomenon with multiple causes.
2. In 2015, constituents adopted Recommendation 204 on this issue. The ILO Regional Office for Latin America and the Caribbean prioritized the transition to formality in its regional strategy through the Programme for the Promotion of Formalization (FORLAC) and the interventions of its country offices to support governments and social actors in consolidating policies and strategies to address informality in the region.

### *FORLAC: Programme for the Promotion of Formalization and the Network of Country Offices*

3. During the biennium 2014-2015, in compliance with Country Programme Outcomes (CPO), FORLAC supported countries with research and studies on formalization policies and strategies applied in the region, underscoring the importance of a comprehensive approach. Additionally, the programme backed studies on labour inspection trends, specific tax regimes, pro-formalization legislation, SME formalization, informality among youth, first employment programmes and the formalization of domestic work, among others.
4. The 2014-2015 strategy was continued during 2016-2017 and includes: support to the development of formalization strategies in countries of the region using RBSA funds (Argentina, Brazil, the Dominican Republic, Jamaica, Mexico and Peru); resources from projects and the government (Colombia); and, funds from a multinational project in Central America (Promoting respect for the labour rights of informal workers in Costa Rica, El Salvador and Honduras).
5. FORLAC joined the network of specialists of the country offices. Each country office, according to its socioeconomic and organizational context and resource allocation, supported the implementation of the regional strategy in line with the outcomes and targets for each two-year period.

### *Scope of the Evaluation*

6. The evaluation was designed to assess the results achieved by the regional programme (FORLAC) and the country offices through the implementation of different initiatives to promote the transition to formality during 2014-2015 and 2016-2017. To this end, it reviewed FORLAC activities associated with contributions to policy research and knowledge; technical assistance to standardize statistics;

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<sup>1</sup> [http://www.ilo.org/wcmsp5/groups/public/---americas/---ro-lima/documents/publication/wcms\\_537803.pdf](http://www.ilo.org/wcmsp5/groups/public/---americas/---ro-lima/documents/publication/wcms_537803.pdf)

and the strengthening, promotion and development of capacities of social actors of Argentina, Brazil, Colombia, Costa Rica, the Dominican Republic, Jamaica and Peru. Additionally, it evaluated whether the country initiatives to respond to constituents' demands contribute to the transition to formality and align with the guidelines of Recommendation 204 and national formalization strategies. The evaluation also assessed the use and ownership of the knowledge generated, the models and approaches promoted by the ILO and the presence and importance they have among governments, international cooperation agencies, the United Nations system and others.

7. The evaluation follows the criteria of OECD quality standards (DAC), which are: relevance, effectiveness, efficiency, impact and sustainability.
8. The ILO is the main user of the evaluation, specifically the Regional Office for Latin America and the Caribbean, as well as country offices. Other users include the technical departments at ILO headquarters, constituents and the ILO Evaluation Office.

### ***Evaluation Methodology***

9. The evaluation methodology included data-source triangulation. Data were obtained from a document review, direct interviews, teleconferences, country reports, country case studies and online studies. A questionnaire was also applied to identify the relevance and coherence of the programme design, efficiency, effectiveness, orientation toward potential impact, and sustainability of results. The evaluation team encountered limitations in obtaining the required information. The evaluation followed the ethical and behavioural principles of the United Nations, which guarantee the credibility of the evaluation process.

### ***Findings***

#### ***Relevance***

10. FORLAC is relevant for the formalization strategy in Latin America and the Caribbean. The studies conducted in the region demonstrate that growth is not the only factor that reduces informality. Thus, a comprehensive approach is needed for designing formalization policies. The ILO is a reference in this area.
11. FORLAC has supported the formalization strategy by promoting the harmonization of statistics; providing technical assistance to statistics institutes in measuring the informal sector and informal employment in countries of the region (Brazil, the Dominican Republic and Paraguay); working with trade union federations (Costa Rica, El Salvador and Honduras) to facilitate training of workers in the informal economy and with organizations of employers; and, contributing to training of entrepreneurs.
12. FORLAC activities, with support from the Regional Office and country offices, have partially responded to the demands of the countries. The most valued outcomes are regional/countries studies; support to the design of laws or strategies for formalization; technical assistance for formalization and productive development; support to local formalization efforts; and, labour inspections.

13. The regional strategies of the Regional Office for Latin America and the Caribbean and FORLAC are aligned with the priorities established by the countries in the United Nations Development Assistance Framework (UNDAF). The review of the UNDAF by country evaluated confirms that in all cases, the topic of employment was prioritized with its facets of inclusion, equality, quality and decent work, as well as productive development and increased productivity.

#### *Coherence*

14. The 2014-2015 programme and budget included a set of 23 indicators for the area of critical importance (ACI) "Formalization of the informal economy." The absence of a summary or synthesis indicator with specific measurement criteria negatively affected the coherence of the monitoring. During 2016-2017, Outcome 6 indicators could have been improved if they had been based on SMART criteria.
15. The information matrix on advances in regional priorities, a monitoring tool, has limitations. It has no baseline and does not allow corrective measures to be incorporated to achieve the objectives of the strategy.
16. The greatest risk to the programme is the imbalance between financial resources and the proposed targets. Specifically, the 2016-2017 budget is insufficient and threatens the achievement of the proposed outcomes.
17. The experiences of formalization of domestic work and multidimensional strategies combined with incentives for employers attempt to reduce gaps in rights with respect to the general labour system. The evaluation underscores the coherence of these measures to attempt to reduce gender gaps.

#### *Effectiveness*

18. The programme faced multiple challenges for achieving results. The most serious challenge to achieving the proposed objectives, especially during 2016-2017, was associated with Outcome 6 and the limited budget resources allocated to sustain a regional team. To address this problem, a multidisciplinary team located in different countries was formed. The second challenge was to develop technical capacities and coordinate a team located in different countries. The implementation of a Biennial Plan of Action to build capacities helped to resolve this issue.
19. Constituents expressed their satisfaction with the outputs in terms of the effectiveness of the programme activities. Employers of Costa Rica and Argentina and the Ministry of Labour of Argentina were highly satisfied with the knowledge approach and the advisory services received, stating that they consider them valuable for designing strategies for the transition to formality. Others, such as the Ministry of Labour of Peru and most union organizations, mentioned the need for a longer-term intervention that guarantees the effectiveness and sustainability of results, although with more constant support from the ILO, particularly in capacity-building. The limited capacity of ministries of labour to contribute budget resources and the limitations of the funds the countries manage impede the development of longer-term interventions.
20. The programme has contributed assessments on informality in the countries, with comprehensive policy proposals that have functioned in Latin American countries and with technical assistance to



harmonize policies and to support the effectiveness and strengthening of decent work country programmes (DWCP) where they exist. Argentina promoted DWCP during three consecutive periods.

### *Efficiency*

21. To increase outcome efficiency and to use ILO resources more effectively, the ILO worked to strengthen human resource and financial management services to support the results-based management approach, improve skills and leadership capacity. In the case of the region, human and budget resources continue to be insufficient. Attempts have been made, through the search for partnerships, to cover at least part of these deficits – for example, Argentina coordinated interventions with UNICEF and the UNDP. Overall, however, the limited capacity of the country teams impeded them from dedicating sufficient efforts to raise the funds necessary to cover these gaps.
22. Monitoring mechanisms were incorporated to provide programme feedback at the different levels to improve the efficiency of interventions. Nevertheless, few countries have incorporated/used these tools, which have proven useful for achieving efficient, sustainable results.

### *Efficacy*

23. Management capacities and the administrative procedures provided by the ILO to achieve a more satisfactory results-based management have had limited success despite efforts to improve resource management efficiency and capacity-building of personnel. The teamwork of specialists of the offices needs to be strengthened, and between these teams and the regional office.
24. Social dialogue with top government officials is crucial for learning about their strategic plans and coordinating interests. Bipartite and tripartite dialogue facilitates the achievement of results and sustainability (for example, the case of Argentina and DWCP). The strategy of linking political advocacy with technical proposals that incorporate the interests of the constituents (for example, in Costa Rica) has produced results. The partnership with United Nations agencies or universities also strengthens results. Smaller-scale interventions with few possibilities for impact weaken political advocacy and the achievement of results.

### *Orientation toward impact*

25. Information is limited and does not provide data on programme impact at the national or regional levels. The interviews carried out indicate that the ILO's work in the region through the FORLAC programme and the office interventions had an impact on learning within the ILO, the country offices, between country offices and the regional office, and between the offices in the region and Geneva. The most important knowledge was gained from regional-level studies, the exchange of experiences among countries and the linkage of social protection, employment and informality policies.
26. In the case of constituents, Argentina incorporated as an institutional practice the promotion of knowledge and studies in a collective effort to contribute to improved management and design of labour policies. Dialogue and discussion were encouraged. In Colombia and the Dominican Republic,

constituents stated that ILO outcomes helped improve knowledge and training of teams, although they did not produce changes in their teams and institutions.

#### *Orientation toward sustainability*

27. The measurement of sustainability of outputs and outcomes in intervention strategies was not an ongoing practice in the programmes except in Argentina. In some cases, this was not done because the duration of the projects did not justify it; in others, because the budget did not allow for it.
28. Prioritizing the results associated with policies and regulations will lead to experiences that can serve as lessons learned and good practices.

#### **Conclusions**

29. The FORLAC Programme made an important contribution to the design of the Global Formalization Strategy. Its studies, statistics and technical assistance in several countries of the region helped identify a set of strategies and policies that promote both growth and the transition to formality.
30. The successful ILO outputs were those designed to strengthen the capacity of technical teams to propose and support policies and interventions associated with formalization.
31. Monitoring mechanisms make the interventions more effective. Successful experiences include the DWCP monitoring group in Argentina and the monitoring system of Outcome 6 for the period 2016-2017, which identifies the progress made in activities of each country.
32. Political advocacy plays a crucial role in achieving effective, sustainable results. The promotion of tripartite and bipartite dialogue with high-level decision-makers to promote the discussion of potential interventions is indispensable for linking the interests of the ministries of labour with those of constituents and with ILO objectives. The ongoing presence of the ILO at the policy and technical levels, with monitoring and coordination tools, are lessons that should be included in the intervention strategies.
33. Regional efforts through the FORLAC Programme and the country interventions led by country offices contributed to learning among the different ILO offices. Knowledge sharing occurred between countries and social protection, employment and informality policies were linked. The promotion of the political commitment with constituents, communication mechanisms and effective information flow among the countries and between the countries and the regional office, were highly valued interventions because they enabled the proposed outcomes to be achieved.
34. A particularly worrisome limitation was associated with the strategic budget of Outcome 6 of the 2016-2017 Programme and Budget given that it represents 6 per cent of the Strategic Framework and is allocated for achieving outcomes in at least 36 countries. It is a small budget given the magnitude of informality and the expectations it generates.
35. The limitations of the monitoring tools of the interventions hinder the possibility of evaluating the impact of outcomes on programme beneficiaries.

36. Constituents value decision-making in management, negotiation, conflict management and conciliation as key instruments for strengthening capacities and for programme development, even though they have not yet been incorporated in the technical assistance the ILO provides to constituents.
37. FORLAC should continue. The information and knowledge requirements have increased in Latin America and the Caribbean and there is a pending agenda of research studies and impact evaluations of the interventions.

### ***Lessons Learned***

38. **L.L. 1.** The DWCP is a governance instrument for establishing programme priorities in response to consultations with constituents. The objective is to produce results by strengthening tripartite participation (governments, organizations of workers and employers) and by coordinating efforts with the ILO, jointly defining a plan and intervention strategies in the countries of the region.
39. **L.L. 2.** Identifying the quality of results of the 2014-2015 and 2016-2017 Programmes and Budgets requires centralized monitoring, oversight and auditing mechanisms.
40. **L.L. 3.** In the experience of the FORLAC programme, the design and implementation of sector policies has led to important interventions for incorporating the gender perspective in the countries of the region.
41. **L.L. 4.** Obtaining effective results in the formalization of a country with a high level of informality and considerable public debt requires optimal planning and design of phases of a formalization project given the limited available resources of the country and those assigned for the project.
42. **L.L. 5.** The government offices responsible should be encouraged to collect information on the informal sector using the harmonization approach proposed by FORLAC for Latin America and the Caribbean, including their statistical sources.

### ***Good Practices***

43. **G.P.1** A good practice in the framework of ILO initiatives to promote the transition to formality is the FORLAC strategy of coordinated interventions at different levels: i) intervention to generate knowledge on informality and build capacities of tripartite actors, and ii) technical assistance to governments and constituents for designing strategies.
44. **G.P.2** A good practice in the framework of the initiatives of the ILO regional office through the FORLAC Programme and country office interventions is associated with the learning generated among the different ILO offices, the exchange of experiences among countries and the linkage of policies.

### ***Recommendations***

45. **Recommendation 1:** Strengthen the FORLAC Programme and its 2018-2021 Programme and Budget by forming partnerships to co-fund the programme. This will enable, among other things, the consolidation of a network of shared learning and policy discussions in the countries.
46. **Recommendation 2:** Evaluate and optimize management tools to make the programming, monitoring and evaluation instruments of the region and country offices more coherent and useful. Additionally, strengthen the coherence between programme results and the assigned budget to meet programme targets, and align the organizational structure for both implementation and monitoring.
47. **Recommendation 3:** Strengthen technical assistance to the technical teams in planning, implementation and evaluation of policies and design and evaluation of standards to meet constituents' needs. Additionally, raise awareness beyond constituents and beneficiaries using ITC and user-friendly print media, tailored to the context of each country.
48. **Recommendation 4:** Outputs should be expressed in policy proposals, standards and laws that promote changes in labour conditions of the population in their transition to formal employment, with a gender focus. Promote monitoring and evaluation to determine their effectiveness and sustainability.
49. **Recommendation 5:** Promote the linkage of national and sub-national policies from a gender perspective in the new interventions, and lessons learned from the coordinated strategies to address the informal economy and informal employment.
50. **Recommendation 6:** Consider political advocacy strategies to promote the work of constituents, encouraging change at the level of stakeholders. Additionally, ensure that the high-level decision-makers among constituents are regularly informed and have documentation, governance instruments and solid technical proposals that fulfill the commitment of institutions.
51. **Recommendation 7:** Have a single regional repository to manage knowledge and learning of actors, which integrates contents developed by FORLAC, the Regional Office and the country offices, as well as information produced by constituents. The repository should make intensive use of ITC and be user-friendly to the different actors. It should also be adequately disseminated.
52. **Recommendation 8:** Strengthen capacity-building at the different levels on a permanent basis, within the ILO and among its direct interlocutors; and on a temporary basis, considering time and actors, for the implementation of a specific outcome.
53. **Recommendation 9:** Establish a country strategy for the transition to formality (long-term) with a road map (ad hoc or included in an existing national plan) that goes beyond the changes in governments or authorities and national officials, which include milestones (short- and medium-term) that are measurable and that can be evaluated, promoting tripartite consultation and social cohesion.

## II. THE ILO STRATEGY IN THE AMERICAS TO PROMOTE THE TRANSITION TO FORMALITY

54. In Latin America and the Caribbean, following nearly a decade of sustained decline, the non-agricultural informal employment rate rose in 2015, to 46.8 per cent, the same level as in 2013. In this context, the region had approximately 134 million informal workers in 2016.<sup>2</sup> Disaggregating these data by status in employment, the highest rates of informality correspond to own-account workers, followed by domestic workers and employees of microenterprises with a maximum of 10 workers. These three categories accounted for eight of every 10 informal workers in the countries analyzed;<sup>3</sup> with the informal employment rate in microenterprises being four times that observed in enterprises with more than 10 workers, with considerable variation across countries.
55. In the Americas, the informal economy is a diverse, multidimensional phenomenon of multiple causes. Recommendation 204 was adopted following a series of ILO efforts to raise awareness of constituents about the transition from the informal to the formal economy. The ILO Regional Office for Latin America and the Caribbean has prioritized the transition to formality in its regional strategy through the Programme for the Promotion of Formalization (FORLAC) and the interventions of its country offices, with a view to supporting governments and social actors in strengthening policies and strategies to facilitate that transition in the region.

### ***FORLAC: Programme for the Promotion of Formalization and the Network of Country Offices***

56. The programme supports governments and social actors to strengthen policies and strategies to facilitate the transition from the informal to the formal economy. FORLAC began in 2013 with the allocation of US\$ 900,000 in RB funds. For the biennium 2014-2015, RBSA funds for the regional strategy for the transition to formality totalled US\$ 1,337,824, of which US\$ 440,000 corresponded to FORLAC. The remainder was distributed among six countries. For the biennium 2016-2017, US\$ 1,228,000 in RBSA funds were allocated, which was distributed among four countries. There was also US\$ 358,940 in RBTC funds, US\$ 100,000 of which were allocated to FORLAC; the remainder was distributed among 15 countries. The activities were complemented with projects (2014-2017) in Colombia, Central America and Costa Rica, which according to the XBTC project budget were funded with US\$ 5,051,301. (See Annex VI: Estimated budget assigned in the region for Outcome 6, 2014-2015 and 2016-2017).
57. For the biennium 2014-2015, FORLAC interventions responded to Outcome 1- Promotion of employment: more women and men have access to decent and productive employment and income opportunities (RLA 155) with outputs associated with its four components: (1) knowledge generation; (2) technical assistance to countries; (3) strengthening of organizations of workers and employers; and, (4) dissemination. For the biennium 2016-2017, the programme developed a support tool to implement activities associated with Area of Critical Importance 2 of the Regional Office for Latin America and the Caribbean and Outcome 6, Formalization of the informal economy,

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<sup>2</sup> [http://www.ilo.org/wcmsp5/groups/public/---americas/---ro-lima/documents/publication/wcms\\_537803.pdf](http://www.ilo.org/wcmsp5/groups/public/---americas/---ro-lima/documents/publication/wcms_537803.pdf)

<sup>3</sup> [http://www.ilo.org/wcmsp5/groups/public/---americas/---ro-lima/documents/publication/wcms\\_315054.pdf](http://www.ilo.org/wcmsp5/groups/public/---americas/---ro-lima/documents/publication/wcms_315054.pdf)

established in the CPO, with three outcomes associated with its components, changing dissemination for support and coordination for the implementation of Recommendation 204.

58. The proposed strategy for 2014-2015<sup>4</sup> and extended during the biennium 2016-2017 by the Regional Office for FORLAC included the production of in-depth, comparative studies on policies, institutional innovations, and relevant experiences in formalization strategies (six countries) and promotion of impact assessments. Additionally, the Regional Office published a regional report on the transition to formality in Latin America and the Caribbean. For technical assistance, the ILO produced a handbook on the integrated approach to reducing informality based on existing ILO documents and adapted to the reality of the region. Support was also provided to the pertinent entities and ministries of labour for the harmonization of statistics. The ILO also strengthened organizations of workers and employers to improve their capacity for organization, representation and advocacy in this area and for training processes, as well as coordination with the International Training Centre in Turin. From the area of FORLAC knowledge, the ILO supported governments and social actors in the preparation of studies on different topics: productivity, production, social protection and labour inspection. It also documented formalization processes in policymaking.
59. To promote the implementation of the regional strategy for the transition to formality, FORLAC formed a small team of professionals and a network of ILO specialists in different countries, each contributing from his field of expertise to the regional strategy. This explains the different rates of progress made in the implementation of the strategy in each country, especially since the ILO country offices also had to address the national priorities identified in response to constituents' demands. (See Annex VI: The Americas: ILO office staff, 2014 and 2017). To achieve organized progress, the team's technical capacities were strengthened, and tools and experiences were shared. Funds were channeled through the Country Programme Outcomes (CPO) and sought to align with national formalization strategies, from the perspective of constituents' demands.
60. Although the Regional Office promoted the regional strategy through the FORLAC Programme, country offices played a strategic role given that FORLAC joined the network of specialists of the country offices. The following section presents the contributions of the ILO in Argentina, Colombia, Costa Rica, the Dominican Republic, Jamaica and Peru, based on the context and organizational and financial arrangements for implementing the strategy.

## **Argentina**

61. The political framework during the reference period of the evaluation was the final stage of so-called *Kirchnerism* (an Argentinian political group formed by supporters of the late Néstor Kirchner,

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<sup>4</sup> During the biennium 2014-2015, the ILO supported national strategies of six countries, (Argentina, Brazil, the Dominican Republic, Jamaica, Mexico and Peru), and Colombia and the PROSEI Project in Central America (Promoting respect for the labour rights of informal workers in Costa Rica, El Salvador and Honduras).

president of Argentina from 2003 to 2007, and of his wife, Cristina Fernández de Kirchner, president from 2007 to 2015) and the beginning of the centre-rightist Macri government (December 2015). Argentina is one of the largest economies in Latin America. The World Bank considers it a middle-income country, which during the past decade enjoyed sustained economic growth framed within social inclusion policies and insertion in the global free-market economy. In 2016, the country's economic policies changed substantially. The new government devaluated the peso, which triggered rising inflation in an economic recession. According to IMF data, beginning in the second quarter of 2016, Argentina was affected by an economic recession, which is also occurring at the regional level in Latin America. As the result of the sustained economic growth and a labour policy line defined during 12 years by *Kirschnerism*, the quality of employment improved: informal employment decreased from 49 per cent to 46 per cent<sup>5</sup> between 2009 and 2013 and the labour force participation rate was 57.8 per cent (2016).

62. The ILO office in Argentina<sup>6</sup> provides technical assistance to tripartite constituents (government, organizations of employers and workers) and support for the promotion of the ILO Decent Work Programme as a key component of national development policies.<sup>7</sup> In 2017, it had nine employees/specialists<sup>8</sup> and seven in 2014. In the period 2014-2017, the office had US\$ 450,000 in RBSA funds and US\$ 50,000 in RBTC funds to implement the strategy.
63. The formalization of the informal economy was a strategic focus of the three DWCP and an important predecessor of FORLAC to the extent that the concept note of that programme was based on the one developed by the country in 2009. During 2014-2015, the ILO provided technical assistance to the Ministry of Labour and Social Security (MTEYSS) in the framework of the third DWCP for Argentina, 2012-2015,<sup>9</sup> considering that a priority objective of the DWCP was to contribute to reducing labour precariousness, unregistered employment and informality. It has strengthened the work of the constituent teams through strategies of capacity-building, joint studies, promotion of dialogue<sup>10</sup> and joint advisory services;<sup>11</sup> additionally, it has increased the knowledge of constituents, which has enabled the publishing of important training documents by each constituent, the constituents as a group, the constituents with the ILO and others produced by the ILO, as per the proposed outcomes for the period 2014-2015.<sup>12</sup> <sup>13</sup> In the period 2016-2017, publications were

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<sup>5</sup> [http://www.ilo.org/wcmsp5/groups/public/---americas/---ro-lima/documents/publication/wcms\\_315054.pdf](http://www.ilo.org/wcmsp5/groups/public/---americas/---ro-lima/documents/publication/wcms_315054.pdf)

<sup>6</sup> In 1969, the National Correspondent's Office became an international ILO Area Office, also covering Paraguay and Uruguay. In April 2003, the office became a country office with responsibility for Argentina and was responsible for the coordination of labour issues of MERCOSUR

<sup>7</sup> <http://www.ilo.org/buenosaires/quienes-somos/lang--es/index.htm>

<sup>8</sup> Includes assistants and secretaries.

<sup>9</sup> [http://www.ilo.org/wcmsp5/groups/public/---americas/---ro-lima/---ilo-buenos\\_aires/documents/genericdocument/wcms\\_206417.pdf](http://www.ilo.org/wcmsp5/groups/public/---americas/---ro-lima/---ilo-buenos_aires/documents/genericdocument/wcms_206417.pdf)

<sup>10</sup> This is the institution that can create channels for dialogue, provide advice to constituents, identify synergies and propose strategies for a joint intervention when conflicts arise. Interview with Diego Coatz, executive director of the Industrial Trade Union of Argentina-UIA. February 2017.

<sup>11</sup> Interview with Diego Schlessler, MTSS: Sub-secretary of Technical Programming and Labour Studies, and Marta Novick, former sub-secretary for Strategic Programming and Labour Studies.

<sup>12</sup> DWCP Outcome IP 2014 . ARG104 - [ACI6] New strategies are developed to reduce ... (IP 14V1)

<sup>13</sup> Outputs 1 and 2 are technical reports on (1) formalization processes, legal trends and labour inspection, compliance with minimum wage, effects of collective bargaining on income, among others; (2) dynamics of the labour market, labour migration, informality and segmentation of the labour market; (3) instruments for labour formalization of economic and employment activities; (4) strengthening of social protection for women workers and families in the informal economy. Additionally, technical assistance provided to the government of the Province of Santa Fe and local social actors to promote employment formalization; the Ministry of Labour and Social Security (MTEYSS) for the Special Labour Contract System for staff of private homes (Law 26844), the chamber

prepared on domestic work. The ILO provided technical assistance for the legal bill on the first job and formalization and for the adaptation of the occupational health bill in Santa Fe.

64. The office actively participated in the programmed actions agreed upon with constituents. The action of greatest integration due to the numerous studies and activities with an integrated approach to transitioning to formality is most visible during the biennium 2014-2015. In 2016, activities continued, and the new government administration and other actors are expected to reach consensus on a country strategy in line with Recommendation 204, its implementation plan and the regional strategy for the transition to formality, an area of critical importance for the Regional Office for Latin America and the Caribbean.

## Colombia

65. The GDP of Colombia has been declining since 2014. The economic adjustment in response to the oil crisis continued in 2016 and economic growth slowed to 2 per cent. Colombia experienced one of the most dramatic currency devaluations in the region and in its history, estimated at nearly 4 per cent of GDP.<sup>14</sup> Non-agricultural informal employment in Colombia declined by approximately 58 per cent in 2009 to 55 per cent in 2013 thanks to a favourable economic cycle accompanied by job creation and institutional factors.
66. The ILO has an office in Colombia to coordinate technical assistance to constituents. It is associated with the ILO for the Andean Countries, which has 14 employees/professionals to serve five countries of the Andean region. To address the transition to formality in Colombia, the office received US\$ 2,511,417 for the period 2014-2017, which originated from the XBTC project budget, to finance both the programme to strengthen institutions for the promotion of decent work in Colombia (2013-2014), with US\$ 1,685,817, and for the project *Promoting Compliance with International Labour Standards in Colombia*<sup>15</sup> (2012-2017) \*\* with US\$ 825,600.
67. The National Development Plan is the public policy instrument of Colombia and is implemented every four years. The ILO has provided technical assistance to include the topic of decent work in the current plan. The 2014-2018<sup>16</sup> National Development Plan establishes that the national government, under the coordination of the Ministry of Labour, will promote job creation, employment

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of commerce of the wine sector to analyze the structure of employment based on employment and informality estimates (in Mendoza Province); as well as technical assistance to the MTEYSS for the design and implementation of Law Nº 26.940 on promotion of registered employment and prevention of labour fraud, adopted in May 2014. For the period 2016-2017, with respect to Outcomes 1 and 2, several publications on domestic work were planned; as well as an analysis on legal bills, such as on the system to promote first jobs and the formalization of work. Technical assistance was also provided to the MTEYSS in Santa Fe Province to adopt the module on Occupational Health and Safety in the ILO Training Plan, among others.

<sup>14</sup> <http://www.bancomundial.org/es/country/colombia/overview>

<sup>15</sup> Part of Objective 1 of the project is related to the issue of formalization.

<sup>16</sup> DNP (2015) Plan Nacional de Desarrollo 2014-2018. Todos por un nuevo país. Volume 1. Departamento Nacional de Planeación. Bogotá, 2015



formalization and protection of public- and private-sector workers<sup>17</sup> in the framework of decent work.<sup>18 and 19</sup>

68. For the period 2014-2015, with respect to Colombia/COL126 [ACI1],<sup>20</sup> the following was planned: (1) Improve knowledge and analysis for the development of policies and programmes for inclusive development to strengthen the Ministry of Labour's programme "Colombia works formally"; (2) Provide technical assistance to the "Colombia works formally" Programme and the strategy of formalization networks; (3) Build capacities of tripartite constituents and strengthen knowledge dissemination through FORLAC support.
69. In June 2015, the ILO<sup>21</sup> signed a memorandum to promote the creation of more and better jobs in rural areas to support peace efforts through a strategy of formalization of rural employment and of guaranteed rights at work, in the framework of the current National Development Plan.
70. The ILO supported the Ministry of Labour al Ministry of Labour in establishing strategies for the Employment Formalization Network<sup>22</sup> as a tool to guide and facilitate the transition from the informal to the formal sector.
71. The ILO supported<sup>23</sup> the development of Decree 1047 of 2014 for the formalization of taxi drivers.<sup>24</sup> It also participated in the design of the alternative registration system for independent workers who earn less than the minimum wage.<sup>25</sup>
72. For the biennium 2016-2017, Output 1 of the CPO calls for an assessment of the conditions of informal employment, particularly the abusive use of contracting methods in prioritized sectors (mines, ports, flower production and to continue working in the palm sector) in the framework of the Free Trade Agreement (FTA) between Colombia and the United States<sup>26</sup> and financed by USDOLA 2017.<sup>27</sup> With respect to this output, ILO developed a broad-based plan in the context of the memorandum of understanding to promote decent work in rural areas (which is the focus of post-conflict arrangements). In the post-conflict framework, the ILO Office for the Andean Countries

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<sup>17</sup> [http://www.ilo.org/wcmsp5/groups/public/---americas/---ro-lima/documents/genericdocument/wcms\\_460001.pdf](http://www.ilo.org/wcmsp5/groups/public/---americas/---ro-lima/documents/genericdocument/wcms_460001.pdf)

<sup>18</sup> In this Plan, quality employment is a component of the Social Protection System, being the third objective of this area of social mobility. Objective 3 seeks to develop alternatives to create quality jobs and access to insurance in the event of occupational hazards and a lack of income. Its first strategy is to increase formalization and employment quality.

<sup>19</sup> Objective: Develop alternatives for the creation of quality jobs and access to insurance in the event of occupational hazards and a lack of income.

<sup>20</sup> Associated with COL 125: Strengthen government capacity to develop employment policies and programmes.

<sup>21</sup> The ILO has a cooperation and technical assistance programme with Colombia, strengthened by the signing of the 1996 Tripartite Agreement and reinforced by the Labour Plan of Action signed in the framework of the Free Trade Agreement with the United States in 2011.

<sup>22</sup> Established by Decree 567 of 2014, designed and implemented by the Ministry of Labour, this network covers all formalization actions (labour reconversion plans, sector reconversion activities and others) and seeks to centralize formalization policy using an integrated approach at the national and departmental levels.

<sup>23</sup> In the framework of technical assistance during the effective period of Letter of Agreement 225 of 2013, celebrated between the ILO and the Ministry of Labour.

<sup>24</sup> This establishes the rules of the game so that drivers will have health care, occupational hazard and old-age pension coverage.

<sup>25</sup> ILO (2016) ILO in Colombia. ILO Note.

<sup>26</sup> The Programme "Promoting Compliance with International Labour Standards in Colombia." Mid-term review of the independent period. ILO and USDOL joint evaluation report. The programme has three objectives: (1) Strengthen the institutional capacity of the Ministry of Labour, especially labour inspection, to enforce Colombian labour law and guarantee the fundamental rights at work with respect to freedom of association, collective bargaining and conflict resolution in accordance with international labour standards; (2) Strengthen existing social dialogue institutions, specifically departmental sub-commissions; and (3) Strengthen the institutional capacity of the Colombian government to improve protection measures for union leaders, members and organizers and to combat impunity of perpetrators of violence against them.

<sup>27</sup> 2016 Second Semester Monitoring Report.

implemented a vocational training programme for victims of the conflict and defined the intervention strategy to promote decent work in rural areas.

