

# INDEPENDENT EVALUATION

## ILO's Strategy and Actions Towards the Formalization of the Informal Economy, 2014-2018



International  
Labour  
Organization



Independent High-level Evaluation:  
ILO's Strategy and Actions towards the  
Formalization of the Informal Economy,  
2014–18

September, 2019

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**EVALUATION OFFICE**

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## ABBREVIATIONS

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ACI	Area of Critical Importance
ACT/EMP	Bureau for Employers' Activities
ACTRAV	Bureau for Workers' Activities
ASEAN	Association of Southeast Asian Nations
AZIEA	Alliance for Zambian Informal Economy
BDS	Business Development Services
CPO	Country Programme Outcome
CCPD	Cross-Cutting Policy Driver
DDG	Deputy Director-General
DIALOGUE	Social Dialogue and Tripartism Unit
DWCP	Decent Work Country Programme
DWT	Decent Work Technical Support Team
EMPLOYMENT	Employment Policy Department
ENT/MULTI	Multinational Enterprises and Enterprise Engagement Unit
ENTERPRISES	Enterprises Department
EU	European Union
EVAL	Evaluation Office
FOP	Field Operations and Partnerships
FORLAC	Formalization in Latin America and the Caribbean
FWEAN	Federation of Woman Entrepreneurs Associations of Nepal
GB	Governing Body
GED	Gender and Equality Department
ILC	International Labour Conference
ILO	International Labour Organization
ILO/AIDS	ILO Programme on HIV/AIDS and the World of Work
ITC	International Training Centre of ILO
LAB/ADMIN	Labour Administration and Labour Inspection Programme



LGBTQI	Lesbian, Gay, Bisexual, Transgender, Queer and Intersex
MR	Management and Reform
NAPSA	National Pension Scheme Authority (Zambia)
NGO	Non-Governmental Organization
NORMES	International Labour Standards Department
OBW	Outcome-based Work Planning
OCT	Outcome Coordination Team
OECD	Organisation for Economic Co-operation and Development
OSH	Occupational Safety and Health
P&B	Programme and Budget
PROGRAM	Strategic Programming and Management
RBSA	Regular Budget Supplementary Account
RBTC	Regular Budget Technical Cooperation
SADC	Southern African Development Community
SDGs	Sustainable Development Goals
SOCPRO	Social Protection Department
SPIREWORK	Social Protection for Informal and Rural Economy Workers
STATISTICS	Department of Statistics
ToC	Theory of Change
UN	United Nations
UNACOIS	Union Nationale des Commerçants et Industriels du Sénégal
UNCTAD	United Nations Conference on Trade and Development
UNEG	United Nations Evaluation Group
UNSAS	Union Nationale des Syndicats Autonomes du Sénégal
WCFCB	Workers' Compensation Fund Control Board (Zambia)
WIEGO	Women in Informal Employment: Globalizing and Organizing
WORKQUALITY	Department on Conditions of Work and Equality
XBDC	Extra-Budgetary Development Cooperation
XBTC	Extra-Budgetary Technical Cooperation
ZCTU	Zambia Confederation of Trade Unions

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Any error or omissions are the responsibility of EVAL.



## EXECUTIVE SUMMARY<sup>1</sup>

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### PURPOSE AND SCOPE

This report presents a summary of the findings of the high-level evaluation of the ILO's strategy and actions towards the formalization of the informal economy 2014–18, conducted by the ILO's Evaluation Office (EVAL) in 2019.<sup>2</sup> The evaluation was undertaken using internationally accepted evaluation criteria, covering relevance, coherence, effectiveness, efficiency, impact and sustainability. Data derived from different methods (desk reviews, synthesis reviews of related project evaluations, interviews, surveys and field visits) were triangulated to ensure consistency and reliability.<sup>3</sup> A six-point rating scale – ranging from very unsatisfactory to very satisfactory – was applied to complement the findings. The evaluation aims to generate insights into organizational performance within the context of the ILO's results-based management system, and is expected to contribute to decision-making on policies, strategies and accountability.

The evaluation covered the ILO's actions towards the formalization of the informal economy as an area of critical importance (2014–15) and later as policy outcome 6 of the ILO's Programme and Budget for 2016–17 and Programme and Budget for 2018–19. Given the transversal nature of outcome 6, the links with other outcomes were also taken into account in the evaluation,<sup>4</sup> although most of the focus was on work directly targeting the formalization of the informal economy under outcome 6. In an effort to ensure validity and reliability, the findings were verified using multiple methods and sources, as described above.<sup>5</sup>

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<sup>1</sup> Executive summaries are also available in French and Spanish on ILO EVAL's website at: <https://www.ilo.org/eval/Evaluationreports/lang--en/index.htm>.

<sup>2</sup> The full texts of the evaluation reports provide further details to substantiate the key findings and conclusions presented in the summary. These texts can be consulted at: [www.ilo.org/eval/Evaluationreports/lang--en/index.htm](http://www.ilo.org/eval/Evaluationreports/lang--en/index.htm) (from 30 Sep. 2019).

<sup>3</sup> Country or topical case studies and other supporting documentation for each evaluation are available upon request from [eval@ilo.org](mailto:eval@ilo.org).

<sup>4</sup> Especially those related to employment, enterprise development, social protection, working conditions, labour administration and support to constituents.

<sup>5</sup> The data for Argentina, Cambodia, Costa Rica, Nepal, Senegal and Zambia were obtained through field missions, while those for Jordan and Ukraine were obtained through document reviews and Skype-based interviews. A synthesis review was conducted, covering 38 project evaluation reports from the period 2014–18. A total of 200 people were interviewed, and 54 ILO staff members and 21 constituents completed the online survey.

## SUMMARY OF FINDINGS

### A. Overall findings

The formalization of the informal economy is generally perceived as a framework for action with a long-term objective. While the efforts undertaken in this regard during the evaluation period are commendable, the evaluation found that these are just the beginning of a process that requires greater focus on further developing, adapting, disseminating and implementing actions on formalizing the informal economy.

### B. Relevance

**Key finding 1:** The strategy for formalization, as outlined in the ILO's programme and budget documents, is relevant to country needs and global concerns relating to the informal economy. Relevance is stronger where awareness levels are high.

**Key finding 2:** Some stakeholders see the Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204), as an ILO strategy rather than as a normative instrument that provides guidance on policy, legislation and practice. This suggests inadequate ownership on the part of countries of this normative instrument.

There is no single specifically defined ILO strategy, but rather several key documents<sup>6</sup> that together help in understanding the overall approach to formalization. For the purpose of this evaluation, the programme and budget documents for 2016–17 and 2018–19 were considered as the foundation of the ILO's strategy.

The ILO's strategy and the main areas of focus of the area of critical importance and outcome 6 are generally relevant to country needs. Nevertheless, there is much variation between countries and key stakeholders. The design of the ILO's strategy for outcome 6 is identifiably and directly pertinent in terms of responding to global concerns and strategies on formalizing the informal economy. Stakeholders noted that Recommendation No. 204 and the ILO's strategy make an important contribution to achieving Sustainable Development Goal (SDG) 8, and more specifically target 8.3.<sup>7</sup>

### C. Coherence

**Key finding 3:** Key elements of the ILO's strategy in support of Recommendation No. 204 are coherent and actions are aligned with the strategy, but synergies across other outcomes contributing to outcome 6 are often not clear.

The relevant global ILO products and country programme outcomes (CPOs), as a whole, are well aligned with outcome 6 and its indicators. Documents guiding the ILO's work on formalizing the informal economy are coherent across the programme and budget targets. At the individual country level, the extent to which CPOs are linked with outcome 6 and indicators varies. The ILO's strategy partially integrates the ILO's cross-cutting policy drivers.<sup>8</sup>

Overall, stakeholders see the ILO's strategy supporting the implementation of Recommendation No. 204 as coherent, although actual implementation is considered to be fragmented. The evaluation found that work carried out under other outcomes has had an impact on outcome 6 and vice versa. However, evidence of the creation of synergies between outcome 6 and other outcomes was partial.

Some case study countries do not have a specific CPO on outcome 6, but they do include actions related less directly to formalization under other outcomes.

<sup>6</sup> [GB.325/POL/1/1](#); [GB.329/POL/2](#); [GB.329/PV](#), paras 440–457.

<sup>7</sup> Target 8.3: 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, including through access to financial services.

<sup>8</sup> These include international labour standards, social dialogue, gender equality and non-discrimination, and a just transition to environmental sustainability.

## D. Effectiveness

**Key finding 4:** Resource limitations challenged the ILO's effectiveness. Most CPOs and global products remained significantly underfunded.

**Key finding 5:** Despite the absence of a dedicated technical unit supporting this outcome, planning and monitoring were effectively managed through the extended outcome coordination team. However, synergies at the implementation level are limited, as the reporting system offers no particular incentives for collaborative work.

**Key finding 6:** Although progress on generating awareness, capacity and knowledge, including statistics and diagnostics, was notable, success regarding the official adoption of laws and policies supporting formalization was less evident.

**Key finding 7:** Tripartism and social dialogue were well integrated into the ILO's strategy and actions, but the engagement of representatives of the informal economy warrants much greater attention from all stakeholders.

**Key finding 8:** While there are many approaches that support formalization (for example social protection, compliance and sector-specific initiatives), too much focus on one can be detrimental to the integrated approach advocated by Recommendation No. 204.

**Key finding 9:** The focus on gender, social dialogue and standards as cross-cutting policy drivers was adequate, but greater focus is needed on the inclusion of people with specific vulnerabilities and on a just transition to environmental sustainability.

There were a limited number of CPOs linked to outcome 6 (52 results were reported under 42 CPOs<sup>9</sup> for the biennium 2016–17 and it is expected that 54 results will be reported for 2018–19). The CPOs and the supporting development cooperation projects were mostly under-resourced, as evident from monitoring records and reiterated in the synthesis review of evaluation reports. While CPOs reported under other outcomes are relevant to the ILO's strategy, it is hard to obtain a comprehensive picture of results, given the limitations of the prevailing planning and reporting system, which allows a CPO to be linked to only one outcome.

Outcome 6 is not supported by any dedicated technical unit, but by an outcome coordination team. The team was extended to include members from relevant technical units, in order to enhance collaborative work and to complement and contribute to delivering the ILO's strategy and actions towards formalization. This arrangement worked well for collaborative planning and monitoring. However, mechanisms to stimulate synergies for the implementation of outcome 6 were insufficient. The incentive to create synergies is limited where synergies are not unequivocally required for results reporting.

Analysis of reported results for the biennium 2016–17 showed that the ILO exceeded targets for two of the three indicators (indicators 6.1 and 6.2) and achieved the target for the third indicator (indicator 6.3).<sup>10</sup> Progress has been notably high in respect of awareness-raising, capacity-building, diagnostics and addressing decent work deficits in the informal economy through strengthening compliance measures. The ILO was more effective where governments and the social partners were receptive to the concept of formalization.

Although there have been notable efforts to develop legal and policy frameworks related to formalization, the official adoption of policies or road maps on formalization was limited. Weak support from governments, changing political priorities and bureaucratic processes were key reasons limiting the prospects for long-term measures at the national level.

The principle of tripartism has been well promoted and adhered to in the implementation of the ILO's strategy. The degree of participation of constituents in the formulation and implementation of specific formalization initiatives varies by country. The active participation of representatives of the informal economy is, however, not maximized. Many challenges need to be addressed regarding the positioning of the informal economy in social dialogue overall, and with workers' and employers' organizations.

<sup>9</sup> Data from the ILO's Decent Work Results Dashboard.

<sup>10</sup> 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 and address the needs of vulnerable groups when facilitating the transition to formality.

There is high appreciation for the training provided by the International Training Centre of the ILO (Turin Centre) and other international and national workshops related to the informal economy. This includes the consultations led by and publications produced by the Bureau for Workers' Activities (ACTRAV) on Recommendation No. 204. Training was useful to enhance knowledge, awareness and interest on the issue. However, constituents expect the ILO to provide still more technical support on implementation aspects.

Some approaches to formalization are more commonly accepted than others. There is high interest among countries to use social protection as an incentive to formalize. Some countries show strong inclination to strengthen compliance mechanisms. While these are all indeed useful mechanisms to make the transition to formality, too much focus on one incentive at the expense of others can lead to loss of the desired integrated approach called for in Recommendation No. 204. A similar risk is palpable in countries that tend just to take sectoral approaches to formalization.

Initiatives that included business development services were found to provide incentives and practical support for formalization.

There is experience and interest in countries in respect of increasing the use of digital technologies as a means to incentivize informal economy actors to formalize, such as using digital means to register, track and provide learning and other services to informal economy actors.

Attention to cross-cutting policy drivers was found to be adequate for some aspects, such as gender and social dialogue, but very limited or non-existent for others. Labour standards were primarily covered in legal and policy framework development. Attention to gender in ILO tools, diagnostics, and legal and policy frameworks on formalization at the global and national levels is generally good. Very little to no attention is paid to other gender issues, such as the particular challenges faced by men, women's enterprises and lesbian, gay, bisexual, transgender and intersex groups. Issues relating to the non-discrimination of other vulnerable groups – such as people with disabilities, those affected by HIV, and refugees – is mostly very limited. Little to no attention is paid to a just transition to environmental sustainability.

While the ILO has engaged in advocacy with international partners through regional and global platforms, this has not yet led to a common view and agenda on formalization.

The ILO's work on formalization is cognizant of the issues identified by the Global Commission on the Future of Work, especially with regard to social protection, labour protection and the representation of workers and employers in the informal economy. This is evident from the growing amount of research and publications relating to the platform economy and the use of technology in formalizing traditionally informal sectors.

## E. Efficiency

**Key finding 10:** The outcome was underfunded throughout the implementation period, but received substantial Regular Budget Supplementary Account (RBSA) support. Overall, the activities and products were managed cost-efficiently.

Outcome 6 received fewer resources than other outcomes. With 3–4 per cent of the overall allocations, this was the outcome with the lowest funding. The outcome does not have an administrative budget. However, it ranks third (among the ten policy outcomes) in terms of expenditure under the RBSA. Overall, “awareness and knowledge creation” and “capacity-building” received much higher allocations than work related to the “legal, policy and strategic framework”. Lack of resources was the most frequently cited challenge at all levels and across stakeholders. The evaluation team notes that, despite the challenges faced in securing pledged support to outcome 6, the delivery has been cost-efficient within available funding.

The current system of coordination, implementation and monitoring is not viable without the outcome coordination team leaders having a clear mandate and authority on resource allocations, implementation and linkages among outcomes.

## F. Impact and Sustainability

**Key finding 11:** Work done to improve capacities, tools and policy improvements is the main area of impact so far, but greater impact and sustainability can be attained by ensuring that efforts are more focused and improving the representation of informal economy actors.

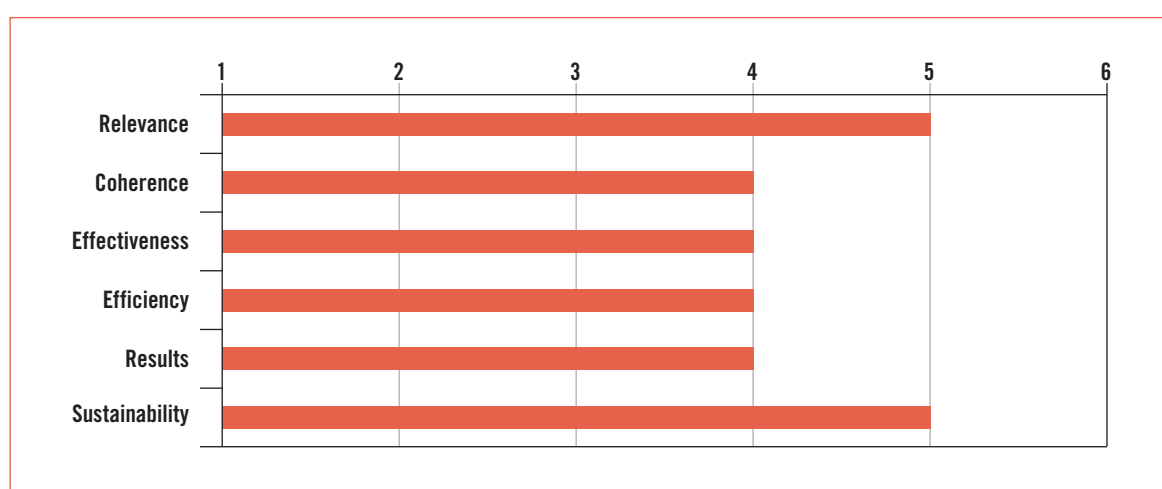
The ILO's strategy and actions have led to improved capacity, the provision of necessary tools and policy improvements towards the formalization of the informal economy. However, achieving the goals of Recommendation No. 204 requires more time and more focused effort, with reduced fragmentation and an increased voice and representation of informal economy actors.

ILO support to constituents has the potential to bring long-term changes in the understanding of and approaches to formalization processes. The ILO's capacity-building efforts at the national level are well directed to organizations and institutions that can complement and sustain the gains resulting from the ILO's efforts.

## G. Overall assessment

Based on the ratings<sup>11</sup> obtained through an online survey and assessment by the evaluation team, the overall performance of the ILO's work on the formalization of the informal economy was found to be satisfactory (see figure 1).