73. In general, the ILO in Colombia works in two main areas. The first, associated with the strengthening of the implementation of the Colombia Works Formally Plan by preparing an information kit to promote formalization; with technical assistance for the revision of the legal framework on business and employment formalization in the country, providing recommendations for improving its application, especially actions of the solidarity sector and support to the unemployed, strengthening the capacity of the Ministry of Labour to implement its policies in this area. The ILO also supports the implementation of a pilot programme in Pasto. The second area, strengthening the capacity of labour inspections to improve oversight of employment contracts to identify and penalize abuses committed by enterprises. The ILO's actions in Colombia and the National Development Plan are aligned with the Sustainable Development Goals (SDG) and the United Nations Development Assistance Framework (UNDAF).<sup>28</sup>

### *Dominican Republic*

74. The Dominican Republic is considered a middle-income country, the largest economy in Central America and the Caribbean, with a GDP of US\$ 68.103 billion, according to the World Bank. The Dominican Republic has been one of the fastest-growing economies in the region over the past 25 years. During the first quarter of 2017, the economy grew by 5.2 per cent, following an annual average growth rate of 7.1 per cent between 2014 and 2016.
75. The proportion of Dominicans living in poverty (on approximately 152 pesos per day) fell sharply, from 42.2 per cent in 2012 to 30.5 per cent in 2016, according to official figures. Nevertheless, social spending in the country continues to be low compared with the rest of the region.<sup>29</sup>
76. According to information from the Central Bank, in the Dominican Republic, all real minimum wages at the end of 2013 were below those of 1979. This stagnation of the past 34 years illustrates that this has been a problem rooted in Dominican society for decades and that directly affects the most vulnerable population.
77. Informal employment during 2005-2010, and as a percentage of non-agricultural employment, decreased from 58.6 per cent to 47.9 per cent.<sup>30</sup> Urban informal employment is mostly concentrated in the construction sector, in retail trade and in transportation. According to the FORLAC report, no major gender differences exist in terms of informal employment levels.
78. The ILO supports the Dominican Republic and its tripartite constituents through the ILO Office for Central America established in 1969 in San José, Costa Rica. A team of 14 employees/specialists<sup>31</sup> provide support in different areas and through the implementation of technical cooperation projects

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<sup>28</sup> As the ILO states, building sustainable development requires strengthening government capacities to reduce population and territorial gaps and advancing toward equity and social mobility with a differential and gender-based approach. This is done by emphasizing activities designed to provide access to livelihoods and income, promoting decent work, with an emphasis on compliance with current labour standards and developing sustainable, inclusive economic development strategies to align with Goal 8 of the SDG.

<sup>29</sup> <http://www.bancomundial.org/es/country/dominicanrepublic/overview>

<sup>30</sup> [http://www.ilo.org/wcmsp5/groups/public/---americas/---ro-lima/documents/publication/wcms\\_245622.pdf](http://www.ilo.org/wcmsp5/groups/public/---americas/---ro-lima/documents/publication/wcms_245622.pdf)

<sup>31</sup> Includes support staff and secretaries.

that address the priority challenges identified. In 2014, the office had 16 employees/specialists. With respect to formalization activities, the office receives support from FORLAC. For the biennium 2014-2015, it received US\$ 116,824 in RBSA funds and for 2016-2017, US\$ 10,000 in RBTC funds.

79. For the period 2014-2015, CPO: DOM 129 had four components, including a pilot project for SME implemented by INFOTEP using ILO methodology for youth (18-24 years). It formalized at least 40 SME and strengthened at least one organization of women entrepreneurs and formalized its members with the ILO methodology “Start and Improve your Business” (SIYB), with the participation of 940 women, 43 per cent of whom started a business, 50 per cent of which survived.<sup>32</sup> The ILO trained more than 120 trainers and three master trainers in SIYB and provided technical assistance and coaching for the pilot phase of the programme.
80. The ILO supported the design of the “Formalize Yourself” Programme adopted by the Ministry of Industry and Trade in early 2014.<sup>33</sup> The programme<sup>34</sup> operates in six provinces and has the goal of training 1,200 entrepreneurs and formalizing at least 240 in the pilot phase. The ILO contributed to the training of programme brigades. It established a single formalization window in 14 provinces and reduced formalization time from 45 to seven days. The web portal of the Single Window for Enterprise Formalization<sup>35</sup> forms part of the government strategy to strengthen SME and the private sector overall. With respect to Component 2, on the expansion of social protection, the ILO supported a study on social security and domestic work. Regarding the component on legislative harmonization and dissemination of Convention No. 189 and its indicators,<sup>36</sup> a noteworthy activity was the presentation of the study on the legislative harmonization of Convention No. 189 and Dominican law and dissemination activities. In May 2015, the country ratified Convention No. 189.
81. For the biennium 2016-2017, the CPO: DOM129 proposed activities to disseminate ILO Convention No. 189 and labour code reform proposals. It also called for campaigns to raise awareness and strengthen domestic workers’ trade unions, develop capacities of those workers and extend coverage of social security and social protection to them.<sup>37</sup>

## **Costa Rica**

82. Costa Rica has a successful development history. The World Bank considers it an upper middle-income country. It has experienced continual economic growth over the past 25 years. Its growth strategy is based on encouraging foreign investment and on a gradual process of economic liberalization.

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<sup>32</sup> <http://empredeahora.infotep.gob.do/>

<sup>33</sup> With the following objectives: a) Raising awareness of entrepreneurs, b) creating formal jobs, c) facilitating access to business development services, and d) disseminating information on the benefits of formalization.

<sup>34</sup> <http://www.formalizate.gob.do/>.

<sup>35</sup> Joint effort of several public-sector agencies, with the collaboration of chambers of commerce of the Dominican Republic.

<sup>36</sup> (1). Support to CIMTRA (Inter-Union Committee of Women Union Members) and the Ministry of Women in the design and launch of a campaign to inform on Convention No. 189. July 2014. (2) Disseminate the contents of the study on legislative harmonization of Convention No. 189 and support to the Ministry of Women and of Labour in preparing proposals for the reform of the Labour Code and the Social Security Law. September 2014; (3) Support CIMTRA in a campaign to promote social security for domestic workers. December 2014.

<sup>37</sup> <http://www.elcaribe.com.do/2017/01/20/organizaciones-solicitan-que-domesticas-tengan-los-mismos-derechos-que-otros-workers>

83. The combination of political stability and sustained growth has made it one of the countries with the lowest poverty rates in Latin America and the Caribbean. The GDP growth rate for 2016 is an estimated 4.3 per cent and GDP per capita is US\$ 16,000.
84. In terms of employment, 2015 and 2016 were not good years as unemployment rose from 6.1 per cent in 2014 to 8.1 per cent in 2016. In the third quarter of 2015, informal employment reached its highest rate since 2010, 45.7 per cent, according to the Continuous Employment Survey. With respect to the income variable, per capita income of Costa Rica has tripled since 1960, achieving an average growth rate of 4.5 per cent between 2000 and 2015 (higher than the average growth rate of Latin America, which was 3.8 per cent during the same period). In the case of informal workers, 65 per cent of informal workers who work in the formal sector earn less than two minimum wages.
85. The ILO Office for Central America, Haiti, Panama and the Dominican Republic is located in Costa Rica's capital, San José. In 2017, the office supported Costa Rica and its tripartite constituents with a team of 14 employees/specialists<sup>38</sup> in the different areas and through the implementation of technical cooperation projects to address the priority challenges identified. In 2014, the office had 16 employees/specialists. During the period 2014-2017, it received XBTC project budget funds of US\$ 442,776 to support the implementation of the country's National Employment and Production Strategy - ENEP (2014-2015) and the National Employment Strategy Project (2015-2016).
86. The ILO office contributed a study for the establishment of the Agency for Productive Development, Innovation and Added Value (FOMPRODUCE) and for the Chamber of Manufacturing for a manufacturing policy proposal.
87. For the biennium 2014-2015, three outcomes were defined (CRI 131),<sup>39</sup> (a) identify and systematize successful institutional models for business development at the international level; (b) provide technical assistance for the preparation of a legal bill to establish ProEMPRESA; and, (c) support efforts to raise awareness of key actors on the strategic importance of institutional reform. Through FORLAC, the ILO supported comparative studies on international experiences in formalization. With Costa Rican government resources in the form of a Trust Fund, the ILO provided technical assistance to develop a legal bill.
88. The ILO contributed a white paper on the organizational model of the Costa Rican government to promote business. International study visits were organized, as was an international seminar. Main results included the Programme for the Formalization of Microenterprises, ProEMPRESA,<sup>40</sup> and the legal bill to temporarily eliminate the employers' contribution to the Social Development and Family Benefit Fund and to the Mixed Social Aid Institute, of informal microenterprises.

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<sup>38</sup> Includes support staff and secretaries.

<sup>39</sup> Related to CRI 125.

<sup>40</sup><http://www.americaeconomia.com/economia-mercados/finanzas/costa-rica-presenta-estrategia-para-crear-empleos-de-mejor-calidad>

89. During 2014-2016, the ILO implemented the project “Promoting respect for the labour rights of workers of the informal economy<sup>41</sup> (PROSEI<sup>42</sup>). The project had a geographic focus (municipalities) and promoted policies to facilitate the formalization process.<sup>43</sup> FORLAC<sup>44</sup> supported the definition of the informal economy module in the Permanent Multi-Purpose Household Survey of the National Statistics Institute.<sup>45</sup>
90. The ILO provided technical assistance for the implementation of the National Employment and Productive Development Strategy,<sup>46</sup> ENEDP,<sup>47</sup> and for the improvement of planning, monitoring and evaluation mechanisms. It also provided technical assistance to the National Wage Council (CNS) for effective wage policies and the minimum wage for domestic workers. The ILO also provided technical assistance to the CCSS and CNS to train members in developing effective wage policies in April 2015.
91. The ILO provided technical assistance and support during the process to ratify Convention No. 189 to the Association of Domestic Workers of Costa Rica (ASTRADOMES), the National Institute of Women (INAMU), and the Ministry of Labour and Social Security (MTSS). In January 2014, the convention was ratified.
92. For the biennium 2016-2017, with Outcome 6 “formalization of informal employment” (CRI 105), the ILO sought to promote the design of a formalization strategy (Recommendation 204) and to support the MTSS in two areas: management of the ENEDP and modernization of the public employment service.
93. The ILO has supported the country in its national development strategy and has helped actors improve their social dialogue processes to enhance SME competitiveness and facilitate the transition to formality. The FORLAC Programme supported capacity-building and harmonization of statistics and offered technical assistance, using resources from other projects implemented in the country.
94. On 3 October 2016, the Tripartite Agreement for the Implementation of ILO Recommendation 204 on the Transition from the Informal to the Formal Economy in Costa Rica was signed.<sup>48</sup> The tripartite roundtable was established in March 2017.

## **Jamaica**

95. Jamaica’s GDP per capita has been historically below the average for the Caribbean, but this gap has been growing over time. In 1990, GDP per capita in the sub-region was 26.4 per cent higher than that

<sup>41</sup> Its objectives: promote the labour rights of workers of the informal economy through strengthening of the organization and productive capacities of workers; strengthen the capacity of municipal and national governments to respond to the demands of workers of the informal economy; facilitate access of informal workers to social protection and formalization; promote a culture of compliance with and respect for the labour rights of workers of the informal economy through access to social protection; provide tools to municipal and national governments to ensure decent work for all workers.

<sup>42</sup> Revista Perspectivas Laborales. Transitar hacia lo formal: una mirada desde lo local. Year 5, Vol. 1, April 2016. ILO Costa Rica.

<sup>43</sup> In Costa Rica, El Salvador and Honduras,

<sup>44</sup> [http://www.ilo.org/wcmsp5/groups/public/@americas/@ro-lima/@sro-san\\_jose/documents/san\\_se/documents/genericdocument/wcms\\_220483.pdf](http://www.ilo.org/wcmsp5/groups/public/@americas/@ro-lima/@sro-san_jose/documents/san_se/documents/genericdocument/wcms_220483.pdf)

<sup>45</sup> Revista Perspectivas Laborales. Transitar hacia lo formal: una mirada desde lo local. Year 5, Vol. 1, April 2016. ILO Costa Rica.

<sup>46</sup> Whose goal was to generate decent employment and reduce informal employment during a five-year period, 2014-2018.

<sup>47</sup> PRODOC Project report, 2015

<sup>48</sup> With the participation of the six trade union groups, the UCCAEP, the Ministry of Labour, the executive director of the Social Security Service, the Minister of the Economy, Industry and Trade, the Minister of Women, the president of the Legislative Assembly and the ILO Sub-regional Director for Central America, Panama, the Dominican Republic and Haiti.

of Jamaica; in 2011, this gap increased to 80 per cent. This is because GDP per capita in Jamaica has not experienced sustained improvements over the past 21 years.<sup>49</sup>

96. GDP growth remains quite low given what is needed to eradicate poverty and reduce inequality. Jamaica has had a public debt/GDP ratio of over 125 per cent since the early 2000s. In 2015, debt totaled US\$ 14.121 billion<sup>50 and 51</sup>. In 2016, Jamaica accepted new financial aid<sup>52</sup> to stabilize the economy and reduce the debt, proposing an intensive reform plan to promote investment.
97. The labour market in Jamaica suffers from the same weaknesses of many Latin American and Caribbean countries: concretely, a large informal sector, under-employment and unemployment. According to the IDB (2006) and the ILO (2014), reasons for informality include the slow, low economic growth with limited job creation, legal distortions, tax evasion, illegal activities and the desire for independence.
98. The ILO Office for the English- and Dutch-speaking Caribbean is located in Port of Spain, the capital of Trinidad and Tobago. It was established in 1969 and supports 13 member states<sup>53</sup> and nine non-metropolitan territories<sup>54</sup> of the English- and Dutch-speaking Caribbean. Jamaica is served by this office, which in 2017 had 14 employees/specialists,<sup>55</sup> and 12 in 2014. It has focal points for specific themes. Jamaica received only US\$ 5,000 from the RBTC fund for the biennium 2016-2017.
99. For the biennium 2014-2015, to guide activities to transition to formality, Outcome 1 was considered, for which reason the Ministry of Labour and Social Security established a steering committee in October 2014, which adopted a policy initiative and a work programme to facilitate the transition to formality in Jamaica. In 2015, the Jamaica Employers' Federation (JEF) adopted a gender-sensitive policy for the transition to formality, which provides guidelines to support efforts of its members to facilitate employment and business formalization. The ILO provided technical assistance for the application of the formalization initiative.
100. The Ministry of Labour used the ILO tool, Start and Improve Your Business (SIYB) and received assistance in social protection measures. The JEF was trained in SIYB (2015). The ILO worked closely

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<sup>49</sup> [http://repositorio.cepal.org/bitstream/handle/11362/4073/1/S2013253\\_es.pdf](http://repositorio.cepal.org/bitstream/handle/11362/4073/1/S2013253_es.pdf)

<sup>50</sup> World Bank (2017) World Development Indicators. In <http://databank.bancomundial.org/data/reports.aspx?source=2&country=JAM#>. Data from Database: World Development Indicators

<sup>51</sup> In May 2013, the Government of Jamaica and the IMF signed a four-year Extended Fund Facility agreement, which includes a loan for US\$ 958 million, complemented by another loan of US\$ 1.02 million from the World Bank and the Inter-American Development Bank. The agreement was made possible following government compliance with certain conditions, including a national debt exchange (NDX), fiscal measures and freezing of government employee salaries, among others. The main objectives of the government were to reduce public debt to sustainable levels (95 per cent GDP in seven years) and achieve a primary surplus (income minus expenses without including debt service) of 7.5 per cent of GDP. In: Office of Diplomatic Information of the Ministry of Foreign Affairs and Cooperation. MAEC Spain.

<sup>52</sup> Lending agencies: IDB supports Jamaica during 2016-2021, focusing on three objectives: (1) improve public sector management; (2) increase productivity and private-sector growth; and (3) strengthen protection and development of human capital. Crosscutting themes: crime, resilience to climate change and gender. To date, US\$ 523 million in loans. From 2009 to July 2014, the Bank approved approximately US\$ 1.58 million in 22 loans, including two operations without sovereign guarantees, and US\$ 17 million in 43 technical cooperation operations. In: [www.iadb.org/es/paises/jamaica/jamaica-and-el-bid-1051.html](http://www.iadb.org/es/paises/jamaica/jamaica-and-el-bid-1051.html). <http://www.iadb.org/es/oficina-de-evaluacion-and-supervision/evaluacion-de-programa-de-pais-jamaica-2009-2014,18572.html>. In 2016, the IMF authorized a Stand-By Arrangement (SBA) of US\$ 640 million for three years to continue the reform agenda to achieve macroeconomic stability while improving employment and raising the standard of living of the population, with effects on progressively reducing poverty, which remains high. The goal is to support employment growth, social protection, including public sector efficiency; reducing debt/GDP ratio to 60 per cent; modernize currency policy; and strengthen the capacity for recovery of the financing system. In: IMF Communications Department by MEDIA RELATIONS.PRESS OFFICER: RAPHAEL ANSPACH.

<sup>53</sup> Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago.

<sup>54</sup> **Non-metropolitan territories:** Anguilla, Aruba, Bermuda, British Virgin Islands, Cayman Islands, Curacao, Montserrat, Sint Maarten, Turks and Caicos Islands.

<sup>55</sup> Includes support staff and secretaries.

with the Ministry of Labour and Social Security and the JEF to raise awareness of women business owners to access financing of national SME lending institutions. This service was also provided to suppliers of goods and services for multinational firms in the tourist sector of Montego Bay, Ocho Ríos and Negril.

101. For the biennium 2016-2017, Outcome 6, formalization of the informal economy (JAM 104) was considered for the transition to formality. The proposed outputs included those for raising awareness about the costs associated with informality and ways to address problems associated with informality; technical assistance; training and knowledge development on the compilation and analysis of statistics and other data; policy design and gender-sensitive regulations for activities to transition to formality; evaluation of the enabling environment for formalization of enterprises; comprehensive policy packets to address informality; research on costs and benefits of formalization; workers' rights; the promotion of own-account employment; and learning systems. For these outputs, the Ministry of Labour planned to reproduce or expand on the experience of the previous period.
102. Activities to transition to formality focused on capacity development of the population to improve businesses and develop technical skills to implement improvements, launch new businesses or find employment. The ILO office and FORLAC provided support for the development of these skills and activities.

## *Peru*

103. The Peruvian economy is currently in a recovery phase characterized by the implementation of a counter-cyclical macroeconomic policy, the dissipation of adverse shocks of early 2017 and a favourable international context. The GDP is expected to grow 2.8 per cent this year, which will increase to 4.0 per cent in 2018 and will consolidate growth around its potential of 4.0 per cent in 2019-2021. The country will strive for rates of 5.0 per cent through administrative simplification measures, improved regulations, increased formal, competitive employment and increased investment in infrastructure.<sup>56</sup>
104. In 2015, the labour force in Peru numbered 15,919,000, of which 73.2 per cent had informal employment and 26.8 per cent, formal employment.<sup>57</sup> The informally employed population declined by 3.9 percentage points with respect to 2010.<sup>58</sup> Despite sustained economic growth, the reduction in informality has been limited.<sup>59</sup>
105. The ILO Office for the Andean Countries, which is located in Peru's capital, Lima, is responsible for activities in five countries of the Andean region: Bolivia, Colombia, Ecuador, Peru and Venezuela. It

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<sup>56</sup> [https://www.mef.gob.pe/contenidos/pol\\_econ/marco\\_macro/MMM\\_2018\\_2021.pdf](https://www.mef.gob.pe/contenidos/pol_econ/marco_macro/MMM_2018_2021.pdf)

<sup>57</sup> Informal employment includes all workers employed in production units not registered with the tax administration (without a tax identification number registered with the tax authority), workers who receive no social benefits (no health insurance covered by their employer), as well as unpaid workers. See MINTRA (2016) Informe Anual del Empleo en el Perú, 2015.

<sup>58</sup> <https://www.inei.gob.pe/prensa/noticias/el-empleo-informal-in-el-peru-disminuyo-in-39-puntos-porcentuales-9142/>

<sup>59</sup> MEF (2016). Perú economía y formalización. In Foro "Diálogos para el desarrollo" CONFIEP. Lima, 23 August 2016. [https://www.mef.gob.pe/contenidos/inversionistas/presentacion\\_economia\\_formalizacion\\_23082016.pdf](https://www.mef.gob.pe/contenidos/inversionistas/presentacion_economia_formalizacion_23082016.pdf)

has a team of 14 employees/ professionals.<sup>60</sup> To finance activities in Peru, the office obtained US\$ 151,832 for 2014-2017, of which US\$ 123,000 were from the RBSA fund (2014-2015) and US\$ 28,832 from the RBTC fund (2016-2017).

106. For the 2014-2015 formalization strategy, outcomes (PER156) referring to support to the design and implementation of the National Formalization Strategy were considered: improve compliance through labour inspection; and improve the capacity of workers and employers. The ILO provided technical assistance to the Ministry of Labour to develop a tool for the sector and contributed technical inputs for defining the employment formalization strategy and the plan of action of the Ministry and SUNAFIL. In 2014, the sector strategy of employment formalization, and in 2015, its respective plan of action,<sup>61</sup> were approved. The strategy includes innovations such as the inspectors' quadrant. The office provided technical assistance to SUNAFIL to identify and design tools for intervention strategies to support the transition to formality. The ILO promoted women's increased participation in their respective trade organizations and provided technical assistance<sup>62</sup> for the implementation of public awareness campaigns in the framework of the agreements signed to promote better working conditions for female domestic workers in three regions. The ILO collaborated in the training of labour inspectors of SUNAFIL and its new offices and provided support to the design of the permanent institutional training programme.
107. For the biennium 2016-2017, with respect to Outcome 6 (PER201), in December 2016, constituents discussed a national report (assessment) on the state of informal employment (Ministry of Labour, SUNAFIL and ESSALUD), as well as a multi-sector formalization strategy. Concerning Outcome 6 (PER 221), the ILO proposed the strengthening of capacities of domestic workers, increasing their unionization and improving conditions to exercise their rights and promoting the ratification of Convention No. 189.
108. In summary, the ILO regularly participated in activities begun by the country to achieve the transition to formality, which is a major challenge for the ministry and for union organizations.

### III. SCOPE OF THE EVALUATION

109. The regional programme to promote the transition from the informal to the formal sector was conceptualized as a series of regional interventions (FORLAC) and others at the country level, to contribute to reducing informality using different technical assistance strategies.<sup>63</sup> The report includes the results of an independent cluster evaluation of the activities implemented by the ILO Regional Office and some country offices to promote the transition to formality. The cluster approach is used given the organizational structure and the shared objectives.

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<sup>60</sup> Includes support staff and secretaries.

<sup>61</sup> Ministerial Resolution 205-2014-TR and Ministerial Resolution No 093-2015-TR

<sup>62</sup> With support from the Friedrich Ebert Stiftung and Wiego Foundation, the ILO provided technical assistance to FENATRAHOP to organize meetings to define work priorities and locations for the pilot campaign to register domestic workers in Metropolitan Lima. Additionally, the ILO supported the design of specific work plans for each city and the implementation of campaigns to raise awareness in the framework of the agreements signed to promote better working conditions for female domestic workers.

<sup>63</sup> This is an ad hoc programme concept for the purposes of this evaluation.



110. The ILO is the main user of the evaluation, specifically the Regional Office for Latin America and the Caribbean, as well as the country offices. Other key users are the technical departments at ILO headquarters, tripartite constituents and the ILO Evaluation Office.
111. The geographic area of the evaluation includes the countries where formalization interventions were implemented, as well as the regional knowledge component. Countries included in the analysis are: Peru, Colombia, Argentina, Costa Rica, Jamaica and the Dominican Republic. The reference period of the evaluation is 2014-2015 and the activities implemented in the current period to January 2017.
112. The ILO adheres to the criteria of the evaluation quality standards of the OECD (Development Aid Committee) and uses them as a point of reference for the quality control of evaluation processes and outputs. The OECD criteria for evaluation of development assistance are: relevance, effectiveness, efficiency, impact and sustainability, which are aligned with international good practice standards.
113. The evaluation criteria for this analysis are:
- Relevance: The extent to which the aid activity is suited to the priorities and policies of the target group, recipient and donor.
  - Validity: The extent to which the strategy is logical and consistent, selection criteria of geographic intervention areas, levels of government that will be served by the project, as well as the coherence between the technical design of the project and the allocated budget.
  - Effectiveness: of processes, outputs, intermediate and final results. The analysis measures the horizontal logic of the logical framework. It also measures the effectiveness of the project's monitoring and evaluation mechanism.
  - Impact: This determines whether the strategic direction of the project significantly contributed to its long-term objectives. These contributions can be positive and negative changes produced by the intervention, either directly or indirectly, regardless of whether these changes were intentional.
  - Sustainability: Measures whether it is likely that the benefits of an activity will continue after donor financing ends. Projects should be sustainable in terms of the environment and economic and social levels.
114. Gender issues are addressed in accordance with ILO Guidance Note N° 4, "Integrating gender equality in monitoring and evaluation of projects."<sup>64</sup> All data is disaggregated by sex and the different needs of women and men as much as possible. The vulnerable groups of the programme should be considered throughout the research process.
115. The evaluation has the following stages: i) Literature review, an exhaustive review of all documentation, preparation of instruments, planning of missions, etc.; ii) Data collection, field visits to the countries and individual interviews were coordinated with the Regional Evaluation Office for Latin America and the Caribbean and country specialists. This phase entailed complementing and triangulating information from field visits with a virtual interview with key actors of the interest groups and with an additional literature review; iii) Drafting of the main report and preparation of case studies; iv) Dissemination of the draft version for comments; and v) Preparation of the final report.

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<sup>64</sup> [http://www.ilo.org/wcmsp5/groups/public/---ed\\_mas/---eval/documents/publication/wcms\\_165986.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_mas/---eval/documents/publication/wcms_165986.pdf)

#### IV. EVALUATION METHODOLOGY

116. **Evaluation.** Evaluation approach: Based on the results-based management approach, in accordance with ILO evaluation policy and following the criteria of the Development Assistance Committee (DAC) of the OECD for the evaluation of development assistance, which are: relevance, coherence, effectiveness, efficiency, impact and sustainability, in accordance with international good practice standards.
117. **Key questions for the evaluation.** A list of evaluation questions was prepared. Table 1 lists the questions used to identify the relevance of the programme considering the needs of constituents, the coherence of the programme design, programme efficiency and effectiveness, potential impact, and sustainability of results. For each criterion, some specific evaluation questions were developed. Questions attempt to address priority issues and concerns of national constituents and other interested parties.

Table 1: Evaluation Criteria and Questions

Evaluation criteria	Questions
Relevance	1.1 To what extent is the regional formalization programme used by the ILO relevant to the global formalization strategy? 1.2 Do the actions/initiatives implemented through the regional programme address the needs of the countries, governments and constituents?
Coherence and validity of the design	2.1 To what extent does the regional programme coincide with the United Nations Development Assistance Framework (UNDAF) of each of the countries? 2.2 Are there indicators on formalization in the 2014-2015 and 2016-2017 P&B? How useful are they? Are they measurable and can they be monitored? Do they allow results and progress to be measured? 2.3 Is there a regional monitoring mechanism that centralizes the level of progress made in producing regional outputs and attaining results? • Is there a country level? 2.4 Is the programme developed by the ILO in accordance with and complementary to constituents' efforts? 2.5 Did the programme design adequately identify risk factors that could affect the attainment of results? 2.6 What actions were implemented to incorporate the gender approach in the programme?
	3.1 To what extent did the programme contribute to achieving the DWCP (where they exist)? To what extent is the Strategic Policy Framework (SPF) promoted? 3.2 What were the main internal and external challenges/limitations for achieving the expected outcomes?

<p><b>Effectiveness (achievements)</b></p>	<p><i>At the level of outputs</i></p> <p>3.3 What was the level of satisfaction of the beneficiaries of the programme outputs with respect to the relevance and quality of knowledge, technical assistance and training outputs?</p> <p>3.4 How did the ILO effectively participate in the generation of each of the outputs (knowledge, technical assistance and training)?</p> <p>3.5 Was the gender approach incorporated in the development of the outputs?</p> <p>3.6 What were the main limitations during programme implementation that were attributable to the ILO? What were the key factors for success?</p> <p>3.7 What outputs or activities planned in the design not produced and why? What unplanned outputs or activities were incorporated during the programme and why?</p> <p>3.8 Are the outputs successful? What are the factors of success? What were the most important activities in the development of outputs?</p>
<p><b>Efficiency</b></p>	<p>4.1 What are the synergies among the countries of the region?</p> <p>4.2 What are the synergies between ILO projects and the projects of strategic partners that could contribute to strengthening the desire formalization results?</p>
<p><b>Management effectiveness</b></p>	<p>5.1 To what extent do the monitoring mechanisms provide feedback to the programme?</p> <p>5.2 To what extent did the management capacities of the ILO team and the administrative procedures followed facilitate (or not) the attainment of results?</p> <p>5.3 What type of technical and administrative support did the programme receive from the technical units at headquarters and from regional specialists?</p> <p>5.4 What were the proposed targets in the framework of the programme? Which were achieved, and which were not? Why?</p> <p>5.5 How was political advocacy developed in public institutions?</p> <p>5.6 Are processes being systematized?</p>
<p><b>Impact</b></p>	<p>6.1 To what extent did the ILO's work in the countries enable constituents to build and strengthen their capacities to achieve the objectives</p>

	<p>established in the National Formalization Strategies, in the DWCPs and/or in the Country Programmes?</p> <p>6.2 What positive changes in attitudes, technical, management and organizational capacities did the programme outputs produce in beneficiaries? What types of capacities could not be strengthened?</p> <p><b>6.3</b> To what extent did the ILO's work in the region through the programme influence learning in the ILO (in the regional office, sub-regional offices, country offices, between the country offices and the regional office)?</p> <p><b>6.4</b> Do the countries (ministries of labour, for example) use the information generated by the programme in decision-making? What good practices exist?</p>
<p><b>Sustainability</b></p>	<p>7.1 What recommendations and positive or negative lessons can be derived from the ILO's work that contribute to improving the sustainability of the activities in the region and the countries?</p> <p>7.2 What activities have constituents and strategic partners implemented to continue with the results achieved by the programme?</p> <p>7.3 How can the findings/results of the evaluation contribute to redefining (adjusting) the vision and strategic direction of the region in the area of informality?</p>

118. The evaluation collected information from several sources to achieve a more effective result that could be corroborated through data-source triangulation. The evaluation methods used in this study are described below.
119. **Literature review.** To obtain information from the different countries under evaluation to document the formalization situation in each and prepare the various instruments of information diligence for the evaluation process, the Regional Evaluation Officer coordinated information collection from headquarters, the country offices involved in the study and from the FORLAC Programme. Information was obtained on the programming and implementation of activities during 2014-2015 and 2016-2017, as well as financial implementation. The evaluation team also obtained diverse information from the websites of the ILO, constituents and other related sources.

During this stage, the following documents were reviewed and analyzed:

Programme and budget for the periods 2014-2015 and 2016-2017; ILO Strategy and Policy Framework, 2010-2015; the Strategic Transition Plan, 2016-2017; Agenda 2030 Implementation Plan; planning and monitoring matrix of Outcome 6; Country Programme Outcomes (CPOs) and UNDAF of the countries under evaluation; FORLAC Programme documentation; key project documentation: project documents, evaluation reports, budget information, country plans and strategies, relevant studies and publications, among others.