Figure 1. Performance by criterion: Formalization of the informal economy



## CONCLUSIONS

The ILO's strategy and actions towards the formalization of the informal economy is in line with Recommendation No. 204 and relevant to country needs. Despite limited reach and resources, a notable amount of ground has been covered in terms of awareness, knowledge-building and capacity enhancement. More coherent efforts are required in order for countries to adopt progressive legislative and policy reforms. Constituents look forward to continued support on implementing formalization strategies, according to their country contexts.

<sup>11</sup> 1 – Highly unsatisfactory, 2 – Unsatisfactory, 3 – Somewhat unsatisfactory, 4 – Somewhat satisfactory, 5 – Satisfactory, 6 – Highly satisfactory.



The ILO has been able to integrate norms, social dialogue and tripartism in its strategy and actions, but more attention is needed to address the specific needs of vulnerable groups within the informal economy. In line with the ILO Centenary Declaration for the Future of Work, a balanced approach, integrating various entry points such as social protection, labour administration, a conducive business environment and enterprise sustainability, underpinned by the inclusion and representation of informal economy actors, is the way forward.

## RECOMMENDATIONS

### Recommendation 1

*Establish more intensive collaboration among ILO departments and between headquarters and field offices on formalizing the informal economy using a theory of change at the global level, clearly incorporating inputs from the regional and national levels.*

Much more intensive, integrated and continued collaborative work is needed to attain outcome 6. A clear overview of the formalization goal with a strong narrative describing the theory of change is needed. The narrative should include clear expectations and role descriptions to achieve the objectives of the theory of change. It should further include explicit coverage of coordination, monitoring and reporting mechanisms specifying how progress towards formalization will be measured.

Responsible unit(s)	Priority	Time implication	Resource implication
Deputy Director-General for Policy (DDG/P); Deputy Director-General for Field Operations and Partnerships (DDG/FOP)	High	Short-term	Low

### Recommendation 2

*Develop and implement well articulated plans on global, regional and national partnerships, including through the focused mapping of potential joint efforts and synergies. Build on and extend South–South cooperation much further, including an exchange of experiences on intervention models.*

There is a need to engage in further advocacy and awareness-raising at all levels for the development and implementation of partnerships on the formalization of the informal economy. Mapping will contribute to the better targeting of potential partners for actions and funding to support formalization. Particular emphasis should be placed on ensuring that governments and the social partners take full ownership of and promote inclusive and progressive formalization processes.

There is also a need to promote the inclusion of the formalization of the informal economy in donor and implementation agencies' programming. Partnerships on formalizing the informal economy should be integrated into national United Nations (UN) Sustainable Development Cooperation Framework systems, indicating clear roles and joint actions while stimulating country-level resource allocation.

Special attention should be given to the role of the private sector, including with regard to cultivating strategic partnerships and linkages between the formal and informal economy. South–South cooperation is particularly relevant to national contexts in the early stages of formalization.

The ILO should thus foster evidence-based decision-making on formalization that stems from peers and constituents, and is grounded in field experience.

Responsible unit(s)	Priority	Time implication	Resource implication
DDG/P; DDG/FOP	High	Short-term	Low

### Recommendation 3

*Strengthen focus on diagnostics, including statistics and knowledge-base building to inform methodologies for the formalization of the informal economy.*

Effective programming on formalization requires clarity on magnitude and factors such as diversity, dispersion, vulnerability and working conditions in the informal economy. A focus on assessing the place of the informal economy in value chains and the link with environmental sustainability should be included. There is a need to ensure that statistics and research on the informal economy are disseminated and used to track progress towards formalization. Assessments should include the detailed mapping of existing informal economy organizations, including their objectives, strengths, weaknesses, potential for collaboration and other factors.

Responsible unit(s)	Priority	Time implication	Resource implication
DDG/P; Conditions of Work and Equality Department (WORKQUALITY); Department of Statistics (STATISTICS); Enterprises Department (ENTERPRISES)	Medium	Long-term	High

### Recommendation 4

*Continue capacity-strengthening on formalizing the informal economy while ensuring the cascading of knowledge and skills among government officials, workers' and employers' organizations, representatives of informal economy actors and other relevant civil society groups.*

There is a need to continue to strengthen conceptual and technical capacities to provide services and solutions adapted to the needs of the informal economy. As relevant, special attention should be given to literacy for informal economy actors to support their formalization processes. Capacity-strengthening should take a long-term view for knowledge and skills building. This includes awareness-raising among the general public to ensure changes in behaviour and practices.

Responsible unit(s)	Priority	Time implication	Resource implication
DDG/P; ACTRAV; Bureau for Employers' Activities (ACT/EMP); Turin Centre	Medium	Long-term	Medium

### Recommendation 5

*Support the national level formulation of strategies on formalizing the informal economy, while substantially increasing the focus on advocacy planning methods for the adoption of national strategies.*

There is a need to continue support for the participative formulation of national-level strategies, road maps, and legal and policy frameworks on formalization – where this is still needed – and to place greater focus on advocacy planning to attain the adoption of these documents.

National strategies, road maps and direct formalization initiatives should cover the articulation of labour standards, a conducive business environment, gender, non-discrimination, social dialogue and a just transition to environmental sustainability. Road maps and direct formalization initiatives should include clear exit strategies from inception.

Responsible unit(s)	Priority	Time implication	Resource implication
DDG/P; DDG/FOP	High	Long-term	High

## Recommendation 6

*Support the strengthening of mechanisms for social dialogue on the inclusion of informal economy issues into the agenda of constituents, and place emphasis on supporting workers' and employers' organizations in building alliances with actors of the informal economy in order to ensure inclusive representation and decision-making.*

There is a need to promote formal and permanent mechanisms for social dialogue with the broad social and institutional participation of the informal economy (or actors that were previously from the informal economy but that are now formalized). There is also a need to advocate for improved access to information, credit, markets and innovation and to mechanisms for the protection of rights aimed at informal enterprises and workers.

Mechanisms should be developed to extend membership in workers' and employers' organizations to the informal economy recognizing the legal limitations and obstacles. Informal economy actors should be encouraged (including through supportive laws and policies) to engage in the application of freedom of association principles and to join either type of organization in line with their specific conditions. Technical support should be provided to allow informal economy associations and cooperatives to strengthen their voices independently or to join existing organizations.

Responsible unit(s)	Priority	Time implication	Resource implication
DDG/P; Social Dialogue and Tripartism Unit (DIALOGUE); ACTRAV; ACT/EMP	High	Medium-term	Medium

## Recommendation 7

*Take more substantive measures to ensure that gender issues, diversity and issues relating to the non-discrimination of vulnerable persons are included in planning and implementing measures on formalizing the informal economy.*

There is a need to include the formalization of the informal economy in national policies and strategies on issues related to gender, people affected by HIV, people with disabilities, refugees and other vulnerable persons. The issue of the inclusion of vulnerable groups may be contained in an addendum to or integrated into national policies and strategies. Consideration should be given to gender in broad terms and to issues related to gender and non-discrimination of all vulnerable groups. Assessments of the needs of vulnerable groups with regard to formalization should be included as part of recommendations 3 and 5. A clear target for the participation of women, persons affected by HIV, persons with disabilities and other vulnerable groups should be added into national policies and strategies and their voices should be included in discussions on formalization of the informal economy.

Responsible unit(s)	Priority	Time implication	Resource implication
DDG/P	Medium	Medium-term	Medium

## Recommendation 8

*Develop technical support mechanisms for the further development of digital technologies to incentivize and support the formalization of the informal economy at the national level.*

There is a need to provide a platform for and stimulate the sharing of experiences and use of digital technologies to fast track effective and efficient formalization. There is also a need to place special focus on technologies for: registering and tracking formalization; managing services such as social protection, financial and business development services, and market logistics management services; and providing

learning and other services to informal economy actors. Studies should be expanded on how and where digital technologies related to formalization are already being used globally and practical guidance should be disseminated.

Responsible unit(s)	Priority	Time implication	Resource implication
DDG/P	Medium	Medium-term	Medium

## Recommendation 9

*Allow for linking a country programme outcome or global product to more than one policy outcome.*

This is highly relevant as an incentive for themes that are transversal in nature, where the progress on one outcome depends on and is complemented by work done under other outcomes. While the evaluation team is aware of challenges such as duplication of reporting, there is a strong need to allow for multiple linking, as also pointed out in other evaluations. A stronger mandate and authority for outcome coordination team leaders and incentives for collaboration should be created.

Responsible unit(s)	Priority	Time implication	Resource implication
Deputy Director-General for Management and Reform (DDG/MR); Strategic Programming and Management Department (PROGRAM)	High	Medium-term	Medium



# 1. INTRODUCTION

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The informal economy is large and growing quickly in many countries. It encompasses the wide range of unregistered, unprotected and unregulated activities of a diverse set of actors, from undeclared wage workers in formal enterprises to own-account workers, such as street vendors and waste collectors, as well as both own-account and wage workers in the home-based economic units. It also includes workers not covered by labour and related laws in some countries, such as casual construction and domestic workers.

As countries take positive steps forward, with direct and indirect efforts to formalize informal economies, it is important to recognize that these transitions are processes that require an inclusive approach and long-term investment.

The ILO has been working on the issues of informal economy for over two decades under its relevant strategic frameworks and Programme and Budget (P&B). A more focused programmatic approach started in 2014–15, when formalization of the informal economy was identified as an ACI and later through Policy Outcome 6 on Formalization of the Informal Economy for the biennia 2016–17 and 2018–19.

It is clear that governments cannot ignore the informal economy phenomenon. Informality poses challenges, from its effect on the level of employment and contribution to gross domestic product, to poorly paid, insecure, and/or dangerous jobs.

Given the strong links between poverty and the informal economy, many international agencies and governments support encouraging the transition from the informal to the formal economy. The ILO is the leading organization within the international community that has adopted an official position on rights-based approaches towards informality. This includes a focus on decency, dignity, rights, quality of life and working conditions.

The ILO's holistic agenda guides its research and development cooperation with respect to the informal economy, with the goal of promoting decent work in all geographic and economic areas and sectors. Four key pillars constitute decent work: employment opportunities, rights, protection and voice.<sup>12</sup> Within this framework, the ILO's overarching objective is thus to shift greater numbers of workers towards the formal dimension.

The June 2015 adoption of the Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204) was a key milestone in shaping the agenda of formalization. This Recommendation was the first normative instrument specifically aimed at tackling the informal economy. It provides guidance on policies and measures that can facilitate the transition from the informal to the formal economy. Recommendation No. 204 is based on the assumption that “most people enter the informal economy not

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<sup>12</sup> ILO: Decent Work and the 2030 Agenda for Sustainable Development. Available at: [www.ilo.org/global/topics/sdg-2030/lang--en/index.htm](http://www.ilo.org/global/topics/sdg-2030/lang--en/index.htm) [accessed 23 September 2019].

by choice but due to a lack of opportunities in the formal economy and an absence of any other means of livelihood”.

The ILO advocates with other international donors and organizations for the inclusion of formalization in national policies, legal and regulatory frameworks, and capacity strengthening. The ILO further provides support for the use of diagnostics to inform formalization processes, strengthening of compliance, access to social protection and other services.

An evaluation of the ILO Strategy and Actions towards formalization of the informal economy could orient further actions at a global level and will serve as a source of information for ILO donors, partners and policy-makers.

As part of its rolling work plan, the Evaluation Office of the ILO (EVAL) thus proposed the evaluation of the ILO Strategy and Actions towards formalization of the informal economy to the Governing Body (GB) as one of the high-level strategy evaluations for 2019. The GB endorsed the proposal in 2018, following which EVAL initiated the process of evaluation.

High-level evaluations are governance-level evaluations that aim to generate insights into organizational performance within the context of the results-based management system. Findings from High-level Evaluations contribute to decision-making on policies and strategies, and promote organizational accountability.<sup>13</sup>

## 1.1. EVALUATION PURPOSE AND SCOPE

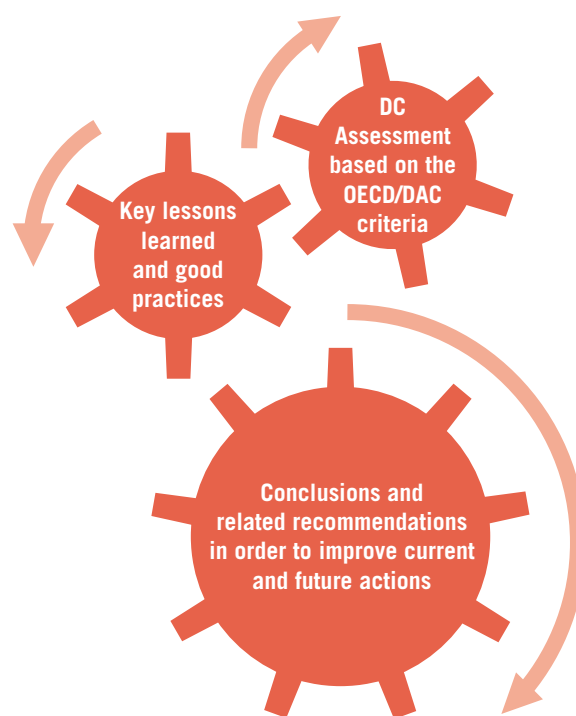
This evaluation exercise is meant to support the ILO in assessing its Strategy and Actions for the “Formalization of the Informal Economy”, taking into consideration the conceptual, methodological and operational framework.

The purpose of the evaluation is mainly summative, with formative aspects. It aims to provide insight into the relevance, coherence, effectiveness and efficiency of the ILO Strategy, programme approach and interventions/actions (summative). It is also intended to be forward-looking and deliver findings, lessons learned and emerging good practices for improved decision-making within the context of the next strategic framework and the SDGs (formative).

The findings are expected to provide the ILO and main stakeholders with an informed and impartial assessment of results, impact and performance of interventions on the informal economy from 2014 to 2018. The evaluation is intended to provide accountability regarding the achievement of the ILO’s objectives and knowledge sharing on results among the ILO and its partners.

The evaluation analyses the ILO’s actions under the Transitional Strategic Plan (2014–15), where formalization was underlined as an ACI 6 and later as Outcome 6 of the ILO P&Bs for 2016–17 and 2018–19.

Figure 2. Key elements of the evaluation

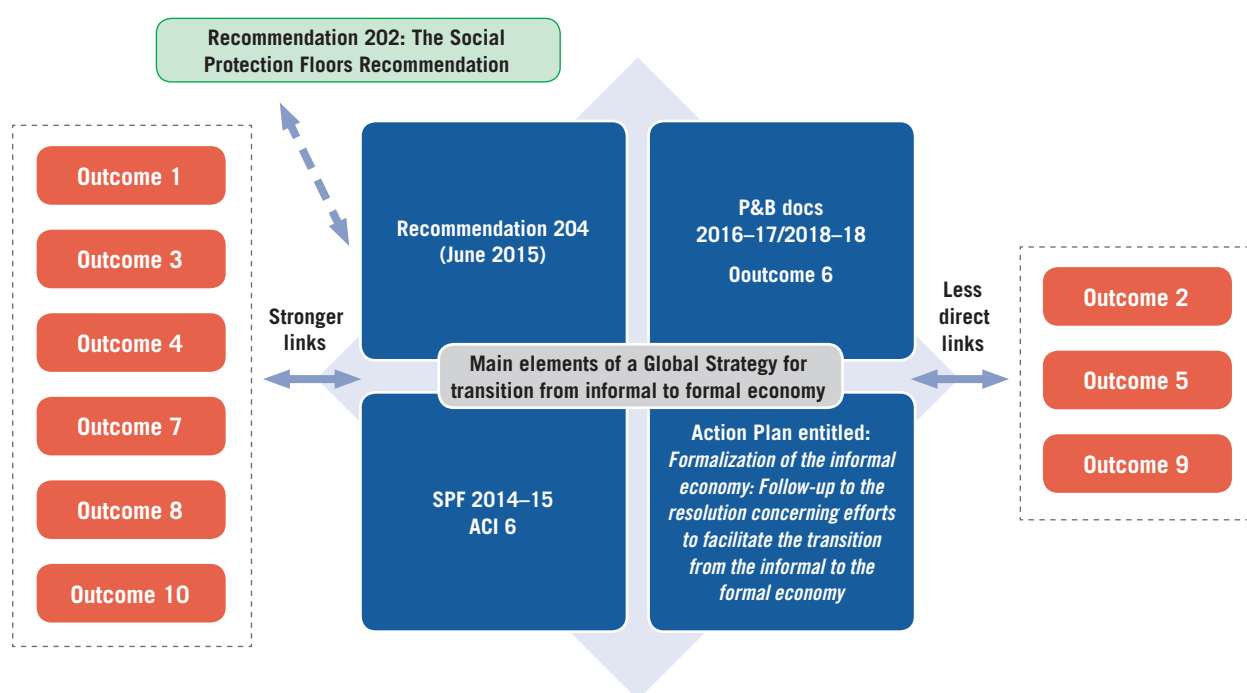


<sup>13</sup> ILO: Protocol 1: High-level Evaluation Protocol for Strategy and Policy Evaluation. Available at: [https://www.ilo.org/eval/Evaluationpolicy/WCMS\\_215858/lang--en/index.htm](https://www.ilo.org/eval/Evaluationpolicy/WCMS_215858/lang--en/index.htm).

The evaluation team also considered efforts made to promote the normative framework that apply to this theme, including Recommendation No. 204, tripartism and social dialogue. Furthermore, the evaluation assessed the contribution to the relevant SDG target and indicators, as well as relevant elements of the Future of Work report.

When addressing the scope of this evaluation, it is worth noting that there is no specifically defined “global strategy”, but several key documents<sup>14</sup> that together provide an understanding of the ILO Strategy. For the purpose of this evaluation, P&B documents were considered as the foundation of ILO Strategy and Actions towards formalization of the informal economy. Section 2 includes a summary of the ILO Strategy underlying the ACI and Outcome 6 for the period that the evaluation covers. Furthermore, because of its transversal nature, Outcome 6 is strongly linked to other Outcomes,<sup>15</sup> as well as to principles defined in the Social Protection Floors Recommendation, 2012 (No. 202) and other international labour standards.<sup>16</sup> Linkages with other Outcomes – such as Outcome 2: Ratification and application of international labour standards; Outcome 5: Decent work in the rural economy; and Outcome 9: Promoting fair and effective labour migration policies – were thematically strong but comparatively less strongly linked programmatically. Linkages of Outcome 6 with other outcomes are illustrated in figure 3.

Figure 3. Policy Outcome 6: Formalization of the informal economy: Linkages with other Policy Outcomes



<sup>14</sup> ILO: *Formalization of the informal economy: Area of critical importance*, Governing Body, 325th session, Geneva, Oct. 2015, GB.325/POL/1/1; ILO: *Outcome 6: Formalization of the informal economy*, Governing Body, 329th session, Geneva, Feb. 2017, GB.329/POL/2; ILO: *Minutes of the 329th Session of the Governing Body of the International Labour Office*, Governing Body, 329th session, Geneva, Mar. 2017, GB.329/PV.

<sup>15</sup> More specifically: Outcome 1: More and better jobs for inclusive growth and improved youth employment prospects; Outcome 3: Creating and extending social protection floors; Outcome 4: Promoting sustainable enterprises; Outcome 7: Promoting workplace compliance through labour inspection; Outcome 8: Protecting workers from unacceptable forms of work; Outcome 10: Strong and representative employers' and workers' organizations.

<sup>16</sup> For example, eight Fundamental Conventions, four Governance Conventions, and 29 other instruments. Annex to Recommendation No. 204. Available at: [www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100\\_ILO\\_CODE:R204](http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:R204) [accessed 19 September 2019].



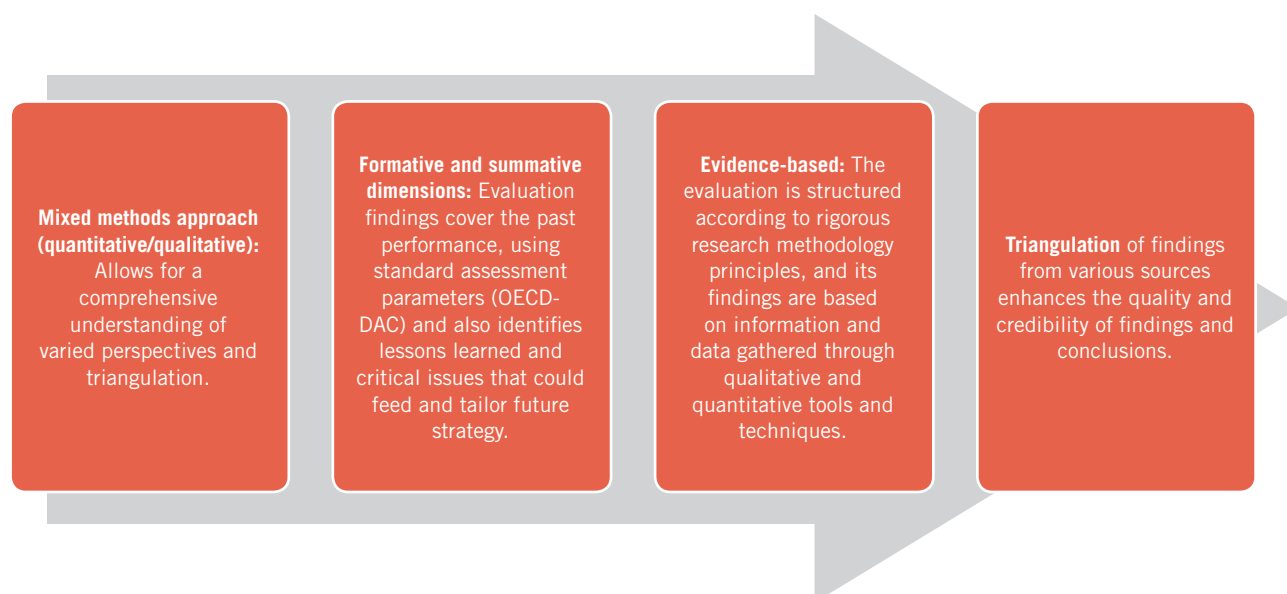
The principal client for the evaluation is the GB, which is responsible for governance-level decisions on the findings and recommendations of the evaluation. Other key stakeholders include the Director-General and members of the Senior Management Team at headquarters, the Evaluation Advisory Committee and the departments and field units involved in the formalization of the informal economy.

## 1.2. EVALUATION METHODOLOGY

### 1.2.1. Evaluation overall approach

The evaluation was conducted in accordance with EVAL [Protocol 1: High-level evaluation protocol for outcome strategy evaluation](#). The evaluation methodology applied for this High-level Evaluation is based on the following guiding principles (figure 4).

Figure 4. Evaluation approach



In accordance with the United Nations Evaluation Group ([UNEG Ethical Guidelines for Evaluation](#)) and ILO standards [ILO EVAL Code of Conduct for Evaluators](#), the evaluation followed the below mentioned ethical principles:

- independence, impartiality and absence of conflict of interest;
- confidentiality, integrity and transparency;
- competence, accuracy and reliability.

### 1.2.2. Evaluation questions and criteria

The evaluation methodology was fine-tuned during the scoping mission to ILO headquarters in April 2019. The evaluation matrix was presented in the Inception Report, which was submitted and approved in May 2019. The following evaluation questions were retained and further detailed in the Evaluation Data Matrix in the inception report.

## Criteria and evaluation questions

### Relevance

1. How well does the strategy fit the needs and concerns of ILO constituents? To what extent is it aligned to Recommendation No. 204? Is the strategy responsive to emerging concerns as expressed in GB/ILC discussions? Are there any policy areas under Recommendation No. 204 that have been insufficiently addressed by the outcome strategy?
2. How well does the strategy address the need of synergies and complementarities with other Policy Outcomes?
3. To what extent does the strategy integrate the ILO's normative and social dialogue mandate? To the ILO's commitment to the promotion of sustainable enterprises, gender equality and inclusion and other cross cutting policy drivers?
4. To what extent is the design of the ILO Strategy for Outcome 6 relevant to global concerns and strategies on formalization of the informal economy and does it address the challenges facing member States' governments and social partners?
5. How well do the CPOs link to Policy Outcomes and indicators? Do the CPOs present an adequate mix of interventions, including promotion of the normative mandate and the mandate to promote sustainable enterprises?
6. To what extent did Outcome 6 contribute to mainstream into the different ILO means of action, workers, enterprises and labour issues that historically tend to have remained fully or partly excluded from its action?
7. To what extent is the strategy, the results framework and implementation guided by the ILO's commitment to SDGs, especially to SDG 8?
8. To what extent does the strategy address target groups and beneficiaries' needs and problems?

### Coherence

9. How well have the strategic policy frameworks, P&B targets and relevant policy instruments cohered as mechanisms to guide the ILO's work in formalization of the informal economy and to create synergies across the organization?
10. Is the ToC coherent and well-articulated in terms of the broader long-term expected impact of the ILO?<sup>17</sup>
11. Has the principle of tripartism been adequately promoted and adhered to in designing and implementing the strategy at a country level? Are all the social partners sufficiently involved?
12. How well has the ILO's work in formalization of the informal economy aligned with global strategies and initiatives, and complemented other efforts of constituents, the UN and partners?

### Effectiveness

13. To what extent did the ILO contribute to the formalization of the informal economy (as defined in the strategic policy frameworks, Policy Outcomes and targets, and relevant policy instruments)?
14. How has the ILO Strategy been translated into actions and initiatives at country level? To what extent did outputs and activities carried out at country level contribute to the results and indicators?
15. To what extent do partners and stakeholders (internal and external) understand and execute their role in delivering the strategy of Outcome 6 to formalize the informal economy?
16. How have the ILO's external advocacy and partnership efforts at global level promoted the realization of formalization of the informal economy?
17. How well did the results contribute to the ILO's cross-cutting themes of gender and non-discrimination?
18. Are there any potential factors hindering or facilitating the implementation of the strategy at country level?
19. Were there measures taken by the Office to strengthen the capacities of social partners to support the transition to the formal economy? How effective were these measures?
20. To what extent has the outcome strategy effectively contributed to developing relationships, in terms of services, membership or cooperation, between informal economy workers/economic units and workers' and employers' organizations?

### Efficiency

21. How are the means of action, management arrangements, internal coordination mechanisms and partnerships aligned to the strategy and results framework? To what extent are they fit to deliver the expected objectives?
22. To what extent does the Office have the technical capacity to support the delivery of results under the policy outcome? Are there any measures taken by the Office to address capacity gaps and/or needs, and at strengthening its internal delivery capacity?
23. To what extent have resources (for example, human and financial) been used efficiently and the ILO's work been appropriately resourced at headquarters and in the field?

### Impact and sustainability

24. To what extent have ILO Strategy and Actions had impact in the form of increased capacity, necessary tools and policy improvements towards formalization of the informal economy?
25. To what extent have ILO interventions been designed and implemented in ways that have maximized ownership and sustainability at country level?

<sup>17</sup> The evaluation team is aware that the Theory of Change (ToC) has been developed recently. This aspect can be covered by assessing the degree to which stakeholders understand the coherence between the key components of the ILO Strategy on Outcome 6 as well as work done under other Outcomes in a given context.

### 1.2.3. Methods and tools used for data collection and analysis

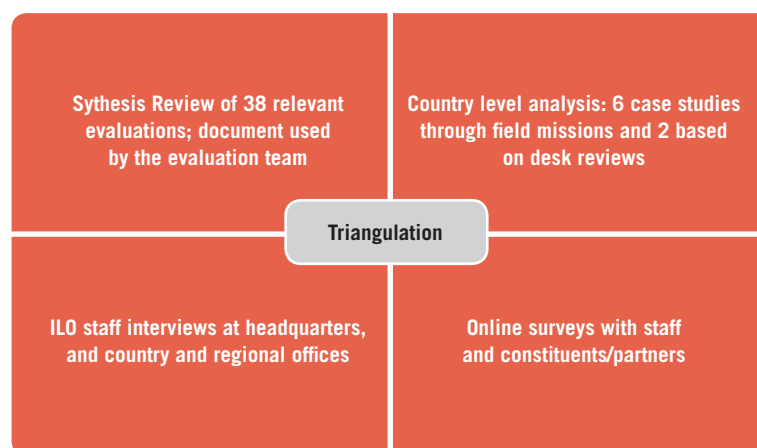
As mentioned in figure 4, the evaluation followed a mixed-method approach. It analysed qualitative data obtained through document review and interviews. It also used quantitative data, where available and applicable, such as statistical reports and budget information. Other key sources of information included a Synthesis Review of relevant evaluations that is conducted prior to High-level Evaluations, and a survey. The interviews were conducted during inception and country missions, as well as Skype-based interviews with specialists, constituents and stakeholders.

## 1.3. DETAILS OF EVALUATION METHODS

The main methods used for data collection, triangulation and analysis are: analysis included triangulating information from:

- (a) **Document review:** The documents analysed are detailed in Appendix II. At ILO headquarters, EVAL and technical departments provided most of the documents. National and regional teams interviewed provided additional documents. The team also conducted online searches for additional information where global, regional and country information was insufficient to answer the evaluation questions. As a preparatory step to the evaluation, EVAL undertook a Synthesis Review of 38 relevant evaluations. The report was available to the evaluation team. The Synthesis Review findings were used to inform the analysis and provide triangulation information, to identify potential interventions or good practices that can be further assessed, and inform overall scoring.

Figure 5. Details of evaluation methods



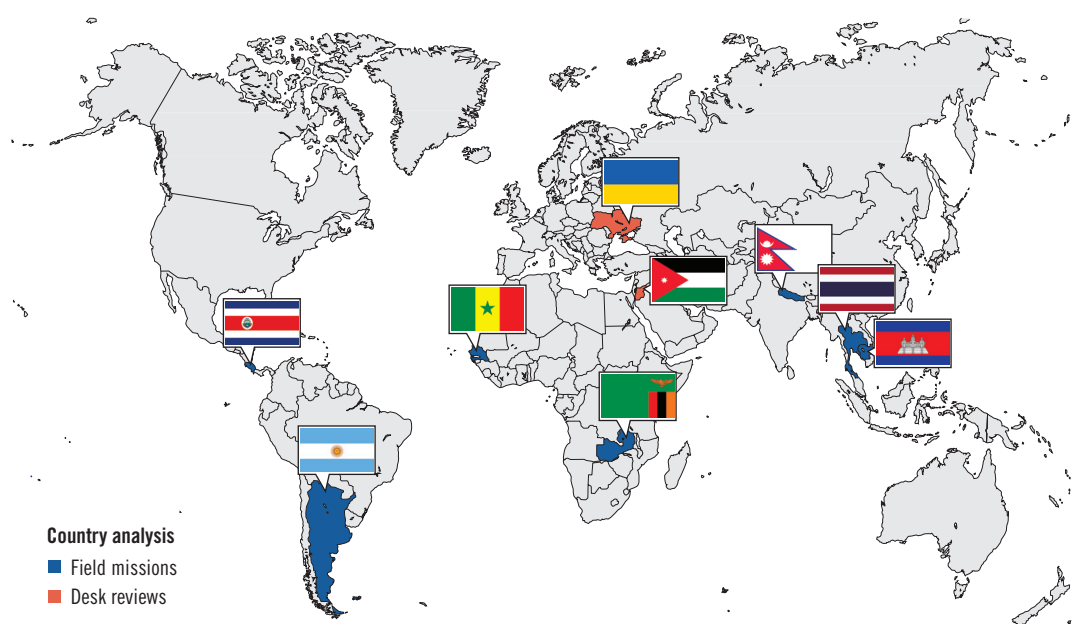
- (b) **Interviews with ILO staff and constituents:** Face-to-face Interviews with key head office stakeholders were held as part of the scoping mission, which took place in Geneva from 23 to 26 April 2019. The inception phase also included interaction with representatives of constituents.

Skype-based interviews were held with staff and constituents who could not be covered during scoping and/or field missions. In addition, the evaluation team interviewed relevant technical specialists located in country offices, DWTs and regional offices. Specific Skype-based interviews were also conducted for country case studies that were covered through document review. In total, the evaluation team interviewed 200 people, including ILO staff and constituents worldwide. Some ILO officers, mainly from the head office, were interviewed more than once and by different team members. A full list of persons interviewed is attached in Appendix III.

It should be noted that interviews with ILO specialists at ILO headquarters and in the regional offices contributed to and support the findings from the country case studies. While these interviews were vital to the analysis, in most cases, the comments from interviewees were used for triangulation purposes and to contextualize field findings. They are thus not always explicitly cited at each instance where they helped to inform the findings.

- (c) **Country case studies:** To gather information on the nature of the ILO's work on formalization of the informal economy at regional and country levels, the evaluation covered eight countries, six through field visits (Argentina, Costa Rica, Cambodia, Nepal, Zambia and Senegal). Another two countries (Jordan and Ukraine) were covered through desk-based case studies, which also included Skype-based interviews. In addition, the Regional Office for Asia and the Pacific (Bangkok) was also visited. Figure 6 shows the case study countries.

Figure 6. Map showing case study countries



Details of country selection criteria are covered in the methodological note attached in Appendix II. Country visits lasted four or five days, while the visit to the Regional Office for Asia and the Pacific was for one day. With the agreement of EVAL, findings from these countries' visits are integrated into the main report, while stand-alone country reports were circulated only among the evaluation team members for triangulation purpose.

Desk-based case studies were based on a review of programmatic documents, available evaluations, reports and project-related documents that the country offices shared. The Skype-based interviews used the same guidelines as those used in the countries visited.

- (d) **Online survey:** Two separate online surveys were launched, one for ILO staff and another for constituents and partners. The staff survey was conducted with ILO staff at headquarters, regional offices, and DWTs and country offices related to the selected case study countries. The survey for constituents and partners was sent to constituents, partners and stakeholders in countries covered under the evaluation. The evaluation team developed the survey, and it was available in three official UN languages. In total, about 285 persons (204 ILO staff, and 81 constituents and partners) were reached, of which 75 (54 staff, and 21 constituents and partners) responded to the survey. Responses of each category were separately analysed and composite scores were calculated for each evaluation parameter separately. The details of the focus of each of these methods are elaborated in Appendix II.