120. **Direct interviews and teleconferences.** An interviewer's handbook was prepared for each type of interviewee. After key informants (representatives of constituents, key actors and ILO employees) were identified, the mission and field visits were planned. Field missions took place in Argentina, Costa Rica and the Dominican Republic and a teleconference was organized with Jamaica. When it was necessary to validate or expand on some information, the evaluation team contacted some interviewees by email.
121. **Country reports and case studies.** Four country reports were prepared for Argentina, Costa Rica, Jamaica and the Dominican Republic; and one note was prepared for Peru to report the results of interviews with constituents and ILO employees and with the bibliographical information obtained from a variety of sources or from the ILO Regional Office. Countries can expand on the country reports as they were prepared very quickly. This will allow for more in-depth evaluations in the future.
122. **Online interviews.** A tool was designed to apply an online survey to constituents and ILO collaborators, both focal points and employees or specialists. The online survey was applied in all countries selected for this evaluation. Response rates were low, especially in the case of representatives of employers and workers. Survey results are listed in Annex No 5.
123. **Description of the information sources used:**

Secondary ILO information sources were only partial. Programming and progress reports were incomplete or did not contain information on all the countries. Additionally, changes were made to the way information was registered from one period to the next, which affected comparability. The information is for results only; no information exists on progress toward outputs. Global targets for compliance for the region exist, but no information is available on sub-regional and country targets. Likewise, because global monitoring reports were incomplete, it was impossible to determine the level of progress toward outputs due to the limited or absence of information that different ILO offices and countries delivered for the monitoring report. Given that monitoring reports are biennial, there was only a monitoring report available for the biennium 2014-2015. Reports on the systematization of the interventions/projects were unavailable; neither did impact assessments exist to determine whether an intervention was sustainable and replicable, keeping in mind the cultural, socioeconomic and labour differences of each country. The online surveys were designed for each actor, but only a limited number of the actors responded to the survey, despite frequent reminders. At the very least, focal points, specialists and officers of the ILO should have responded to the survey. With respect to interviews with key informants, some actors were unavailable for the interviews and the evaluators faced restrictions for interviewing social partners.
124. **Biases and methodological limitations of the evaluation.** The documentation available from the ILO Regional Office for Latin America and the Caribbean was limited and incomplete for the purposes of the evaluation of the implementation of the programme and projects in the region, sub-region and

different countries. The evaluation team invested considerable time in obtaining information from each country through secondary sources, particularly for the case studies.

125. **Description of standards, norms and ethical considerations.** The ILO is a member of the United Nations Evaluation Group (UNEG) and adheres to the evaluation norms and standards of the United Nations system, which is reflected in the ILO Policy Guidelines for conducting results-based evaluations.<sup>65</sup> Technical and ethical standards and the code of conduct for evaluation in the United Nations system are part of these criteria, for which reason the evaluation should comply with them to guarantee the international credibility of the evaluation process.<sup>66</sup>

## V. MAIN FINDINGS

This section presents the findings of the analysis of the information compiled during the evaluation for each of the criterion.

### *Relevance*

*To what extent is the regional formalization programme used by the ILO relevant for the global formalization strategy?*

126. At the ILO Regional Office for Latin America and the Caribbean, the activities associated with the transition to the formal economy are implemented in the framework of the FORLAC<sup>67</sup> and <sup>68</sup> Programme, which began in July 2013. According to the ILO,<sup>69</sup> FORLAC<sup>70</sup> carries out activities in collaboration with sub-regional and country offices of the region. It also has the support of the technical departments at ILO headquarters, especially the Conditions of Work and Equality Department, the Employment Policy Department and the Statistics Department.
127. The Integrated Approach for Latin America and the Caribbean<sup>71</sup> implies the coordination and coherence of policies for the transition to the formal economy in macro-level processes and in micro-level tools, considering the diversity of national realities to respond to the diversity of the informal economy. For this reason, the Regional Office for Latin America and the Caribbean, through the FORLAC Programme, analyzed the experience of several countries<sup>72</sup> where a reduction in informality indicators have been observed<sup>73</sup> since the beginning of the past decade.<sup>74</sup> FORLAC findings

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<sup>65</sup> ILO Policy Guidelines for Results-Based Evaluation

<sup>66</sup> [http://www.ilo.org/wcmsp5/groups/public/---ed\\_mas/---eval/documents/publication/wcms\\_571339.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_mas/---eval/documents/publication/wcms_571339.pdf)

<sup>67</sup> <http://www.pcm.gob.pe/2017/01/fernando-zavala-presenta-in-consejo-de-ministros-la-unidad-de-cumplimiento-de-gobierno/>

<sup>68</sup> FORLAC is defined by the ILO Regional Office for Latin America and the Caribbean as a regional priority in the framework of the Areas of Critical Importance (ACI) and of Programme and Budget Outcomes for the period 2016-2017.

<sup>69</sup> ILO (2016) Productive development, labour formalization and labour standards. Areas of Critical Importance of the ILO in Latin America and the Caribbean. ILO. Technical Reports, 2016/. Lima: Regional Office for Latin America and the Caribbean.

<sup>70</sup> The Lima Declaration states that among policy actions, there is a need to "support an integrated framework of policies for formalization, as well as to promote and strengthen the Programme for the Promotion of Formalization in Latin America and the Caribbean (FORLAC) for constituents as a tool to guide and support efforts of the countries transitioning from informality to formality" (Paragraph c). See ILO (2014) Lima Declaration. 18th American Regional Meeting. Lima, Peru, 13-16 October 2014. Available at: [http://www.ilo.org/wcmsp5/groups/public/---ed\\_norm/---relconf/documents/meetingdocument/wcms\\_314402.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_314402.pdf)

<sup>71</sup> According to the 2014 International Labour Conference, an integrated approach should prioritize aspects such as sustained economic growth with quality employment, improvement of the regulatory environment, strengthening of institutions, promotion of social dialogue, organization and representation, promotion of equality and the fight against discrimination (for example, in cases of employment of women or labour migration), support to business initiatives, the development of job skills, financing, expansion of social protection and local economic development.

<sup>72</sup> As part of the FORLAC Programme, a series of notes was published on formalization experiences in 10 countries ([http://www.ilo.org/wcmsp5/groups/public/---americas/---ro-lima/documents/publication/wcms\\_245613.pdf](http://www.ilo.org/wcmsp5/groups/public/---americas/---ro-lima/documents/publication/wcms_245613.pdf)) and a regional note ([http://www.ilo.org/americas/publicaciones/WCMS\\_317067/lang--es/index.htm](http://www.ilo.org/americas/publicaciones/WCMS_317067/lang--es/index.htm)).

<sup>73</sup> ILO (2014) Panorama Temático Laboral. Transición a la formalidad en América Latina y el Caribe. Regional Office for Latin America and the Caribbean. Lima, 2014.

<sup>74</sup> The experience of these countries is diverse.

demonstrate that informality declines between 10 and 15 percentage points per decade, with no symmetrical relationship between growth and informality.<sup>75</sup> Thus, in addition to growth, other explanations exist, including factors associated with public policies. Countries of the region have used different strategies to promote formalization. Key policies include those that promote productivity, in other words, they generate conditions in enterprises to enable them to grow and become sustainable; regulate employment, that is, conditions that enable compliance with existing standards or norms, create incentives and strengthen oversight mechanisms. FORLAC has systematized many of the experiences and lessons from these countries, which are documented in the report of the Regional Forum on Formalization in Latin America and the Caribbean.<sup>76</sup> These experiences support the need to adopt an integrated approach.

128. ILO country and sub-regional offices support countries with specific activities, financed mainly by regular budget funds (limited budget) and expanding the ILO's country presence with support from the ILO Decent Work Technical Support Team, and in some cases with that of FORLAC and specialists from the Regional Office. In all cases, support is offered in areas where the ILO has comparative advantages and where it can provide substantive support for the implementation of combined strategies in different contexts. For example, support to the local environment in the project, "Promoting respect for the labour rights of workers in the informal economy" (PROSEI) in Costa Rica, El Salvador and Honduras, sponsored by the U.S. State Department and implemented by the ILO Office for Central America, Haiti, Panama and the Dominican Republic. That project has had an impact on the national environment, supporting the design and discussion of legal bills for the protection of own-account workers, including access to social security in El Salvador and Honduras. Additionally, the ILO has worked with trade union federations of Costa Rica, El Salvador and Honduras to facilitate the organization and training of workers in the informal economy through the development of an information card and training of union leaders. With employers' organizations, particularly SME chambers of commerce, the ILO provided training using its "Start and Improve Your Business" methodology, resulting in the certification of entrepreneurs, especially women and youth, in three countries.<sup>77</sup> The FORLAC Programme has also promoted the harmonization of statistics and algorithms to measure the informal sector and informal employment in the countries of the region. To this end, technical assistance missions were organized to offer training to statistics institutes in the measurement of the informal sector and informal employment following the recommendations of the 15<sup>th</sup> and 17<sup>th</sup> ICLS (International Conference of Labour Statisticians). Without information, it is difficult to produce coherent policy proposals. The ILO also provided technical assistance to Argentina, Brazil, Mexico, Peru, the Dominican Republic and Jamaica and to the regional level. Finally, FORLAC promoted an impact evaluation of formalization strategies, as stated in Recommendation 204, to determine what works in terms of the transition to the formal economy. Nevertheless,

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<sup>75</sup> This means that informality increases when there is no growth, but that growth does not always imply a reduction in informality.

<sup>76</sup> ILO (2015) *Transición a la Economía Formal en América Latina y el Caribe*. Regional Forum for Knowledge Exchange for the Countries of Latin America and the Caribbean. August 2015. Lima: ILO.

<sup>77</sup> ILO (2014) *Panorama Laboral Temático: Transición a la formalidad en América Latina y el Caribe*. Lima: ILO, Regional Office for Latin America and the Caribbean, 2014.

evidence is limited. Countries are advancing at different rates in the transition to the formal economy. Argentina, Brazil and Colombia have made the most progress.

129. Recommendation 204, the Recommendation on the Transition from the Informal to Formal Economy, confirms the need for a global formalization strategy,<sup>78</sup> which follows the same integrated approach in the interventions to facilitate the transition to formality. Additionally, the Plan of Action of Recommendation 204 links four components<sup>79</sup> that are closely related to FORLAC Programme components,<sup>80</sup> whose objective is to contribute to the development and consolidation of formalization processes in the region, in coordination with governments and social actors. Moreover, it is related to Area of Critical Importance 2 of the regional strategy, transition to formality, to promote “productive development policies for inclusive growth with more and better jobs.”<sup>81</sup>

*Do the actions/initiatives of the Regional Programme address the needs of the countries, governments and constituents?*

130. ILO specialists and officers identified the following country demands and needs, according to the level of demand: a) development of strategies/formalization programmes; b) technical assistance in formalization; c) technical assistance in social protection; d) support for the development of standards, laws and regulations; d) statistical information and studies, and e) strengthening of capacities of the government and constituents, among others.
131. The activities implemented by FORLAC, the sub-regional and country offices partially responded to country demands, with resources of their regular budgets and funding from technical cooperation sources in the case of Colombia and PROSEI. The most frequent outputs are regional and country studies and statistical harmonization at the country level; support to the design of formalization laws or strategies; support to formalization and productive development; formalization at the local level; and, labour inspections. FORLAC also contributed to knowledge management and promoted the sharing of good practices and regional experiences on policies designed to facilitate the transition to formality for strengthening national capacities for the development, implementation and effective oversight of the integrated policy framework.<sup>82</sup>
132. All the countries under evaluation have high rates of informal employment and require support for designing the necessary instruments in accordance with their reality. The ILO support to countries in

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<sup>78</sup> Offering multiple methods and a variety of approaches to facilitate the transition to formality, including several policy areas and participation of numerous institutions (ILO 2015). Governing Body GB325, 29 October – 12 November 2015. Formalization of the informal economy: Follow-up to the resolution concerning efforts to facilitate the transition from the informal to the formal economy.

<sup>79</sup> The components of the R204 Implementation Plan: 1) Knowledge generation and dissemination on the transition to the formal economy; 2) Technical assistance and interventions applied in specific countries. 3) Promotion and development of organizational capacities of workers and employers in the transition to formalization; and, 4) programme dissemination.

<sup>80</sup> FORLAC has four components: 1) knowledge creation and dissemination; 2) technical assistance to countries; 3) strengthening of social actors; and 4) dissemination.

<sup>81</sup> The Regional Strategy has four programme areas: 1) research and knowledge generation; 2) technical Assistance; 3) training of constituents; and 4) mobilization of human and financial resources.

<sup>82</sup> [http://www.ilo.org/americas/eventos-and-reuniones/WCMS\\_488840/lang--es/index.htm](http://www.ilo.org/americas/eventos-and-reuniones/WCMS_488840/lang--es/index.htm)



their transition to formality is prioritized in the ILO's 2016-2017 programming, Output 6, and is in accordance with the UNDAF, enabling the countries to incorporate prioritized issues in short-term agendas, particularly those associated with policies to promote employment, competitiveness, equality, social justice, dialogue and social protection. The review of the UNDAF for each country evaluated, Argentina<sup>83</sup> and <sup>84</sup>, Peru<sup>85</sup> and <sup>86</sup>; Costa Rica<sup>87</sup> and <sup>88</sup>, Colombia<sup>89</sup> and <sup>90</sup>; the Dominican Republic<sup>91</sup> and <sup>92</sup>; Jamaica<sup>93</sup> and <sup>94</sup>, confirms that in all cases, all facets of employment are prioritized: inclusion, equality, quality, decent work, as well as productive development and increased productivity in the case of countries with greater challenges for empowering the population and improving services to promote employment.

133. As such, the regional strategy of the Regional Office for Latin America and the Caribbean and the FORLAC Programme are aligned with the priorities of the countries established in the UNDAF.<sup>95</sup>
134. The adoption of the programme, "Transforming our World: Agenda 2030 for Sustainable Development"<sup>96</sup> at the United Nations Sustainable Development Summit on 25 September 2015, provides the United Nations System, and the ILO in particular, with a major opportunity to support Member States in their commitment to fulfilling the ambitious Sustainable Development Goals (SDG), which establish broad consensus on several urgent, interrelated priorities.
135. All the SDG are related to the ILO mandate and the four pillars of the Decent Work Programme. Several of the SDG targets contain specific references to ILO work areas and SDG 8 focuses on the

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<sup>83</sup> Proposes and incorporates approaches and concepts such as decent work, protection of fundamental rights at work and gender equality. It also promotes decent work and employment quality with growing social protection. The effects are directly related to policies or standards that promote productive diversity, increased competitiveness and market expansion. Additionally, it calls for closing gaps of access to health care through the promotion of policies to guarantee it; and implementation, monitoring and evaluation and capacity development. Each direct effect of the UNDAF proposal for the period 2016-2020 is disaggregated in effects of the country programme and in outputs and interventions.

<sup>84</sup> United Nations and Ministry of Foreign Relations and Culture (2015). United Nations Development Assistance Framework (UNDAF), 2010-2014. Republic of Argentina and the United Nations Strategic Cooperation Framework, Argentina 2016-2020.

<sup>85</sup> United Nations Development Programme (2011). UNDAF, Peru, 2012-2016.

<sup>86</sup> Contributes to promoting inclusive economic development and decent work where the government sustainably implements and increases production, productivity and decent work. Additionally, the strengthening of administrative systems integrating the sociodemographic variables of vulnerable, excluded population groups and using a gender approach.

<sup>87</sup> United Nations Development Programme (2012). UNDAF, Costa Rica, 2013-2017.

<sup>88</sup> Inter-sector and inter-institutional coordination of policies, programmes and projects for the integrated attention to the population, especially the population affected by poverty, exclusion and vulnerability, from a rights- and gender-based perspective. Also, improved competitiveness of SMEs and value chains, the use of technology tools to integrate smallholder farmers in trade circuits.

<sup>89</sup> United Nations Development Programme and the Republic of Colombia (2007) report on conclusions of the review, alignment and extension of the UNDAF, 2008-2014. United Nations Development Programme and the Republic of Colombia (2007). UNDAF, Colombia, 2015-2019.

<sup>90</sup> Establishes as a national priority poverty reduction and achievement of the MDG, overcoming inequalities and building equality, with convergence and regional development, income generation and employment. This is achieved through policies and strategies to generate income, employment and productive inclusion, with a gender focus. It also guarantees the right to free association, social dialogue and collective bargaining and develops strategies to prevent and eradicate child labour, and to improve productivity and competitiveness of rural enterprises.

<sup>91</sup> United Nations Development Programme and the Dominican Republic (2011). UNDAF, 2012-2016.

<sup>92</sup> Improving the statistical system by integrating population dynamics and the country formula and by applying national and local policies and plans. Provide the population living in poverty with the opportunity to raise human and social capital and increase economic opportunities, raise their productivity and improve their living conditions. Equal opportunities to join the formal labour market and guarantee the rights of informal workers. It also promotes improving the capacity for the sustainable management of microenterprises and income generation of women living in rural areas.

<sup>93</sup> United Nations Development Programme, Jamaica 2012-2016 (2011), UNDAF Jamaica 2012-2016.

<sup>94</sup> Establishes as a national priority/objective the empowerment of the population and rural and urban communities to give socially excluded, at-risk populations increased access to health and education services. Promotion of the improved institutional capacity to generate growth and employment in rural areas.

<sup>95</sup> The United Nations Development Assistance Framework (UNDAF) is a strategic, medium term results framework that describes the collective vision and response of the UN system to national development priorities and results on the basis of normative programming principles. It is the main strategic planning instrument jointly used by field offices of the System. <https://undg.org/document/2017-undaf-guidance/>

<sup>96</sup> ILO Implementation Plan. Agenda 2030 for Sustainable Development.

promotion of sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. Expected outcomes of the ILO's 2016-2017 Programme and Budget largely coincide with the SDG. SDG 8 recognizes that the promotion of decent work is an important driver of inclusive growth. A key target is to "Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises" (Target 8.3).

### ***Coherence and validity of the design***

*To what extent is the regional programme coherent with the United Nations Development Assistance Framework (UNDAF) for each country?*

136. All six countries under evaluation have high rates of informal employment and require support for designing the necessary instruments in accordance with their reality. The ILO support to countries in their transition to formality is prioritized in the ILO's 2016-2017 programming, Output 6, and is in accordance with the UNDAF, enabling the countries to incorporate prioritized issues in short-term agendas, particularly those associated with policies to promote employment, competitiveness, equality, social justice, dialogue and social protection. The review of the UNDAF for each country evaluated, Argentina<sup>97</sup> and <sup>98</sup>, Peru<sup>99</sup> and <sup>100</sup>; Costa Rica<sup>101</sup> and <sup>102</sup>, Colombia<sup>103</sup> and <sup>104</sup>; the Dominican Republic<sup>105</sup> and <sup>106</sup>; Jamaica<sup>107</sup> and <sup>108</sup>, confirms that in all cases, all facets of employment are prioritized: inclusion, equality, quality, decent work, as well as productive development and

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<sup>97</sup> Proposes and incorporates approaches and concepts such as decent work, protection of fundamental rights at work and gender equality. It also promotes decent work and employment quality with growing social protection. The effects are directly related to policies or standards that promote productive diversity, increased competitiveness and market expansion. Additionally, it calls for closing gaps of access to health care through the promotion of policies to guarantee it; and implementation, monitoring and evaluation and capacity development. Each direct effect of the UNDAF proposal for the period 2016-2020 is disaggregated in effects of the country programme and in outputs and interventions.

<sup>98</sup> United Nations and Ministry of Foreign Relations and Culture (2015). United Nations Development Assistance Framework (UNDAF), 2010-2014. Republic of Argentina and the United Nations Strategic Cooperation Framework, Argentina 2016-2020.

<sup>99</sup> United Nations Development Programme (2011). UNDAF, Peru, 2012-2016.

<sup>100</sup> Contributes to promoting inclusive economic development and decent work where the government sustainably implements and increases production, productivity and decent work. Additionally, the strengthening of administrative systems integrating the sociodemographic variables of vulnerable, excluded population groups and using a gender approach.

<sup>101</sup> United Nations Development Programme (2012). UNDAF, Costa Rica, 2013-2017.

<sup>102</sup> Inter-sector and inter-institutional coordination of policies, programmes and projects for the integrated attention to the population, especially the population affected by poverty, exclusion and vulnerability, from a rights- and gender-based perspective. Also, improved competitiveness of SMEs and value chains, the use of technology tools to integrate smallholder farmers in trade circuits.

<sup>103</sup> United Nations Development Programme and the Republic of Colombia (2007) report on conclusions of the review, alignment and extension of the UNDAF, 2008-2014. United Nations Development Programme and the Republic of Colombia (2007). UNDAF, Colombia, 2015-2019.

<sup>104</sup> Establishes as a national priority poverty reduction and achievement of the MDG, overcoming inequalities and building equality, with convergence and regional development, income generation and employment. This is achieved through policies and strategies to generate income, employment and productive inclusion, with a gender focus. It also guarantees the right to free association, social dialogue and collective bargaining and develops strategies to prevent and eradicate child labour, and to improve productivity and competitiveness of rural enterprises.

<sup>105</sup> United Nations Development Programme and the Dominican Republic (2011). UNDAF, 2012-2016.

<sup>106</sup> Improving the statistical system by integrating population dynamics and the country formula and by applying national and local policies and plans. Provide the population living in poverty with the opportunity to raise human and social capital and increase economic opportunities, raise their productivity and improve their living conditions. Equal opportunities to join the formal labour market and guarantee the rights of informal workers. It also promotes improving the capacity for the sustainable management of microenterprises and income generation of women living in rural areas.

<sup>107</sup> United Nations Development Programme, Jamaica 2012-2016 (2011), UNDAF Jamaica 2012-2016.

<sup>108</sup> Establishes as a national priority/objective the empowerment of the population and rural and urban communities to give socially excluded, at-risk populations increased access to health and education services. Promotion of the improved institutional capacity to generate growth and employment in rural areas.

increased productivity in the case of countries with greater challenges for empowering the population and improving services to promote employment.

137. As such, the Regional Strategy of the Regional Office for Latin America and the Caribbean and the FORLAC Programme are aligned with the priorities of the countries established in the UNDAF.<sup>109</sup>
138. The adoption of the programme, “Transforming our World: Agenda 2030 for Sustainable Development »<sup>110</sup> at the United Nations Sustainable Development Summit on 25 September 2015, provides the United Nations System, and the ILO in particular, with a major opportunity to support Member States in their commitment to fulfilling the ambitious Sustainable Development Goals (SDG), which establish broad consensus on several urgent, interrelated priorities.
139. All the SDG are related to the ILO mandate and the four pillars of the Decent Work Programme. Several of the SDG targets contain specific references to ILO work areas and SDG 8 focuses on the promotion of sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. Expected outcomes of the ILO’s 2016-2017 Programme and Budget largely coincide with the SDG. SDG 8 recognizes that the promotion of decent work is an important driver of inclusive growth. A key target is to “Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises” (Target 8.3).

*Are there indicators on formalization in the P&B of 2014-2015 and 2016-2017? How useful are they? Are they measurable and monitored? Do they allow for measuring results and progress?*

140. Four strategic objectives were established in the P&B for 2014-2015: employment, social protection, social dialogue, standards and fundamental rights at work. Additionally, 19 results were established with their respective indicators, measurement criteria and targets for the period. A limited number of Areas of Critical Importance (ACI) were defined, each of which combined the contributions of different technical areas and generated outputs in the framework of relevant outcomes.<sup>111</sup>
141. Of special interest is the ACI “Formalization of the informal economy,” which was associated with the following outcomes: promotion of employment (six indicators), development of job skills (five indicators), sustainable enterprises (four indicators), work conditions (two indicators), HIV/AIDS (two indicators) and international labour standards (four indicators). In total, 23 indicators were established.
142. The 2016-2017 P&B is framed in a new strategic plan and a new results framework that includes 10 policy outcomes and three functional outcomes. These outcomes require the contribution of different areas of technical expertise to provide the planned outputs and achieve the expected

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<sup>109</sup> The United Nations Development Assistance Framework (UNDAF) is a strategic, medium term results framework that describes the collective vision and response of the UN system to national development priorities and results on the basis of normative programming principles. It is the main strategic planning instrument jointly used by field offices of the System. <https://undg.org/document/2017-undaf-guidance/>

<sup>110</sup> ILO Implementation Plan. Agenda 2030 for Sustainable Development.

<sup>111</sup> ILO. P&B, 2014-2015.

outcomes. The strategic plan is one of transition and was applied in the period 2016-2017. Beginning in 2018, the ILO will adopt a four-year planning cycle to coincide with that of the United Nations.

143. Outcome 6 “Formalization of the informal economy,” strives to ensure that tripartite constituents are in a better position to facilitate the transition from the informal to the formal economy. Three indicators were established: Indicator 6.1: Member States that have updated their legal, policy or strategic frameworks to facilitate the transition to formality; Indicator 6.2: Member States in which constituents have increased awareness and the knowledge base on informality to promote and facilitate the transition to formality; Indicator 6.3: Member States in which at least one of the constituents has taken measures to promote gender equality or address the needs of vulnerable groups when facilitating the transition to formality.
144. In light of the above, the following can be concluded:
- ✓ The 2014-2015 P&B had a set of 23 indicators (Annex 6) for the ACI “Formalization of the informal economy.” So many indicators make it difficult to ensure the quality and timeliness of the information. Additionally, it is difficult to estimate advances made in the formalization of the informal economy because there is no summary or synthesis indicator of the 19 indicators with specific measurement criteria.
  - ✓ The change in the results framework from one biennium to the next eliminated any possibility of monitoring the results achieved over time. Additionally, the proposed change in the strategic plan and planning of the ILO in 2018 could affect comparability and monitoring of results of the biennium 2016-2017 with subsequent years. Nevertheless, it is advisable and realistic to have a period of longer than two years to achieve the planned outcomes.
145. In the biennium 2016-2017, using SMART criteria to design indicators of Outcome 6 would improve them. SMART criteria are minimum conditions for ensuring the quality and relevance of an indicator.<sup>112</sup> The following is recommended:
- ✓ Define the indicator more precisely. It is advisable to estimate the percentage of countries that have managed to achieve each indicator. As currently presented, only the number of countries that have attained the outcome in the biennium is estimated, but not the global progress in achieving the indicator. As such, an additional calculation is required to estimate this advance.
  - ✓ Determine the baseline of the indicator.
  - ✓ Specify how the indicator is calculated, particularly the measurement criteria. These criteria are broad and allow for a wide range of possibilities, for which reason it is likely that countries with different performance levels are contributing to the indicator. For example, Indicator 6.2 has the measurement criterion “Constituents undertake information and awareness-raising campaigns supporting formalization” yet does not state the minimum parameters

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<sup>112</sup> In general, SMART indicators are specific, measurable, achievable, results-focused and time-bound.

that these campaigns should satisfy to meet the criterion. To this end, standards or objective parameters are needed to satisfy each measurement criterion.

- ✓ Finally, the timing of the measurement for each indicator of Outcome 6 should be evaluated given the diverse difficulties achieving the indicator entail.

*Is there a regional monitoring mechanism that centralizes the level of progress in achieving regional outputs and attainment of outcomes?*

146. The ILO has centralized monitoring, oversight and auditing mechanisms to verify compliance with the results of its bi-annual programmes.<sup>113</sup> In the biennium 2016-2017, the approach was changed, limiting the number of priorities in which multidisciplinary approaches converge to achieve better impact. For the current biennium (2016-2017), just 10 policy outcomes were established, which cover three expected changes<sup>114</sup> of constituents' interest.<sup>115</sup> One of the 10 policy outcomes is the formalization of the informal economy (Outcome 6), which is monitored by the ILO headquarters in Geneva based on the measurement of its indicators.<sup>116</sup>
147. At the central level, a work plan is made at the beginning of the biennium for each outcome, which serves as the basis for developing the work plan of each unit of the region and headquarters. Monitoring is periodic, and attainment of targets and their implementation level are evaluated twice annually (Monitoring Report).
148. With the results framework of the biennium 2016-2017, the ILO designed the structure for measuring outcomes. Each outcome has a strategy with the main changes it will attempt to introduce, a selection of outputs that the office can provide, and the performance indicators accompanied by results measurement criteria and targets for each country of the region. The reference criterion is defined based on the outcomes achieved in the previous period.
149. The ILO headquarters in Geneva has mechanisms to systematize information on the programme implementation status, the monitoring report<sup>117</sup> (Global Product: Monitoring Report) that is prepared twice annually, and which evaluates the implementation status of the 12 outputs (GLO226)<sup>118</sup> of Outcome 6, formalization of the informal economy. This report uses information collected by the Outcome 6 coordinator through the regional offices.

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<sup>113</sup> Referring to the 2014-2015 Programme and the Strategic Transition Programme 2016-2017. Beginning in 2018, the ICLS will adopt a four-year planning cycle to coincide with the United Nations, in accordance with the recommendation of the 2012 United Nations General Assembly and the decision adopted by the Governing Body in 2014. ILO (2015) Programme and Budget Proposals for 2016-2017, presented by the Director General at the 323<sup>rd</sup> session of the Governing Body. Geneva, March 2015.

<sup>114</sup> (1) Policies, strategies and regulatory or legal frameworks; (2) capacity and institutional development for service delivery; and (3) capacity and institutional development for knowledge, analytical capacity, statistics and information dissemination.

<sup>115</sup> In the Programme for the biennium 2014-2015, there were 19 outcomes and eight areas of decisive importance. Each outcome corresponded to the structure of the departments in Geneva.

<sup>116</sup> Indicator 6.1 Member States that have updated their legal, policy or strategic frameworks to facilitate the transition to formality; 6.2 Member States' activities to in which constituents have increased awareness and the knowledge base on informality to promote and facilitate the transition to formality; and, 6.3. Members States in which at least one of the constituents has taken measures to promote gender equality or address the needs of vulnerable groups when facilitating the transition to formality.

<sup>117</sup> For monitoring of outputs, the progress is measured against programmed targets. The unit responsible is identified and the implementation status of each activities for achieving the output is evaluated, as are any necessary corrective measures.

<sup>118</sup> Biennium 2016-2017.

150. Additionally, the Regional Programming Unit of the Regional Office for Latin America and the Caribbean uses the Country Programme Outcomes (CPO): Monitoring Report<sup>119</sup> to identify the implementation status of the outputs of both the FORLAC Programme<sup>120</sup> (RLA 155) and of each country of the region.<sup>121</sup> The report is submitted to ILO headquarters twice annually.<sup>122</sup> FORLAC informs on the implementation status of its outputs considering the four programme components: (1) knowledge (generation) management; (2) technical assistance to the countries; (3) support to the activities (strengthening) of ACTRAV and ACT/EMP; and (4) coordination and support (dissemination).
151. A review of the Country Programme Outcomes: Monitoring Report for the first and second semesters of 2016 demonstrates that little information is provided by the countries, or by the ILO Office for Central America, Haiti, Panama and the Dominican Republic, for which reason it is difficult to determine the progress made in implementation of their outputs.
152. In the first semester of 2016, only FORLAC issued a report. None of the member countries committed to Policy Outcome 6, formalization of the informal economy, reported their progress on the implementation of outputs.
153. In the second semester of 2016, FORLAC, Argentina (ARG 104), Colombia (COL 126), Peru (PER 156), Paraguay (PRY 128), Uruguay (URY) and Surinam (128), as well as Port of Spain (SPS129), reported advances in generating inputs/outputs to gain a better, more in-depth understanding of the phenomenon of informality and to advance with policy discussions. Ecuador and Jamaica reported coordination activities with their governments. The ILO Office for Central America, Haiti, Panama, and the Dominican Republic, as well as the country offices for Bolivia, Brazil, El Salvador, the Dominican Republic and Mexico, which are committed to Outcome 6, did not prepare progress reports on output implementation. The Country Programme Outcomes: Monitoring Report does not have a baseline (reference criterion based on the results achieved in the biennium 2014-2015). Neither was the possibility considered of reporting by the responsible specialist and the corresponding counterpart.
154. In 2016, the Regional Office for Latin America and the Caribbean defined three areas of critical importance (ACI) to promote more and better jobs in the region and improve the labour situation of the region given that it has common problems despite its diversity. The areas of critical importance are: (1) productive policy development for inclusive growth with more and better jobs; (2) promotion of the transition to formality; and (3) promotion of the respect for and application of international

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<sup>119</sup> Each country reports on progress made against planned targets and lists the unit responsible, the implementation status of outputs and whether corrective measures were needed.