### 1.3.1. Data analysis

The main methods used for data analysis included triangulating information from:

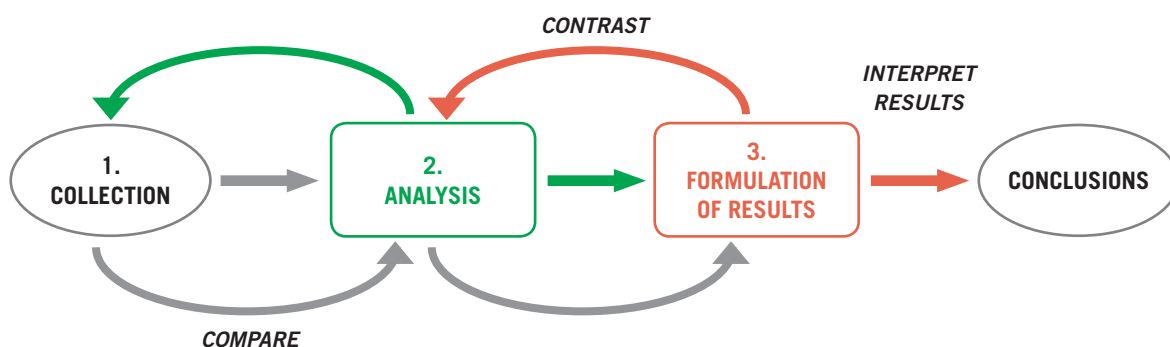
- (a) **Content analysis:** Content analysis constituted the core of the qualitative analysis that the valuation team undertook. The team analysed documents, consultation/interview notes and qualitative data emerging from the survey to identify common trends, themes and patterns for each of the key evaluation questions. Content analysis was also used to highlight diverging views and opposite trends. In such cases, further data collection was sometimes needed to arrive at credible evidence. Emerging issues and trends formed the basis for the development of preliminary observations and evaluation findings. Specific attention was given to the analysis of strengths and gaps.
- (b) **Comparative analysis:** Comparative analysis was used throughout the process to examine information and data from stakeholder consultations, and document and literature review. The purpose was to examine findings across different countries and/or themes. Comparative analysis was also used to identify best practices and lessons learned.
- (c) **Gap analysis:** Whenever possible, actual performance was compared against the potential or desired performance (as indicated in targets associated with performance indicators and such). Findings on gaps as well as strengths were based on triangulation from multiple sources.
- (d) **Analysis of online forms:** The quantitative survey, which also includes some open-ended questions, was carried out, as was frequency analysis, together with trend analysis.
- (e) **Online project management software:** Basecamp was used to ensure coordinated team interaction, including joint discussions on key points to be addressed and sharing of documents and tasks.
- (f) **Digital analysis:** Qualitative findings were analysed using the qualitative software tool ATLAS.ti. This allowed for the systematic compiling of information, and to ensure that important data were not overlooked. Data entered into the software included interview notes, country case studies and secondary materials. Each separate data item provided in interviews and reports was coded to link thematically to evaluation questions and subquestions included as sort criteria in ATLAS.ti. A sample of the coding system used for all interviews undertaken is included in Appendix II. Using the ATLAS.ti software for qualitative analysis, data sheets were generated and analysed to identify the key findings.

The collected data and analysis thus provided the necessary evidence to answer the evaluation questions.

## 1.4. TRIANGULATION

The evaluation used multiple sources and methods to triangulate the data collected through document review and primary sources. Appendix II provides additional details on the steps followed for the triangulation of data and information. A summary overview of the steps followed for data triangulation is illustrated in figure 5.

Figure 7. Data triangulation process



### 1.3.2. Methodological limitations

The evaluation team identified the following limitations within the assignment:

- (a) Breadth of the topic: The transversality of Outcome 6, in terms of its linkages to other Policy Outcomes, as well as to the many units within the ILO, made this a complex exercise. This had implications regarding the range of documents to be reviewed and people to be interviewed at both global and country levels. In addition, the absence of a well-defined and comprehensive global strategy or ToC added to the challenge in developing an analytical framework for this evaluation.<sup>18</sup> Criteria and indicators for ACI and Outcome 6 also appeared too limited in scope to be seen as a real strategy. Furthermore, given the transversal nature of Outcome 6, while links with other Outcomes were taken into consideration, the evaluation focused more strongly on work directly targeting formalization of the informal economy and reduction of the decent work deficit.
- (b) Time and staff constraints: Vis à vis the complexity of the topic, the number of working days foreseen for this type of cross-cutting High-level Evaluation was found to be underestimated, and necessitated substantial additional work from all team members. In addition to the limited working days, the evaluation's tight timeline also represented a challenge, resulting in the concentration of all field missions within a very short period of time (six missions in about a month and a half).
- (c) Analysis constraints: The fact that the timeline of the evaluation does not coincide with the timing of the biennia represented an additional challenge in terms of analysis. The first two years, 2014–15, use the ACI and not an Outcome, like the later periods (2016–17 and 2018–19). While Decent Work Country Programmes (DWCPs) cover a period of five years, indicators and results provided for the P&B cover only a biennium. Indicators related to Outcome 6 maintained the same numbering in the period 2016–17 and 2018–19, but refer to different areas of ILO work. Also, 2019 is not actually part of the evaluation, so reporting on results was not complete. In addition to this overall incongruity, the CPOs' alignment to Outcome indicators was challenging for the periods 2014–15 and 2018–19. In the first case, the transition is an ACI and not an Outcome, and thus not explicitly linked to specific indicators. In the latter case, it is available only for the planned CPOs, but not the reports on their achievement, as the implementation period has not yet been completed.
- (d) Country-specific challenges: There were limited direct interactions with country offices for the definition of missions' agendas. The evaluation team was able to enter into contact with the country offices to be visited only a few days before mission start, while more interaction in the selection of stakeholders to be interviewed would have been useful.

<sup>18</sup> An informal ToC that the OCT 6 group developed in early 2018 and was not used to inform programming in the countries. Evaluation questions in the Terms of Reference relating to ToC thus became redundant.



## 2. THE ILO'S WORK ON FORMALIZATION OF THE INFORMAL ECONOMY (POLICY OUTCOME 6) 2014–18

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### 2.1. OVERVIEW OF THE INFORMAL ECONOMY

According to the most recent data that the ILO compiled, in 2018, 2 billion workers – 61 per cent of the global employed population – earned their livings in the informal economy.<sup>19</sup> Around 80 per cent of enterprises operate in the informal sector.

A high incidence of poverty, inequality and vulnerability typically characterize countries with large informal economies. Whereas enterprises that operate informally are often seen as a source of unfair competition,<sup>20</sup> informal enterprises commonly face high barriers to access capital, financial resources, public infrastructures and markets, which impacts negatively their productivity and business sustainability. For governments and societies, informality means reduced government revenues, limited inclusive development and weakened rule of law.

Although informality exists in countries at all levels of socio-economic development, it is most prevalent in developing and emerging countries.<sup>21</sup> In developed countries, the share of informal employment stands at 18.3 per cent, a substantial proportion of the population. The share of the informal economy in middle-income emerging countries reaches 67.4 per cent, and 89.8 per cent in developing countries. Regional data show high shares of informal workers in Africa (86 per cent), followed by Asia-Pacific (68 per cent), the Americas (40 per cent) and Europe (25 per cent). Among the multiple contributing factors to informality, the most common relate to overall macroeconomic conditions, legal and policy frameworks, the capacity of national institutions to implement legal and policy provisions, and the level of organization and representation of workers.

Whereas informal employment is a greater source of employment for men than for women globally (63 per cent vs. 58 per cent), women who work in the informal economy tend to be engaged in activities – such as in domestic work – where they are most vulnerable to exploitation. Women do tend to be more commonly found in informal employment than men in certain regions, notably in sub-Saharan African and Latin American countries, and more generally in other low- and lower-middle-income countries.

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<sup>19</sup> Statistical data cited in this subsection are from the most recent edition of the ILO's statistical analysis of the informal economy: ILO: *Women and men in the informal economy: a statistical picture* (third edition). ILO, Geneva, 2018.

<sup>20</sup> They usually do not pay all expected fiscal and other obligatory costs. International Training Centre and Employment Policy Department: *Transition to the formal economy: A Global Knowledge Sharing Forum*. Turin, ITC, 2016.

<sup>21</sup> The World Bank classifies middle income as emerging countries. From ILO: *Women and men in the informal economy: a statistical picture* (third edition). ILO, Geneva, 2018, 14.



## 2.2. UNDERSTANDING CHANGES IN THE CONCEPT OF INFORMALITY

The work of the ILO in the informal sector dates back to the early 1970s. The concepts and definitions of informality have since evolved to better capture the diversity of realities. In 1993, the 15th International Conference of Labour Statisticians defined the informal sector as “a group of production units comprised of unincorporated enterprises owned by households, including informal own-account enterprises and enterprises of informal employers (typically small and non-registered enterprises)”.<sup>22</sup> This limited the definition of informality to enterprises and to employment in informal sector enterprises, as opposed to the workers in informal employment, whether it occurs in the informal sector, the formal sector or in households (as domestic workers).

The 2002 ILC resolution concerning decent work and the informal economy marked a breakthrough by re-examining the notion of informal sector, and adding the concepts of “informal employment” and “informal economy”<sup>23</sup> to cover different forms of informality beyond the enterprise level. As a result, the 2002 resolution provided a framework that acknowledged the diversity and heterogeneity of actors and activities in the informal economy, and recognized that informal employment exists across a wide range of sectors, including the formal economy. The discussion stressed that the main policy objective in addressing the informal economy should be to “[bring] marginalized workers and economic units into the economic and social mainstream, thereby reducing their vulnerability and exclusion”.<sup>24</sup>

In 2003, the 17th International Conference of Labour Statisticians further defined informal employment as, “All informal jobs, whether carried out in formal sector enterprises, informal sector enterprises, or households”.

The ILC adoption of Recommendation No. 204 in 2015 was conceived to be of strategic importance to the world of work, as it was the first international labour standard that focused on the informal economy in its entirety and greatly emphasized the transition from the informal to the formal economy as a means to achieve decent work for all.

## 2.3. THE ILO OUTCOME STRATEGY FRAMEWORK 2014–18

Since its adoption, Recommendation No. 204 has been the reference for the ILO Strategy on formalization. The approach towards formalization was founded in the establishment of a results-based ACI 6<sup>25</sup> in 2014–15, and later institutionalized as Policy Outcome 6, “Formalization of the informal economy” in the Director-General’s P&B for two consecutive biennia (2016–2017 and 2018–2019).

Eight ACIs were identified for the biennium 2014–15, including ACI 6 on Formalization of the informal economy. As a follow-up to the adoption of Recommendation No. 204 and to facilitate efforts to transition from the informal to the formal economy, the 325th Session of the Governing Body endorsed a strategy for the Office inviting governments, employers and workers to jointly ensure the full realization of Recommendation No. 204. The Office presented the main areas of focus of Outcome 6 for 2016–17 and the progress made throughout the first year of implementation.

The strategy built on the work done in the context of ACI 6, and the adoption of and follow-up to Recommendation No. 204. This new strategic approach was based on the shared understanding that the transition

<sup>22</sup> ILO: Informal Economy Workers, Chapter 4: Who should be getting minimum wages. Available at: [www.ilo.org/global/topics/wages/minimum-wages/beneficiaries/WCMS\\_436492/lang--en/index.htm](http://www.ilo.org/global/topics/wages/minimum-wages/beneficiaries/WCMS_436492/lang--en/index.htm) [accessed 19 September 2019].

<sup>23</sup> The 2002 resolution defined the term “informal economy” as “all economic activities of workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements”. General Conference of the ILO (90th session, 2002), Resolution concerning decent work and the informal economy. Geneva, ILO, 2002, para. 3.

<sup>24</sup> Ibid., para. 25.

<sup>25</sup> The concept of results-based ACIs was introduced only for the Strategic Policy Framework of the ILO 2014–15.

to the formal economy could best be facilitated through an integrated strategy, policy coherence, institutional coordination and social dialogue.

Since then, ILO initiatives on formalization of the informal economy have evolved both in aims and in scope. Notable is the change of indicators from the biennia 2016–17 and 2018–19, making them more holistic, with a greater emphasis on social dialogue as an essential mechanism for ownership, effectiveness and sustainability of results.

Table 1. Overview of relevant results areas for the period of the evaluation, 2014–18

Strategic Policy Framework 2014–15	Programme and Budget for 2016–17	Programme and Budget for 2018–19
<b>ACI 6:</b> Formalization of the informal economy	<b>Outcome 6:</b> Formalization of the informal economy <b>Outcome statement:</b> Tripartite constituents are better equipped to facilitate the transition from the informal to the formal economy.	<b>Outcome 6:</b> Formalization of the informal economy <b>Outcome statement:</b> Member States develop or improve legislation and policies to facilitate the transition to formality and the social partners extend representation and services.
<b>Expected actions:</b> <b>The ILO will:</b> <ul style="list-style-type: none"> <li>Review current experience and good practice, draw lessons and promote drivers of formalization, targeting micro and small enterprises in selected economic sectors and categories of workers in informal employment conditions.</li> <li>Provide policy advice, technical cooperation and capacity building to promote formalization through enterprise, employment, labour and social policies.</li> <li>Work with governments and other partners to develop and promote legislation and regulations that encourage formalization.</li> <li>Work to strengthen the capacity of organizations of employers and of workers to reach out to businesses and workers in the informal economy in order to promote effective transitions to formality.</li> </ul> <b>Principle Outcomes to cater this ACI were:</b> <ul style="list-style-type: none"> <li>Employment promotion</li> <li>Skills development</li> <li>Sustainable enterprises</li> <li>Working conditions and HIV/AIDS</li> </ul>	<b>Indicator 6.1:</b> Member States that have updated their legal, policy or strategic frameworks to facilitate the transition to formality <b>Results criteria:</b> Reportable results must meet one or more of the following criteria: <ol style="list-style-type: none"> <li>Government, in consultation with social partners, develops or revises policies and programmes in the areas of employment, enterprises, social protection or labour compliance, facilitating the transition to formality.</li> <li>Government, in consultation with social partners, develops or revises laws and regulations to extend legal coverage and protection to categories of workers and economic units previously uncovered.</li> <li>Government, in consultation with social partners, develops or revises national strategies or action plans facilitating the transition to formality across the economy.</li> </ol> <b>Indicator 6.2:</b> Member States in which constituents have increased awareness and the knowledge base on informality to promote and facilitate the transition to formality <b>Results criteria:</b> Reportable results must meet one or more of the following criteria: <ol style="list-style-type: none"> <li>Constituents undertake information and awareness-raising campaigns supporting formalization.</li> <li>Government, in consultation with social partners, develops and draws on a diagnosis of informality at the national level to set priorities for action, including for addressing the needs of women and men, and of vulnerable groups.</li> </ol>	<b>Indicator 6.1:</b> Number of member States in which constituents have developed a common understanding and a basis for monitoring informality with a view to facilitating progress towards formalization <b>Criteria for success:</b> Both of the following must be met: <ol style="list-style-type: none"> <li>6.1.1. The common understanding is based on a proper diagnosis of informality and its incidence at the national level, developed by the government in consultation with the social partners.</li> <li>6.1.2. A gender-responsive monitoring system to assess progress towards formalization, including the most vulnerable to decent work deficits, is in place.</li> </ol> <b>Indicator 6.2:</b> Number of member States that have developed or revised integrated policies, legislation or compliance mechanisms, to facilitate transition to formality, including for specific groups of workers or economic units <b>Criteria for success:</b> All of the following must be met: <ol style="list-style-type: none"> <li>6.2.1. The new or revised policies, legislation or compliance strategies increase coverage, in law and in practice, including those most vulnerable to decent work deficits.</li> <li>6.2.2. The new or revised policies, legislation or compliance strategies are gender-responsive and promote non-discrimination.</li> <li>6.2.3. The new or revised policies, legislation or compliance strategies are developed in consultation with the social partners.</li> </ol>
	<b>Indicator 6.3:</b> 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	<b>Indicator 6.3:</b> Number of member States in which employers' or workers' organizations provide support to workers and economic units in the informal economy for facilitating transition to the formal economy

Strategic Policy Framework 2014–15	Programme and Budget for 2016–17	Programme and Budget for 2018–19
	<p><b>Results criteria:</b> Reportable results must meet one or more of the following criteria:</p> <ol style="list-style-type: none"> <li>1. Employers' and/or workers' organizations provide gender-responsive services to economic units and workers in the informal economy.</li> <li>2. Government takes measures to promote gender equality or non-discrimination within its actions to facilitate the transition to formality.</li> </ol>	<p><b>Criteria for success:</b> At least one of the following must be met:</p> <ol style="list-style-type: none"> <li>6.3.1. Employers' or workers' organizations expand their membership to workers and economic units in the informal economy.</li> <li>6.3.2. Employers' or workers' organizations provide new or revised services to economic units and workers in the informal economy, with a view to facilitating transition to the formal economy.</li> <li>6.3.3. Employers' organizations develop policy advocacy agendas to foster the transition of informal businesses to formality.</li> <li>6.3.4. Workers' organizations develop strategies for including informal economy workers in social dialogue.</li> </ol>

## 2.4. NARRATIVE FRAMEWORK FOR THE ILO STRATEGY TO FORMALIZE THE INFORMAL ECONOMY

The evaluation team developed an overview of the ILO Strategy to formalize the informal economy based on the information from ACI 6, Outcome 6 over the two P&B biennia 2015–17 and 2018–19, and the Plan of Action.<sup>26</sup> This description forms the foundation for the subsequent analysis of the results achieved for the period under evaluation.