<sup>120</sup> Four programmed outputs; in the first half of 2016, it was reported that Output 3 had no financing, for which reason FORLAC eliminated Output 3.

<sup>121</sup> Programmed outputs: Argentina (ARG104) 4; Brazil (BRA 102) 8; Dominican Republic (DOM 129) 5; El Salvador (SLV107); Costa Rica (SSJ) 9; Bolivia (BOL201) 5; Colombia (COL 126) 2; Ecuador (ECU 131) 3; Peru (PER 156) 3 and (PER 201) 3; Mexico (MEX 101) 15 and (MEX 901) , Paraguay (PRY 128) 3; Uruguay (URY 151) 2; Surinam (SUR 128); Jamaica (LAM 104).

<sup>122</sup> Monitoring Global Outcome 30.06.2016, Monitoring Global Outcome 12.12.2016.

labour standards and labour law. According to the ILO,<sup>123</sup> each of these areas is aligned with its mandate and global priorities. This is the case of ACI 2 on labour formalization, which is aligned with Policy Outcome 6: formalization of the informal economy, and with Recommendation 204.

155. To this end, the Regional Office for Latin America and the Caribbean developed a monitoring system known as the information matrix to measure progress on regional priorities and other key issues.<sup>124</sup> The matrix can record the coverage, processes, outputs and successful cases for topics in each ACI. In ACI 2, 12 topics are considered. The matrix updated to 21 December 2016 measures the coverage of each issue (regional, national or local), the processes and implementation status of the outputs, and includes some successful cases. While regional office efforts are important for monitoring the implementation of outcomes of ACIs, the matrix has no baseline reference (considering the outcomes achieved in the biennium 2014-2015). Neither does the structure identify the party responsible for reporting progress on each issue, the party responsible for implementation or the corresponding counterpart. Additionally, the matrix does not have a periodic Gantt chart to compare programming and implementation to determine whether activities are on schedule; neither does it enable corrective measures to be made to achieve strategic objectives. Additionally, there is no single criterion to formulate processes and the progress toward the resulting outputs for each topic.

*Does the Programme design adequately identify risk factors that could affect attainment of results?*

156. The country offices have adequately identified risks, the first of which is the mobilization of human and financial resources to obtain the considerable resources needed to prioritize labour formalization and to develop the comprehensive approach proposed in Recommendation 204.

157. The first risk factor identified has to do with the budget for all country offices. Specifically, it is associated with the strategic budget of Outcome 6 of the 2016-2017 P&B<sup>125</sup> (it appears for the first time as a specific outcome in this biennium and is one of the region's three ACI). The budget, which represents 6 per cent of the strategic framework, is insufficient for achieving the proposed programme outcomes.

158. After identifying the risk, the Outcome 6 coordinator developed several strategies to overcome budget constraints. One is to reorganize financial resources internally, linking them to outcomes achieved.

159. A second strategy to address budget limitations was to form and train a team to implement the outcome. To form the team, the coordinator of Outcome 6 and all DWCP directors were identified, and specialists were appointed to coordinate and implement the outcome. Finally, specialists in all the sub-regions were designated. In accordance with the crosscutting nature of the outcome, the specialists have different areas of expertise: social security, enterprise employment policies, wages,

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<sup>123</sup> ILO (2016) Desarrollo productivo, formalización laboral y normas del trabajo. Áreas prioritarias del trabajo de la OIT en América Latina y el Caribe. ILO Américas Informes Técnicos 2016/4, Regional Office for Latin America and the Caribbean. Peru, 2016.

<sup>124</sup> ILO (2016) Matrix of information on advances toward regional priorities and other key issues (2016) Updated, 21 December 2016

<sup>125</sup> Interview with Outcome 6 coordinator.



etc. A multidisciplinary team was formed with the capacity to address future challenges. Several offices at headquarters were also included as partners. This is an innovative, smart institutional arrangement considering the problems of financing human resources. Given the role Outcome 6 plays in the framework of the objectives of the region, it should have a sub-regional representative in the short term.

160. A second risk affecting all the countries is associated with changes in the national, regional or municipal governments. Overall, in an election context, uncertainties always exist given that the new officials may refocus or reformulate programme priorities in accordance with their interests and political orientation.
161. The country offices also report risks associated with the governance systems of the organizations, particularly in most of the region's ministries of labour. As the officers interviewed stated, there are weaknesses associated with the capacity for planning, management and monitoring of programmes, which affect the attainment of results.

*What actions were implemented to incorporate the gender perspective in the programme?*

162. For the ILO, the gender perspective was a crosscutting issue of the 2010-2015 Strategic Policy Framework, and in the current transitional Strategic Plan for 2016-2017. It appears in the 2014-2015 P&B as a *measurement criterion*<sup>126</sup> of Indicator 1.2: *Number of Member States where, with ILO support, governments and employers' and/or workers' organizations have taken initiatives in policy areas that facilitate the transition from the informal to the formal economy*. In the 2016-2017 P&B, Indicator 6.3 of Outcome 6, formalization of the informal economy states: *Members States in which at least one of the constituents has taken measures to promote gender equality or address the needs of vulnerable groups when facilitating the transition to formality*. The CPO of Argentina,<sup>127</sup> the Dominican Republic (2014-2015),<sup>128</sup> Jamaica,<sup>129</sup> and Peru<sup>130</sup> (2016-2017) propose targets, outputs or activities that include a gender perspective.
163. Some country offices have emphasized sector gender interventions while other have promoted improvements in legislation and in still others, employers have made improvements. Thus, the regional office has encouraged reflection, knowledge and dialogue. Convention No. 189 and Recommendation 201 on domestic workers deserve special mention as they serve as a framework for country activities in this area.

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<sup>126</sup> A gender-sensitive and effective policy initiative/reform is adopted by one of the tripartite constituents that facilitates the transition to formality.

<sup>127</sup> ARG 104 Output 2. The government and/or social actors adopt at least three gender-sensitive, effective policy initiatives/reforms that facilitate the transition to formality.

<sup>128</sup> DOM 129 Constituents, with ILO support, propose measures to formalize employment and promote sustainable, gender-sensitive enterprises.

<sup>129</sup> JAM 104 Constituents have taken initiatives in policy areas that facilitate the transition from informality to formality.

- Support for action on the part of social partners when addressing informality of women, men, youth and other vulnerable groups. This could take the form of capacity development, or awareness raising or assistance to develop policies and programmes to reduce informality using social dialogue.

<sup>130</sup> PER 201 The Peruvian government adopts measures to promote equality and improve conditions of the most vulnerable workers, particularly domestic workers. Outcome 6. Milestones: Domestic workers' organizations develop a strategic plan to encourage growth of trade unions and strengthen their capacities. Domestic workers' organizations promote conditions to safeguard their labour rights; workers' organizations propose a decent work plan to the legislative branch to promote the ratification of Convention No. 189.



164. Some countries have applied multidimensional strategies combined with measures such as incentives for employers to reduce gaps in rights observed in the general labour system. Actions to disseminate labour policies, promote social security enrolment, contracts to guarantee income and the setting of minimum wages to harmonize wages of workers with similar skill levels, and incentives that promote compliance with legislation, are among others the strategies developed by the countries to ensure compliance with the law.<sup>131</sup>

165. Argentina and Colombia developed contributions, outcomes and outputs that resulted in innovative legal frameworks and good practices with respect to domestic work.<sup>132</sup>

Table 2: Legislation Adopted in Argentina and Colombia

	ARGENTINA	COLOMBIA
<b>Labour reforms</b>	<p>Law 26844</p> <p>Special labour contract regime for private homes</p> <p>Reform to allow for enrolment of part-time workers</p> <p>Collective bargaining, Resolution N° 1062/2014 on wage scales.</p> <p>Resolution N° 1/2015.</p> <p>Tax incentives, reduction of social security contribution</p>	<p>Decree 071 grants domestic workers the right to register with the family compensation fund</p>
<b>Social security</b>	<p>Recommendation 202 concerning the social protection floor</p> <p>Law 26476 provides facilities and reductions to employers for paying social security contributions</p>	<p>Decree 2616: coverage for part-time domestic workers. Contributions are proportional to the number of hours worked. Contributions from different employers can be accumulated.</p>

<sup>131</sup> "The special characteristics of domestic work impede the application of the criteria normally used to estimate informal employment within the informal sector. In the case of domestic work, it is not estimated in the informal or formal sector since the households that use the services do so as final consumers rather than to produce goods and services destined for market. Informality in domestic work is defined by job characteristics. *Formalization of Paid Domestic Work in Latin America*. FORLAC. ILO. 2016.

<sup>132</sup> *Formalization of Paid Domestic Work in Latin America*. FORLAC. ILO. 2016.

	Law on pension fund moratorium to maintain the level of enrolments  Informative passport: labour migration with rights	
<b>Labour inspection</b>	Mandatory registration system: work card	
<b>Migration policy</b>	Migration corridors and agreements with Paraguay that favour linkage between domestic work and migration  Passport: explains the rights of migrant workers	
<b>Ratification of Convention No. 189.</b>	Ratified	Ratified

166. During the study period, sector interventions were prioritized. At the regional level, several initiatives were implemented to achieve the formalization of domestic workers. Initiatives such as the multidimensional approach<sup>133</sup> have formalized and promoted working conditions to guarantee domestic workers the same rights as other workers. Countries such as Argentina and Colombia are employing a multidimensional approach and have demonstrated sustainable results in formalizing domestic work, specifically in the areas of social security, labour inspections and collective bargaining.

167. In Jamaica (2015), the ILO provided technical assistance to the Jamaican Employers' Federation (JEF) to develop a formalization initiative, which adopted a gender-sensitive policy in the transition to formality, providing guidelines for supporting its members' efforts to facilitate labour and business formalization. Additionally, the ILO worked closely with the Ministry of Labour and Social Security and the JEF to guarantee that businesswomen had a solid knowledge of the requirements for accessing financing from national SME finance institutions.

168. In 2016, FORLAC supported activities to formalize domestic work with the publication "Policies for Formalizing Paid Domestic Work in Latin America," which discusses how the specific characteristics of domestic work impede the application of the usual criteria to estimate informal employment within the informal sector.<sup>134</sup>

<sup>133</sup> The multidimensional approach includes legal reforms in social protection, labour inspections, collective bargaining and wages. Legal reforms accompanied by incentives for employers to fulfill labour obligations and for disseminating policies have led to better working conditions in the sector.

<sup>134</sup> In the case of domestic service, it is not estimated in the informal or formal sector because households that use the services do so as final consumers and not to produce goods and services for the market. Informality in domestic service is defined in terms of job characteristics.

169. The gender-sensitive intervention in specific groups that are transitioning from the informal to the formal economy marks important progress in the region; nevertheless, this perspective should be considered when designing interventions<sup>135</sup> to decrease gaps in access to employment. FORLAC made an important contribution to assessing the problem of the transition to formality and to approaching specific collectives to study them in an effort to understand the gaps, including gender gaps in the target population of the intervention. It is crucial for business associations to include a gender perspective in their strategies.

### **Level of effectiveness**

*How has the programme contributed to the achievement of Decent Work Country Programmes (where they exist)? To what extent does it promote the Strategic Policy Framework (SPF)?*

170. The Decent Work Country Programme (DWCP) is the main instrument of collaboration between the ILO and a country for a period of four to six years. The content of the DWCP varies from one country to another depending on the national context, ILO global commitments and the priorities established in the SPF, the P&B and the regional programmes or regional decent work decades.<sup>136</sup>

171. The DWCP contains: a) an analysis of the stated problem and a study of the lessons learned in the country; b) a limited number of programme priorities, in accordance with national development plans and other documents; c) previous results of the programme by country; d) an implementation plan with clear outcomes, activities and resources as an independent internal management tool of the DWCP public document; and e) monitoring and evaluation to adapt strategies and thus optimize programme results by country.

172. FORLAC contributes diagnostic information on informality in each country and has an integrated policy proposal that has functioned in countries of the region, thereby providing inputs to position informality as a DWCP priority. The programme has also demonstrated advances in measuring informality in coordination with national statistics institutes, which contributes to monitoring progress in this area.

173. The SPF is the ILO medium-term planning document. It highlights the nature of the four strategic objectives of equal importance: employment, social protection, social dialogue and rights at work, which are indivisible, inter-related and mutually reinforcing, and on which the Decent Work Programme is based.<sup>137</sup> The strategic framework concentrates on basic priorities in the world of work, expressed in 19 outcomes.

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<sup>135</sup> From the diagnostic phase to identify and measure gaps so that proposed new interventions are more relevant.

<sup>136</sup> ILO (2011). ILO Decent Work Country Programmes, Practical Guidebook, Version 3, Geneva.

<sup>137</sup> ILO (2009). Strategic Policy Framework 2010-2015.

174. The FORLAC programme directly contributes to Strategic Objective 1: “Create greater opportunities for women and men to secure decent employment and income,” through Outcome 1, “Employment promotion. More women and men have access to productive employment, decent work and income opportunities.” To achieve this, the SPF establishes, among other priorities, support to constituents in the formulation and implementation of coordinated policies for rural employment, the transformation of the informal economy and response to crisis situations. Progress in Outcome 1 is measured by Indicator 1.6, which explicitly refers to the transition to the formal economy.<sup>138</sup>
175. Finally, two other outcomes are associated with informality, Outcome 5, Working Conditions, and Outcome 6, Occupational Safety and Health.

*What were the main internal and external challenges, the constraints to achieving the expected results?*

176. At the internal level, an initial challenge was to form a team responsible for achieving the objectives of Outcome 6. Unlike the other outcomes, which have specialists in the issues, Outcome 6 has no experts. In 2016, the multidisciplinary team of specialists was formed. Team members are located in different countries. A second challenge was to build the technical capacities of the team. To address this challenge, a Biennial Plan of Action was developed, which is currently in implementation and which has facilitated the exchange of knowledge, instruments and experiences among the specialists.
177. A third challenge for the country offices and the technical team of Outcome 6 was (and is) to design coordinated intervention strategies that promote the transition to formality. This that requires organizational changes within ILO teams and innovative strategies to enable the positioning and commitment of multiple government and private-sector organizations beyond the ministries of labour, and of organizations of workers and employers known to the ILO.
178. Countries are employing distinct strategies to face these challenges: Argentina advocated for the DWCP with the government during three consecutive periods. Costa Rica, in the framework of the National Employment and Productive Development Strategy (ENEDP), advised the government in forming the Partnership for the Transition to Formality with ministries and institutions in addition to the Ministry of Labour. Colombia developed an intervention strategy based on the development of projects that promote the transition to formality. The Dominican Republic has requested assistance in harmonizing statistics, training and business development.
179. A fourth challenge corresponds to the FORLAC Programme: achieve the positioning of the issue of informality in the countries using an innovative approach.

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<sup>138</sup> Indicator 1.6: Number of Member States where, with ILO support, governments, employers' and/or workers' organizations have taken initiatives in policy areas that facilitate transition of informal activities to formality.

180. The FORLAC Programme intervention is based on four pillars: knowledge, harmonization of statistics, training and technical assistance. It has worked mainly in the areas of knowledge and capacity-building through technical assistance and harmonization of statistics.
181. The positioning in the countries has varied. In the Dominican Republic, FORLAC is recognized for its support in harmonizing statistics (Central Bank) and training (INFOTEP). In Colombia, the intervention strategy focused on political advocacy and technical assistance for project development and the incorporation of an Office for Formalization and Protection of Employment within the Ministry of Labour.<sup>139</sup> In Peru, the intervention concentrated on the implementation of studies, information and technical assistance for the design of the Sector Formalization Strategy, 2014-2016. In Argentina and Costa Rica, studies were published on inspections, social security, domestic workers and others.
182. The studies, research and assessments on the subject and the multiple publications on topics such as social security, inspections and assessments of informality in the countries have served as inputs for the design of policy proposals and standards at the national and sub-national levels. The ILO in Latin America was recognized for FORLAC's contributions to the field of informality.
183. According to ILO offices and constituents of the countries, two factors were key: academic leadership and the political vision of the FORLAC specialist and having convened the academic world and top specialists for technical and policy discussions.
184. A fifth challenge remains: promoting and positioning Recommendation 204 as the reference framework for the ILO intervention in strategies and policies on the informal economy.
185. A sixth challenge is associated with the establishment of partnerships with international agencies, non-governmental organizations and all organizations whose development efforts coincide with those of the ILO. These partnerships will make it possible to face the tremendous challenge of placing formalization at the centre of the discussion as a priority strategy to achieve decent work. It will also offer an opportunity to share expenses of a budget that needs to be expanded.
186. Constraints to the fifth and sixth challenges are associated with programme governance structures, with the strategic direction of the intervention, the volume and organization of ILO human and financial resources and countries' contributions to overcoming these challenges.

*How satisfied are beneficiaries of the programme outputs in terms of the relevance and quality of the knowledge, technical assistance and training outputs?*

187. Overall, constituents expressed their satisfaction with the programme outputs given that they considered them relevant for strengthening knowledge and as the basis for the construction of strategies to transition to formality in the framework of tripartite dialogue. Nevertheless, in some cases, the magnitude of the problem in the country requires more ambitious interventions.

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<sup>139</sup> <http://www.mintrabajo.gov.co/the-ministerio/quienes-somos/organigrama.html>

188. Costa Rican employers are highly satisfied with the ILO outputs such as support to the transition to formality in terms of their relevance and quality. The ILO responded to employers' requests for statistical information, studies and technical assistance in formalization and productive development. They reported that the outputs have enabled them to promote the incorporation of tripartite dialogue with respect to formalization.
189. The Ministry of Labour of Argentina was highly satisfied with ILO outputs in terms of the formulation of formalization strategies, technical assistance in labour inspections and the strengthening of government and constituents' capacities.
190. The Ministry of Labour and Employment of Peru (MTPE) expressed its satisfaction with ILO support in formulating the Sector Strategy for Formalization, assessments of informal employment, statistical information and technical assistance in the oversight process. Nevertheless, it stated that the activities only partially addressed the needs of the country and the government given the magnitude of the problem in the country, which would require ILO support for larger-scale projects to promote the application of the principles of Recommendation 204.

*How did the ILO effectively participate in generating each of the outputs (knowledge, technical assistance and training)?*

191. The ILO effectively supported constituents in producing statistical information, studies on informality and coaching in the design of formalization policies, strategies and projects. It also provided technical assistance in accordance with needs, using direct or technical cooperation resources. To 2015, FORLAC has implemented six activities<sup>140</sup> and regional assistance and served four countries with technical cooperation resources.<sup>141</sup> It also documented good practices of 10 countries and provided training to both ministries and constituents.
192. The Ministry of Labour and Employment Promotion (MTPE) of Peru reported that the programme fulfilled requests for statistical information and studies, as well as technical assistance in formalization. The ILO financed the studies/reports and seminars/academy. It provided advisory services for the design/development of Ministry outputs to generate technical assistance and to harmonize statistics.
193. The Peruvian government considers that the outputs obtained have enabled it to make formalization policy decisions to develop the Sector Strategy for Labour Formalization, 2014-2016 and to design the future labour formalization strategy.
194. The Ministry of Labour of Argentina reports that the ILO programme helped design formalization strategies and contributed technical assistance for labour inspection and capacity-building of the government and constituents. It stated that the ILO directly financed studies/reports, provided advice for the design/development of key outputs to the Ministry, such as Law N° 26.940 for the

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<sup>140</sup> Argentina, Brazil, Mexico, Peru, the Dominican Republic, Jamaica and at the regional level.

<sup>141</sup> Colombia, Costa Rica, El Salvador and Honduras.

Promotion of Registered Employment and the Prevention of Labour Fraud,<sup>142</sup> enacted in May 2014, and the Special Regime to Rectify Benefit Debts for Own-account Workers and Small-scale Contributors enrolled in the Simple Regime for Small-scale Contributors, Law 26.970 of September 2014, which had a significant impact on formal employment and social protection of workers, particularly own-account workers.

195. The Ministry also reported that the ILO has promoted the development of biannual seminars to encourage dialogue among a variety of actors and favour decision-making on formalization policies. Capacity-building has been a strategic activity for achieving results. The ILO invested in ongoing training and the formation of technical teams of the ministry, as well as of organizations of workers and employers, strengthening the capacities of constituents.
196. An association of Costa Rican employers stated that the main result of the ILO technical assistance to their organization was collaboration in completing the report on sector proposals.<sup>143</sup> Additionally, it reported that the ILO financed studies and seminars/academy, as well as provided technical assistance for the development of outputs and capacity-building.

#### *Was gender mainstreaming implemented in output development?*

197. Gender mainstreaming requires collecting information and data differentiated by sex, on everything associated with inequalities between population groups and relevant socioeconomic and cultural factors. The idea is to produce evidence to demonstrate that the capacities and tasks socially allocated to men and women frequently generate unequal access to resources.<sup>144</sup> In this sense, gender analysis is a tool for identifying, understanding and correcting gender inequalities, as well as specific problems and the potential of men and women.
198. Public policies are not gender-neutral and conducting a gender analysis is a prerequisite for guiding government sustainable development actions.
199. The ILO has made important strides in gender mainstreaming in outputs in terms of the assessment of the characteristics of informality, and of providing technical assistance for the development of projects for businesswomen. In the latter case, the ASOREPEME project in the Dominican Republic deserves special mention. That project promotes the participation of women microentrepreneurs in national markets. According to the participating women interviewed, the ILO's involvement in the project, with assessments of the situation of businesswomen, training workshops and training programmes for the organization in market information, enabled women to establish microenterprises and to participate in crafts fairs.

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<sup>142</sup> The Law to Promote Registered Employment and Prevent Labour Fraud established special regimes to promote registered employment; created a Public Registry of Employers with labour sanctions (REPSAL); expanded the labour inspection powers of the Ministry of Labour, Employment and Social Security; created a special labour oversight unit in sectors with more complex control issues; and legally expanded the scope of Union Co-responsibility Agreements – to formalize employment and provide social protection in sectors with high levels of seasonal employment.

<sup>143</sup> Public-private partnership for creating productive employment. Executive Decree 38662. October 2014

<sup>144</sup> Gender mainstreaming in programmes and projects of the governance sector. Governance and Inclusion Programme. GIZ 2011.

200. With respect to legislation to promote gender equality, the gender-sensitive outputs have promoted changes in terms of labour market discrimination, such as in the case of Brazil with Decree 8.030, which created the Secretariat of Women's Policies in the executive branch. Colombia enacted Law N° 1450 on the National Public Policy for Gender Equality. That law allows for voluntary enrollment in the General System of Professional Hazards. It also passed a Ministerial Resolution to form the Labour Equality Group and enacted Decree N° 4463, which creates the Seal of Social Commitment to Women to fight labour market discrimination against women.
201. Noteworthy sector policies with the active participation of women include those on domestic work. In Argentina, a domestic work registry was created through an employment card. Law N° 26844 created the Special Labour Contracting System for staff of private homes and partial coverage of social security. Peru has a registry of household workers. Colombia implemented an insurance programme with a subsidized component for part-time and multi-employer workers.

*What were the main constraints to programme implementation attributable to the ILO? What were the key factors of success?*

202. The constraints attributable to the ILO were:
- ✓ An absence of monitoring mechanisms of the ILO and constituents with respect to the results and policies implemented. This deficiency is even more acute in the case of projects. Months after the project was completed, it was impossible to obtain information on the status of outcomes and outputs.
  - ✓ Budget resources were limited. In some cases, this restriction was compensated by the shared, high-quality work of ILO and constituent teams, as well as the search for other financing sources.
  - ✓ The ILO team of specialists should strengthen their teamwork skills to expand technical assistance to the countries.
  - ✓ Interventions are not systematized so it is not possible to assess the experience acquired. In contexts of high staff turnover in the counterpart government agencies, the documentation of experiences is especially important for sharing accumulated knowledge.
  - ✓ Some contexts require more intense political advocacy by the ILO to cement commitments with constituents.
  - ✓ Interventions or projects should have a long-term perspective, be adapted to the reality of each country and focus on attainable, sustainable objectives.
  - ✓ There was limited advocacy in the different fields associated with decent work and the formalization of the informal economy: productive development, technical assistance, fundamental rights at work.
  - ✓ There was limited dissemination of the knowledge outputs generated by FORLAC.
203. Factors of success include:
- ✓ Countries' political interest in and prioritization of the issue of informality.



- ✓ The political vision and strategic orientation are factors that led to focusing all efforts and activities on planned objectives, as well as implementing Decent Work Country Programmes (DWCP).
- ✓ The ILO's provision of quality technical assistance. The leadership of directors was recognized as a factor of success.
- ✓ The tripartite efforts that give political sustainability to the agreements. Constituents, particularly workers' organizations, view social dialogue as a tool for bargaining, consultation or information sharing between government representatives, employers and workers. They mention it as a factor of success for the sustainability of results.
- ✓ Country office and FORLAC publications were recognized by workers' and employers' organizations, as well as by the teams of the Ministries of Labour of Argentina, Costa Rica and the Dominican Republic as tools to encourage reading, knowledge and understanding of labour issues.
- ✓ The ILO is a respected actor thanks to its generation of quality knowledge and technical information on decent work, labour markets, wages, informality, social protection, social dialogue and other issues.
- ✓ The institutional development of the countries is important as it guarantees the continuity of policymaking.

*What planned outputs or activities were not implemented? Why? What unplanned outputs or activities were incorporated during the programme and why? Do you consider the outputs successful? What are the factors of success? What activities were most important for developing the outputs?*

204. During the period 2014-2015, the ILO helped strengthen capacities of constituents to formulate and apply policies that facilitate the incorporation of economic units and workers of the informal economy into the formal economy, at the same time preventing the informalization of employment and formal-sector enterprises. The ILO interventions facilitated coordination of activities under a unified framework. The focus was on small and microenterprises and groups of vulnerable workers.<sup>145</sup>
205. ILO efforts focused on promoting the organization of employers and workers and developing their capacity to support formalization policies and interventions. The ILO facilitated the hiring of consultants at the national and regional levels among the organizations of employers and workers to define formalization priorities. It also supported the creation of databases of workers' organizations in Latin America, which have proven to be a valuable platform for peer support in certain areas, such as the statutes of union organizations and the identification of legal obstacles to formalization. It also created a database of employers with formalization indicators (Peru and Chile) and prepared a project for employers' organizations on guidelines for adopting measures to promote

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<sup>145</sup> ILO (2016). ILO Programme Implementation, 2014-2015.

the formalization of informal enterprises (studies for the Southern Cone, Andean countries and Central America).

206. With ILO support, Argentina, the Dominican Republic and Peru adopted business, employment, labour and social policies to promote formalization. These countries developed specific policies to address different types of informality and agreed that it was essential to coordinate those policies. Several countries (especially Colombia and Peru) adopted legal reforms to address the exclusion of some workers from labour and social security law, for example, domestic workers and workers of micro and small enterprises.
207. The Dominican Republic adopted simplified procedures for registering enterprises to promote formalization. Additionally, ILO support for specific policies for micro and small enterprises had the objective of linking modernization and formalization and promoting local economic development and value chains in Argentina and Jamaica.
208. In Argentina, measures were adopted to more effectively control the application of the incentives, sanctions and labour inspections tailored to needs. Measures to increase the capacity of labour inspection services were also intensified to reach unregistered workers. Collaboration and the sharing of databases between enterprises and fiscal, labour and social security officials in the Dominican Republic and Peru have led to the effective implementation of selective controls of the application.
209. Compiling data and promoting knowledge exchange. With ILO support, 10 Latin American countries harmonized their respective statistical methods in accordance with the guidelines developed during the 17<sup>th</sup> International Conference of Labour Statisticians.
210. The ILO conducted research on atypical forms of employment in Latin America, with an emphasis on the circumstances that could propagate informality. In a series of exhaustive studies on the prevalence of formalization of labour market institutions, topics such as the minimum wage in Mexico were analyzed.
211. During 2014-2015, FORLAC became the main regional knowledge repository for formalization policies. Through this initiative, the office channeled a wide range of innovative policies and practices of several countries in the region and facilitated the introduction of legislative and policy changes in Argentina, Brazil, Colombia, Mexico and Peru, among others.
212. The FORLAC work plan included activities to strengthen organizations of workers and employers. Unfortunately, according to information recorded on the monitoring matrix of Outcome 6, these activities will be eliminated on 6 January 2017 due to a lack of funds.
213. Successful outputs include those that have resulted in a key contribution, and when applicable, a sustainable one, with respect to the dynamics of informality, public policies and workers' rights. It is hoped that the transition to formality will be sustainable in the case of projects targeting small and microenterprises or workers.

214. As such, successful outputs are those generated in the framework of tripartite consensus, with qualified, committed teams and the political support of governments to implement the agreements. Argentina, Colombia and Costa Rica made the most significant advances in this area.

## Management Effectiveness

*To what extent did monitoring mechanisms provide feedback to the programme?*

215. The ILO experience demonstrates that monitoring mechanisms provide feedback to the programme at different levels: focusing activities around objectives; creating spaces for discussion of specific issues; promoting the sharing of information and experiences; extracting lessons learned; and, ensuring that the results led to legislative changes, an indispensable tool for making decent work and the transition to formality a reality.

The experiences:

216. The DWCP-Argentina<sup>146</sup> monitoring group, comprised of representatives of the Ministry of Labour, Employment and Social Security (MTESS), and of the UIA, CGT and ILO Argentina, submitted a request to the Governing Body to coordinate policy and technical efforts in the framework of the DWCP and to ensure that the proposed objectives were achieved.

a) The monitoring group was responsible for:

- ✓ Coordinating DWCP documents and their implementation. Members engaged in dialogue to reach tripartite agreements.
- ✓ Periodic monitoring of the implementation of planned activities.
- ✓ Formulating recommendations for the Coordination Committee to ensure the achievement of the proposed outcomes.
- ✓ Participating in different DWCP evaluation events, including a final evaluation.

b) The DWCP Coordination Committee was composed of the Ministry of Labour, Employment and Social Security; the President of the Social Policy Department of the Industrial Union of Argentina (UIA); the Foreign Affairs Secretariat of the General Labour Confederation of Argentina (CGT-RA) and the Director of the ILO country office for Argentina (ILO Argentina). The Committee agreed on DWCP strategies, reviewed progress in implementation and proposed adjustments, as needed. The Coordination Group met once every three months and was chaired by ILO Argentina, which called the meetings on its own initiative or in response to a request from one of its members. The group had a periodic communication strategy to improve dissemination of DWCP results among constituents and the public. In Argentina, the two levels of monitoring contributed to compliance with the objectives proposed in the three DWCP.

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<sup>146</sup> Report prepared by the ILO Argentina office. 2017.

- c) The information matrix on progress toward regional priorities, prepared by the Programming Office. The matrix provides the country offices with a simple yet effective tool for updating information on the three ILO priorities, their processes, outputs generated and cases of success.

The matrix is updated daily and serves to monitor activities and information on country experiences and to provide feedback to guide programme activities.

- d) The consolidated matrix of the Regional Programme to Promote Formalization in Latin America (FORLAC), prepared by the office responsible for Outcome 6.

The monitoring matrix for Outcome 6 for the period 2016-2017 enables the identification of activities underway in the countries. They are listed as planned or completed. The matrix also contains information on the implementation status of the activities and the corrective measures taken.

Data are entered into the matrix by those responsible for the outcome in the countries and constitutes a management instrument since it offers information on programme progress.

*To what extent do the management capacities of the ILO teams and the administrative procedures they follow facilitate (or not) achievement of results?*

217. The P&B for 2016-2017, in Outcome C: Efficient support services and effective use of ILO resources establishes as its Outcome Statement: “The Office is supported by efficient administrative processes and makes effective and efficient use of all resources entrusted to the Organization.”

218. To achieve the ILO objective, there is a need to strengthen and streamline support services at headquarters and in the region. These services involve the management of human, financial, technological and physical resources and support the ILO’s results-based management approach.

219. The expected changes ensuing from the planned interventions are: a) a strengthened programming framework based on the application of results-based management; b) a focused, resourced and effective development cooperation programme; c) better value for money from support services through more efficient managerial and administrative systems, practices and teamwork across the Office; d) enhanced talent and leadership development; e) more efficient facilities management; and, f) the resultant redeployment of resources from administrative support to policy, technical and delivery functions.<sup>147</sup>

220. With respect to the ILO team, interviewees stated that the ILO offices should have a high-level political strategy to convene and involve constituents in achieving outcomes., specifically those of the DWCP, which are the main framework for the support that the ILO provides to the countries.

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<sup>147</sup> ILO. P&B for 2016-2017

221. Within the ILO, teamwork should be encouraged among specialists of the offices, between offices and between offices and Geneva headquarters. Horizontal, flexible coordination schemes were recommended.
222. With respect to the changes mentioned, the ILO team interviewed stated that human and budget resources were insufficient to meet constituents' demands. The table below summarizes the human resources of each ILO office in the Americas in 2014 and 2107.

Table 1. The Americas: ILO Office Personnel, 2014 and 2017

<i>Office/Year</i>	<i>Regular Budget</i>		<i>Total</i>	<i>Technical cooperation</i>
	<i>Officers / specialists 1/.</i>	<i>Finance, administration, human resources, library, documentation and public information</i>		<i>No. of projects /interventions</i>
<b>2014</b>				
Buenos Aires	7	3	10	2
Brasilia	8	7	15	10
Santiago de Chile	12	7	19	3
San Jose	16	14	30	11
Mexico	6	7	13	
Port of Spain	12	6	18	
Lima Andean	14	0	14	11
Lima Regional Office	17	24	41	3
<b>Subtotal</b>	<b>92</b>	<b>68</b>	<b>160</b>	<b>40</b>
<b>2017</b>				
Buenos Aires	9	3	12	2
Brasilia	7	6	13	7
Santiago de Chile	13	8	21	1
San Jose	14	15	29	16
Mexico	6	5	11	
Port of Spain	14	7	21	1
Lima Andean	14	0	14	
Lima Regional Office	14	21	35	4
<b>Subtotal</b>	<b>91</b>	<b>65</b>	<b>156</b>	<b>31</b>

Note: Only filled positions were considered.

1/. Includes assistants and secretaries.

Source: ILO.

223. At the global level, there was a reduction of four professionals between those years, with the greatest reduction in the group of administrative personnel (03) versus (01) in the group of specialists/officers. The Lima Regional Office has had the largest staff cuts (06), followed by the San

José Office (03) and Mexico (02). Staff cuts in the administrative group could negatively affect the performance of specialists given the lack of administrative support.

224. Budget reductions were 8.2 per cent for the RBSA allocated to Outcome 6 in the offices of the region. Of particular concern is the decrease in FORLAC funds, from US\$ 900,000 in 2013, US\$ 400,000 in the biennium 2014-2015 (RBSA) and US\$ 100,000 (RBTC) in the biennium 2016-2017.
225. The roll-out of IRIS human resources, payroll, self-service leave, strategic management and certain technical cooperation functionalities to all ILO field offices was completed in October 2015.<sup>148</sup>
226. Interviewees stated that the CPO information for each biennium can be updated up to four times in IRIS, which would allow it to be used as a monitoring system that does not currently exist. While they recognize the need for this monitoring mechanism, they mentioned that the technical teams are too small to implement it and that in practice they do their own monitoring of the assigned activities.

*What type of technical and administrative support did the programme receive from the technical units of headquarters and from regional specialists?*

227. In terms of technical support, the ILO focal points in Peru and Chile report that the ILO offices in their countries had all the technical and management tools needed to respond to constituents' demands. Argentina reported that it received partial support because some areas are more developed than others, for example, the work to formalize microenterprises. Currently, more materials are being developed. To respond to the needs identified, the focal points of Peru and Argentina said they had requested technical support from other ILO specialists and that this support was satisfactory. Chile did not require technical support to meet the requests for statistical measurement since the focal point is responsible for that task.
228. To prepare studies/reports, the focal points of Argentina, Chile and Peru mentioned the participation of the ILO regional team, and in the case of Peru and Argentina, they also mentioned support from consultants. Argentina mentioned the participation of the ILO country team. In Argentina and Chile, staff also cited the participation of the government and constituents.
229. With respect to the technical assistance received for seminars/academy, harmonization of statistics and training, the focal points of Argentina, Chile and Peru said they received support from the ILO Regional Office. Argentina and Peru also mentioned the support of the country office. For training activities and seminars/academy, they cited the participation of the government and constituents. The difference with Chile is the presence of a focal point for statistics.
230. The ILO officers and specialists of Colombia stated that their ILO country office had all the technical and management tools necessary to respond to constituents' demands. Costa Rica and

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<sup>148</sup> ILO (2016). ILO Programme Implementation, 2014-2015

Peru said that they only had some of the tools necessary. Only Colombia's staff reported that it had received technical support from the focal point to respond to the demands identified and that it was possible to resolve them. Costa Rica's staff said that it did not know whether it had received express communication of the requirement for technical support from the focal point.

231. With respect to the generation of technical assistance outputs, specialists and officers of Colombia, Costa Rica and Peru mentioned the participation, to varying degrees, of the regional office, country offices, consultants, governments and constituents.
232. Beginning in 2000, the ILO has progressively introduced results-based management (RBM) in its operations and institutional practices. To the extent that the strategies are implemented, RBM fosters continuous learning and improvement through systematic, periodic monitoring.<sup>149</sup> Additionally, this approach promotes improved performance by encouraging the incorporation of lessons learned in future management decisions.
233. With respect to administrative support, the interviewees stated that they do not regularly record information on CPO progress in IRIS. They mentioned that it is possible to make up to four updates in the CPO, which generally does not occur due to the lack of instructions and incentives to update records. This translates into a lost opportunity for having a monitoring system that provides periodic information for decision-making during the biennium.
234. Finally, the CPO of the countries vary in terms of key concepts such as targets, outputs and activities. This hinders comparisons and measurement of achievements. This weakness in the reporting is likely the result of the absence of an evidence-based theory of change in informality that supports the strategy, outcomes, outputs and activities proposed in the interventions, programmes and projects.

*What targets were proposed in the programme framework? Which were achieved, and which were not? Why?*

235. The region faces a serious problem associated with employment quality: informality, which presents a challenge for equitable sustainable development. For this reason, the issue became a priority for the ILO and constituents during the biennia 2014-2015 and 2016-2017. During the first biennium, formalization of the informal economy<sup>150 151</sup> was considered an area of critical importance and in the second was established as Outcome 6.<sup>152 153</sup>

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<sup>149</sup> ILO (2011). Results-based Management Guidebook, Second Edition. Geneva.

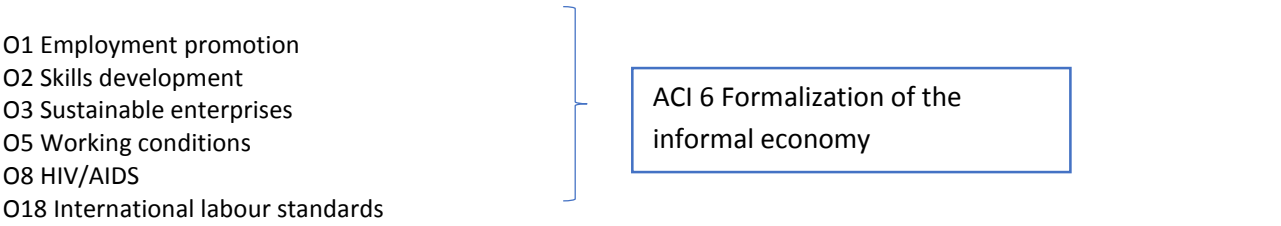
<sup>150</sup> Outcome 1: Employment Promotion. More women and men have access to decent work, productive employment and income opportunities.

<sup>151</sup> For the biennium 2014-2015, the ACI "Formalization of the informal economy" was associated with the following outcomes: employment promotion (6 indicators), skills development (5 indicators), sustainable enterprises (4 indicators), working conditions (2 indicators), HIV/AIDS (2 indicators) and international labour standards (4 indicators). A total of 19 indicators was proposed.

<sup>152</sup> Outcome 6: Formalization of the informal economy

<sup>153</sup> For the biennium 2016-2017, the ACI "Formalization of the informal economy" is associated with 3 indicators.

236. The 2014-2015 Strategic Policy Framework of the ILO has four strategic objectives<sup>154</sup> and 19 outcomes; as well as eight areas of critical importance for priority action (ACI). The formalization of the informal economy is ACI 6. This ACI combines activities for six of the 19 outcomes of the ILO strategic framework. Each outcome is measured by indicators and by compliance targets referring to the number of member states that achieve each indicator.



237. The indicators and targets of these outcomes are associated with the ACI “Formalization of the informal economy.” Progress toward achieving targets for ACI 6 in the region is presented for each related outcome.

Table 3. Outcomes of ACI Formalization of the Informal Economy and Targets for the Americas, 2014-2015

	Outcome 1 Employment Promotion					
Indicators	I1.1	I1.2	I1.3	I1.4	I1.5	I1.6
Targets (Number of member states)	4	3	2	1	3	4
per cent of compliance	50	66.7	50	100	33.3	150
	Outcome 2 Skills Development					
Indicators	I2.1	I2.2	I2.3	I2.4	I2.5	
Targets (Number of member states)	5	–	–	–	4	
per cent of compliance	120			(*)	100	
	Outcome 3 Sustainable Enterprises					
Indicators	I3.1	I3.2	I3.3	I3.4		
Targets (Number of member states)	1	5	6	6		
per cent of compliance	100	140	66.7	(**)		
	Outcome 5 Working Conditions					
Indicators	I5.1	I5.2				
Targets (Number of member states)	3	1				
per cent of compliance	266.7	100				
	Outcome 8 HIV/AIDS					
Indicators	I8.1	I8.2				

<sup>154</sup> Employment, social protection, social dialogue, standards, principles and fundamental principles and rights at work.



Targets (Number of member states)	1	4		
per cent of compliance	0	175		
	Outcome 18 International Labour Standards			
Indicators	I18.1	I18.2	I18.3	I18.4
Targets (Number of member states)	12	1	5	3
per cent of compliance	108.3	0	0	33.34

Source: ILO. P&B 2014-2015 and ILO Programme Implementation in 2014-2015.

(\*) Two member states complied without the existence of a planned target for the Americas.

(\*\*) One member state complied without the existence of a planned target for the Americas.

238. In summary, the ACI “Formalization of the informal economy” for the biennium 2014-2015 was associated with six outcomes and 23 indicators. Additionally, outcomes can also be linked to other ACI. This large number of indicators makes it difficult to estimate the aggregate progress directly toward the formalization of the informal economy since there is no summary or synthesis indicator with specific measurement criteria. Therefore, only the results of target compliance are presented, in accordance with ILO reports.<sup>155</sup>

239. As Table 3 shows, the level of compliance with Outcome 1 is more than 50 per cent, except in the case of Indicator I 1.5. The target for Indicator I 1.4 was met and surpassed for Indicator I 1.6. With respect to Outcome 2, the target was surpassed in the associated indicators (I 2.1 and I 2.5); likewise, two member states complied with Indicator I 2.4 even though they had not been a planned target for the Americas. In terms of Outcome 3, the target was surpassed in Indicators I3.1 and I3.2; the target of Indicator I 3.3 had a compliance rate of 66.7 per cent and six countries complied despite not having a specific target for the Americas. Both targets (I 5.1 and I 5.2) of Outcome 5 were met. Only Indicator I 8.2 was achieved for Outcome 8. Finally, for Outcome 5, the target of Indicator I 18.1 was met but no progress was made in the targets I 18.2 and I 18.3 and compliance was 33.34 per cent for the target of I 18.4.

240. In the biennium 2014-2015, the Regional Office for Latin America and the Caribbean made the formalization of the informal economy<sup>156</sup> a key priority, including it as ACI 6 in the region and strategically linking it to the other regional ACIs.

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ACI 1 More and better jobs for inclusive growth  
ACI 2 Jobs and skills for youth  
ACI 3 Social protection floors  
ACI 4 Productivity and working conditions in SME  
ACI 5 Decent work in the rural economy  
ACI 7 Strengthening workplace compliance  
ACI 8 Protecting workers from unacceptable forms of work

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ACI 6 Formalization  
of the informal  
economy

<sup>155</sup> ILO (2016) ILO Programme Implementation in 2014-2015. Governing Body, 326th Session, Geneva, 10-24 March 2016. ILO Programme Implementation 2014-2015

<sup>156</sup> Priorities for Action of the ILO in Latin America and the Caribbean (2014-2015). The Vision of the ACIs in Latin America and the Caribbean.

241. According to a 2014 Regional Office report,<sup>157</sup> key issues of the formalization strategy are to be addressed from a regional perspective to foster sharing of experiences, and from a national perspective to strengthen impact. The global ACI programme included four countries that were developing coordinated strategies of formalization and promotion of registered employment: Argentina, the Dominican Republic, Mexico and Peru, where FORLAC had provided assistance initially. Additionally, Brazil (development of strategies of formalization and productive inclusion and domestic work), Colombia (support to the “Colombia Works Formally” strategy) and Jamaica (formalization of small enterprises through local economic development). Finally, FORLAC Programme activities were also developed in other countries of the region, particularly Saint Lucia and Surinam in the Caribbean (with an emphasis on statistics and the promotion of enabling environments for the formalization of small enterprises) and Paraguay, which focused on formalizing SME for access to contracts associated with labour-intensive infrastructure investments.
242. Noteworthy achievements of the Office for Latin America and the Caribbean for the biennium 2014-2015 include the continuity of the Regional Program to Promote Formalization in Latin America and the Caribbean (FORLAC), which became the main regional knowledge repository on formalization policies by the end of the biennium, with three main lines of activity and with links to the implementation of its components,<sup>158</sup> establishing regional targets for knowledge generation and management and statistical harmonization, and national targets to promote coordinated formalization strategies to support national plans or programmes. Programme targets were associated with knowledge generation; technical assistance in the countries; strengthening of organizations of workers and employers; and dissemination, which are the components of the FORLAC Programme.
243. Additionally, the regional office, in coordination with country and sub-regional offices, contributed to the design of innovative policies and interventions and facilitated studies and technical assistance to introduce legislative and policy changes in Argentina, Brazil, Colombia, Mexico and Peru, among other countries. The first regional forum following the adoption of Recommendation 204 on the transition from the informal to the formal economy was organized with the ILO International Training Centre.
244. The ILO in the region also strengthened the capacity of constituents to develop and apply policies that facilitate incorporation into the formal economy. Assessments and policy studies were conducted, and coordinated activities were included in a unified framework. In some countries, the focus was on SME and the most vulnerable groups of workers.<sup>159</sup> Capabilities were also developed to harmonize statistics on informality. The ILO facilitated the organization of national and regional consultations between organizations of employers and workers to define priorities related to formalization.

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<sup>157</sup> ILO (2014) La OIT en América Latina y el Caribe / Avances y Perspectivas 2014. ILO 2014 IN [http://www.ilo.org/wcmsp5/groups/public/---americas/---ro-lima/documents/publication/wcms\\_243875.pdf](http://www.ilo.org/wcmsp5/groups/public/---americas/---ro-lima/documents/publication/wcms_243875.pdf)

<sup>158</sup> [http://www.ilo.org/wcmsp5/groups/public/---americas/---ro-lima/documents/publication/wcms\\_243875.pdf](http://www.ilo.org/wcmsp5/groups/public/---americas/---ro-lima/documents/publication/wcms_243875.pdf)

<sup>159</sup> ILO (2016). ILO Programme Implementation, 2014-2015.

245. The ILO Office in Argentina<sup>160</sup> provided technical assistance to tripartite constituents (government, organizations of employers and of workers). It also supported the promotion of the Decent Work Programme with technical assistance to the Santa Fe provincial government and local actors to promote employment formalization; to the Ministry of Labour for the National Registry of Agricultural Workers and Employers; to the chamber of commerce of the wine production sector to analyze the employment structure based on estimates of employment and informality levels; and to the Ministry of Labour to develop and implement Law N° 26.940 for the promotion of registered employment and prevention of labour fraud,<sup>161</sup> passed in May 2014. The ILO Office also supported the preparation of a study on Union Co-responsibility Agreements.
246. In Colombia, the ILO provided technical support for the inclusion of the topic of decent work in the National Development Plan and for the Study and Macroeconomic Analysis of the Growth Trend (published and disseminated in October 2014). It also supported the implementation of the Formalization Network as a tool for individualized dissemination and the development of a comprehensive National Formalization Strategy. It assisted the Ministry of Labour in developing Conversion Strategy Guidelines in the framework of the Labour Formalization Network,<sup>162</sup> formed through Decree 567 of 2014, which was drafted and implemented by the Ministry of Labour. The ILO assisted in the preparation of Decree 1047 of 2014 for the formalization of taxi drivers and in the development of an alternative mechanism for enrolling own-account workers who earn less than the minimum wage.
247. In the Dominican Republic, in 2014 the INFOTEP<sup>163</sup> tripartite entity implemented a pilot training project in business management based on the ILO tool, “Start and Improve Your Business” (SIYB). The ILO office trained more than 120 INFOTEP trainers in the tool and provided technical assistance and coaching in the pilot phase of the programme. It also provided technical support in designing the programme “Formalize yourself,” which forms part of the government strategy to strengthen SME and the private sector in general. Additionally, it promoted the ratification of Convention No. 189 in May 2015.
248. In Costa Rica, the ILO provided technical assistance with Costa Rican government resources in the form of a trust fund to prepare a legal bill to temporarily eliminate the employer contribution to the Fund for Social Development and Family Benefits and to the Social Aid Institute, to informal microenterprises and to the design of ProEMPRESA (November 2014). It also provided technical support for the implementation of the National Employment and Productive Development Strategy,<sup>164</sup> ENEDP.<sup>165</sup> The ILO provided technical assistance to train CNS members in developing

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<sup>160</sup> In 1969, the National Correspondent's Office became an international ILO Area Office, which also covered Paraguay and Uruguay. In April 2003, that office became the Argentina Country Office and was responsible for coordinating labour issues of MERCOSUR.

<sup>161</sup> The law to promote registered employment and prevent labour fraud established special regimes to promote registered employment; created a public registry of employers with labour penalties (REPSAL); expanded the labour inspection powers of the Ministry of Labour, Employment and Social Security; created a special labour oversight unit in sectors that are more difficult to control; and legally extended the scope of Union Co-responsibility Agreements to formalize employment and provide social protection in sectors characterized by high levels of seasonal employment.

<sup>162</sup> Covers all formalización activities (labour conversion plans, sector conversion activities, among others), focusing on national policy and promoting their local implementation.

<sup>163</sup> National Institute of Technical and Professional Training- INFOTEP

<sup>164</sup> Whose target was to create decent work and create informal employment during a five-year period, from 2014 to 2018.

<sup>165</sup> Project document PRODOC, 2015

effective wage policies during a tripartite workshop on minimum wages organized by the CNS in April 2015.

249. In Jamaica, the ILO provided technical assistance for the application of the formalization initiative to the Jamaican Employers’ Federation (JEF), which adopted a gender-sensitive policy for formalization that offers guidelines for supporting efforts of its members to facilitate labour and business formalization. The ILO worked closely with the Ministry of Labour and Social Security and the JEF to improve businesswomen’s knowledge of the requirements for accessing financing from national SME financing institutions.
250. In Peru, the ILO provided technical assistance and specific contributions for the draft and final versions of the Sector Formalization Strategy, 2014-2016, adopted through Ministerial Resolution N°. 093-2015-TR in 2015. It also promoted the inclusion of the topic of formalization in the strategic plan of the National Labour Oversight Agency (SUNAFIL) and technical assistance to design tools to identify and characterize labour informality and design intervention strategies to support the transition to formality.
251. For the biennium 2016-2017, the objective of the region was to promote social inclusion and development through formalization. To support the strategy in terms of Outcome 6: “Formalization of the informal economy,” each coordination and country office included several outputs in its CPO.<sup>166</sup> Three indicators were established for this outcome.

**Table 4. Outcome 6, Formalization of the Informal Economy and Targets for the Americas, 2016-2017**

Indicators	I6.1	I6.2	I6.3
<b>Goals (Number of member states)</b>	4	6	7

Source: ILO. P&B 2014-2015 and ILO Programme Implementation in 2014-2015

I 6.1 Member States have updated their legal, policy or strategic frameworks to facilitate the transition to formality

I 6.2 Member States in which constituents have raised awareness on informality and improved their knowledge in an effort to promote and facilitate the transition to formality

I 6.3 Member States in the Americas in which at least one of the constituents has adopted measures to promote gender equality or to address the needs of vulnerable groups by facilitating the transition to formality

252. Given that the biennial plan is underway and that activities are implemented in the countries mentioned, there is a possibility that some countries may not have begun implementation because they are coordinating with governments (Ecuador, Jamaica and Argentina) and may take joint actions in 2017. The ILO activities implemented in Brazil, Bolivia, Mexico and the Office for Central America, Haiti, Panama and the Dominican Republic should report the implementation status of their outputs

<sup>166</sup> FORLAC, 4 outputs: 2 outputs are associated with its components: knowledge management and strengthening of organizations of workers and employers; the third output is related to the harmonization of statistics on informal employment, and the last output to coordination, support and dissemination of Recommendation 204, which could be partly linked to the dissemination component. With respect to each country, the outputs linked to Outcome 6 were as follows: Argentina (4), Brazil(8), Bolivia (5), Colombia (2), Ecuador (3), Peru (6), Mexico (21), Paraguay (3), Uruguay (2); the Office for Central America, Haiti, El Salvador and the Dominican Republic, (9); Port of Spain (3), Surinam (3) and Jamaica (5).

in the following First Semester Monitoring Report to comply with Outcome 6 and ACI 6 of the regional strategy and to report them in the information matrix on progress in regional priorities and other key issues, 2016 and 2017.

253. Some advances include: in Peru, the ILO participated in a high-level dialogue with the Ministry of the Economy and the National Council on Competitiveness and Formalization. The ILO is also preparing a study on business and labour formalization in Peru together with the World Bank, which is expected to be completed in October 2017.
254. The FORLAC work plan is on schedule, except for some activities to strengthen organizations of workers and employers, as mentioned in the Monitoring Matrix of Outcome 6, to December 2016, given that this output was eliminated due to a lack of funds.
255. Argentina is preparing sector reports that will be consolidated in a publication on labour informality in 2017, which update the assessment of this issue and that can be used to prepare proposals for specific interventions. The ILO and the Ministry of Labour also organized an exchange for the professionalization of care services (Buenos Aires, 19 Oct 2016). An informative passport on labour and migratory rights of brick layers is also being prepared in collaboration with UOLRA/CGTRA.
256. Costa Rica signed a tripartite agreement to implement Recommendation 204 with the participation of six union organizations, the UCCAEP, the Ministry of Labour, the Social Security Institute, the Ministry of Women, the Legislative Assembly and the ILO. The roundtable was established in 2017.
257. Compliance with targets can be affected by factors such as ILO budget limitations or the immediate availability of resources of constituents or other sources of cooperation to complete activities on schedule and the time needed for work teams to build consensus. Other factors are associated government/constituent coordination when political changes occur (government elections, government priorities during critical periods, changes in union representatives, among others) and changes in the technical teams of constituents that require feedback to continue the processes.
258. With respect to capacity-building of countries in measuring informality, the following activities were implemented:
  - Jamaica: Joint mission with the IDB to present alternative methodologies for measuring informality and collaborating in the definition of a budget for the mixed survey (which the IDB financed) implemented by the statistics office (STATIN). A consultant was hired to design the questionnaire.
  - In the framework of FORLAC, training was provided on the concepts of the informal sector, informal employment and measurement methodologies in the Dominican Republic, El Salvador, Honduras, Guatemala, Chile, Paraguay, Bolivia, Jamaica, Uruguay. More recently, the ILO supported the modification of employment surveys of Guyana, Surinam and the Cayman Islands to incorporate questions to measure informality in accordance with the recommendations of the 15th and 17th International Conferences of Labour Statisticians. In

Chile, the ILO financed a pilot questionnaire to evaluate the response of employees to questions on informal economic units.

- A training workshop for statistics offices of 18 countries of Latin America was organized: The Workshop to Harmonize Indicators for Measuring Statistics of the Informal Economy. Montevideo, Uruguay, 28-30 April 2014

#### *How was political advocacy developed with public institutions?*

259. ILO country offices developed political advocacy in different ways. Social dialogue, understood as negotiation, consultation or information exchange processes among representatives of governments, workers and employers played a key role in achieving political advocacy.
260. Argentina and Costa Rica opted to promote tripartite and bipartite dialogue to encourage discussion of a DWCP proposal that brought together constituents' interests and ILO objectives.
261. Costa Rica opted for a tripartite option similar to that of Argentina, which is still in the early stages. In 2014, the Government of Costa Rica launched the National Employment and Productive Development Strategy (ENEDP), prepared with technical assistance from the ILO.<sup>167</sup> The strategy proposed a partnership for production and employment and active policies to close gaps that impede some populations from finding employment, regardless of the economic situation. It is an important initial step on the path to success.
262. Argentina has more experience in this area, dating from 2003. It has developed three DWCP with ILO technical assistance.<sup>168</sup> Ongoing political advocacy and the leadership of the director are key factors of success.
263. Colombia, as a country that is initiating a peace process following an internal conflict, has followed a different route. Nevertheless, it has also managed to position the issue at government levels with the capacity for making policy decisions.
264. The projects implemented have resulted in political advocacy in the Ministry of Labour and in sub-national governments. The Andean office, and especially FORLAC, have played a key role in achieving agreements through political advocacy at high levels of government.
265. Publications, studies and assessments for understanding labour problems and technical assistance to strengthen the new Ministry of Labour, as well as technical assistance for developing intervention strategies and proposals in projects and programmes, have been successful, with positive evaluations from external consultants.
266. Political advocacy in public institutions involves:

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<sup>167</sup> The ENEDP objective was to expand opportunities for women and men to obtain decent, productive work through a combined effort of economic and social policy and of the public and private sectors, which will support inclusive growth and the reduction of poverty, inequality and informality (2014-2018). The target for 2018 is to reduce the open unemployment rate from the current 8.5 per cent to 7 per cent through the creation of at least 228,000 new jobs in that period.

<sup>168</sup> The third DWCP, 2012-2015, proposed five objectives for the crosscutting promotion of social dialogue and gender equality. The DWCP is an effective framework for identifying tripartite priorities in terms of the creation of decent work, the transition to formality and social protection.

- ✓ Conducting an assessment of the Ministry of Labour (or the institutions that will be subject to the political advocacy) to identify their interests and intervention strategies.
- ✓ Having a defined public agenda that will be implemented.
- ✓ Proposing to the Ministry of Labour a documented programme which will represent the interests of the ministry, the ILO and organizations of workers and employees.
- ✓ Achieving the commitment of actors through bipartite and tripartite dialogue, with proposals that reflect their interests, promoting discussion and exchange of experiences.
- ✓ Having technical teams that are committed and trained to work as a team.
- ✓ Documenting proposals and disseminating them among the interested parties.
- ✓ Aligning political advocacy with a quality technical base that provides technical legitimacy (promoting the formation of multidisciplinary technical teams).
- ✓ Encouraging the intervention of outside experts and professionals to evaluate the proposals.
- ✓ Promoting high-level seminars to disseminate and discuss proposals and results.
- ✓ Having governance instruments to guide interventions and provide programme feedback.
- ✓ Working at the political and technical levels as both are important for the political agenda. Having the financial resources necessary to support these efforts.

## Efficiency

*What synergies exist between the countries of the region and between ILO projects?*

267. A total of US\$ 7.9 million was allocated to implement Outcome 6 in the region during 2014-2017.<sup>169</sup> Most of the funds, 63 per cent, come from project budgets (XTBC) while 32 per cent are from RBSA funds and 4.5 per cent from RTBC funds (Annex 6). This demonstrates the importance of having strategic partners to finance interventions, jointly develop national projects or involve a network of countries and identify complementary partners that can contribute to expanding the coverage or duration of those projects.
268. The PROSEI project in Costa Rica, El Salvador and Honduras, sponsored by the US Department of State and implemented by the ILO Office for Central America, has promoted the development of synergies among projects. The project has had national impact, supporting the formulation and debate of legal bills for the protection of own-account workers, including access to social security in El Salvador and Honduras. It also works with union federations of Costa Rica, El Salvador and Honduras to facilitate the organization and training of workers in the informal economy through the preparation of an information card and training of union leaders. With employers' organizations, especially SME chambers of commerce, it has offered training using the ILO's Start and Improve Your Business methodology. Entrepreneurs, especially women and youth, were certified in this methodology in three countries.

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<sup>169</sup> With respect to the countries, Colombia received 31 per cent of the resources; Central America, 26 per cent, in both cases project funds; Mexico, FORLAC and Paraguay received approximately 6 per cent each; Paraguay and Jamaica received approximately 5 per cent each while the remainder of the countries received the other 14 per cent.

269. In Argentina, the ILO developed joint initiatives, programmes and inter-agency thematic groups, particularly of gender and human rights, with other United Nations agencies, as well as with the Technical Committee of the country team comprised of agency heads. The inter-agency interventions were mainly implemented within the strategic frameworks established by SDG Argentina 2003-2015.<sup>170</sup>
270. Coordinated efforts with UNICEF and the UNDP took place in the areas of the labour market, social protection and child labour. The ILO worked with the International Organization for Migration on labour migration studies.
271. The formulation of a DWCP facilitates effective, direct cooperation and encourages synergies through the Office of the Resident Coordinator and inter-agency working groups.
272. In terms of gender and employment, the ILO collaborated with the Organization of American States to implement gender audits of public institutions, particularly ministries of labour, with a view to fostering equality. The ILO also worked with UN Women, the UNDP, ECLAC and the FAO to prepare regional studies and reports on policies to improve access to and quality of women's employment. The report includes an analysis of the effects of inequality growth models based on inequality and gender indicators to develop policy measures to address the disadvantages women face.
273. The thematic networks also create synergies. In 2014, the ILO supported the launching of a social network associated with the SIYB methodology, which brings together more than 200 certified trainers and facilitators of the methodology in several countries of the region, including Peru and Bolivia. This tool facilitates access to relevant information on the methodology, as well as access to Latin American specialists, who, after using the methodology, share their experience with specialists in the network from other countries.<sup>171</sup>
274. "The Regional Academy of Sustainable Enterprises" was a successful experience in productive development that brought together over 50 union, business and government specialists from 17 countries. The ILO International Training Centre provided training that focused on social dialogue among tripartite constituents to generate strategies for developing sustainable enterprises. It gave participants practical tools for the analysis and design of concrete measures on productivity and enterprise sustainability. The thematic group launched regional initiatives based on the national experiences implemented. Those initiatives also provided input for technical cooperation projects.<sup>172</sup>

## Orientation toward impact

*To what extent did the work of the ILO in the countries enable constituents to build and strengthen their capacities to achieve the objectives established in national formalization strategies, DWCP and/or country programmes?*

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<sup>170</sup> Internal review of the third Decent Work Country Programme. Argentina 2012-2015. March 2016.