With the overall goal of strengthening the economic, labour-related and social environment through the formalization of the informal economy, the ILO Strategy has primarily focused on supporting member countries to improve their economic and labour-related environment, and expand informal economy workers' rights and benefits in line with guidance contained in Recommendation No. 204. The strategy included support for the development, streamlining and adoption of regulations and incentives for the formalization of informal economic activities and actors. It also included support for tripartite constituents' efforts to promote decent work and international labour standards in the informal economy as enabling conditions for current or future formalization as a means to achieve decent work. This comprises elements on increasing social security systems' coverage, occupational safety and health (OSH) provisions, strengthening compliance mechanisms, social dialogue and collective bargaining. Support to constituents' and other stakeholders' efforts has been key to building integrated policy frameworks that facilitate the transition to the formal economy (box 1).

An overview of the ILO's key activities to implement the strategy during the period under review include support for the implementation of national diagnosis of the informal economy and tailored research. In addition, there was provision of technical assistance and capacity building of constituents, coupled with awareness-raising activities and support for legislation and policies to facilitate formalization, including support for promoting sustainable enterprises and conducive regulations.

<sup>26</sup> ILO: Formalization of the informal economy: Follow-up to the resolution concerning efforts to facilitate the transition from the informal to the formal economy, Governing Body, GB.325/POL/1/2, first item on the agenda, Geneva, Oct. 2015.

**BOX 1****Examples of areas and measures included as part of integrated national policy and institutional implementation frameworks**

- The promotion of strategies for sustainable development, poverty eradication, inclusive growth, and generating decent jobs in the formal economy with labour market policies and institutions.
- Pro-employment macroeconomic policies.
- Enterprise policies that promote sustainable enterprises and conducive regulations that facilitate formalization and fair competition, as per the conclusions concerning the promotion of sustainable enterprises, ILC 2007 (96th Session).
- The establishment of contributory social protection floors, including extension of contributory social security.
- Development and implementation of effective labour inspection systems and effective occupational safety.
- Development and implementation of work health policies, income security and minimum wage policies.
- Freedom of association and the effective recognition of the right to collective bargaining.
- Respect for fundamental rights at work, with the involvement of employers' and workers' organizations.
- The elimination of all forms of forced or compulsory labour, effectively abolishing child labour, and eliminating discrimination in respect of employment and occupation.
- The establishment of an appropriate legislative and regulatory framework, access to effective justice and the elimination of all forms of discrimination and violence in the workplace.
- Relevant, accessible and up-to-date labour market information systems.
- Supportive education and skills development policies that respond to the evolving needs of the labour market and to new technologies, and recognize prior informal apprenticeship learning.
- Comprehensive measures to facilitate school-to-work transition of young people, in particular those who are disadvantaged (for example, youth guarantee systems).
- The promotion of all forms of entrepreneurship (micro, small and medium-sized units) and business models, including social and solidarity economic units.
- Labour migration policies that account for labour market needs and promote decent work.
- Promotion of local development strategies in the rural and urban sectors.
- Support of the transition out of unemployment or inactivity, especially for disadvantaged groups.

**2.5. ILO ACTIONS ON FORMALIZATION OF THE INFORMAL ECONOMY (2014–18)**

ILO interventions at country level are delivered through CPOs,<sup>27</sup> which are linked to DWCPs, whenever available. At the global level, the ILO's work has focused on developing knowledge-base products and tools, building capacities of constituents and conducting advocacy actions.<sup>28</sup> Contrary to what exists in other regions, since 2014, the ILO has had a specific programme on formalization in the Americas called the ILO Programme for the Promotion of Formalization in Latin America and the Caribbean (FORLAC), which is part of Outcome 6 and was the subject of an independent evaluation in 2017.

An OCT, composed of representatives of relevant departments and offices, has been in charge of developing the outcome-based work planning (OBW). It draws inputs from across all relevant ILO units. Field offices provide support to CPOs, guide the implementation of the OBW, monitor progress and ensure appropriate action for all four of the cross-cutting policy drivers.<sup>29</sup>

<sup>27</sup> It should be noted that, considering the impossibility of linking one CPO to two or more Policy Outcomes, ILO interventions on formalization are sometimes placed under CPOs not linked to Outcome 6.

<sup>28</sup> In the P&B 2016–17, only one global product was created for each policy outcome.

<sup>29</sup> These include international labour standards, gender equality and non-discrimination, social dialogue and just transition to environmental sustainability.

Implementation of ILO activities is done in coordination with workers' and employers' organizations, and countries' relevant ministries.<sup>30</sup> National statistical offices and enforcement bodies such as tax, social security and labour inspection agencies are involved. At the international cooperation level, the ILO has worked closely with the World Bank and regional banks, the International Monetary Fund, UN agencies under the United Nations Development Assistance Plan umbrella, and the Organisation for Economic Co-operation and Development (OECD), along with Women in Informal Employment: Globalizing and Organizing (WIEGO) and other non-governmental organizations (NGOs).

### 2.5.1. Summary of ILO activities 2014–15

From 2014 to 2015, ILO efforts regarding the formalization of the informal economy were part of the ACI Work Plan, composed of 16 leading CPOs and 40 contributing CPOs. Whereas all leading CPOs were designated as “targets”, 27 of the contributing CPOs were designated as targets and identified for completion during the ongoing 2014–15 period<sup>31</sup>; eight were designated as “Pipeline”, with no expected achievement in the biennium 2014–15; and one was designated as “Maintenance”, meaning objectives in progress. Four further contributing CPOs were classified as unidentified in level of completion.

As per the ACI 6 workplan, more than 50 per cent of the lead CPOs were linked to Outcome 1, More and better jobs for inclusive growth and improved youth prospects, while other lead CPOs were linked to sustainable enterprises, working conditions and social dialogue, and industrial relations. This demonstrates that, while the ILO undertook diverse efforts on formalization on a variety of planned Outcomes, a primary focus on formalization during this period was related to the employment promotion Outcome.

Many of the targeted interventions in regard to Outcome 1 were based on changing legal and policy frameworks<sup>32</sup> in countries, and included recommendations to adjust labour law and classifications and reforms on enterprise development and compliance mechanisms. Other related areas of work included employment analysis and research, employment-intensive investment, skills development promotion, job creation, and enterprise and cooperative development. Examples are found in Cambodia, where members of the inter-ministerial committee undertook a training workshop on informal employment, and in Nepal, where recommendations were issued on revising existing labour laws to better formalize the informal economy. For the contributing CPOs, the situation was different, as 13 different Outcomes were spread out among the countries involved.

Among the supporting CPOs identified under ACI 6, nearly one-third were linked to Outcome 10, Strong and representative employers' and workers' organizations, which contributed to support organizations representing medium and small enterprises in collective bargaining (as in the case of South Africa). An additional area of focus with cross-cutting linkages to formalization was Outcome 4 on Social Security, which led to improving working conditions of domestic workers (including social security) in the context of formalization (such as in the case of India).

<sup>30</sup> Key portfolios relate to labour, social protection, vocational training, economy, finance, small and medium-size enterprises, and agriculture issues.

<sup>31</sup> According to the Programming Internal Governance Manual Strategic Programming and Management Department, CPOs are categorized as:

**Target:** CPOs identified for completion during the ongoing biennium (resources can be linked).

**Pipeline:** CPOs on which work will be done during the ongoing biennium but full achievement will not be reached. Pipeline CPOs identify future outcomes that require work during the current biennium.

**Maintenance:** CPOs relate to country outcomes that were reported as a result in a previous biennium; they cannot subsequently be reported against different measurement criteria, but ongoing work on their achievement is foreseen (no resources are linked).

**Achieved:** CPO that is considered completed and reported as such in the Programme Implementation Report. No further work is envisaged.

<sup>32</sup> ILO, Employment Promotion. Available at: [www.ilo.org/global/topics/employment-promotion/lang-en/index.htm](http://www.ilo.org/global/topics/employment-promotion/lang-en/index.htm) [accessed 20 September 2019].

### 2.5.2. Summary of ILO activities 2016–17

A focus on legal and policy frameworks continued over the 2016–17 period to facilitate greater formalization. Comprehensive changes to legal and policy frameworks, including national employment policies,<sup>33</sup> were undertaken. Some examples are found in the adoption of national strategy and plans on transition to the informal economy (Cabo Verde, Ghana and Cambodia), the tripartite agreement to implement Recommendation No. 204 (Costa Rica), and the adoption of the new policy on employment for 2016–20, which includes a strategy towards formalizing the informal economy (Côte d'Ivoire).

Progress on other related thematic areas or a specific demographic was observed in this biennium. This was notable for the expansion of social security protection and coverage of domestic workers (Cambodia, Costa Rica, Turkey, Argentina, Viet Nam and the Philippines), the formal economy employment of refugees and workers in the agriculture sector (Jordan), and the implementation of new procedures to formalize workers and small businesses in the housing and construction sectors (Nepal). In Madagascar and Burkina Faso, labour inspection approaches to the informal economy were adopted, while Colombia cracked down on disguised employment relationships.

The 2016–17 period also saw a major rise in efforts of the ILO on awareness-raising and capacity-building of member States. The ILO conducted awareness-raising campaigns targeting government institutions, and employers' and workers' organizations. It completed comprehensive diagnoses<sup>34</sup> of the informal economy in Burkina Faso, Cameroon, Côte d'Ivoire, Ghana, Greece, Mexico, Paraguay, Peru, South Africa and Viet Nam to assist countries' national formalization strategies. Another notable element of the ILO formalization effort during this period was its stronger focus on the promotion of gender equality in the formalization process. Twelve member States took measures to promote gender-related approaches, as in the case of the targeted households to formalize employment relationships (Mexico) and the creation of cooperatives to formalize female-run informal businesses (Senegal).

Cooperation with other international organizations on facilitating formalization increased during 2016–17. The ILO partnered with the World Bank on joint initiatives and advocacy on productivity and the cost–benefits of formalization. The ILO further worked with the European Commission to reduce unregistered employment in Europe through the “Tackling Undeclared Work” European Platform. The ILO also cooperated with the OECD, WIEGO, and the UN Secretary-General's High-Level Panel on Women's Economic Empowerment (the last in the promotion of the ratification of the Domestic Workers Convention, 2011 (No. 189)). A wealth of data on the global informal economy was produced, from documents such as *Women and men in the informal economy*,<sup>35</sup> to policy resource packages that covered such diverse areas as domestic work, enterprise formalization, social dialogue in formalization and more.

### 2.5.3. Brief comments on ILO activities in 2018

Progress implementation for this period was still ongoing at the time the evaluation was conducted, and results reports were not yet available. The CPO analysis that the evaluation team undertook noted several key efforts, however. These include the ILO's continued work on supporting countries to develop and reform their legal frameworks, revise and elaborate policies on formalization, and adopt national strategies.<sup>36</sup> CPOs also focused on capacity strengthening of relevant ministries and local authorities.<sup>37</sup> There was, further, attention to and support of employers' and workers' organizations to elaborate proposals related to policies on formalization (for example, in Peru, the Democratic Republic of the Congo and Namibia).

<sup>33</sup> Costa Rica, Côte d'Ivoire, Guatemala, Nepal and the United Republic of Tanzania

<sup>34</sup> The ILO adopted the term “diagnosis” to refer to analysis of the informal economy, including statistics and qualitative aspects.

<sup>35</sup> ILO: *Women and men in the informal economy: a statistical picture* (third edition). ILO, Geneva, 2018.

<sup>36</sup> Brazil, Costa Rica, the Dominican Republic, Madagascar, Paraguay, Peru, Togo and South Africa.

<sup>37</sup> For example, in Argentina the ILO supports the Province of Santa Fe in strengthening its inspection capacities to promote labour formalization.



Creating and/or improving monitoring mechanisms to evaluate progress on formalization was streamlined in the biennium 2018–19. For instance, Cameroon and Senegal started implementing monitoring mechanisms inspired and aligned with the indicators of Recommendation No. 204 on the extension of social protection coverage to informal workers. Other countries, such as Paraguay and South Africa, implemented gender-responsive monitoring systems.

Capacity strengthening of constituents is being implemented in 29 countries, with a focus on the elaboration of proposals on formalization (for example, Costa Rica, Ecuador, the Dominican Republic and Peru), representation of informal workers (for example, Argentina, Brazil, Namibia, Rwanda and Zambia), and the creation of new services (for example, Argentina and Mongolia). The ILO also worked with constituents to improve their technical capacities in key areas related to formalization, such as social protection, OSH and labour inspection. Awareness-raising activities were conducted in 19 countries, notably on the phenomenon of the informal economy, the benefits of formalization on decent work (for example, the Democratic Republic of the Congo, Guinea, Mexico and Uruguay), and the challenges faced by specific informal workers' groups (such as domestic workers).

Assessments and diagnoses on the informal economy and production of statistics were implemented in 24 member States to build tailored policies and actions towards formalization (for example, in Cambodia, Colombia, Egypt, Greece, India, Madagascar, Montenegro, Peru, Senegal, Thailand, Viet Nam and Zambia).

Enterprise development and BDS were mainstreamed in 20 countries through a variety of activities to support workers' and employers' organizations in assisting informal workers and units to facilitate their transition to the formal economy (for example, Brazil, India, Lebanon, Madagascar, Mongolia, Senegal, South Africa and Zambia). Services offered included skills training, support to market access, organizing informal production units and mobilization to claim rights.

Social protection continued to be addressed during this biennium through the improvement of national legal and policy frameworks (for example, the Dominican Republic, Ecuador, Ghana, Mexico, Peru, the Philippines, Senegal and South Africa); the revision of social protection policies and design of schemes catered to the needs of specific groups of informal workers, such as domestic workers and street vendors (for example, in Argentina, Costa Rica, Cambodia and Peru).

## 3. EVALUATION FINDINGS

### 3.1. RELEVANCE

#### Summary findings

The ILO Strategy and the key areas of focus of the ACI and Outcome 6 are generally relevant to country needs. Nevertheless, there is much variation between countries and in the opinion of key stakeholders on the level of relevance. The design of the ILO Strategy for Outcome 6 is also identifiably and directly pertinent to global concerns and strategies on formalizing the informal economy. Based on stakeholder inputs and content review, the evaluation found that Recommendation No. 204 and the ILO Strategy make an important contribution to SDG 8, and more specifically Target 8.3.<sup>38</sup>

Overall, the ILO Strategy<sup>39</sup> fits the needs and concerns of ILO member States and social partners well. The evaluation country case studies,<sup>40</sup> the Synthesis Review of Project Evaluations on Formalization of the Informal Economy<sup>41</sup> and the Governing Body minutes<sup>42</sup> and other documents reviewed support these findings.

The evaluation country case studies indicate that the ILO Strategy has been translated into actions and initiatives in line with the national context. This means that this strategy was in accordance with national socio-economic, political, demographic, level of decentralization and other contextual variables. In no case was the ILO Strategy seen as an inflexible plan that must be applied in only one way to achieve the objective of formalizing the informal economy. It should be noted that, prior to the ILO's development of a strategy and support for a Recommendation on formalizing the informal economy, there were noted differences of opinion and/or resistance to formalizing among different actors<sup>43</sup> – that is, among development actors, workers' and employers' organizations and informal economy actors themselves towards these processes.

<sup>38</sup> SDG 8, Target 8.3: 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, including through access to financial services. United Nations, Department of Economic and Social Affairs, Statistics Division. Available at: <https://unstats.un.org/sdgs/metadata/> [accessed 20 September 2019].

<sup>39</sup> As summarized and described in section 2.

<sup>40</sup> The evaluation case study countries are those that were visited or studied through desk review. These included Argentina, Cambodia, Costa Rica, Jordan, Nepal, Senegal, Ukraine and Zambia.

<sup>41</sup> ILO: Synthesis Review of Project Evaluations on Formalization of the Informal Economy, Geneva 2019.

<sup>42</sup> ILO: *Minutes of the 329th Session of the Governing Body of the International Labour Office*, Governing Body, 329th session, Geneva, Mar. 2017, GB.329/PV, Discussion Outcome 6: Formalization of the informal economy, second item on the agenda.

<sup>43</sup> For example, fears of taxation and resulting increased poverty, a welfare orientation towards people in the informal economy, complexity of registration barriers and others. OECD: "Removing Barriers to Formalisation", in *Promoting Pro-Poor Growth: Policy Guidance for Donors* (OECD Publishing, Paris, 2007).



The relevance of Recommendation No. 204, and the ILO Strategy to support its implementation, became more apparent over time, as constituents and wider civil society became more cognizant of the need to formalize the informal economy. A review of national development plans and DWCPs in country case studies and other documentation indicates that the strategy has been relevant to inform formalization approaches during the evaluation period. Pertinent references to methods to formalize the informal economy are more common in these documents over the latter part of the evaluation period. Given the increased awareness of key stakeholders to the issues regarding the need for formalizing the informal economy, this is not surprising. In most development programming, the need for interventions is generally immediately clear, such as in the case of eliminating the Worst Forms of Child Labour.<sup>44</sup> In contrast, with the case of the need to formalize the informal economy, the evaluation found that it is not as immediately obvious to many stakeholders that a need for formalizing exists. There may even be initial resistance, as the evaluators noted in their past work on the informal economy, and also as interviewees in the current evaluation reported. This resistance is often due to the complexity in terms of size and diversity of the informal economy, and the different points of view on the best way to address poverty. Using a systems approach to the evaluation helps to understand this aspect. This means that it is important to view relevance of Recommendation No. 204 and the ILO Strategy through a systems lens.<sup>45</sup> Greater awareness and feedback from actions on formalizing helped to inform stakeholders of the very need to formalize.