<sup>171</sup> La OIT en América Latina y el Caribe. Avances y perspectivas. 2013.

<sup>172</sup> Op. Cit.



275. Interviewees acknowledged the ILO's contribution to knowledge on informality and its ownership by constituents. The information generated revealed the magnitude and characteristics of informality in the countries and attracted the interest of governments and constituents.
276. Capacity-building enabled the government and constituents' teams to propose legislative, policy and strategic changes and to have input for discussion and tripartite dialogue that would lead to the adoption of proposals. The longer and more sustained this practice was in the country, the greater the impact of the results.
277. The ILO provided technical assistance in three areas: a) the preparation of studies and assessments and production of harmonized statistical information by the countries; b) the strengthening of the capacities of teams through workshops, seminars, exchanges and other events; and c) information dissemination.
278. The most progress was made in the first two areas. Interviewees mentioned that dissemination mechanisms needed to be expanded.

*What positive changes in attitudes, technical, management and organizational capacities were produced in the beneficiaries of programme outputs? Which capacities could not be strengthened?*

279. In Argentina, constituents acknowledged the following changes in their technical teams and their organizations resulting from the participation in the DWCP:
- ✓ The institutional practice of promoting knowledge was incorporated as a collective effort that places value on the issue and the socio-cultural context. Interviewees mentioned the collective development of studies on different labour issues to design proposals as an ongoing practice with excellent results.
  - ✓ Encouraging reading and discussion was a practice incorporated by the ILO and assumed by the technical teams of constituents.
  - ✓ The ILO's most successful intervention was having strengthened the technical and management capacities of the teams of the Ministry of Labour and organizations of workers and employers. Interviewees of the three organizations said the following in this regard: "...our organizations have been changing and the context has improved." "Actors do not act based on statistics and numbers; rather, we select information based on our interests...the ILO deserves credit for providing us with publications that combine cold data with warm interpretations: our experience and knowledge. For that reason, we value their training work." Actors highly valued the documents prepared by the ILO office and FORLAC.
280. In Colombia and the Dominican Republic, constituents reported that while the ILO outputs did not produce changes in their teams and institutions, they did serve to improve knowledge and training of the teams. Constituents stated that they focused on the issues of informality, social protection and labour administration. Other changes included the improvement of technical

capacities of the team for information collection, prioritizing statistical information and documenting proposals. They also became more aware of the importance of aligning political advocacy with a quality technical base to give legitimacy to their interventions.

281. In Peru, interviewees reported that they value ILO advisory services, as well as ILO publications, although they did not produce institutional changes.
282. With respect to the change in attitudes, in Argentina, technical teams of the Ministry of Labour and of employers' organizations developed a culture of institutional knowledge.
283. Interviewees reported that the decision-making strategy in management, conflict management and conciliation were not strengthened. The diverse levels of development of monitoring and evaluation tools, particularly in ministries of labour, underscore the need to strengthen those areas in governments.

*To what extent did the ILO's work in the region through the Programme influence learning in the ILO (the Regional Office, Sub-regional office and countries offices, and between country offices and the regional office)? What were the most important lessons learned?*

284. The focal points of Argentina, Chile and Peru and the specialists/officers of Colombia and Costa Rica mentioned that the ILO's work in the region through the FORLAC Programme and the country interventions led by the ILO offices influenced learning within the ILO, in the country offices, between the country offices and the regional office, and between offices in the region and Geneva. The specialist in Peru could not identify the lessons learned by the country office, however.
285. The focal points agreed that the most important lessons were: the sharing of experiences among the countries and the linkage of social protection, employment and informality policies. For ILO officers and specialists of Colombia and Costa Rica, the most important lesson was the synergetic work of the countries with the ILO regional office and constituents, followed by the sharing of experiences among countries, the promotion of constituents' political commitment, as well as the harmonization of the policy-technical interventions and the coordination of social protection, employment and informality policies. Other key lessons included working for the long term and using FORLAC publications.
286. They also mentioned other lessons, such as communication mechanisms and effective information flow among the countries, and between the country and regional offices. Nevertheless, they stressed that increased interaction was needed between specialists to consolidate a joint vision of the countries; and, to the extent possible, to systematically coordinate efforts.

*¿Do the countries (ministries of labour, for example) use the information generated by the programme in decision-making? What good practices exist?*

287. The Ministry of Labour and Employment Promotion of Peru gave a high rating to the relevance and clarity of the studies and information generated. It rated as fair the accessibility and timeliness

of FORLAC studies and statistical information. The Ministry in Peru relies mainly on the FORLAC website to access information.

288. The Ministry of Labour of Argentina stated that it was highly satisfied with the relevance and quality of ILO outputs such as the support to the transition to formality. FORLAC studies/reports were not distributed among ministry staff, however.
289. Employers of Costa Rica reported that FORLAC studies/reports were disseminated among members of the business union. However, they gave a poor rating for access to information and fair for the timeliness, relevance and clarity of the information. They stated that they mainly accessed FORLAC information through its website.

### **Orientation toward sustainability**

*What recommendations and positive or negative lessons learned can be extracted from the ILO's work and that can contribute to improving the sustainability of actions in the region and in the countries?*

290. The Ministry of Labour and Employment Promotion of Peru recommends that to make programmes such as FORLAC more effective, studies should be published on the impact of the formalization interventions or policies implemented by the countries. Likewise, it recommends ongoing technical assistance for the implementation of programmes or reforms of significant impact.
291. The Ministry of Labour of Argentina recommends working together with the countries on highly technical issues to make FORLAC programmes more effective.
292. Employers of Costa Rica recommend having tripartite academies available for sharing good practices in making agreements to improve the transition to formality to make FORLAC programmes more effective.
293. The focal points of Argentina, Chile and Peru recommend that the ILO should provide more effective technical assistance in formalization, which in Argentina corresponds to the use and ownership of knowledge generated to improve new interventions; in Chile, to the formulation and use of management indicators; and in Peru, to the strengthening of joint efforts between the ILO areas and between the countries and the Regional Office, as well as the sharing of successful formalization models promoting the use of technology platforms and the systematization of the activities implemented.
294. ILO officers and specialists of Colombia, Costa Rica and Peru all recommend that the ILO should strengthen joint/coordinated work among the ILO areas and between the countries and the regional office. Colombia and Costa Rica coincide in recommending the exchange of successful formalization models (promoting the use of technology platforms). Colombia also recommended the definition of management indicators, the design of a monitoring system, systematization of the activities implemented, and the use and ownership of knowledge generated to improve new interventions.
295. With respect to DWCP, officers in Argentina stated that these programmes are designed with the participation of organizations of workers and employment and ministries of labour. For this reason, they attempt to align and harmonize the interests, strategies and planning instruments of these

groups to offer more possibilities of achieving sustainable outcomes. Officers of Costa Rica and the regional office stated that the region has had difficulties developing DWCP and implementing a long-term project due to budget limitations. Most projects are for less than two years and their results are apparent only after the project is completed. There have been few medium- and long-term programmes/projects (five or more years) that would enable sustainable achievements and impact.

296. Promoting governance tools such as the monitoring and coordination groups in Argentina, which have linked technical and political advocacy interventions, contribute to the sustainability of outputs.

297. Capacity-building, viewed as an integrated approach to systems that include training and institutional development, promote sustainability.

*What actions have constituents and strategic partners implemented to continue with the programme outcomes?*

298. The organization of employers in Argentina prepared studies and assessments as part of the institutional culture and developed the knowledge approach as part of the intervention strategy.

299. Activities incorporated by constituents include social dialogue, discussion and sharing of experiences with organizations of workers and employers.

300. The Ministry of Labour of Argentina assumed the lesson learned with capacity-building of the technical team as a regular activity.

*How can the findings/results of the evaluation contribute to redefining (adjusting) the vision and strategic direction of the region on the issue of informality?*

301. As the 100<sup>th</sup> anniversary of the ILO approaches, the regional office should review its strategies in the region based on the findings of the evaluation to respond to the complex challenge of the transition to formality and in light of the organization's reason for existence.

302. First, by reviewing its structure and its assets, which are its comparative advantages to ensure the institution, regional team and country offices are all prepared to become more effective and to contribute to promoting the changes required to address informality.

303. Second, to obtain significant results, proven strategies, time and planned interventions are needed, with sufficient ILO or other resources. A long-term view is needed, with accumulated results that establish a sustainable path towards formality.

304. Third, identify partners and establish partnerships that support the formalization strategy in each country. Political advocacy is essential, even more so when it is accompanied by technical solvency.

## VI. CONCLUSIONS

305. The FORLAC Programme played a crucial role in the design of the Global Formalization Strategy. Its contributions in the form of studies, statistics and technical assistance in several countries of the

region led to the identification of several strategies and policies that promote not only growth, but the transition to formality. The main contributions were associated with the promotion of productivity: by generating conditions in enterprises that enable them to grow and become sustainable; by developing standards to build capacities that enable them to comply with existing standards or norms; and by creating incentives and strengthening oversight. FORLAC has systematized many of the experiences and lessons of the countries, which are documented in the report of the Regional Forum on Formalization in Latin America and the Caribbean. The findings point to the need for a global formalization strategy, as proposed in Recommendation 204. The ILO should disseminate all of this important knowledge to improve the effectiveness of country and constituent interventions. This comprehensive approach will enable countries to improve their mechanisms to transition to formality in a sustainable manner.

306. The countries have implemented several strategies to address informality: a) national strategies, with specific plans or strategies on the issue or the inclusion of the transition to formality in national development plans (Costa Rica, Argentina, Colombia); b) those focusing on the sub-national level (provincial, local) with a view to scaling up the results to the national level (Argentina-Santa Fé, Jamaica; Costa Rica, El Salvador and Honduras - PROSEI) and c) sectoral, which focus on the functions and responsibilities of the ministries of labour, industry or other public entities (Peru, the Dominican Republic). Results vary, and a long-term vision is needed, with intermediate outcomes and defined targets. Countries should implement this process gradually for an adequate transition to formality.
307. Implementation of the ILO results-based management approach in the region can be improved in two ways: i) the strategies implemented should be monitored systematically and periodically, and ii) future management decisions should incorporate lessons learned. The ILO Regional Office for Latin America and the Caribbean has a mechanism for monitoring progress on labour formalization aligned with Policy Outcome 6. This system collects regional, national and local information on both processes and outputs for each top and identifies some successful experiences. Nevertheless, the structure of the Information Matrix on Advances in Regional Priorities and other key issues of the Regional Office has a different structure than the monitoring reports of the ILO headquarters in Geneva: Global Monitoring Report of Outputs and the Monitoring Report of Country Programme Outputs. Both monitoring mechanisms should be aligned. Additionally, IRIS is not exploited as a tool for the regular monitoring of the CPO during the biennium. An M&E system that regularly and opportunely updates the advances in achieving outcomes can make interventions more effective.
308. The ILO is especially recognized for the technical assistance it provided for designing policies that promote the transition to formality in the countries, particularly labour inspection and social protection policies; for the incorporation of tripartite dialogue as a tool for negotiation and consensus-building, discussion and participation in intervention strategies; and for capacity-building of governments and constituents. Interviewees highly valued FORLAC field studies and knowledge on the informal economy, as well as the ILO's comparative studies on Latin America, the *Labour Overview* and the *Thematic Labour Overview*.

309. Successful ILO outputs related to government and organizations of employers and workers were those designed to build the capacity of technical teams to propose and support formalization policies and interventions. Support was provided to create databases of workers' organizations in Latin America. These have proven to be a highly valued platform for peer support, for example, for the statutes of union organizations and the identification of legal obstacles to formalization. Other successful outputs are associated with legal reforms to address the exclusion of some groups of workers from the application of labour law and social security, such as domestic workers, and micro and small enterprise workers. Finally, those that adopted control measures for the stricter application of incentives, penalties and labour inspections adapted to country needs, as well as measures to increase the capacity of labour inspection services to reach unregistered workers.
310. Monitoring mechanisms provide feedback to the programme at different levels: by developing activities around objectives, creating discussion channels of specific topics, promoting the exchange of information and experiences and orienting knowledge to achieve learning. Some examples of monitoring mechanisms include that of Argentina, where at the request of the Governing Body, a DWCP monitoring group was created to agree on DWCP documents and the implementation plan, periodically monitor the implementation of the planned activities, make recommendations to the Coordination Committee to ensure the achievement of the planned outcomes and participate in the different DWCP evaluation channels, including a final evaluation. From a policy standpoint, the DWCP Coordination Committee was responsible for agreeing on strategic priorities. Coordination of policy and technical activities facilitated compliance with the objectives of the three DWCP. A second experience is the monitoring matrix of Outcome 6 for 2016-2017, which identifies activities underway in countries. They are listed as planned or completed. The matrix also contains information on the implementation status of the activities and the corrective measures taken, as needed. This information is entered by those responsible for the Outcome in the countries and constitutes a management tool since it provides data on programme progress.
311. Political advocacy plays a key role in achieving effective, sustainable results. In the case of the programme, diverse political advocacy strategies were implemented in accordance with the political context of the countries. Social dialogue, viewed as a process of negotiation, consultation and sharing of information among the constituents, is also a key strategy. In Argentina, tripartite and bipartite dialogue were promoted from the beginning to promote discussion of a DWCP proposal that brought together the interests of constituents with ILO objectives. The more recent tripartite experience in Costa Rica to promote political advocacy and ensure that programme results represent the interests of constituents is the "Tripartite Agreement to Implement ILO Recommendation 204 on the Transition from the Informal to the Formal Economy in Costa Rica," signed in October 2016. The tripartite roundtable was established in March 2017. Prior to this initiative, the country had the National Employment and Productive Development (ENEDP) strategy, prepared with technical assistance from the ILO. Colombia, in the context of a country with an internal conflict that is beginning the pacification process, positioned formalization on the policy agenda of government

levels with decision-making capabilities. The Andean Office and especially FORLAC have played a key role in consultancies to strengthen the new Ministry of Labour and provide information and studies for projects underway.

312. The work of the region through the FORLAC Programme and country interventions led by the ILO offices contributed to learning within the ILO, in the country offices, between the country offices and the regional offices, and between the offices and Geneva. A key lesson included sharing experiences between countries and linking social protection, employment and informality policies. Other lessons learned included: the promotion of political commitment with constituents; effective communication and information flow mechanisms among the countries and between the countries and the regional office. Additionally, synergy was developed between the countries and the regional office and constituents. It was important to harmonize the political and the technical interventions and to use FORLAC publications. One country reported that it could not name the direct effects of the programme in the office, for which reason, no lessons learned were identified for that country office.

313. It is not possible to generalize the impact on beneficiaries of programme outputs. The most favourable reactions were reported in Argentina, where all constituents agreed on the following:

- ✓ Promoting knowledge as a collective construction that values the importance of the subject and the socio-cultural context was an ongoing practice that produced excellent results.
- ✓ Promoting the reading and discussion of the documents prepared, encouraging actors' technical teams to participate in study preparation, taking into account their cultural orientation and the different perceptions and perspectives, was a highly valued practice in the framework of the evaluation of successful policies and instruments to promote the formalization of employment and decent work.
- ✓ "The most important ILO achievement was having encouraged capacity development in the Ministry and in organizations of workers and employers....our organizations have been changing and the context has improved." "Actors do not act based on statistics and numbers; rather, we select information based on our interests...the ILO deserves credit for providing us with publications that combine cold data with warm interpretations: our experience and knowledge. For that reason, we value their training work." Actors highly valued the documents prepared by the ILO office and FORLAC.

314. In Colombia and the Dominican Republic, constituents reported that while the ILO outputs did not produce changes in their teams and institutions, they did serve to improve knowledge and training of the teams. Constituents stated that they focused on the issues of informality, social protection and labour administration. Other changes included the improvement of technical capacities of the team for information collection, prioritizing statistical information and documenting proposals. They also became more aware of the importance of aligning political advocacy with a quality technical base to give legitimacy to their interventions.

- 315 In relation to attitude changes, the formation of a culture of institutional knowledge was mentioned by the technical teams of the Argentine Ministry of Labour and of employers' organizations.
- 316 A first constraint to programme implementation is the budget, which has not increased to respond to the challenge of promoting programmes for the transition to formality from a comprehensive perspective, which go beyond support to ministries of labour to include other government entities. This is key component for achieving effectiveness and sustainability. An example that illustrates these limitations is the strategic budget of Outcome 6 of the 2016-2017 P&B, which the ILO should prioritize. A second constraint is the absence of governance tools to monitor and evaluate programmes and projects to guide the interventions in a timely manner.
- 317 Interviewees reported that conciliation was not strengthened because of changes in the management decision-making strategy, as well as in conflict management. The varying development of monitoring and evaluation tools, particularly in the ministries of labour, underscores the need to strengthen governments in these areas.
- 318 The FORLAC Programme contributes to informality assessments in each country, and also offers a comprehensive policy proposal that has been successful in the countries of the region. This provides inputs to position informality as a priority issue of the DWCP. The programme also made progress in measuring informality in coordination with national statistics institutes, which contributes to monitoring progress in this area.
- 319 The work of FORLAC should continue. The need for information and knowledge has increased in the region and there is a pending research agenda. Impact evaluations of the country experiences systematized by FORLAC and the projects implemented in the programme are also pending. This information will be very useful in defining ILO technical assistance and for constituents.

## VII. LESSONS LEARNED

- 320 **LL. 1.** The DWCP is a management tool for establishing programme priorities defined in consultation with constituents. The objective is to produce results, strengthen tripartite participation (governments and organizations of workers and employers) and coordinate efforts with the ILO, jointly developing a plan and an intervention strategy in the countries of the region.
- 321 **L.L. 2.** To determine the performance of the P&B 2014-2015 and 2016-2017 outcomes, centralized management mechanisms are required for monitoring, oversight and auditing. A specialized team and efficient tools should be used for periodic monitoring to record programme progress and compliance with the planned targets. In the case of the FORLAC Programme, both the ILO headquarters in Geneva and the Regional Planning Unit for Latin America prepare monitoring reports.



- 322 **L.L. 3.** In the experience of the FORLAC Programme, the design and implementation of sector policies were key interventions for incorporating the gender perspective in the countries of the region. In countries such as Argentina and Costa Rica, the experience with the domestic sector and the implementation of multidimensional strategies combined with employers' incentives narrowed the rights gap –from a gender perspective – with respect to the general labour system.
- 323 **L.L. 4.** Obtaining effective results in the formalization of a country with a high level of informality, many low-skilled workers, a limited business network and high levels of public debt implies solid planning and design of a formalization project to prioritize territorial/sector planning and the gradual application to address the challenges inherent in transitioning from the informal to the formal sector, considering the limited country and project resources available.
- 324 **L.L. 5.** Ensure that relevant government agencies incorporate in their statistical sources the collection of information on the informal sector using the harmonization approach proposed by FORLAC for Latin America and the Caribbean.

## VIII. GOOD PRACTICES

- 325 G.P.1** In the framework of ILO initiatives to promote the transition to formality, a good practice is the FORLAC strategy of comprehensive interventions at different levels:
- a) An intervention based on knowledge and capacity building of tripartite actors was prioritized, promoting studies and research on informality from different perspectives: social security, labour inspections and domestic work, which enriched knowledge of the sector and renewed the ILO's position on the issue with a more comprehensive view for policy design.
  - b) The programme worked continually with constituents and their technical teams, strengthening knowledge of the informal sector and developing the capacities of actors. In some countries, joint efforts and knowledge-sharing increased among constituents. This intervention gives actors a full picture of informality and formalization processes.
  - c) The ILO provided technical assistance to governments and constituents for the design of strategies and outputs for policy design. It also created social dialogue channels. Using different strategies, Argentina, Costa Rica and Colombia are examples of successful integrated interventions.
- 326 G.P.2** In the framework of regional office initiatives through the FORLAC Programme and country office interventions, the following lessons were obtained: First, in the Regional Office, and second, in the country offices; between the country and regional offices; and finally, between the offices and Geneva. One of the most important lessons mentioned by interviewees and that had an impact on the different participating institutions is associated with the possibility of sharing experiences among the countries on the one hand, and the possibility of linking social protection, employment and informality policies on the other. Associated with this good practice, institutions highly valued

the promotion of the political commitment with constituents, the communication mechanisms generated and the effective information flow among the countries and between the countries and the regional office.

Interviewees valued these practices because they facilitated the achievement of programme objectives.

## IX. RECOMMENDATIONS

327 **Recommendation 1:** Strengthen FORLAC Programme interventions and the programme’s 2018-2021 budget. This will help consolidate a network to share experiences and discuss policies among the countries, achieving a critical mass of researchers and stakeholders associated with informality, as well as the joint efforts of ILO specialists. The Programme should form partnerships (government, academia and others) to co-finance the Programme.

Units responsible	Priority	Dates	Impact on resources
ILO Geneva ILO Geneva-Coordinator Outcome 6 Regional Office	High	2018-2021	High

328 **Recommendation 2:** The ILO should evaluate its management tools and introduce the changes needed to ensure the coherence and usefulness of programming, monitoring and evaluation instruments of the regional and country offices, and to implement/optimize in the IRIS System Platform the new integrated functions for programming and monitoring plans, programmes and projects. It should also link outcomes with the assigned P & B to avoid the risk of non-compliance with targets. Likewise, the organizational structure should be aligned with those requirements both for implementation and monitoring.

Units responsible	Priority	Dates	Impact on resources
ILO Geneva ILO Geneva -Coordinator Outcome 6 ILO Geneva. Programme	High	2018-2021	High

329 **Recommendation 3:** The ILO should continue to respond to constituents’ demands with respect to knowledge and technical assistance outputs, planning those interventions in accordance with the different country contexts. It should also strengthen advisory services to constituents’ technical teams in the formulation, implementation and evaluation of policies,

standards and laws. Additionally, it should disseminate the studies, outputs and outcomes on social media, with reader-friendly printed materials and diverse events, making use of ICT to reach audiences beyond constituents and beneficiaries.

Units responsible	Priority	Dates	Impact on resources
Regional Office and Country offices	Media	Underway	Medium

- 330 **Recommendation 4:** The outputs resulting from ILO assistance should be expressed in proposals for policies, standards and laws that promote changes in working conditions of the population in their transition to formality, from a gender perspective. This requires technical assistance in knowledge production to focus on the gaps identified. Likewise, it should promote the monitoring of proposals and policies with management tools overseen by high-level decision makers of constituents. These proposals and policies should also be evaluated for their effectiveness and sustainability.

Units responsible	Priority	Dates	Impact on resources
Regional Office and country offices	High	Underway	Low

- 331 **Recommendation 5:** The ILO should encourage the linking of national and sub-national policies to ensure increased sustainability and effectiveness of outcomes. The experiences of PROSEI (Central America)/Santa Fe (Argentina) can be reviewed and evaluated to develop linkage strategies that combine interventions at the level of the informal economy and informal employment (social security, labour inspections, development of services) whether at the regional, provincial or municipal level and incorporating the gender perspective in the new interventions.

Units responsible	Priority	Dates	Impact on resources
Regional Office and country offices	Medium	Underway	Medium

- 332 **Recommendation 6:** The ILO should consider constituents in its political advocacy interventions to develop an agenda that incorporates the interests of constituents that are aligned with those of the ILO, and bipartite or tripartite dialogue. The ILO can rely on experts in discussion channels to fine-tune proposals and disseminate them in diverse areas, promoting change in stakeholders. It can also help ensure that high-level decision-makers in ministries and among constituents are kept updated on the key issues where they can intervene and that they have solid management tools and technical proposals to achieve the commitment of institutions.

Units responsible	Priority	Dates	Impact on resources
Regional Office and country offices	High	Underway	Low

333 **Recommendation 7:** Using a comprehensive approach to address the issue of informality, the ILO should have a single regional repository for knowledge management and learning of actors, which integrates knowledge developed by FORLAC, the Sub-regional Office and country offices, as well as that produced by constituents. The repository should also contain accessible, harmonized statistical information. Moreover, systematized successful experiences should be included to guide new interventions, design better tools for their application and support legal proposals. The repository should use ICT intensively (e-learning; webinar, streaming and others), be user-friendly and easily understood by the diverse actors, contain didactic resources for capacity-building and be adequately disseminated.

Units responsible	Priority	Dates	Impact on resources
Regional Office FORLAC Sub-regional office Country offices Department of Statistics Department of Communication and Public Information Information and Technology Management	Medium	1 year	Medium

334 **Recommendation 8:** Permanently strengthen capacity-building at different levels, both within the ILO and with constituents; and on a temporary basis, considering time and actors, to implement a specific outcome.

335 Empower the responsible ILO parties for the standardized use of tools for supervision, innovation, information management and systematization. Favour self-learning in the topics of ILO expertise, both those corresponding to statistical information, standards, crosscutting approaches, comparative experiences and lessons learned as well as those for programme or project evaluation.

336 Strengthen multi-level learning processes so that constituents acquire comprehensive knowledge of the informality problem (country, state, community). These processes will also teach them to manage statistical information and comparative experiences (legal issues, incentives, interventions, services implemented) at the international, regional and local levels. This will contribute to existing learning communities or create them to promote, legitimize, lobby for or facilitate the desired changes and support the sustainability of the interventions,

according to the authority, responsibility or commitment to the desired changes and when changes occur in political, technical and operational contexts.

Units responsible	Priority	Dates	Impact on resources
ILO, FORLAC Constituents Information and Technology Management Focal points	Medium	Ongoing	Medium

337 **Recommendation 9:** Establish a country strategy for transitioning to formality (long-term), with a roadmap (ad hoc or included in an existing national plan) that goes beyond changes in governments or of authorities and that includes targets (short- and medium-term) that can be measured and evaluated, promoting tripartite consultation and social cohesion.

Units responsible	Priority	Dates	Impact on resources
Country offices and constituents	High	Underway	Medium

## X. ANNEXES

### ANNEX I. COUNTRY CASES

#### Country Report Argentina- Input for the general evaluation report

##### Cluster evaluation on ILO initiatives to promote the transition to formality

###### Methodological Considerations

For the Argentine case, several actors were interviewed: constituents, consultants and specialists of the private and public sectors. Interview guides were prepared in accordance with the type of actor interviewed. Diverse information was also obtained from the websites of ILO Argentina, constituents and other sources.

The following documents were reviewed and analyzed:

Programme & Budget of the biennia 2014-2015 and 2016-2017; DWCP 2005-20015, several DWCP evaluations, revised DWCP 2012-2015, ILO Strategic Policy Frameworks for 2010-2015 and the Transitional Strategic Plan, 2016-2017; Agenda 2030 Implementation Plan; planning and monitoring matrix of Outcome 6; UNDAF of the countries being evaluated; FORLAC publications; Argentine Ministry of Labour and Social Security (MTSS) publications; publications on informality of ILO Argentina and constituents, budget information. Information was obtained from the websites of ILO Argentina, constituents and other sources.

Fieldwork took place over five days in January.

To obtain information on the different countries evaluated, particularly Argentina, the Regional Evaluation Office coordinated the information collection from headquarters, country offices involved in the study and documentation from the FORLAC Programme. FORLAC and the Argentine Programming team also provided the necessary support to obtain information relevant for the Argentine case.

###### Socioeconomic-political context

- The political context during the evaluation period includes the final stage of so-called *Kirchnerismo* (2003-2015), a pro-Peron political movement, accompanied by radical, socialist and humanist sectors, and the Macri government administration (December 2015-present), which leads the PRO group, accompanied by the Radical Civic Union and the ARI Civic Coalition, which comprise the “Let’s Change Front,” which wields considerable weight in the business sector.

*Kirchnerista* policy was characterized by a rejection of liberal and adjustment policies and by the promotion of government intervention in the market. The government was opposed to free trade agreements and led a regional process of relations among Latin American countries, particularly Mercosur.

The Macri government assumed office in December 2015, with a liberal policy vision with less government intervention in the economy. In 2017, it eliminated subsidies and increased electric, water, gas and public transport prices.

- **In economic terms**, Argentina is one of the largest economies in Latin America, with a GDP growth rate of 8.5% during 2003-2008 and of 9.0% during 2011-2012. The World Bank considers it a middle-income country that during the past decade enjoyed sustainable economic development framed in social inclusion policies and insertion in the global free market. Its significant growth prioritized the areas of health and education, allocating 7% and 6% of GDP, respectively.

In 2016, economic policies changed dramatically. The new government devalued the peso by approximately 40%, triggering rising inflation in an economic recession. According to the IMF, beginning in the second quarter of 2016, Argentina began an economic recession, which also affected much of Latin America.

- **The labour market context:** the strengthening of labour institutions, expansion of social protection coverage through a social benefit plan, expansion of collective bargaining coverage, strengthening of active employment policies and the implementation of decent work programmes were the main components of Argentina’s labour policy during the period 2003-2015.

As a result of sustained economic growth and a labour policy defined for 12 years by *Kirchnerismo*, the quality of employment significantly improved: labour informality decreased from 49% to 36%, registered wage employment grew at an annual rate of 8.6%, the labour force participation reached 45% and the employment rate was 41.7%.

Nationwide, the ILO played a key role in labour policy of the Argentine government through the implementation of three DWCP during the period 2003-2015. In 2003, decent work became a national objective through Law N° 25.877 of the Labour Code. That same year, the government made an agreement with the United Nations to include an additional objective for Argentina in the Millennium Development Goals (MDG): 3: Promote decent work. Argentina was the only country in the world to assign that priority to decent work in the context of the MDG.

## Transition to formality. Components

### • Decent Work Programmes

Argentina has implemented three DWCP (2003-2015). The DWCP were an important tool for the country's intervention strategy, addressing the priorities of its constituents in a tripartite manner. The programmes were linked to the ILO Strategic Policy Framework, ILO, P&B documents and the commitments assumed in the Decent Work in the Americas: An Agenda for the Hemisphere, 2006-2015. The results achieved in this framework were the ILO contribution to UN efforts in the country, both in terms of the MDG for Argentina, 2003-2015, and in the UNDAF Argentina, 2010- 2015.

The 2012-2015 DWCP corresponding to the study period proposed five objectives to promote crosscutting social dialogue and gender equality:

- ✓ Reduce labour precariousness, unregistered employment and informality.
- ✓ Improve employability conditions and respond to the requirements of the productive sector.
- ✓ Promote compliance with fundamental rights and principles at work.
- ✓ Consolidate the extension of social protection coverage.
- ✓ Promote social dialogue.

### • FORLAC

This regional programme began in 2013 to generate knowledge, harmonize statistics in the countries that require it and develop capacities of social actors.

From the beginning, the goal of FORLAC was to support governments and social actors in their policy and strategic initiatives to facilitate the transition to formality. It worked at the country level with studies on informality from different perspectives: formalization of national, regional and local policies in the areas of labour inspections, social security, domestic work and others, and it provided technical assistance at these levels to formulate formalization strategies and develop outputs. In Argentina, the FORLAC Programme began in 2014 as an instrument to contribute to and strengthen the DWCP through regional and Argentina-specific studies, especially in labour inspections and social security.

### • Opportunities and challenges

The case of Argentina can be defined as a success in that, unlike the other Latin American countries, it managed to implement DWCP during three consecutive periods and has fulfilled all expected outcomes, including the commitments with the SPF of the ILO, the P&B and the commitments with the Decent Work in the Americas: An Agenda for the Hemisphere, 2006-2015 and with the United Nations (UNDAF).

As the Argentine team confirmed, it had a wonderful opportunity of having a DWCP for three periods with the Ministry of Labour and Social Security (MTSS), whose government objectives fully coincided with those of the ILO. Additionally, its success was due to the formation of a solid, committed team, the leadership of the director and the transparency and clarity of the proposals made. The biggest challenge was to form an integrated team incorporating organizations of workers and employers and the MTSS to achieve DWCP outcomes in a tripartite manner, thus complying with a fundamental principle of the ILO.

## Transition to formality: priorities, outcomes, coverage and impact, challenges

	Outcomes	Coverage and impact	Challenges
<p><b>Priority 1:</b> Reduce labour precariousness, unregistered employment and informality, promoting social protection and the quality and quantity of employment, generating enabling conditions for the development of sustainable enterprises and improved coordination and coherence of economic, social and labour policies.</p>	<ul style="list-style-type: none"> <li>➢ Outcome 1.1 Develop new strategies to reduce informality, unregistered employment and labour precariousness and generate enabling conditions for sustainable enterprise development (CPO 104)</li> <li>➢ Outcome 1.2 Build capacities of the government and social actors to improve coordination of labour policies with economic, productive and social policies to increase the</li> </ul>	<ul style="list-style-type: none"> <li>➢ Informality declined by 14.5% during 2003-2012 and by 1.4% during 2012-2015.</li> <li>➢ In May 2014, Law 26940 on the promotion of registered employment and prevention of electoral fraud was enacted.</li> </ul>	<ul style="list-style-type: none"> <li>➢ The ILO team faced the challenge of developing a strategy to promote the interests of organizations of workers and employers- in many cases with opposing interests -especially through participation in dialogue channels and achievement of tripartite policy proposals.</li> </ul>

	quantity and quality of employment. CPO 101.		
<b>Priority 2:</b> Improve employability and accessibility conditions by promoting increased linkages between education, vocational training and productive sector requirements for youth, promoting decent work and entrepreneurship.	<ul style="list-style-type: none"> <li>➤ Outcome 2.1 Improve employment, education and training actions and policies and consolidate public employment and continuing education service networks, in accordance with productive sector requirements. CPO 126.</li> <li>➤ Outcome 2.2 Analyze, evaluate and develop policies and programmes to promote decent work and entrepreneurship among youth, promoting the linkage between actors and institutions. CPO 128.</li> </ul>	<ul style="list-style-type: none"> <li>➤ The ILO office contributed to the training of the Employment Service Network with documentation of experiences and vocational training. According to MTSS directors, two key targets were: technical assistance for the launching of the first National Council of Continuing Education and the Bi-national Agreement for Standardization of Employment Skills for Latin America, signed by Argentina and Chile.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Promote inter-ministerial coordination for the first National Council on Continuing Education.</li> </ul>
<b>Priority 4:</b> Consolidate the expansion of social protection coverage and promote a culture of occupational risk prevention.	<ul style="list-style-type: none"> <li>➤ Outcome 4.1 The government, in consultation with social actors, strengthened social protection policies to expand social protection coverage (Convention No. 102 and Recommendation No. 202 concerning the social protection floor). CPO 176.</li> <li>➤ Outcome 4.2 The MTSS and social actors implement actions to promote the prevention of occupational risks and illnesses, following the guidelines of the Argentine Occupational Health and Safety Strategy, 2011-2015. CPO 177.</li> <li>➤ Outcome 4.3 The national government and actors strengthen their capacity to improve governance of labour law and the protection of migrant workers, in accordance with ILO conventions. CPO 178.</li> </ul>	<ul style="list-style-type: none"> <li>➤ During 2012-2015, the government ratified Convention No. 189 concerning decent work for domestic workers. Law 26.844 was enacted. It establishes the Labour Contract System for Private Home Staff.</li> <li>Promoted Resolution 2224/2014 of the Occupational Risk Authority, which makes occupational risk coverage of household workers mandatory.</li> <li>The New Law on the Provisional Moratorium 26.930 was enacted, which aims to maintain coverage levels of the social protection system.</li> <li>The Family Benefit Mobility Law was passed, which regulates the updating of family benefits and the universal biannual allocation per child.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Persuade organizations of employers that it is important to improve the quality of employment of domestic workers in the framework of the decent work objective and to build capacities of domestic workers' organizations.</li> </ul>
<b>Priority 5:</b> Promote effective social dialogue that contributes to the preparation and implementation of social and labour policies to advance the labour agenda.	<ul style="list-style-type: none"> <li>➤ Outcome 5.1 The UIA provides new services, improves existing ones and strengthens its institutional capacity to promote the concepts of decent work and sustainable enterprises. CPO 801.</li> </ul>	<ul style="list-style-type: none"> <li>➤ The UIA and the CGT have regularly participated in the three DWCP.</li> <li>➤ Dialogue was the most important tool for promoting participation.</li> <li>➤ The UIA provides new services to partners and strengthens their capacities,</li> </ul>	<ul style="list-style-type: none"> <li>➤ Promote knowledge, the strengthening of capacities and ongoing dialogue with key tools for teamwork among constituents.</li> </ul>



	<p>➤ Outcome 5.2 The CGT implements training programmes and strengthens its research capacity in different areas of decent work. CPO 802.</p>	<p>conducts a variety of studies on employment and informality and has even implemented joint studies with the CGT.</p> <p>➤ The CGT promotes training programmes for trade unions, strengthens their capacities, promotes dialogue, provides services and conducts diverse studies on employment and informality.</p>	
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### Summary of the intervention

The relationship between the ILO office in Argentina and the Kirchner government began in 2003 and continued for 13 years. Their shared interests in labour policy enabled the DWCP to be used as a labour policy tool. The fourth DWCP has not yet been implemented as the change in government and labour policy has impeded it. Creating spaces for dialogue between the government and the ILO office is a pending challenge.

The distinct feature of DWCP implementation in Argentina is its adoption by constituents, from its design to its implementation, monitoring and evaluation.

Two elements were crucial for explaining this ownership: first, the knowledge on capacity development from the perspective of institutional development; second, social dialogue for consensus-building as a result of collective tripartite efforts among the MTSS, the UIA and the CGT.

In Argentina, the FORLAC Programme began in 2014 as an instrument to contribute to and strengthen the DWCP through regional and Argentina-specific studies, especially in labour inspections and social security.

In accordance with ILO knowledge and capacity-building activities, in 2014, the contribution of FORLAC gave actors a full picture of informality and formalization processes. One of Argentina's most successful results was that the materials produced became tools for the design of policies and standards for employment formalization.

The ILO, under the leadership of its director and with a capable, committed team, managed to create mechanisms for ongoing coordination, dialogue and discussion that are expressed in the outcomes achieved. They accomplished this by conducting and disseminating studies, developing capacities and sharing experiences.

• **Outcomes/Outputs**

**O1:** The ILO strategy was to implement processes to promote knowledge of labour issues associated with unregistered employment, informality, labour inspections and social protection. Books, notes and publications (more than 80) of the ILO Argentina office and FORLAC were the outputs that generated and promoted knowledge.

**O2:** The main ILO strategies for achieving outcomes were:

Permanently invest in training of technical teams of constituents and work in parallel at two levels: at the policy level for decision-making and at the technical level to ensure teams are prepared for discussion and proposals.

The most important outputs were:

First National Council on Continuing Education: Social dialogue and employment, with the MTSS.

First Bi-national Agreement for Standardization of Employment Skills for Latin America, signed by Argentina and Chile. National programme to transfer the SENAI-Brazil model.

Impact assessments on decent work policies for youth.

**O4:** The main ILO strategies for achieving outcomes were:

Lead and guide expectations of organizations of workers and employers.

Strengthen the technical capacity of the MTSS to enable it to comply with standards.

The most important outputs were:

Formation of a social protection floor.

Promotion of public policies in social security.

Ratification of Convention No. 189 and Law 26.844.

Preparation of an Informative Passport.

**05:** Political advocacy and knowledge were the key strategies for achieving outcomes.

The most important outputs were:

Scholarships for UIA representatives for ILGO courses and those of the ILO Training Centre.

Project "Demand for skilled, quality employment in the productive sector."

Technical assistance to generate knowledge and publish books and documents.

Having a monitoring group comprised of representatives from the three groups and the ILO, and a Coordination Committee, were essential for the sustainability of policies and for achieving successful results.

## Lessons learned for the ILO

- Develop a long-term vision with short- and medium-term interventions, with an emphasis on political advocacy through standards and laws that guarantee the sustainability of outputs and outcomes.
- Promote the DWCP as a key instrument for responding to constituents' demands and align the third DWCP agreed upon with constituents with the ILO global agenda.
- Form a high-level, committed technical team with leadership capabilities that generates trust among constituents, with appropriate qualifications and the capacity for proposals.
- Link national, provincial and municipal policies from different perspectives: employment, wages, informality, social protection, oversight, as well as sector policies and those for disadvantaged groups to foster integrated policies, sustainable results and significant impact.

With respect to actors, many lessons were learned. Perhaps the most important was to promote the collective construction of a work space where each actor felt his interests were represented. In the case of Argentina, forums with roundtables were organized, which reflected the interests of the MTSS and organizations of workers and employers: SME roundtable, roundtable on the costs of informality and the labour inspection roundtable.

## Annexes

### Annex 1: Fieldwork agenda

Field activities	Location	Date
Meeting and interviews with the ILO technical team Interview with Martha Novick	Buenos Aires. ILO Office	30/01/2017
Meeting and interviews with the INDEC technical team	Ministry of Labour	31/02/2017
Interviews with the ILO technical team Interview with Fabio Bertranaut Meeting and interviews with the UIA team	ILO Office Skype UIA Office	1/02/2017
Meeting and Interviews with the team of the National Labour Policy Directorate Interview with Alejandra Baccara	MTSS	2/02/2017

	Former official	
Interviews with the MTSS Santa Fe team Interview with Carmen Brites-UPACC Meeting and interviews with the team of the Training with Equity for Decent Work Programme of the National Labour Policy Directorate	Skype  Skype MTSS	3/02/2017

## Annex 2: Individuals interviewed

Surname	Name	Organization	Position
Novick	Marta	MTSS	Former assistant secretary for Technical Programming
Scheler	Diego	MTSS	Director-general of Statistics and Labour Statistics of the Technical Programming Secretariat for Labour Studies
De Anchorena	José	MTSS	Sub-secretary for Technical Programming and Labour Statistics
Mera	Manuel	MTSS	National Director of Labour Policies of the Technical Programming Sub-secretariat
Barba	Estela	MTSS	Coordination officer of the Training with Equity Programme for Decent Work of the National Labour Policy Directorate
Muruaga	Fernando	MTSS Santa Fe	Sub-secretary of Labour Control
Cruz	Juan	MTSS Santa Fe	Former Sub-secretary of Employment and Decent Work Policy
Brites	Carmen	UPACP	Secretary of Agreements and Organization
Giulietti	Victoria	UIA	Head of the Social Policy Department and of Legislative and Parliamentary Relations.
Coatz	Diego	UIA	Executive director
Bertranout	Fabio	ILO	Director of the ILO Sub-regional Office for the Southern Cone, Chile
Baccarìa	Alejandra	ILO	Former employee
Pángaro	Alejandra	ILO	Director of the Programming Office
Jara	Antonio	CGT	General secretary to the coordinator of Union Federations of the Southern Cone. Coordinator of the Multidisciplinary Work Team

Gonzalez	Marita	CGT	Coordinator of the Decent Work Multidisciplinary Team
Pok	Cynthia	INDEC	Director of the Ongoing Household Survey (EPH)
Donizetti	Andrea	INDEC	Head of the Labour Force Area of the EPH
Alinovich	Agustina	INDEC	Head of the Poverty Area of the EPH
Cicciaro	Javier	ILO	
Centrángolo	Oscar		Programming Officer
Olivera	Pedro	ILO	Consultant
Sobeck	Kristen	ILO	Director, ILO Argentina Office

## Country Report of the Dominican Republic- Input for the general evaluation report

### *Cluster evaluation on ILO initiatives to promote the transition to formality*

#### **Methodological Considerations**

The information for the case of the Dominican Republic was obtained through interviews with constituents and officials from public and private institutions. Information was also obtained from the website of the ILO, constituents and other sources.

The following documents were reviewed and analyzed:

Programme & Budget of the biennia 2014-2015 and 2016-2017, ILO Strategic Policy Frameworks for 2010-2015 and the Transitional Strategic Plan, 2016-2017; planning and monitoring matrix of Outcome 6; and, the ILO's institutional website.

Qualitative information was obtained mainly through interviews with the ILO team at headquarters in Costa Rica and with representatives of several public and private organizations of the Dominican Republic to which the ILO of Costa Rica provides technical assistance.

The interview guides were prepared in accordance with the type of actor interviewed. Fieldwork took place over three days in December.

To obtain information on the Dominican Republic, the Regional Evaluation Office coordinated the information collection from headquarters, country offices involved in the study and documentation from the FORLAC Programme. FORLAC and the Costa Rican team also provided the necessary support to obtain information relevant to the case.

#### **Socioeconomic-political context**

- The Dominican Republic is considered a middle-income country and is the largest economy in Central America and the Caribbean, with a GDP of US\$ 68.103 billion (2015), according to the World Bank. Over the past two decades, the country has become one of the fastest-growing economies in Latin America and the Caribbean -- with an average real GDP growth rate of 5.4% between 1992 and 2014 --growth mainly driven by the construction, manufacturing and tourism sectors.
- Despite the growth recorded, poverty increased from 32 % in 2000 to nearly 50% in 2004. This increase was mainly due to the 2003 economic crisis, which also led wages to decline by 27%, a figure unchanged to date. Additionally, the wage share of GDP (less than 14%, on average, for the past four years) is one of the lowest in the region.
- With respect to social policy, in recent years, significant measures have been implemented to expand social security networks and improve the health and education system. In 2016, the budget allocation to pre-tertiary education was increased to 4% of GDP (versus 2.3% in 2012), which enabled the construction of thousands of classrooms to reduce overcrowding and allow for longer school days, which resulted in improved learning, according to the World Bank.
- According to the Central Bank, all real minimum wages in the Dominican Republic at the end of 2013 were below those in effect in 1979. This stagnation of the real minimum wage over the past 34 years underscores how this problem has been rooted in Dominican society for decades and how it directly affects the most vulnerable population.
- Urban informal employment is mainly concentrated in the construction, retail trade and transportation sectors. According to the FORLAC report, no significant gender differences exist in informality levels.
- Finally, in terms of the characteristics of enterprises (costs and size) and categories of the employed population in the Dominican Republic, informal employment has remained high over the past 10 years. Nevertheless, if the concept of formality is based on workers' social security coverage, this case demonstrates a significant advance in the level of formalization, given that between 2003 and 2012, coverage of the contributory social security and health system increased by 376.3%, according to FORLAC.

### Transition to formality. Components

- **Country programme**

During 2014-2015, in the framework of Outcome 3: Sustainable enterprises create productive and decent jobs, the ILO provided technical assistance to the "Formalize Yourself" Programme and supported the training of 30 brigade members for programme implementation. It produced promotional materials and implemented the programme in the City of Santiago. The programme is affiliated with the Ministry of Industry and Trade and operates in six provinces. It forms part of the joint public- and private-sector strategy to strengthen SME.

The ILO supported the Technical and Professional Training Institute- INFOTEP, a decentralized public institution that provides vocational training and support services to production, training teachers in the application of innovative methodologies for rural areas. A second ILO knowledge transfer to INFOTEP was the CEFÉ methodology. The ILO also trained 120 trainers of INFOTEP in SIYB.

Also, in 2014-2015, in the framework of Outcome 5, Women and men have better and more equitable working conditions, the ILO conducted and submitted a study on legislative harmonization to tripartite constituents: Dominican legislation and Convention No. 189. The ILO collaborated with the Santo Domingo Technology Institute-INTEC and the Ministry of Labour to carry out a study on social protection and to prepare a proposal for the campaign for enrolment in the contributory and non-contributory systems.

During 2016-2017, based on Outcome 6: formalization of informal employment, the ILO sought to develop capacities and skills of the government, organizations of workers and employers to promote decent employment and the transition to formality. The ILO intervention focused on gender, domestic work, trade unions and health.

The ILO provided technical assistance to the Inter-Union Committee of Female Workers-CIMTRA to prepare the "Women's proposal to reform the Labour Code," submitted to the inter-sector gender committee for reforming the Labour Code, comprised of: CIMTRA, the INTEC's Gender Studies Centre, the Gender and Family Institute of the Universidad Autónoma of Santo Domingo-UASD and the Ministry of Women. The goal is to adapt the Labour Code to reflect the contents of ILO Convention No. 189.

- **FORLAC**

In the Dominican Republic, FORLAC played a key role in supporting institutions that requested technical assistance and professional training. Constituents highly valued the FORLAC intervention.

FORLAC supported the Regional SME Association- ASOREPEME in designing a project submitted to the Solidarity Bank to access credit and guarantee its productive capacity.

In terms of strengthening organizations of employers and workers, the ILO supported efforts to ratify Convention No. 189. FORLAC presented a legislative harmonization study on Convention No. 189 and Dominican legislation. Additionally, it organized two workshops with domestic workers to raise awareness of Convention No. 189. Promotional materials on the Convention were prepared. The ILO provided technical assistance and coaching during the ratification process through meetings and training activities on the scope, principles and importance of the Convention for the country's social and labour development. In May 2015, the country ratified Convention No. 189, making it a Law of the Republic. It is noteworthy that once this law was enacted, social

security coverage in the country rose sharply: in the contributory system alone, coverage has increased from 576,000 people to more than 2 million, in other words, from 18% to 69%, an increase of 376%.

FORLAC published "Informal Employment in the Dominican Republic." Notes on Formalization in 2014.

In the area of harmonization of statistics, it supported the Central Bank in a conceptual revision of surveys.

### Transition to formality: priorities, outcomes, coverage and impact, challenges

	Outcomes	Coverage and impact	Challenges
<b>(2014-2015) Outcome 3:</b> Sustainable enterprises create productive and decent jobs	<ul style="list-style-type: none"> <li>➢ Outcome 3.1 Provide technical assistance to the programme to promote "Formalize Yourself" and to train brigade members.</li> <li>➢ Outcome 3.2 Advise and train INFOTEP teachers in different business training methodologies.</li> <li>➢ Outcome 3.3 Advise ASOREPEME in submitting a project to the Solidarity Bank.</li> </ul>	<ul style="list-style-type: none"> <li>➢ 30 brigade members were trained, 40 SME were formalized, and a women's organization was strengthened.</li> <li>➢ Innovative methodologies for rural areas were transferred to INFOTEP; teachers were trained in CEFE and SIYB.</li> <li>➢ The project submitted by ASOREPEME was accepted.</li> </ul>	<ul style="list-style-type: none"> <li>➢ Develop activities and provide technical assistance to public and private institutions that differ from the traditional ones such as the Ministry of Labour.</li> </ul>
<b>Outcome 5.</b> Women and men have better and more equitable working conditions: Improve the capacity of National Wage Council members.	<ul style="list-style-type: none"> <li>➢ Outcome 5.1 Study on legislative harmonization: Dominican Law and Convention No. 189.</li> <li>➢ Outcome 5.2 Preparation of a study on social protection of domestic workers and development of a campaign to promote enrolment in contributory and non-contributory protection systems.</li> </ul>	<ul style="list-style-type: none"> <li>➢ Convention No. 189 on domestic workers was ratified by Congressional law.</li> <li>➢ Following passage of that law, social security coverage increased in the country. In the contributory system alone, coverage has increased from 576,000 people to more than 2 million, in other words, from 18% to 69%, an increase of 376%.</li> </ul>	<ul style="list-style-type: none"> <li>➢ Promote dialogue and reach agreements among the constituents.</li> </ul>
<b>(2016-2017) Outcome 6.</b> Formalization of informal employment.	<ul style="list-style-type: none"> <li>➢ Outcome 6.1 Advise CIMTRA for the design of a Labour Code reform.</li> </ul>	<ul style="list-style-type: none"> <li>➢ CIMTRA submitted the "Women's proposal to reform the Labour Code," to the inter-sector gender roundtable for Labour Code reform.</li> </ul>	

### Summary of the intervention

The ILO country offices have developed different intervention strategies to achieve programme outcomes. Argentina based its intervention strategies and activities on the DWCP, which were implemented for 12 years. In Costa Rica, despite the efforts of the ILO team, the DWCP did not play a significant role in the intervention. The tripartite ENEDP has been the framework in which the interventions were developed for the past three years.

The Dominican Republic took a different path than the aforementioned countries as it opted for a sector strategy. The country did not have a global vision or an axis around which strategies and activities to achieve results were planned. The interventions responded to the demands of institutions and constituents. There were no processes to link or exchange experiences among the interventions.

Institutions highly rated ILO interventions in different areas. They value the experience of the ILO and consider that the ILO Costa Rica and FORLAC teams are highly trained and acknowledge the focus on knowledge and training as key interventions.

In the case of the Central Bank, the institution has incorporated all recommendations with respect to harmonization of statistics. The country revised surveys and modified several indicators to design a more complete questionnaire, for example, they included informal employment with a different definition than was previously employed. Likewise, with the informal economy at the level of enterprises, where three indicators were incorporated to define it. The world of work in rural areas also has new measurement indicators.

INFOTEC has shown an interest in incorporating the different ILO tools in its study programme. It has included CEFE, SCORE, GIN, ISUN, SYB, all training tools using ILO methodology.

In 2017, INFOTEC plans to incorporate a tool called *maletines*, which simulates a business. It is a game of marketing, costs and finances. This year, it also plans to develop the topic of entrepreneurship through dual training.

**The Formalize Yourself Programme** is an initiative of the Ministry of Industry and Trade, in partnership with the chambers of commerce and the Ministry of Labour. It aims to promote enterprise formalization and strengthen entrepreneurs through a variety of business development services.

The national initiative of the Ministry of Industry and Trade focuses on generating standards on employment, and SME promotion and development. The Programme has developed several tools to facilitate the sustainability of enterprises by reducing costs, creating possibilities for market participation, providing management training and promoting access to credit. The intervention targets entrepreneurs and/or leaders of small production units. The programme does not have an impact on workers.

## Lessons for the ILO

The intervention strategy of the Dominican Republic differs from those of Argentina, Costa Rica and Jamaica.

In these last three countries, governments prioritized a formalization strategy more closely linked to the world of work and to labour standards: establishment of social protection floors, extension of social security coverage, promotion of local development strategies, sector policies and more effective labour inspection policies.

The Dominican Republic has prioritized an intervention for the transition from the informal to the formal economy with a focus on the promotion of entrepreneurship, of micro and small enterprises: access to financial and business development services, access to markets and training of entrepreneurs and employers rather than workers.

Both strategies are valid and are framed within Recommendation 204 on the Transition from the Informal to the Formal Economy, which defines the areas that a comprehensive approach should have.

A second difference is associated with the institutions with which the ILO works. Historically, and in the cases of Argentina, Costa Rica and Jamaica, the ILO traditionally worked with the Ministry of Labour. In the case of the Dominican Republic, a relationship was forged with three institutions other than the Ministry of Labour: the Ministry of Industry and Commerce, the chambers of commerce, the Central Bank and INFOTEC, most likely because their work areas are more closely associated with the informal economy from an enterprise rather than an employment perspective.

Both strategies prioritize knowledge and capacity building as essential for achieving results.

The different approaches and intervention strategies of the two groups of countries are cited to demonstrate the wide range of interventions being developed in the framework of the programmes on the informal sector (this experience actually dates to the 1980s).

## Annexes

### Annex 1: Fieldwork agenda

Thursday, 15 December 2016			
Time	Activity	Contact	Location
9:00 a.m.	Meeting with Miriam Lopez, former ILO consultant and Cecilia García of ASOREPEMEE  ENC  Mlopezjorge@hotmail.com	Miriam López	Eliana's Hotel / Tel. (809) 9726957
11:00 a.m.	Meeting with trade union representatives	Maribel Batista	Hotel
2:30 p.m.	Meeting with officials of the Central Bank of the Dominican Republic  ENC	Betty Bello Cuesta de Chabert	Central Bank of the Dominican Republic, Department of National Accounts and Economic Statistics, Floor 10; Av. Pedro Henríquez Ureña, Santo Domingo / Tel. (809) 383-4020
4:30 p.m.	Meeting with the Vice-minister for the Promotion of Small and Medium-sized Enterprises  ENC	Ignacio Méndez	Ministry of Industry and Commerce, Av. 27 de Febrero No. 209, Ensanche Naco. Santo Domingo / Tel. (809) 604-7836
Friday, 16 December 2016			
8:30 a.m.	Meeting with Edgar Pimentel of INFOTEP	Edgar Pimentel	INFOTEP C/Paseo de los Ferreteros No. 3, Ens. Miraflores, Santo Domingo / Tel. (1809) 653-5659
10:00 a.m.	Meeting with the executive director of COPARDOM	Pedro Rodríguez	COPARDOM, Av. Abraham Lincoln No. 1003, Torre Baltimore, Suite 501, Santo Domingo / Tel. (1809) 683-0013

## Country Report Costa Rica- Input for the general evaluation report

### *Cluster evaluation on ILO initiatives to promote the transition to formality*

#### Methodological Considerations

Constituents and officials of public and private institutions provided information to develop the case study on Costa Rica.

The following documents were reviewed and analyzed:

Programme & Budget of the biennia 2014-2015 and 2016-2017; ILO Strategic Policy Frameworks for 2014-2015 and 2016-2017; planning and monitoring matrix of Outcome 6; FORLAC publications; and, information from the ILO website.

Qualitative information was obtained mainly from interviews with ILO team members in Costa Rica and with constituents.

Interview guides were prepared in accordance with the type of actor interviewed. Fieldwork took place over four days in December.



To obtain information on Costa Rica, the Regional Evaluation Office coordinated the information collection from headquarters, country offices involved in the study and documentation from the FORLAC Programme. FORLAC and the Costa Rican team also provided the necessary support to obtain information relevant to the case.

## Socioeconomic-political context

In the region, Costa Rica has had a successful development history. According to the World Bank, it is an upper middle-income country and has experienced sustained economic growth for the past 25 years. Its growth strategy is based on an openness to foreign investment and a gradual process of economic liberalization.

The combination of political stability and sustained growth has made it one of the countries with the lowest poverty rates in the region.

GDP growth in 2016 was an estimated 4.3% and GDP per capita was US\$ 16,000.

In terms of the labour market, 2015 and 2016 were not the best years: unemployment rose from 6.1% in 2014 to 8.1% in 2016. In the third quarter of 2015, informal employment reached its highest rate since 2010, at 45.7%, according to the Continuous Employment Survey. With respect to the income variable, per capita income in Costa Rica has tripled since 1960, with an average growth rate of 4.5% between 2000 and 2015 (surpassing the Latin American growth rate of 3.8% during the same period). The 65% of informal workers who work in the formal sector earn less than two minimum wages.

With respect to GDP, unlike the rest of the region, which experienced a severe deterioration, GDP growth in Central American countries was approximately 3.8%, as compared with South America, where a contraction of -2.2% is expected, according to the *2016 Labour Overview*.

Costa Rica is a world leader in environmental policies and achievements, enabling it to create a “green brand,” which is considered a factor of the country’s success. Its strategies for the conservation of forests and biodiversity (based on the programme of payment for environmental services) has led Costa Rica to become the world’s only tropical country to reduce deforestation.

## Transition to formality. Components

### • Country Programme

Three outcomes were planned for the biennium 2014-2015: Outcome 3, Sustainable enterprises create productive and decent jobs, which seeks to design measures to develop the competitiveness and sustainability of enterprises and the environment as part of a strategy for job creation and poverty reduction.

During 2014-2016, Costa Rica, El Salvador and Honduras implemented the project “Promoting respect for the labour rights of workers in the informal economy” (PROSEI). The project had a sub-regional focus and promoted policies to facilitate the transition to formality.

The ILO advised the government in formulating the National Implementation Strategy for Employment and Productive Development (ENEDP) to implement public policies and improve planning, monitoring and evaluation mechanisms. In the framework of the ENEDP, the Ministry of the Economy, Industry and Commerce established the Programme to Formalize Microenterprises to improve working conditions of the informal labour force.

For Outcome 5, Women and men have better and more equitable working conditions (CRI 133), the ILO provided technical assistance to the National Wage Council (CNS) on effective wage policies and on the minimum wage for domestic workers. It also provided assistance for Output 6 to make the changes necessary to increase social protection coverage of domestic workers. Outcome 18, international labour standards are ratified and applied, was also included.

For the biennium 2016-2017, the following outcomes were considered: Outcome 1: More and better jobs for inclusive growth and improved youth employment prospects. (CRI 133). There is no report on the implementation status of this outcome and CRI 125; and Outcome 6, formalization of informal employment, (CRI 105), seeks to promote the design of a formalization strategy

(Recommendation 204) and to support the Ministry of Labour and Social Security (MTSS) in two areas: ENEDP management and the modernization of the public employment services.

On 3 October 2016, the “Tripartite Agreement for the Implementation of ILO Recommendation 204 on the Transition from the Informal to the Formal Economy in Costa Rica” was signed.

• **FORLAC**

FORLAC has advised the Central Reserve Bank in incorporating indicators in the variable employment survey considering the need to harmonize statistics. It also made technical missions to provide survey training to the Bank’s technical team.

In the framework of the PROSEI project, FORLAC supported the definition of the informal economy model in the Permanent Multipurpose Household Survey of the National Statistics Institute.

**Transition to formality: priorities, outcomes, coverage and impact, challenges**

	<b>Outcomes</b>	<b>Coverage and impact</b>	<b>Challenges</b>
<b>(2014-2015) Outcome 3:</b> Sustainable enterprises create productive and decent jobs	<ul style="list-style-type: none"> <li>➢ Outcome 3.1 Identify and systematize successful institutional models of business promotion at the international level.</li> <li>➢ Outcome 3.2 Provide assistance for the drafting of the legal bill to establish ProEMPRESA.</li> <li>➢ Outcome 3.3 Support efforts to raise awareness of key actors on the strategic importance of institutional reform.</li> </ul>	<ul style="list-style-type: none"> <li>➢ The ILO proposed the Programme to Formalize Microenterprises, ProEMPRESA, and the draft legislation to temporarily suspend the contribution of informal enterprise employers to the Social Development and Family Benefit Fund and to the Mixed Social Aid Institute.</li> </ul>	
<b>Outcome 5:</b> Women and men have better and more equitable working conditions: Improve capacities of members of the National Wage Council.	<ul style="list-style-type: none"> <li>➢ Outcome 5.1 Provide technical assistance to the National Wage Council on wage policies.</li> <li>➢ Outcome 5.2 Provide technical assistance to the CCSS to increase enrolment of domestic workers in social security.</li> </ul>	<ul style="list-style-type: none"> <li>➢ The ILO team provided technical assistance to the National Wage Council on effective wage policies and on the minimum wage for domestic workers.</li> </ul>	<ul style="list-style-type: none"> <li>➢ Promote dialogue and achieve agreements among constituents.</li> </ul>
<b>Outcome 18:</b> International labour standards are ratified and applied (CRI 826).	<ul style="list-style-type: none"> <li>➢ Outcome 18. 1: Campaign to raise awareness on Convention No. 189.</li> <li>➢ Outcome 18.2: Training plan on the application of Convention No. 189.</li> </ul>	<ul style="list-style-type: none"> <li>➢ To achieve this outcome (Outcome 18), the ILO provided technical support and coaching during the ratification process of the Domestic Workers’ Association of Costa Rica (ASTRADOMES), the National Women’s Institute (INAMU), and the Ministry of Labour and Social Security (MTSS). Technical support focused on providing relevant information to support the importance and ratification of the Convention before Congress.</li> </ul>	<ul style="list-style-type: none"> <li>➢ Achieve a proposal that will lead the Congress to ratify Convention No. 189.</li> </ul>
<b>2016-2017 Outcome 1:</b> More and better jobs for inclusive growth and improved youth			

employment prospects. There is no report of implementation status for this outcome.			
<b>Outcome 6:</b> Formalization of informal employment.	<ul style="list-style-type: none"> <li>➤ Outcome 6.1 Promote the design of a formalization strategy (Recommendation 204) and support the MTSS in two areas: ENEDP management and modernization of the public employment service.</li> </ul>	<ul style="list-style-type: none"> <li>➤ In late 2016, the “Tripartite Agreement for the Implementation of ILO Recommendation 204 on the Transition from the Informal to the Formal Economy in Costa Rica” was signed, with the participation of the six trade union organizations, UCCAEP, the MTSS, the CCSS, the Ministry of the Economy, Industry and Commerce and the Ministry of Women, the president of the Legislative Assembly and the ILO Sub-regional Director for Central America, Panama, the Dominican Republic and Haiti. A tripartite roundtable was established in March 2017.</li> </ul>	

### Summary of the intervention

Costa Rica is the sub-regional headquarters for Central America, Panama, the Dominican Republic and Haiti. The ILO Office in Costa Rica has developed an intervention strategy without a DWCP. It has focused on developing tripartite projects.