### 3.1.1. Levels of relevance

The Synthesis Review indicated that activities on the transition from the informal to the formal economy are considered relevant worldwide. The majority of project interventions reviewed in the Synthesis Review responded well to the needs of member States and social partners on formalization in all regions.<sup>46</sup> This was found to be especially true for Latin America and Europe. In the case of evaluation country case studies, the same was confirmed. It should be added, however, that, in the evaluation case study country of Ukraine, there was more reticence towards formalizing the informal economy overall than in the other case study countries.

Only one-quarter of the evaluation reports analysed in the Synthesis Review made explicit reference to the key principles of Recommendation No. 204 and the ILO's approach on formalization of the informal economy. The need for context-specific formalizing entry points appropriate to individual countries and informal economy sectors was highlighted. It should be noted that, prior to the adoption of Recommendation No. 204, the operational definition of formalization was cited in the ACI 6 "Taxonomy on formalization", which was developed in 2013 and shared with all staff members.<sup>47</sup> The promotion and positioning of Recommendation No. 204 as the frame of reference for the ILO's interventions on strategies and policies in regard to the informal economy was also noted as a challenge in terms of the considerable amount of human and financial resources required to prioritize and develop an integrated approach to address the issue".<sup>48</sup>

<sup>44</sup> See the Minimum Age Convention, 1973 (No. 138) and the Worst Forms of Child Labour Convention, 1999 (No. 182), corresponding to child labour. Child labour usually takes place in the informal economy and the need to address it is more immediately apparent. It should be added that child labour is often related to structural economic challenges in the functioning of the economy and labour market. Where adults do not have decent employment, indicators on child labour are not likely to change much.

<sup>45</sup> B. Williams and R. Hummelbrunner: *Systems Concepts in Action* (Stanford, Stanford Business Book, 2010); B. Williams: *Systemic Evaluation Design: A Workbook*, 2nd Edition (Online Publishing, 2019). Available at: <https://gum.co/evaldesign> [accessed 19 September 2019].

<sup>46</sup> Social partners, including workers' and employers' organizations, and other civil society groups composed of or linked to the informal economy.

<sup>47</sup> ILO: ACI 6 Concept Note, Annex, Taxonomy of Formalization, Geneva, 2000: ILO unpublished internal document.

<sup>48</sup> ILO: Synthesis Review of Project Evaluations on Formalization of the Informal Economy, Geneva, 2019.

### 3.1.2. Alignment of the ILO Strategy with Recommendation No. 204

The strategy for ACI 6, even though it preceded the adoption of Recommendation No. 204, was aligned to the main components of Recommendation No. 204. Outcome 6 expected results for the periods 2016–17 and 2018–19 are well aligned with the different components of Recommendation No. 204. Though they do not exactly match the three overarching objectives, the key elements of the relevant ACI and Outcome 6<sup>49</sup> correspond to details of sections 3–8 of Recommendation No. 204, specifically: assessment and diagnostics, the components on legal and policy frameworks to facilitate transitioning to the formal economy including development of employment policies; rights and social protection to informal economy actors; incentives, compliance and enforcement; freedom of association, social dialogue and role of employers' and workers' organizations; and data collection and monitoring.

Before the ILC's adoption of Recommendation No. 204 in 2015, the ILO had already included formalization of the informal economy as part of its programming. The ILO systematically cited its first features in ACI 6 for the period 2014–15. Identifying ACIs was an innovation aimed at creating greater internal synergies at the time. As outlined in section 2, following the adoption of Recommendation No. 204 in 2015, formalizing became an expected organizational outcome in the P&B documents for the biennia 2016–17 and 2018–19.

### 3.1.3. Perceptions of the ILO Strategy

Importantly, case study country stakeholders who were aware of Recommendation No. 204 commonly noted that they saw it as a useful strategy itself. Some ILO staff, however, stated that they did not see Recommendation No. 204 as a strategy but that it nevertheless included useful action guidelines. That is, the structure of Recommendation No. 204 is perceived as well organized to clearly identify the breadth and depth of actions that need to be taken to achieve the three-fold objectives of the Recommendation.<sup>50</sup> A range of stakeholders from ILO staff and country constituents who had attended the ITC Academy on formalizing the informal economy and other training related training particularly emphasized Recommendation No. 204 as clear and detailed in various interviews.

Despite the common view of Recommendation No. 204 as a useful normative instrument, the current evaluation found that there is overall confusion in the case study countries on what the “ILO Strategy” is. Even where the evaluation found that there was no confusion (for example, Costa Rica), stakeholders often still viewed Recommendation No. 204 as the “ILO Strategy”. While the ILO does use Recommendation No. 204 to guide its work on formalizing, a consideration of it as an “ILO Strategy” indicates a lack of ownership on the part of the countries of this normative instrument.

Several different types of interviewees from the evaluation countries noted the usefulness of the way Recommendation No. 204 is structured and how it guided their understanding of formalization issues. In the case of Nepal, for example, the three key Recommendation No. 204 objectives were said to be highly relevant to the country context, considering the central role that the informal economy plays in the country. That is, Recommendation No. 204 includes a focus on job creation and provision of income for the working poor and addressing related decent job deficits in the sector.

For ILO staff members, though they recognize Outcome 6 as summarizing the ILO Strategy, in several countries they find Recommendation No. 204 functions as a strategy in practice. Staff view it as clearer in terms of providing guidance on what is needed for transitioning to the formal economy. However, in

<sup>49</sup> For the 2014–18 evaluation period.

<sup>50</sup> The text of this reads: “(a) facilitate the transition of workers and economic units from the informal to the formal economy, while respecting workers’ fundamental rights and ensuring opportunities for income security, livelihoods and entrepreneurship; (b) promote the creation, preservation and sustainability of enterprises and decent jobs in the formal economy and the coherence of macroeconomic, employment, social protection and other social policies; and (c) prevent the informalization of formal economy jobs.”

the case of Argentina, though there have been many useful initiatives on formalizing, “there is not one common view about an ILO Strategy in terms of priorities and actions”. In Cambodia, the CPO under Outcome 6 is considered inactive (on hold), although it did report results under Outcome 6 in biennium 2016–17, and in Ukraine there is no CPO for Outcome 6. Consequently, these countries do not refer to an “ILO Strategy”, though Recommendation No. 204 is mentioned when discussing informality.

#### 3.1.4. The ILO Strategy and cross-cutting policy drivers

The ILO Strategy partially integrates the ILO's normative cross-cutting policy drivers on international labour standards, the social dialogue mandate, gender equality, non-discrimination and just transition to environmental sustainability.

There is no explicit indicator or criteria for success or other direct mention of labour standards (other than Recommendation No. 204) in the P&B for 2016–17 and 2018–19. Nevertheless, attention to international labour standards is understood as an integral part of the strategy in regard to planned efforts to promote decent work and fundamental principles and rights at work. Concurrently, however, some ILO staff noted the insufficient level of attention to disseminating the ILO's normative mandate on labour standards and other related issues. This was said to particularly apply to the application of ILO Recommendations as compared with ILO Conventions, where the normative mandate is more explicitly noted.

Gender and non-discrimination are mentioned several times as criteria for success in the P&B for 2016–17 and 2018–19.<sup>51</sup> Nevertheless, non-discrimination is a very general term and not sufficiently delineated according to categories of vulnerable groups in the list of expected results under the P&B for the two biennia.<sup>52</sup> Vulnerable groups tend to be over-represented in the informal economy compared with other groups, since they often have less recourse to formal employment. More explicitly mentioning groups such as people with disabilities and/or HIV, refugees and others would thus help ensure attention to these groups.<sup>53</sup> Neither are they explicitly mentioned in the ACI 2014–15 though some efforts have been made to ensure attention to vulnerable groups overall. Social dialogue and the involvement of workers' and employers' organizations are repeatedly mentioned and thoroughly emphasized as indicator and criteria for results levels in the P&B for the two biennia.

#### 3.1.5. Including the voice of workers' and employers' organizations for relevance

Representatives of workers' and employers' organizations in the case study countries contributed to the development of Recommendation No. 204 in the ILC. National level consultations prior to Recommendation No. 204 had limited participation and representation of informal economy actors. That is, at national level, informal economy actors' voices were taken into consideration only where employers' and workers' organizations already included such actors in their membership.<sup>54</sup> However, the ILO Strategy to implement Recommendation No. 204 did increasingly include the voice of the informal economy over time. Due to the limited organization of informal economy worker participation, their views are nevertheless inconsistently considered at international and national level. It should be added that, in some countries, such as Argentina and Senegal, the voice of the informal economy was better organized and included through participation in the ITC Academy and at national level.

<sup>51</sup> See section 2.

<sup>52</sup> Nor are the other aspects related to non-discrimination, such as forced labour or trade union membership mentioned.

<sup>53</sup> Note that refugees are the main focus in Jordan and have a great deal of focus in some other countries with a high number of refugees.

<sup>54</sup> It should be noted that informal economy actors were involved as the object of research in informal economy diagnostics to inform stakeholders participating in the ILC that voted on Recommendation No. 204.

According to the Synthesis Review, the relevance of projects was enhanced when such projects were designed together with constituents who were receptive to efforts to formalize the informal economy. In fact, participation of constituents in the design and implementation of projects was identified as a good practice in several projects and programmes. As will be seen in subsection 3.3 on Effectiveness, the same was found to be true for the evaluation case study countries.

### 3.1.6. The ILO Strategy, global goals and products

The evaluation finds that the global ILO products and CPOs are, as a group, well aligned with Policy Outcome 6 and its indicators. In the case of Argentina and Costa Rica, for example, work on formalization as illustrated in the Decent Work Results reported for Outcome 6 in the period 2016–17 is directly linked to and supports SDG 8.3. One of the ILO's stakeholders interviewed indicated that Recommendation No. 204 and the ILO's supporting implementing strategy also contribute to several other SDGs, notably, 1.3 on social protection, of which ILO is the custodian agency; 3.8 on health coverage (through focus on health insurance for people in the informal economy); 5.4 on gender equality; 8.5 on decent work; and 10.4 on addressing inequalities. The strategy also includes direct or indirect focus on global concerns regarding addressing poverty, lack of skills, and other development issues.

Important global products include awareness raising; development of legal and policy frameworks; capacity strengthening; strengthening informal economy diagnostics and statistics for knowledge building; extending social protection to the informal economy; informal economy monitoring systems; and linking to BDS to support formalizing efforts. CPOs are particularly well aligned with strengthening the enabling environment for formalizing. Despite these findings, key stakeholders across the evaluation countries note that, while global products are useful, much more support is needed to formalize the informal economy.

### 3.1.7. Alignment of country programme outcomes and thematic areas

While the evaluation team analysed CPOs for the period 2014–18 (results reported for biennium 2014–15 for ACI 6, CPOs planned and reported for Outcome 6 for the biennium 2016–17, and CPOs planned for Outcome 6 for the biennium 2018–19), the analysis focused more on the biennium 2016–17, the only one for which reports on results related to Outcome 6 are available.<sup>55</sup>

In the period 2016–17, there were 56 planned CPOs related to Outcome 6, including four regional/sub-regional CPOs. The CPO status at planning stage was “Pipeline” for 19 cases and “Target” for 37 other cases. It should be noted that a CPO can be linked to more than one indicator within the same Outcome. Wherever a country has a CPO linked to a Policy Outcome, it is only mandatory to mention the primary indicator in the outcome-based work plan. Countries may, however, select one or more additional indicators that they will strive to meet. For the biennium 2016–17, an additional indicator was added in 37 out of 56 CPOs. In 15 cases,<sup>56</sup> countries elected to try to meet all three indicators, signifying high interest in Outcome 6.

The most common indicator that countries selected for this period was 6.2, with its focus on awareness raising of formalization, and strengthening the knowledge base. This applied across the board for primary and additional indicators. The second most common indicator was 6.1, with its orientation to updating legal, policy or strategic frameworks to facilitate the transition to formality. The least common area of emphasis that countries selected was indicator 6.3, on constituents taking measures to promote gender equality or address the needs of vulnerable groups when facilitating the transition to formality.

<sup>55</sup> Source: ILO Decent Work Results Dashboard. Available at: [www.ilo.org/IRDashboard/#azfoxn0](http://www.ilo.org/IRDashboard/#azfoxn0) [accessed 24 September 2019].

<sup>56</sup> Five in Latin America and the Caribbean; four in Asia and the Pacific; three in Europe and Central Asia; two in Africa; and one in the Arab States.

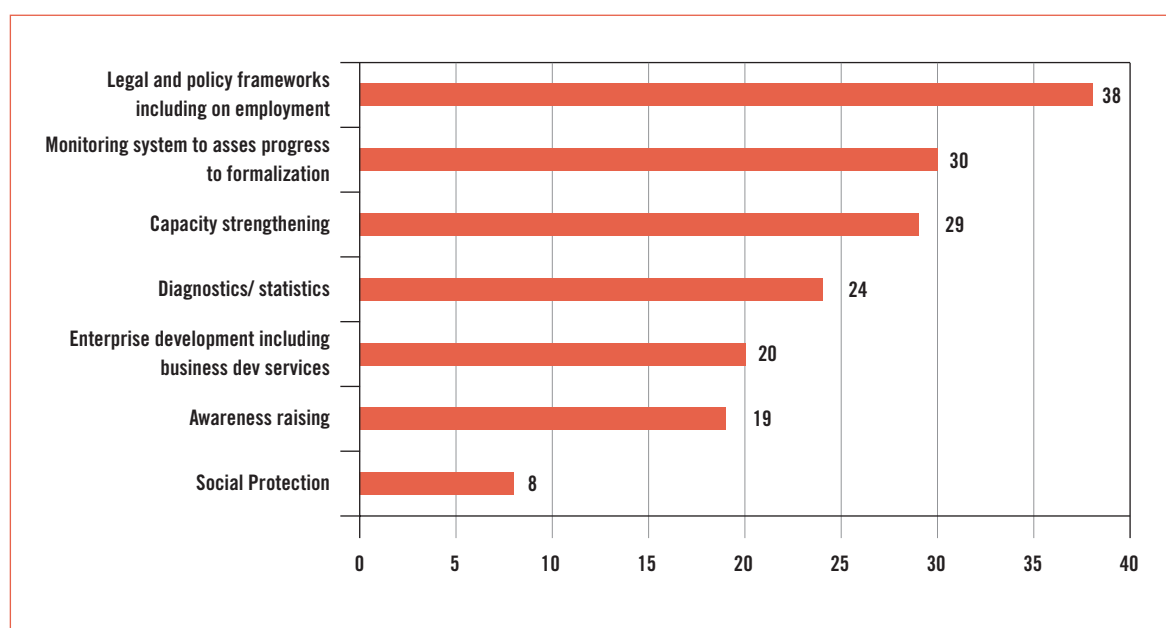
The evaluation notes that the focus on 6.2 is logical in this period, as Recommendation No. 204 had just been adopted. Awareness raising and acquiring sufficient information on the structure and functioning of the informal economy could help identify needs and key areas to address in formalization planning. Simultaneously, it should be recognized that 6.2 combined two subject areas that might have been better considered separately. As figure 8 indicates, in practice, awareness raising was the most important area of key actions, while statistics/diagnostics contribution to the knowledge base was fourth. Thus, combining awareness raising and knowledge base development in a single indicator means that, when reporting a synthesis of results under indicator 6.2, a somewhat misleading interpretation regarding the area of focus could be deduced. More specifically, unless readers study the details, they may believe that both awareness raising and knowledge base had equal focus, while this is not actually the case. In fact, these two subjects are quite different. While data acquired to strengthen the knowledge base can be used to raise awareness, awareness raising can also be far broader and include a wide range of other activities.

For the period 2018–19, there were 45 CPOs related to Outcome 6, including one regional CPO (FOR-LAC). The CPO status is reported in “Pipeline” for 12 and “Target” for 32 (the status of the CPO in Nepal is not indicated).

During this period, CPO indicator focus shifted more to the development or revision of integrated policies, legislation or compliance mechanisms. A key focus was on indicator 6.3 on “Number of member States in which employers’ or workers’ organizations provide support to workers and economic units in the informal economy for facilitating transition to the formal economy”, to which almost half of the CPOs have been linked. Another commonly selected indicator during the 2018–19 biennium is on constituents’ development of a common understanding and basis for monitoring informality. Finally, there are also CPOs with a focus on indicator 6.3 on employers’ or workers’ organizations provision of support to informal economy workers and economic units to formalize. The evaluation notes that this shift is a reflection of the progress made during the previous period on awareness raising of key stakeholders and, especially, on strengthening the knowledge base on the informal economy.

Figure 8 provides an overview of CPOs’ alignment to key areas of actions, and is based on an analysis of the descriptions of the main actions planned for the CPOs.

Figure 8. CPOs’ planned areas of actions 2018–19<sup>a</sup>



<sup>a</sup> 12 missing cases.



When taking the analysis down to individual country level, the extent to which CPOs link to Outcome 6 and indicators varies.<sup>57</sup> As already indicated, some countries have no CPO specifically on formalization.<sup>58</sup> Meanwhile, other countries have elected to focus their priorities on one or two of the indicators/results areas under the ACI 6 and Outcome 6. Consequently, this means that the degree of integration and balance of CPOs and global products in addressing formalizing of the informal economy is inconsistent across the countries. This situation applies in terms of types of efforts governments undertake with ILO support, and also the types of groups covered in country programming. In the case of Jordan, for example, almost the entire focus of informal economy programming is on refugees, yet Jordanian nationals also work in the informal economy. Achieving a good balance between such nationals and also refugees in the informal economy is naturally important for social stability.

### 3.1.8. Relevance to emerging Governing Body concerns and focus on an integrated approach to formalization

The ILO Strategy is somewhat responsive to emerging concerns, as expressed in the GB/ILC discussion minutes, though it could be more specific. Some of the most important GB/ILC discussions in 2017 focused on strengthening social dialogue and integration of actions on formalizing. A point raised was the concern over some countries taking a “piecemeal” approach to formalization instead of the integrated approach that is recommended in Recommendation No. 204, and stressing the importance of taking an integrated approach to formalizing. Consequently, for the period 2018–19, attention to social dialogue was strengthened in the P&B framework for Outcome 6.<sup>59</sup> Greater focus was also placed on diagnostics to improve holistic approaches. However, stakeholders still discussed the challenges of fragmentation of formalization approaches during the current evaluation.

In the 2018 October–November GB/ILC<sup>60</sup> discussion minutes, there was less focus on formalizing the informal economy overall, but a call was made to ensure that the ILO’s work should change in line with changes in the world of work into the future. This includes increases in types of informal economy work.<sup>61</sup> While the existing ILO Strategy could be adapted to the changing world of work, more specific orientations to capture and address these changes in informality are needed.

The ILO Strategy addresses the need for synergies and complementarities with other Policy Outcomes but, in practice, this is much more difficult to implement. While some countries do not have an explicit CPO on Outcome 6, they do integrate actions related less directly to formalization under other ILO Policy Outcomes. In Africa, the Regional Office is developing a regional formalization strategy with the African Union. At the regional level in Latin America, informality is one of the regional priorities, and is linked to two other two priorities: productive development policies and international labour standards. These priorities result from regional tripartite discussions held every four years.

As will be seen in the remainder of the report, while steps have been undertaken directly or less directly towards formalization in many countries, these are just a start. As already noted, the informal economy continues to grow in most countries. So, while the efforts that have been developed are useful, particularly regarding strengthening the enabling environment, the evaluation finds that this is just the beginning of a process requiring much more focus – that is, focus on further developing, adapting, disseminating and implementing actions.

<sup>57</sup> See paragraph 7(b) and 7(c) of Recommendation No. 204: “In designing strategies to facilitate the transition to the formal economy, countries should take into account specific national circumstances, legislation, policies, practices and priorities, and different approaches and strategies can be applied to facilitate the transition.”

<sup>58</sup> Evaluation countries case study Cambodia and Ukraine.

<sup>59</sup> See table 1 in section 2.

<sup>60</sup> ILO: *Minutes of the 334th Session of the Governing Body of the International Labour Office*, Governing Body, 334th session, Geneva, Oct.–Nov. 2018, GB.334/PV, Discussion Outcome 6: Formalization of the informal economy, fifth item on the agenda, Policy Development Section, Employment and Social Protection Segment.

<sup>61</sup> ILO: *Work for a brighter future*, Global Commission on the Future of Work, Geneva, 2019.

## 3.2. COHERENCE

### Summary finding

Overall, stakeholders see the ILO Strategy to support the implementation of Recommendation No. 204 as coherent, though the actual implementation is considered notably fragmented. The evaluation found that the documents guiding the ILO's work on formalizing the informal economy cohered with each other across the P&B targets. Nevertheless, due to the transversal nature of the subject, evidence of creation of synergies between Policy Outcome 6 and other outcomes was partial. The evaluation finds that work carried out under other Outcomes had an impact on Outcome 6 and vice versa. However, links between both were often not explicit.

ILO's Policy Outcome 6: Formalization of the informal economy, is a transversal outcome. The OCT for Outcome 6 provides leadership for its implementation rather than any specific technical unit. To strengthen the coherence of Outcome 6, the OCT-6 facilitates planning, implementation, monitoring and reporting. The OCT-6 lead has developed a larger group of representatives, beyond regular OCT-6, referred to as the "expanded OCT- 6".<sup>62</sup>

ILO staff noted that they felt that there was coherence between the different aspects of the ILO Strategy as expressed in the P&B targets and other documents, though fragmentation of efforts provides challenges. The constituents who had been directly involved in the ITC Academy on formalization and related training on issues linked to formalizing the informal economy had expressed general understanding of the clarity and consistency of the underlying ILO Strategy to implement Recommendation No. 204. Most are unaware of details such as the P&B indicators, but such information is more relevant to ILO staff and the GB. The particular praise of former ITC participants was more focused on the coherence of tools, such as on statistical and qualitative diagnosis of the informal economy and preparation of planning and reporting documents.

### 3.2.1. Transversality across other outcomes

Although work implemented under other outcomes also had linkages to Outcome 6, these were often not explicit. Many ILO interviewees commented that mechanisms to stimulate synergies for the implementation of Outcome 6 were insufficient. Inability to link a CPO to more than one Policy Outcome, and a general tendency among technical units and departments to give primacy to the outcome and CPOs that they oversee, are among the key challenges in reaching optimal collaboration and synergies. This means that transversal subjects such as Outcome 6 are only deeply addressed if a staff member is explicitly required to do so. The incentive to create synergies between initiatives is limited unless it is unequivocally required to do so for results reporting. Consequently, it is also difficult to obtain a comprehensive understanding of the ILO's contribution to Outcome 6, as several relevant achievements are reported under other Policy Outcomes.

The evaluation did find clear signs in the evaluation country case studies and regional office interviews of work done under other Outcomes that also had an impact on Outcome 6 and vice versa. For example, work done under Outcome 3 on social protection (see section 3.3.10) directly and indirectly affects people in the informal economy in several case study countries (for example, Zambia and Senegal). Work in Jordan on refugees is also related to Outcome 9.

<sup>62</sup> The Outcome 6 group serves as a technical support cluster to address Outcome 6-related planning and implementation problems and maximize success. The extended OCT-6 facilitates country experience sharing, including successes and challenges, as part of the technical support provided. The leader and members of the extended OCT have made this arrangement effective, despite lacking any formal authority to control staff and non-staff resources.

Table 2. Summary of Outcomes 2016–17 and 2018–19

Outcome 1	More and better jobs for inclusive growth and improved youth prospects	
Outcome 2	Ratification and application of international labour standards	
Outcome 3	Creating and extending social protection floors	
Outcome 4	Promoting sustainable enterprises	
Outcome 5	Decent work in the rural economy	
Outcome 6	Formalization of the informal economy	
Outcome 7 with change in wording in italics	2016–17: Promoting workplace compliance through <i>labour inspection</i>	2018–19: Promoting safe work and workplace compliance including in <i>global supply chains</i> .
Outcome 8	Protecting workers from unacceptable forms of work	
Outcome 9 with change in wording in italics	2016–17: <i>Promoting fair and effective labour migration policies</i>	2018–19: Fair and effective international labour migration <i>and mobility</i>
Outcome 10	Strong and representative employers' and workers' organizations	

Note: With the exception of adjustments in overall wording of Outcome 7 and 9, the outcomes are the same from 2016–17 and 2018–19.

Individual activities to advance another strategic outcome did thus contribute to the achievement of Outcome 6. In most cases, however, this was more because, as one ILO interviewee noted, “Everything we do is somehow linked to the informal economy”, rather than because synergies were purposely planned. The work done on Outcome 3 on social protection and Outcome 10 on strong and representative employers’ and workers’ organizations was an exception to this. Outcomes 3 and 10 are viewed as an integral part of achieving Outcome 6. Nevertheless, ILO regulations require that work reported under these Outcomes (3, 10 and others) cannot be reported in Outcome 6. Double reporting is not permitted. Several ILO staff members commented that this situation meant that work influencing formalizing the informal economy was underreported.

### 3.2.2. Theory of Change challenges

One of the evaluation questions focused on the extent to which the ToC is coherent and well-articulated in terms of the ILO’s broader long-term expected impact. Furthermore, there were two evaluation question indicators for a ToC on the ILO Strategy.<sup>63</sup> The first evaluation question indicator is on stakeholders’ understanding and view of the ToC as coherent and well articulated. The second is that the assumptions of the ToC are coherent and valid in different contexts. However, this evaluation question cannot be answered, as an informal ToC was only developed recently (early 2018) through the Outcome 6 group.<sup>64</sup> Instead, the evaluation team has assessed the degree to which stakeholders understand the coherence between the key components of the ILO Strategy on Outcome 6 as well as work done under other Outcomes.

At a national level, many of the evaluated projects discussed in the Synthesis Review do not have adequate ToC. This is largely because the underlying logic is not clear and/or the standard development terminology is improperly and/or inconsistently applied in this case.

As noted, there is no global ToC on formalizing the informal economy. Stakeholders interviewed had varied opinions on the necessity of a good overarching ToC. Some expressed the concern that a global ToC would be too constraining for the regions and, in turn, the countries. For example, one interviewee

<sup>63</sup> Each evaluation question had indicators to help ascertain the extent to which results found during the evaluation were pertinent.

<sup>64</sup> ILO: Power Point on Theory of Change Outcome 6, Geneva, undated.



stated that “the ILO should work more on our ToC. How we get from a situation where there is high informality to a situation in which informality has been reduced. ILO worked a lot on diagnosis, but we need to work more on how to achieve better results. I think that we don’t need one global ToC, but a specific ToC that can guide national strategies.”

Other interviewees noted points such as the way Outcome 6 and related planning documents are organized. There are “many areas of overlap and only an inadequate ToC has been developed to explain how to expect change.” Evaluation survey participants also made comments on issues such as the “limited articulated work” and on the “absence of a comprehensive ILO Strategy”. Recommendations of evaluation survey participants included comments on the need for realistic and pragmatic planning.

This evaluation concludes that a global ToC based on Recommendation No. 204 is useful to provide overall guidance on the mechanisms for change. This is different from the ToC that the Outcome 6 group prepared informally. A global ToC would help visualize the inherent logic in Recommendation No. 204 and act as a useful tool to inform good overarching ToC per region on formalizing the informal economy. A good global ToC must necessarily be based on inputs from national and regional levels. It needs to draw all of the key elements together into a whole, with clear description of change mechanisms. National formalizing programming and project ToC designs should also further benefit from expert guidance and training on ToC logic and terminologies.

### 3.3. EFFECTIVENESS

#### Summary finding

Overall, the implementation of the ILO Strategy has been strong in some locations where countries and social partners were receptive, but less so in some other cases. Analysis of reported results for the biennium 2016-17 – the only biennium for which a report on achievements is available – showed that the ILO exceeded targets on two of the three indicators (6.1 and 6.2) and achieved the target for the third indicator (6.3).<sup>65</sup> Field visits and interviews confirmed that progress has been notably high on awareness raising, capacity building, diagnostics and addressing decent work deficits in the informal economy, through strengthening compliance measures. Nevertheless, there was high variability in the quality and reach of achievements. Consequently, the ILO has, so far, partially met its strategic objectives in the formalization of the informal economy as defined in the strategic policy frameworks, Policy Outcomes and targets, and relevant policy instruments.

Actions and initiatives in the countries are in line with the ILO Strategy and recognized as a result of collaborative work of the ILO with the constituents and other civil society groups. The evaluation finds that activities and outputs carried out on formalizing the informal economy at country level contribute to the ILO Strategy's objectives. Much more intensive and continued collaborative work is, however, needed to attain the overall outcome of formalizing the informal economy.

Support from governments to implement the strategy did change over time, in most countries. As awareness of the usefulness of formalizing increased, there was also more support for focusing on such processes. In one of the country case studies (Argentina), the political situation changed, so that emphasis on formalizing decreased. Nevertheless, impetus from the previous more supportive period on formalizing did continue into the present, and actions to support formalizing are proceeding. Though this is only one case, it does serve as a reminder that what has been acquired to support formalizing needs to be well anchored in the enabling environment, as political changes can affect progress. Workers’ and employers’ organizations were, in many cases, initially not entirely convinced of the usefulness of formalizing the informal economy and of integrating the voice and membership of the informal economy in their ranks.

<sup>65</sup> 6.1: Member States that have updated their legal, policy or strategic frameworks to facilitate transition to formality; 6.2: Member States in which constituents have increased awareness and the knowledge base on informality to promote and facilitate the transition to formality; 6.3: Member States in which at least one of the constituents has undertaken measures to promote gender equality and address the needs of vulnerable groups when facilitating the transition to formality.

Over the course of the evaluation period, however, there were many changes and through advocacy and awareness raising this has changed. Details will be discussed in the remainder of section 3.3.

### 3.3.1. International partnerships and formalization

No common agenda among international development partners has yet emerged on addressing the issues of informality on regional and global platforms. That is – while the ILO has engaged in advocacy with the European Union (EU), OECD, World Bank, Asian Development Bank, Group of 20, Association of Southeast Asian Nations (ASEAN), Southern African Development Community (SADC), African Union and others – this has not yet led to a common view on formalization. According to interviewees, some progress has been made, but steady advocacy and sharing of the experiences that illustrate the positive impact of formalization of the informal economy are needed.

The evaluation also finds that the ILO's work on formalization is cognizant of the concerns of the Global Commission on the Future of Work, especially with regard to social protection, labour protection and representation of workers and employers in the informal economy. This is evident from the growing number of research and publications relating to the platform economy and use of technology in formalizing traditionally informal sectors.

Partnerships to realize formalization of the informal economy at the global level were mostly limited to discussions in international forums, which is where subjects such as the SDGs are discussed. Naturally, this is also the case for the ILC, where various international organizations have observer status. At the global level, some exchanges on formalization with the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) were identified. Regional and bilateral discussions and exchanges of good practices and lessons learned are also implemented. Most recently, the ILO is working with the African Union to develop a regional strategy on formalizing the informal economy. Former participants in the ITC Academy on formalization reported having had very useful exchanges between countries during the sessions. A functioning platform was established through the ITC to continue the exchanges after the participation in the Academy. Exchanges of experience between countries on specific issues – such as on refugees between Jordan and Colombia – have also been organized. An important set of joint efforts was focused on the preparation of joint publications with notable organizations such as the OECD, the United Nations Conference on Trade and Development (UNCTAD) and WIEGO.<sup>66</sup> The preparation of these documents was part of awareness raising and additional efforts with other organizations to build a common understanding of informality and the ILO approach towards formalization.

At the global level, a working group to review statistical standards concerning the informal economy has been established including WIEGO, the World Bank, the International Finance Institution, and workers' and employers' organizations.

### 3.3.2. National level international partnerships

Meanwhile, national level partnerships with international development partners were mostly limited to the implementation of joint projects. Examples include the Green Jobs Initiative with UNCTAD; ITC; and the United Nations Environment Programme, the Food and Agriculture Organization of the United Nations and the UN joint programme on social protection partnerships with UN agencies with the United

<sup>66</sup> It should be noted that the drafts of these publications were finalized after the evaluation period in 2019:

- WIEGO and ILO: *Women and men in the informal economy: A statistical brief*, 2019. Available at: [www.ilo.org/wcmsp5/groups/public/---ed\\_protect/---protrav/---travail/documents/publication/wcms\\_711798.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---travail/documents/publication/wcms_711798.pdf) [accessed 20 September 2019].
- ILO and OECD: *Tackling Vulnerability in the Informal Economy*, 2019. Available at: [www.ilo.org/wcmsp5/groups/public/---ed\\_protect/---protrav/---travail/documents/publication/wcms\\_711804.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---travail/documents/publication/wcms_711804.pdf) [accessed 20 September 2019].
- United Nations: *World Economic Situation and Prospects*, 2019 report. Available at: [https://unctad.org/en/PublicationsLibrary/wesp2019\\_en.pdf](https://unctad.org/en/PublicationsLibrary/wesp2019_en.pdf) [accessed 20 September 2019].

Nations Children's Fund, the World Food Programme, and the International Organization for Migration in Zambia. The Food and Agriculture Organization of the United Nations was also involved with the ILO in the SPIREWORK (Social Protection for Informal and Rural Economy Workers) programme on extending of social protection coverage to small-scale farmers. Some of these efforts do not fit neatly under Outcome 6, but still have aspects of formalizing of the informal economy. In Cambodia, the ILO National Coordinator collaborates with the United Nations Country Team Communications Group to ensure that DWCP activities and results are recorded within the wider UN communications strategy. In this case, however, the formalization aspect is not directly associated, but is underlying in the DWCP, since there is no active CPO for Outcome 6 after 2017.

In several evaluation case study countries, the extent of international partnerships is very limited. In Costa Rica, for example, there are no partnerships with UN or other organizations.

National development partners include the government, workers' and employers' organizations, and organized informal economy worker groups, along with other national implementing partners. Some of these partnerships are discussed in section 3.3.8 on social dialogue.

### 3.3.4. Organization of the discussion of the key strategy thematic areas

The remainder of section 3.3 has been organized around the key areas of focus cited in ACI 6 (2014–15) and Outcome 6 over the two biennia 2016–17 and 2018–19.<sup>67</sup> Although, as discussed in section 2 regarding table 1, there were some changes with regard to areas stressed, several aspects were common to all. These will be covered in the remaining subsections of 3.3.