From an enterprise perspective, in the biennium 2014-2015, the ILO provided technical assistance to the government to design the Pro-EMPRESA Programme, through studies on international experiences in formalization in Latin America and the Caribbean through FORLAC. It also provided technical assistance with Costa Rican government resources to prepare the draft legislation.

The PROSEI Project was an interesting sub-regional experience during 2014-2015. It was implemented in Costa Rica, El Salvador and Honduras to design and promote policies to facilitate the transition to formality. It would be interesting to monitor this sub-regional project and promote its linkage to national policies to achieve greater impact.

Among other important ILO interventions in Costa Rica, the ILO technical assistance to the ENEDP Project is of note. In the framework of the ENEDP, the Ministry of the Economy, Industry and Trade established the Microenterprise Formalization Programme to improve the working conditions of informal workers.

With respect to FORLAC, the team supported the ILO Office in Costa Rica through several interventions:

In terms of productive development and productivity policies, it provided technical assistance for the drafting of a national production policy led by the Ministry of the Economy, Industry and Trade and supported the formulation of an industrial policy of the Costa Rica Manufacturing Chamber of Commerce. It also contributed to the development of an agency to stimulate business innovation, FOMProduce.

The team provided technical assistance to the INA in demand for skills with research into training needs for the training area.

With respect to policies for the transition to formality, FORLAC reviewed the legal framework with a view to promoting the formalization of microenterprises without affecting workers’ rights.

### Lessons for the ILO

- The Costa Rican experience is quite recent. The evaluation demonstrates that the country is on the path to success given the strategy used, its clear objectives, insistence of dialogue as an essential tool, the leadership of the ILO director and the results achieved to date.
- A good practice that led to the implementation of the ENEDP, PROSEI and the Public-Private Partnership for Productive Development was the creation of bipartite and tripartite social dialogue mechanisms. Social dialogue generates trust, promotes the democratic participation of participants, and fosters the management and sustainability of outputs.
- With respect to FORLAC, the following lessons were learned:
  - ✓ Information and knowledge are essential tools for capacity building, for establishing solid teams with a capacity for proposal, and for making outcomes effective and sustainable. Capacity-building contributes to the quality of human resources, organizational development and institutional strengthening. Knowledge should be used as a permanent tool for ILO and constituent teams.
  - ✓ Disseminating information through new information and communication technologies (ICT) provides tools for managing data, processing and disseminating information and ideas and promoting knowledge, with lower costs and greater reach.
- Coaching, monitoring and systematization of experiences with clearly established objectives and priorities from the beginning will help guide ENEDP interventions, make them more efficient and contribute to achieving the expected results. The participation of constituents enriches the results and contributes to their sustainability.

## Annexes

### Annex 1: Fieldwork agenda

### Annex: Individuals interviewed

Surnames	Name	Organization	Position
Moreno	Carmen	ENC	Director
Alvarado	Carlos		Former minister of labour
Araya	Jorge	ENC	UCCAP president
Gómez	Olga	ENC	Secretary-general Rerum Novarum Union Federation
Ferreira	Leonardo	ENC	Assistant director
Illata	Rodrigo	Rerum Novarum	Finance secretary
Ramírez Bogantes	Álvaro	ENC	Coordinator, The Dominican Republic
Martínez	Gerson	ENC	Coordinator, Costa Rica
Carella	Francisco	ENC	Employment specialist
Valverde	Oscar	ENC	Specialist, workers' organizations

Romero	Walter	ENC	Programming specialist
Chamorro	María José	ENC	Gender specialist

## Jamaica Country Report- Input for General Evaluation Report

### *Cluster evaluation on ILO initiatives to promote the transition to formality*

#### Methodological considerations

To obtain information for analyzing the Jamaica case was to interview key people associated with project development. Interviews were done through teleconferences. In addition, videos were obtained to listen the point of view of other key people and beneficiaries. Several qualitative and quantitative bibliographic sources were also reviewed to document the case.

It was important to identify the contributions of the ILO Programme. However, the main limitation was being unable to locate the project design document. Neither was a document systematizing the project found.

#### Socio-economic and political context

1. Jamaica is a small country with an open economy<sup>173</sup> and low income.<sup>174</sup> It has a population of over 2,725,000 (as of 2015)<sup>175</sup>, inhabiting an area of 10,990 Km<sup>2</sup>. Initially a Spanish possession and then a British possession, it gained its independence in 1962.<sup>176</sup> Since 1990, the government has alternated between the People's National Party and the Jamaica Labour Party. It is located in the Caribbean Sea, 144 km south of Cuba and 190 km from the island of Hispaniola.<sup>177</sup>
2. With the liberalization of the economy, as a result of reform and stabilization programmes, the composition of the economy changed, and people who had worked in agriculture were displaced to other sectors of the economy. That created greater inequalities, especially among unskilled workers displaced from rural areas to other geographic regions with more precarious conditions.<sup>178</sup> Jamaica ranks 99th out of 188 countries on the Human Development Index (0.719).<sup>179</sup> It also ranks 94th out of 148 countries according to the Global Competitiveness Report, 2013-2014. Among the main problems for doing business cited in the report are government bureaucracy, crime, corruption and tax rates.
3. Since the global economic crisis of 2008, there has been a decline in the most important export industry, bauxite and aluminium; in addition, tourism has stagnated, and remittances have decreased.<sup>180</sup> All of these were important sources of foreign currency. Jamaica's economy is slowly recovering from the effects of the crisis. In 2015, the country's GDP reached US\$14.262 billion, reflecting a recovery in annual growth (see Table 1), and annual inflation stood at 7.07%. Gross per-capita income was US\$5,050.<sup>181</sup>

<sup>173</sup> Jamaica implemented aggressive liberalization of imports and capital and exchange markets in the 1990s. Cf. ILO (2010) Informal Employment in Jamaica. In: Notes on Formalization – FORLAC. Regional Office for Latin America and the Caribbean.

<sup>174</sup> <http://www.enterprisesurveys.org>

<sup>175</sup> World Bank (2017) World Development Indicators. At <http://databank.bancomundial.org/data/reports.asp> x?source=2&country=JAM# . Data from Database: World Development Indicators

<sup>176</sup> Jamaica's parliamentary system is based on the British model and shares many of its basic characteristics. A legislator who obtains the support of the majority of the lower chamber, who invariably is the leader of the majority party, is invited by the Governor General to serve as prime minister and to name the Cabinet ministers. The prime minister is the head of government.

<sup>177</sup> Where Haiti and the Dominican Republic are located.

<sup>178</sup> ILO (2014) Informal Employment in Jamaica. In: Notes on Formalization – FORLAC. Regional Office for Latin America and the Caribbean.

<sup>179</sup> UNDP (2015) Human Development Report. Work for human development 2015.

<sup>180</sup> There are large Jamaican communities abroad, especially in the United States, Canada and the United Kingdom. The 2011 Migration and Remittances report published by the World Bank estimated that approximately 985,000 Jamaicans live abroad, representing one-third (36.1 per cent) of the country's population. In: IOM (2012) Migration in Jamaica. A country profile.

<sup>181</sup> World Bank (2017) World Development Indicators. At <http://databank.bancomundial.org/data/reports.asp> x?source=2&country=JAM# . Data from Database: World Development Indicators. Data as of 2015.

4. Pressure on the balance of payments persists because of the size of exports (29.8% of GDP<sup>182</sup>) compared to imports (45.16% of GDP); the government's fiscal ability to offer social services and stimulate economic development has also deteriorated.<sup>183</sup>
5. The effects of external shocks and high public debt have weakened the economy. GDP growth also remains low, compared to the level needed to eliminate poverty and reduce inequality. Jamaica's public debt/GDP ratio has remained above 125% since the early 2000s. As of 2015, the debt stood at USD 14.121 billion.<sup>184,185</sup> In 2016, Jamaica accepted new financial assistance<sup>186</sup> to stabilize the economy and reduce the debt, with an aggressive plan of reforms to promote investment.

### Informality context

6. According to the Statistical Institute of Jamaica,<sup>187</sup> as of January 2016, the working-age population was 2.88 million people, and the economically active population (EAP) was 1,342,000 workers. The occupied EAP was 1,163,000 workers, of whom 57 % were men and 43% women. There were 178,200 unemployed people, of whom 42.3% were male and 57.3% were female. The unemployment rate was 13.3% and the job-search rate was 8.4%. The unemployment rate increased after the global crisis began, and youth unemployment has maintained its traditional level of nearly twice the national rate.
7. It is an economy whose performance is characterized by scarcity of resources, which affects the quality of life of the poorest people, especially the least-skilled workers.<sup>188</sup> This is reflected in underground, illegal and irregular employment, which are manifestations of informal employment. In 2001, Jamaica was estimated to have more informal workers (53% of workers, 496,330) than formal employees; 46% were self-employed (225,978), 36% were wage earners (178,441) and 18% were unpaid workers, farmers and other workers (91,911). Of formal workers, about 443,670, or 93%, were wage earners.<sup>189</sup> Various studies<sup>190</sup> in recent decades have measured and analyzed aspects of informality. Jamaica has adopted a measurement of informality,<sup>191</sup> according to the ILO, this measurement has remained practically constant over the years. Since 2008, it has been decreasing at a rate slightly higher than that of overall employment, but its share of total employment has remained relatively constant.<sup>192</sup>
8. According to the IDB (2006) and ILO (2014), the reasons for informality include slow and low economic growth with little job creation, regulatory distortions, tax evasion, illegal activities and the desire for independence.<sup>7</sup> Informal workers also have a lower educational level than formal employees. More than 80% of men and 75% of women with informal jobs did not pass external exams,<sup>193</sup> indicating that they have little formal education. While less than 2% of men and 2% to 3% of women in informal employment have degrees, among formal employees<sup>194</sup> that figure is about 22% of men and 35% of women. According to the ILO (2014), the transition of young people into decent work posed difficulties for approximately 39% of those who found a decent job. This group spent an average of 33 months alternating among unemployment, short-term jobs and inactivity. The young people most likely to make a successful transition were urban men with at least a secondary education.<sup>195,196</sup>

<sup>182</sup> Idem

<sup>183</sup> ILO (2014) Informal Employment in Jamaica. In Notes on Formalization – FORLAC. Regional Office for Latin America and the Caribbean.

<sup>184</sup> World Bank (2017) World Development Indicators. At <http://databank.bancomundial.org/data/reports.aspx?source=2&country=JAM#>. Data from Database: World Development Indicators

<sup>185</sup> In May 2013, the Jamaican government and the IMF signed a four-year "Extended Fund Facility" agreement that included a US\$958 million loan, supplemented by another US\$1.02 million from the World Bank and Inter-American Development Bank. The agreement required the government to meet certain conditions, including a national debt exchange (NDX), fiscal measures and a wage freeze for government officials. The government's main objectives were to reduce the public debt to sustainable levels (95 per cent GDP in seven years) and achieve a primary surplus (income minus expenses, not counting debt service) of 7.5 per cent of GDP. Spanish Ministry of Foreign Affairs and Cooperation Diplomatic Information Office.

<sup>186</sup> Lenders: IDB, which backed Jamaica from 2016-2021, focusing on three objectives: (1) improving public sector management; (2) increasing productivity and private-sector growth; and (3) reinforcing the protection and development of human capital. Cross-cutting issues: crime, resilience to climate change and gender. To date, US\$523 million loan. Between 2009 and July 2014, the bank approved approximately US\$1.58 million in 22 loans, including two operations without sovereign guarantee, and US\$17 million in 43 technical cooperation operations. At: [www.iadb.org/es/paises/jamaica/jamaica-and-the-bid-1051.html](http://www.iadb.org/es/paises/jamaica/jamaica-and-the-bid-1051.html). <http://www.iadb.org/es/oficina-of-evaluacion-and-supervision/evaluacion-of-programme-of-pais-jamaica-2009-2014,18572.html>. In 2016, the International Monetary Fund authorized a three-year Stand-By Arrangement (SBA) for US\$1.64 million to continue the reform agenda and achieve macroeconomic stability while employment increased and people's standard of living improved, with effects on the gradual reduction of poverty, which is still very significant. The idea is to support employment growth, social protection, including public-sector efficiency; reduce debt/GDP to 60 per cent; modernize monetary policy; and reinforce the financial system's ability to recover. In: IMF Communications Department by Media Relations. Press Officer: Raphael Anspach.

<sup>187</sup> Statistical Institute of Jamaica (January 2016). Data Table by data Zoa Jamaica

<sup>188</sup> ILO (2014) Informal Employment in Jamaica. In: Notes on Formalization – FORLAC. Regional Office for Latin America and the Caribbean.

<sup>189</sup> The Informal Sector in Jamaica. IDB. December 2006.

<sup>190</sup> Witter and Kirton (1990); Tokman and Klein (1993); "The 1996 Micro and Small Enterprise Survey of Jamaica" provides a comprehensive analysis of more than 2,000 non-agricultural micro- and small enterprises (each employing fewer than ten paid workers). In: The Informal Sector in Jamaica. IDB. December 2006. In 1986, the IDB estimated that about 33 per cent of the work force was in the informal sector.

<sup>191</sup> Statistical Institute of Jamaica (January 2016). Data Table by dataZoa Jamaica. The Statistical Institute of Jamaica has adopted the ILO's definition of the informal sector. In its estimations of informal employment, it excludes people who work in agriculture, fisheries, silviculture and hunting, because of the difficulty of estimating their numbers. It also excludes those who perform domestic labour, because they cannot be classified in the informal or formal sector.

<sup>192</sup> ILO (2014) Informal Employment in Jamaica. In: Notes on Formalization – FORLAC. Regional Office for Latin America and the Caribbean.

<sup>193</sup> An exam arranged by people outside a student's own school, college or university. <http://dictionary.cambridge.org/spellcheck/english/?q=outside+exam>.

<sup>194</sup> The unemployment rate has also been rising since the beginning of the global crisis, and youth unemployment maintains its traditional level of nearly twice the national rate.

<sup>195</sup> ILO (2014) Formalizing the Informal Youth: Innovative Experiences in Latin America. Youth and Informality series. FORLAC, ILO Regional Office for Latin America and the Caribbean.

<sup>196</sup> Jamaica has taken various steps to encourage entrepreneurial initiative among young people, including training, mentoring, contact with stakeholders in the business world and financial support (Digital Jam 2.0, Start-up Jamaica, the Young Entrepreneurs Association that began in 2005, and the Peer Mentorship Program) In: Brandon 2014, Promotion of Entrepreneurship and Self-Employment of Youth in Jamaica: innovative experiences. White paper. Lima, ILO Regional Office for Latin America and the Caribbean.

## ILO interventions from 2014 to 2015

9. The formalization of informality was established by the ILO as one of the priority attention areas in the Latin America and Caribbean region, to be addressed through the consolidation of the FORLAC Programme. Jamaica, among other countries, was selected for its priority implementation, with a focus on formalizing small enterprises through local economic development.<sup>197</sup>
10. The programme for Jamaica was called "The informal economy: building the capacity of communities to foster employability and better jobs, especially for young people." The project's objective was to address the greatest and most urgent challenge for Jamaica's labour market: the lack of job opportunities, which is considered a demand-side problem.
11. The expansion of employment opportunities and reduction of job vacancies and local unemployment were the expected outcomes of the programme. These results were to be achieved by: a) strengthening the abilities of communities, the local government, local business networks, and owners of micro- and small enterprises to capitalize businesses and employment opportunities; b) strengthening job market mechanisms to minimize the number of unfilled job vacancies at the local level; and c) improving the employability of local labour to respond to identified employment opportunities.
12. The reduction of informality in the local economy was another planned outcome of the programme. This would be achieved through the joint efforts of job market institutions, by adopting and implementing a local employment programme for the community. This is important because measures for reducing informality must be integrated with efforts to expand employment opportunities and reduce unemployment and unfilled vacancies. This would require better registration with local government institutions; compliance with labour regulations; and participation, especially, of informal micro- and small enterprises in public and private support programmes.
13. The programme's main strategy used a Local Economic Development (LED) approach to build the capacity of communities to identify challenges and opportunities related to employment and the job market, and to plan and implement interventions. A national steering committee would oversee the programme to ensure the integration of local plans with national policies and programmes. This steering committee would include social interlocutors, the two key ministries, the Heart Trust Institute,<sup>198</sup> the Planning Institute of Jamaica, the Jamaica Business Development Corporation and other private and public sector entities.
14. Pilot Project "Formalization of the informal economy in Jamaica" (Time frame: October 2014 – November 2015<sup>199</sup>). The project's objective was to support capacity building for local communities to promote employability and better jobs. The project was fully financed by the ILO (US\$ 456 820)<sup>200</sup>. Project target group:<sup>201</sup> Small and medium-size enterprises with the potential for moving into the formal sector, as well as those reluctant to register formally or operate with knowledge of laws and regulations. And workers, including self-employed workers, unpaid family workers, workers in the informal sector, unregulated/informal workers connected to the formal sector, formal workers at risk of becoming informal, underemployed workers, and young people who do not find formal work, as well as people with disabilities and women.
15. The project also involved micro- and small enterprises<sup>202</sup> operating in the two pilot communities, by laying the groundwork for successful implementation of programmes to promote, facilitate and support job creation while increasing the quality of employment, which should reduce informality. The project was designed to contribute to formalization of both labour relations and informal enterprises, including MSMEs.<sup>203</sup> The program was linked to both national and local policies.
16. Other challenges in Jamaica include stigmatization of and discrimination against informal workers and informal enterprises; the lack of skills in key areas; the lack of information about formalization; the reluctance on the part of some small and medium-size enterprises to be formalized; complexity and high costs in the process of registering enterprises; poor entrepreneurial culture; low productivity; lack of a political or legislative agenda on formalization; lack of an enabling environment for microenterprises and small enterprises, including reduced access to credit and other businesses development services; and high proportions of vulnerable youth and youth in at-risk situations.
17. In 2014, the ILO and the Ministry of Labour and Social Security (MLSS) began to collaborate on the development of the pilot project. The MLSS chose the communities, based on available information and with the goal of intervening in both urban and rural areas. The selected communities were Granville (urban) and Garland (rural), in St. James Parish in western Jamaica. The base line study identified 60 businesses in Garland and 98 in Granville. Business owners in both communities faced constraints in complying with requirements for owning and operating a business.
18. The main stakeholders were the Ministry of Labour and Social Security, other ministries, small business associations, and organizations of employers and workers.<sup>204</sup>
19. The project sought to establish a sense of ownership of the project among the principal stakeholders with whom the project information was shared. Two committees were established, one national and one local; both were tripartite. The Ministry of Labour chaired the national committee. The committees met quarterly during the project cycle.<sup>205</sup>

<sup>197</sup> The ILO in Latin America and the Caribbean. Advances and Perspectives. See: [http://www.ilo.org/americas/publicaciones/WCMS\\_243878/lang-en/index.htm](http://www.ilo.org/americas/publicaciones/WCMS_243878/lang-en/index.htm)

<sup>198</sup> The main institution responsible for skills development.

<sup>199</sup> [http://www.ilo.org/caribbean/projects/WCMS\\_532641/lang-en/index.htm](http://www.ilo.org/caribbean/projects/WCMS_532641/lang-en/index.htm)

<sup>200</sup> RBSA funds: US\$ 325,000, including outside contracts, training, data collection, ILO staff travel and other items.

<sup>201</sup> Report on ILO pilot project on formalization of the informal economy in St James Parish, Jamaica (Granville and Garlands/Horseguards communities).

<sup>202</sup> Report to Minister, Pilot Project on Formalization of the Informal Economy in St James Parish Jamaica (Granville and Garlands/Horseguards Communities)

<sup>203</sup> Micro, Small and Medium Size Enterprises (MSMEs).

<sup>204</sup> [https://www.ilo.org/caribbean/projects/WCMS\\_532641/lang-en/index.htm](https://www.ilo.org/caribbean/projects/WCMS_532641/lang-en/index.htm)

<sup>205</sup> Report to Minister. Pilot project on formalization of the informal economy in St James Parish Jamaica.



20. The project was supported by two outside consultants, a national coordinator and a local economic development coordinator. This model was supplemented with monthly visits from the ILO Enterprise specialist in Port of Spain and support from other specialists in Port of Spain, the Regional Office and headquarters in Geneva.

### **ILO interventions from 2016 to 2017**

21. Work in Jamaica is conducted within the framework of a broader sub regional strategy of formalization related to RBSA funding proposal SPS129. Budget: US\$ 87,000, including funds for gender equality and non-discrimination, and social dialogue.
22. The Milestones and main outputs were: (1) Preparation of awareness-raising material about the costs associated with informality and ways of addressing problems associated with informality, as identified in Recommendation 204.; (2) Advisory services, training and capacity building for the collection and analysis of statistics and other data, and the design and regulation of gender-sensitive policies in the transition to formality (3) Packages of policies formulated to address informality, including the promotion of employment, compliance with regulations, social security, and better workplace safety and health; and (4) Research on policies for improving the cost-benefit ratio of formalization, labour rights, promotion of autonomous employment, apprenticeship systems.
23. The beginning of a new government in Jamaica in March 2016 led to staff turnovers at all levels. Conversations about the project's continuity stalled. Dialogue between the government and the ILO about the Decent Work Country Programme (DWCP) began, but the programme has not yet been officially designed.
24. There was also a change of director in the ILO office in Port of Spain, which led to a reassessment of priorities related to technical assistance in Jamaica.

### **Main findings**

#### **Relevance** (including coherence & coordination)

25. It is noteworthy that the project (2014-2015) incorporated and implemented some elements of Recommendation 204, approved in June 2015, particularly references to social dialogue and the promotion of enterprises, microenterprises, small enterprises, medium-size enterprises and other models for enterprises and economic units, such as cooperatives and other units of the social and solidarity economy.<sup>206</sup>
26. Creation of knowledge among beneficiaries from the communities and the micro- and small enterprises enabled them to improve their performance. The project demonstrated the ILO's ability to transfer knowledge through proven tools for the transition to formality.
27. It is important to have a detailed chart, with contributions from diverse entities, of recommendations for measures to be implemented by the Jamaican government to consolidate the project's outcomes. It was a result of the validation/dissemination workshop held in November 2015 to evaluate the progress of the pilot, discuss the project's outcomes and define the next steps.

#### **Efficiency**

28. One important accomplishment was that participants were introduced to the benefits of formalization of unregistered business and self-employed workers, as well as opportunities created when informal workers formalize (2014-2015). Jamaican constituents and other key stakeholders learned about international experiences and examples of formalization efforts.<sup>207</sup>
29. The interviewed said the project helped micro- and small enterprises develop the ability to organize through the formation of cooperatives and to improve their performance in the market.
30. However, those interviewed said they were unaware of the programme beneficiaries<sup>208</sup> current labour or business situation. They also said the steering committees (national and local) no longer operated. Once the project ended (2015), there was no systematization of the experience, nor was there an ex-post evaluation that would make it possible to gauge the sustainability of the outcomes and whether they were important for proposing local or national policy and ensuring that institutions in the country took ownership of them.

#### **Effectiveness**

31. The strategy for obtaining the outputs was based on the collection of information and dissemination of knowledge (phase 1), establishment of a tripartite structure (phase 2) and capacity building (phase 3). In the third phase, the benefits of formalization for people who are starting a business were demonstrated. The participants understood the importance of decent work and associated rights, including the benefits of dialogue and social protection. For enterprises, the focus was on the benefits of registration and obtaining licenses, formalization, and access to financing and business services.
32. The outcomes achieved correspond to the level of development of the selected communities and the limited time defined for implementation of the project. Both the reduced skill level of the work force and weaknesses in the business fabric are evident. It must therefore be understood that the project is just the beginning of other interventions that can gradually be proposed to make a transition to formality possible, and to make it sustainable.

<sup>206</sup> [http://www.ilo.org/dyn/normlex/es/f?p=NORMLEXPUB:12100:0::NO::P12100\\_ILO\\_CODE:R204](http://www.ilo.org/dyn/normlex/es/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:R204)

<sup>207</sup> Report on Ilo Pilot Project on Formalization of The Informal Economy in St James Parish, Jamaica (Granville and Garlands/Horseguards Communities).

<sup>208</sup> After this one-year project ended, there was a change in government, and it was necessary to discuss the formalization agenda with the new government. Since then, the new government has been presented with a final report and has requested that the project be scaled up to the national level.



33. Cohesion of stakeholders with shared interest: The creation of national and local tripartite venues made it possible to bring stakeholders together around the issue of the transition from informality to formality during the project time frame. Social dialogue became a tool for building consensus and accompanying the project's implementation.

#### **Impact**

34. Many beneficiaries spoke positively of the formalization project, because the information provided enabled them to appreciate relevant issues in the transition from the informal to the formal economy.<sup>209</sup>
35. The project's target population was very broad, especially considering the allocated budget and time frame. It is suggested that this crucial design aspect be reviewed for future interventions.
36. Public employment and social protection services became more accessible to people. The project fostered a cultural change in the beneficiary population that people lacked expectations, by advising them that they were subjects of rights in labour relations and possible beneficiaries of public services, and that they could access services for private activities (Jamaica Business Development Corporation (JBDC)). They learned about teamwork through the cooperatives and also about new ways of doing business.
37. The participants understood the importance of decent work and associated rights, including the benefits of dialogue and social protection. They also received information about social security from the National Insurance Board (NIB) and the Jamaica Business Development Cooperation, as well as presentations from successful businesspeople in the community, which motivated the participants.
38. The interviewees indicated that there was a cultural change, they also learned about labour rights and possibilities for gaining access to MLSS programmes and services.
39. The project (2014-2015) also facilitated a review of policies and regulatory incentives/disincentives to formalization/informality and introduced ILO tools and best practices.
40. Importance of accompaniment by the local technical team for achievement of outcomes: The local technical team's competence and ongoing follow-up by the responsible specialist from the office in Port of Spain was an important factor in accomplishing the outputs in a limited time frame.

#### **Sustainability**

41. Given the socioeconomic challenges that Jamaica faces, it is important to identify and promote the closing of gaps related to the development of human capital and the work force. Projects must consider strategies for developing or strengthening skills, as well as strategies related to improving conditions for moving toward formality. This would give beneficiaries and enterprises a greater likelihood of success in their dealings with public employment services and in implementing or improving their businesses. Failure to take these gaps into account could limit the success of projects.
42. It is important to strengthen the direction of venues for social cohesion, reinforcing the MLSS' leadership to accomplish outcomes. For the tripartite committees to function appropriately, it is important to have an active and committed president and technical secretary who communicate well with stakeholders and achieve active and sustained participation and explicit commitments. Social cohesion makes it possible to define the country strategy for transition to formality, with a road map that transcends changes in government or turnover in government officials. The work plan defined by the constituents in the project's closure workshop can be useful for this.
43. To foster institutional capacity building for the MLSS and constituents and to take full advantage of lessons learned from the interventions, it is necessary to systematize and document the projects and programmes that are concluded, so as to institutionalize best practices so that institutions address the challenges of the transition to formality on the basis of the experience that has been gained. This is most important in contexts of institutional weakness, where there is high turnover of public servants with changes in higher-level officials.
44. Availability of information generated by the project for new interventions on this issue: Availability of resources and expertise for the development of statistical instruments and for socio-economic analysis that made it possible to develop a base line and socio-economic studies of the communities and their business fabric, as well as to provide support for the formulation of future projects and policy design.

#### **Crosscutting themes**

45. Interviewees said the gender approach was reflected in the fact that most of the beneficiaries were women. It should be noted that the document on gender policy for use by the Jamaica Employer's Federation was completed in November 2015. The gender policy was submitted to the JEF board and approved by the board in 2016.
46. To address gender appropriately in projects, those in charge of the project design must collaborate closely with the ILO specialist and with national experts, involving national institutions that are active on the issue.

#### **Conclusions and recommendations**

47. The Programme in Jamaica was conducted within the framework of a broader sub regional strategy of formalization that incorporated and implemented some elements of Recommendation 204, particularly references to social dialogue and the promotion of enterprises, microenterprises, small enterprises, medium-size enterprises and models of partnership for collaborative work.
48. It promoted knowledge about policy packages and tools to address informality and supported the creation of knowledge among beneficiaries from the communities and the micro- and small enterprises enabled them to improve their performance. The project

<sup>209</sup> Report on ILO Pilot Project on Formalization of The Informal Economy in St James Parish, Jamaica (Granville And Garlands/Horseguards Communities)

- demonstrated the ILO's ability to transfer knowledge through proven tools for the transition to formality. However, the project's target population exceeded the possibilities of being attended, especially considering the limited budget and time frame. It is suggested that this crucial design aspect be reviewed for future interventions.
49. The dialogue between the new government, which began on March 2016, and the ILO about the Decent Work Country Programme (DWCP) and scaling up of the project began, but the programme has not yet been officially designed. Because of the challenges that Jamaica must address to reduce informality, in order for projects to achieve outcomes that contribute effectively to the transition to formality, the objectives, budget and project time frame must correspond appropriately. The strategy of adding a second project phase to consolidate outcomes requires a plan for advocacy and for positioning the achievements with the constituents; this process must begin before the project ends. This will help ensure a prompt start-up for the next phase, which will favour more beneficiaries.
50. It is important to plan interventions with an eye toward the long term, defining outcomes and changes expected by the end of the period. It is also important to develop a road map of projects aligned with the implementation of Recommendation 204 and the country's vision. Those interviewed said that the "Formalization of the informal economy in Jamaica" project should be seen as part of a gradual process in which the country must engage for an appropriate transition to formality.
51. To increase the effectiveness of interventions, it is important to have an M&E system that responds to national and local priorities, objectives and outcomes, and to involve both the Port of Spain office and the constituents. This would require strengthening the Programming Unit to facilitate planning, programming, supervision and presentation of reports.
52. ILO Office for the Caribbean (Port of Spain)'s abilities should be strengthened so it can communicate its objectives and achievements in mobilizing resources, including through constituents and other stakeholders, and seek new ways to expand the coverage of projects and take advantage of information and communication technologies (webinars, Skype, e-learning) to enhance outcomes, reach a wider group of beneficiaries, and reduce travel and related costs. This implies having an information and communication strategy.
53. The capacity-building approach should include strengthening the capabilities of people, organizations and societies to apply resources effectively and efficiently to achieve their own goals sustainably and effectively. This includes various dimensions: development of human resources; promotion of organizations' operational capacity, or organizational development; promoting cooperation among organizations and networking; and the establishment of a development-oriented institutional framework.<sup>210</sup> The purpose of the project to strengthen the capabilities of beneficiaries addressed only one dimension; the challenge is to take a comprehensive approach that ensures the effectiveness and sustainability of the intervention.

## Annexes

### Annex 1: Individuals interviewed

Surname	First name	Organization
Sergeant	Kelvin	ILO Office for the Caribbean (Port of Spain - Trinidad and Tobago)
Allen	Owen	Formalization project in Garland and Granville.
Miller	Errol	Ministry of Labour and Social Security

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Source: Online survey (2017) Questionnaire of ILO offices in the framework of the actions/interventions implemented by country offices and the regional office (FORLAC) on formalization.

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