The identified key subject areas in ACI 6 and Outcome 6 are:

- Diagnostics/statistics/knowledge base;
- Advocacy and awareness raising;
- Capacity strengthening;
- Legal and policy frameworks, including on employment;
- Governance and coordination;
- Social dialogue to achieve the objectives;
- Social protection;
- Enterprise development, including business development services and registration;
- Cross-cutting policy drivers on international labour standards, gender, non-discrimination and just transition to environmental sustainability;
- Monitoring system to assess progress to formalization.

### 3.3.4. Diagnostics, statistics and knowledge base

In the evaluation case study countries, diagnostics to inform the formalization of the informal economy have been implemented and are considered very useful for awareness raising, planning and monitoring purposes. Nevertheless, there is still a great need for more diagnostics, better statistics and more complete knowledge base. The ILO's purpose in its support for diagnostics, useful statistics and building the knowledge base on the informal economy is to help constituents to make evidence-based decisions for all components of formalization. Data were also used to help raise awareness among key decision-makers and bolster the argument for formalization of the informal economy.

<sup>67</sup> Please note that section 2 includes an overview of actions that the ILO has implemented.

In line with this purpose, ILO STATISTICS has had two main ways of supporting the work on formalization: (a) developing statistical frameworks, tools and methodologies for countries to use; and (b) direct support to countries. The former focuses on improving definitional aspects and enhancing harmonization of definitions across countries, taking into consideration the evolving labour market scenario. A working group to revise statistical standards is in place involving WIEGO, the World Bank, the International Finance Institution, workers' organizations, employers' organizations and other national stakeholders. The contribution to Outcome 6 is on specific work items or global products (trainings in Turin and Tokyo; statistical overviews with WORKQUALITY or piloting national level diagnostics, such as in in Montenegro). Support is also provided to regional advisors to address the technical needs of national stakeholders. It is important to highlight the contribution of WORKQUALITY to the publication *Women and men in the informal economy*,<sup>68</sup> and the "Diagnostic Tool",<sup>69</sup> which are very important instruments. The Diagnostic Tool provides step-by-step guidance on conducting a national diagnosis of the informal economy. More efforts are required to push countries to use the Diagnostic Tools. The evaluation found that interviewees in the case study countries who had been involved with these global products noted that they were beneficial, particularly with regard to implementing diagnostics at country level.

At least one or more studies were conducted in all countries. An informal economy diagnostic was conducted in six of the eight case study countries, while other limited studies on the informal economy were conducted in Jordan<sup>70</sup> and Nepal.<sup>71</sup> In both countries, diagnosis of informality is planned for 2019. In fact, data collection is continuing in most countries.

In only two of the evaluation case study countries (Argentina and Costa Rica) were data considered sufficient to properly inform the formalization process. In Cambodia, Senegal and Zambia, the diagnostics were considered somewhat sufficient, but additional data are needed across sectors and types of informal economy actors. Country stakeholders made comments about the importance of good data to help prioritize actions, sectors and types of informal economy workers.<sup>72</sup> Evaluation survey participants also commented on the lack of sufficient data.

The Synthesis Review of ILO evaluations referred to the importance of initiatives aimed at strengthening capacities to produce and monitor reliable data for informal economies. This includes the identification of relevant indicators, as well as collaborations with national statistical offices, and production of technical instruments.

More work on diagnostics is needed, especially the use of statistics on prevalence of the informal economy to track progress towards formalizing and specific thematic research on informal economy sectors and types of informal economy workers to inform formalizing processes. The Synthesis Review recommended that the ILO should continue building the capacities of national statistical offices relating to areas of informality. The current evaluation agrees with this recommendation. It would also be useful to include an analysis of lessons learned from the experience of formal enterprises that have transited from the informal economy.

<sup>68</sup> ILO: *Women and men in the informal economy: a statistical picture* (third edition). ILO, Geneva, 2018.

<sup>69</sup> F. Bonnet. *National Diagnostic of Informality: Methodological Note*. Draft. Geneva, ILO, March 2019.

<sup>70</sup> The ILO provided technical support to the Department of Statistics for a study on existing research on informality in Jordan. The Jordan Decent Work Country Diagnostic provides a section on the informal economy. An assessment about the impact of work permits issued to refugees was undertaken in 2017. An impact assessment of a national Strategic Policy Framework was produced.

<sup>71</sup> Through the ILO's support, the Central Bureau of Statistics in 2016 developed a Labour Force Survey questionnaire to capture data – disaggregated by sex – on informality, based on the ILO's definition. The Labour Force Survey 2017–18 includes an analysis of the informal sector. An employers' organization conducted a study for a policy paper on an enabling environment for enterprises for the Government of Nepal.

<sup>72</sup> Note that this means types of vulnerable populations that need to be prioritized with support.

### 3.3.5. Legal and policy frameworks

Though there have been notable efforts to develop legal and policy frameworks related to formalization, there has been limited official adoption of policies and/or roadmaps on formalization in the evaluation case study countries to date, but there is strong interest among stakeholders to complete adoption.

The evaluation found that country case study stakeholders believe that policies and/or roadmaps on formalizing the informal economy are necessary. However, only one of the eight case study countries, Costa Rica, had officially adopted a policy that directly refers to formalization; but in several other countries – such as Zambia and Senegal – drafts have been or are being developed. In some countries, such as Nepal, national policies are gradually introducing international labour standards to workers in both the formal and informal sectors. In Nepal, the ILO has provided technical support to the Government, and employers' and workers' organizations, for including informality issues in the policy reforms. Concrete achievements are the 2017 National Labour Law and the Social Security Act, both extending the coverage of protection and social security schemes to informal workers.

#### BOX 2

##### Good practice: A tripartite agreement for the transition to the formal economy

In Costa Rica, a tripartite board was established composed of the Ministry of Labour, the Ministry of Women, the Ministry of the Economy and the Costa Rican Social Security Fund, with workers' and employers' organizations. These actors worked together for two years (2016–18) to define a strategic plan of action on formalization, focusing on four thematic areas:

- Simplification of administrative procedures;
- Vocational training;
- Social security incentives;
- Tax simplification (for example, the mono tribute).

On 20 February 2018, the representatives of the three constituents signed a tripartite agreement to implement the Transition Strategy to the Formal Economy in Costa Rica. Each thematic area has a tripartite working group (*mesa tripartita*), where a technical group (*mesa tecnica*) and a political group (*mesa politica*) work towards the implementation of pilot actions in the four thematic areas.

The methodology combines the tripartite dynamic at the thematic level, with analysis and validation by sectors. Using this approach, the representatives of the constituents know all the proposals, and have built action plans for the implementation of the strategy.

As indicated in section 2.2.5, for the period 2016–17, only six ILO member States adopted comprehensive actions to facilitate the transition towards formalization. The ILO's Synthesis Review of Project Evaluations on formalization of the informal economy highlighted that the ILO has been especially recognized for the advice provided for the design of policies that promote the transition to formality in different countries. The evaluation team was recently notified that an additional seven countries adopted official policies, legislation, strategies and roadmaps related to formalization issues.

Policies or roadmaps under development so far may not cover formalization in its entirety, but address related aspects. This is the case in Zambia, for example, where there is a policy on extending social protection to the informal economy. In Nepal, reforms extended legal coverage and social security to the informal workers and informal economic units. A stakeholder noted that, in some countries with a federal system and very large informal economy, policies/strategies are more appropriately developed at the sub-national (state/region) level.

The ILO Employment Policy Department (EMPLOYMENT) has been closely involved with FORLAC, which is a framework through which the Latin America region tries to address the issues of informality.



This includes focus on themes that include employment policies. After the adoption of Recommendation No. 204, the focus was on three key objectives for formalization: (a) promote the creation, preservation and sustainability of enterprises and decent jobs in the formal economy; (b) facilitate the transition of workers and economic units from the informal to the formal economy; and (c) prevent the informalization of formal economy jobs. EMPLOYMENT has published several documents to inform legal and policy frameworks related to employment, such as a document on regional approaches and a paper on youth informality, together with the INWORK Branch.<sup>73</sup> The evaluation notes that Latin American case study countries appreciated these efforts. In Argentina, for example, a stakeholder indicated that FORLAC contributed to building a solid knowledge base to inform programmes and policies on formalization. The stakeholder did add that it had eventually not been possible to attract sufficient resources to expand the programme operations.

The Synthesis Review reported on ILO good practices with regard to successfully engaging constituents who were initially uninterested. Despite some registered successes, however, the Synthesis Review also notes that the formal adoption of national plans or roadmaps on formalizing is still lacking in many countries. Evaluation survey participants also made comments such as that there is still inadequate political engagement at the, “highest levels” and that there is a “lack of country interest”. The need for strengthening advocacy methods was clearly identified.

The Synthesis Review noted that “formalizing the informal economy requires commitment at the highest level and the ILO could and should contribute to the creation of the suitable political context by promoting the tripartite process”.<sup>74</sup> The ILO Centenary Declaration reaffirms the importance of policies and incentives on the transition from the informal to the formal economy.<sup>75</sup>

### 3.3.6. Compliance with labour laws and regulations

Many efforts have been undertaken to strengthen compliance with new and existing laws and regulations in countries. Methods such as capacity strengthening in labour inspection and other compliance application mechanisms, business registration and OSH have been employed. However, it is true that compliance still requires major attention and innovative approaches, including support for use of innovative and digital technologies.

During the country level data collection, many interviewees stressed the importance of improving compliance with existing laws and regulations. According to the Synthesis Review, in Europe, the promotion of compliance was also identified as one of the top priorities of the ILO agenda.

The degree to which increased compliance has been successful is highly variable. The ILO provided support for training labour inspectors and other enforcement persons, testing and implementing innovative means to promote compliance, and awareness raising of prevailing laws and regulations. The involvement of workers’ and employers’ organizations and other civil society groups that represent the informal economy in social dialogue and awareness raising on compliance were also implemented.

Countries covered in the evaluation case studies, the Synthesis Review and other documentation<sup>76</sup> tend to have at least some legal and regulatory frameworks that benefit workers in the informal economy if applied. These include the requirement to have labour contracts that meet certain decent work conditions, absence of hazardous child labour, and registration of workers in social security systems. Numerous challenges still exist to ensure compliance with these and other regulations. Cited challenges include the

<sup>73</sup> Documents that EMPLOYMENT has prepared and that are ready for dissemination can be found at [www.ilo.org/employment/Informationresources/Librarydocumentationcenter/lang--en/index.htm](http://www.ilo.org/employment/Informationresources/Librarydocumentationcenter/lang--en/index.htm) [accessed 20 September 2019].

<sup>74</sup> ILO: Synthesis Review of Project Evaluations on Formalization of the Informal Economy, Geneva, 2019.

<sup>75</sup> ILO: Centenary Declaration for the Future of Work, adopted at the 108th Session of the International Labour Conference, section 3 C (IV), Geneva, ILO, 2019.

<sup>76</sup> ILO: *Compendium of practice – Examples of relations developed by workers’ and employers’ organizations with the informal economy*, draft.

number and training of labour inspectors to inspect the informal economy, lack of awareness of the public on prevailing laws and regulations, and bureaucracy involving the cost and complexity of registering workers and making social security payments.

The ILO supported the provision of labour inspection training on the informal economy in several countries. In Senegal, a tool was developed to help to identify issues for labour inspection in carpentry businesses. This tool has been pilot tested and, so far, 530 enterprises have been identified and visited. The tool proved useful according to labour inspection interviewees, but the cost of covering the informal economy is high and the human resources too few. Interviewees noted that such tools need to be extended to be able to assess other sectors.

Other specific issues raised include situations with refugees in Jordan, where support is provided to obtain work permits. Unfortunately, this does not mean that formal jobs with good working conditions and rights may be obtained. An interviewee stressed that the ILO can only follow what the Government of a country “is ready to do”. Directly enforcing laws can mean hefty investment in labour inspection and other control mechanisms. In the case of Ukraine, for example, an interviewee noted: “Labour inspection is not taken seriously. There is a lack of funds, lack of enforcement capabilities.”

For this reason, some projects have successfully identified other means to address compliance issues. In Thailand, for example, the Government organized a series of trainings on how salary calculations are done, improving the capacity of the employer to meet the minimum wage requirement in the fishing sector.

An ILO specialist pointed out: “There is lack of clarity at the judicial level regarding the enforcement of some types of employment status. New forms of contracts are emerging” which are not covered in the legal frameworks. The development of compliance mechanisms needs continued attention and awareness of the changing work environment.

### BOX 3

#### Good practice: Compliance through motivation in El Salvador, the United Republic Tanzania and Zambia

An innovative approach in an interregional project to promote compliance was identified in the Synthesis Review. Instead of focusing on enforcing laws and regulations, motivation for compliance was successfully promoted in an interregional project focusing on domestic workers.

This included promoting the rights and working conditions for domestic workers through a set of strategies, including policy development and ratification of labour rights, combined with influencing social norms and promoting changes in public attitudes in regard to the rights of vulnerable workers.

Changes in attitudes and behaviours on minimum wage payment, the right to rest, and/or to individual and collective claims through unions were promoted through public information campaigns, including the translation of policy into user-friendly notes, and accessible policy products, such as a code of conduct for employers of domestic workers, and standard contracts for the employment of domestic workers. In the context of high levels of informality, this was found to be a sound strategy, which meant that policy development was still likely to make an important contribution to domestic workers' rights, despite the very limited capacity of State labour bodies to force compliance.

### 3.3.7. Governance and coordination

The evaluation notes that challenges with fragmentation and increased need for coordination on formalization are identified at all levels in countries, at regional and global levels.<sup>77</sup>

<sup>77</sup> It should be noted that the issues discussed in section 3.3.7 are about coordination as it relates to governance of formalization. Issues regarding ILO internal and external coordination are discussed in section 3.4, Efficiency.

As stated in section 2.1, Recommendation No. 204 specifically mentions the need for integrated approaches on formalizing the informal economy. In seven of the eight case study countries, however, at least some stakeholders view the approaches in their countries as fragmented.<sup>78</sup> As noted in subsection 3.1, this is contrary to the intention of Recommendation No. 204, which explicitly calls for integrated approaches.

ILO regional and headquarters interviewees also often mentioned the challenges of the fragmentation of the actions. The ILO noted concerns about fragmentation and attributed them to the transversal nature of the subject. Despite an active and comparatively well-functioning working group on Outcome 6, there is still an overall perception among headquarters and regional specialists that the activities are implemented in a fragmented way in many countries.<sup>79</sup> As indicated in the Governing Body minutes of March 2017,<sup>80</sup> this is an issue that needed, and continues to need, to be addressed.

The fragmented focus is noted as not sufficiently conducive to attaining the needed momentum to effectively transition to the informal economy. While planning, policy and roadmaps in present or previous development at country level tend to take a fairly holistic approach, stakeholders repeatedly noted the fragmentation of approaches in regard to the actual implementation of actions. This is at least in part because, due to the transversal nature of the subject, different government ministries are involved. Outside of the government context, a wide range of different entities are also involved. They range from para-statal entities,<sup>81</sup> workers' and employers' organizations, and other national and local civil society organizations, including small associations of people working in the informal economy.

### 3.3.8. Social dialogue: Including people in the informal economy

The principle of tripartism has been promoted and adhered to while implementing the ILO Strategy on formalization at country level.<sup>82</sup> The degree of participation of constituents in the formulation and implementation of specific initiatives promoting formalization differ, depending on the country. The evaluation did identify substantial efforts in all except one of the evaluation country case studies to ensure that the informal economy is included in social dialogue. The exception is in Jordan, where the commitment and capacities of the constituents to contribute to the debate have been deemed insufficient. Nevertheless, the active participation of representatives of the informal economy to dynamically participate in social dialogue and simultaneously have sufficient power to influence official decision-making on formalizing actions remains insufficiently maximized. Many challenges need to be addressed and some conceptual decisions made regarding the positioning of the informal economy in workers' and employers' organizations in social dialogue.

Social dialogue between governments and workers' and employers' organizations in the elaboration of policies is one of the pillars of the ILO's Decent Work Agenda, and is also central to Recommendation No. 204 and the ILO Strategy to implement it. The ILO-published Global Commission on the Future of Work report<sup>83</sup> stresses that collective representation and social dialogue strengthen democracy and provide the needed institutional capacities to navigate the future of work transition. The promotion of tripartism is a means to guide and inform national work strategies with the inclusion of a focus on formalizing.

<sup>78</sup> Only Argentina did not have any stakeholder comment spontaneously on fragmentation.

<sup>79</sup> Even beyond the case study countries.

<sup>80</sup> ILO: *Minutes of the 329th Session of the Governing Body of the International Labour Office*, Governing Body, 329th session, Geneva, Mar. 2017, GB.329/PV, Discussion Outcome 6: Formalization of the informal economy, second item on the agenda.

<sup>81</sup> For example, in Senegal, the Haut Conseil pour le Dialogue Social.

<sup>82</sup> Although social dialogue is a cross-cutting policy driver (CCPD), it is discussed together with other main actions on formalizing instead of with the discussion on CCPD. This is because it has special focus in Outcome 6 as a method to achieve effective formalization.

<sup>83</sup> ILO: *Work for a brighter future*, Global Commission on the Future of Work, Geneva, 2019.



Social dialogue has gained a prominent role as an instrument to promote better working conditions, OSH, social security coverage, improved livelihoods, and representation and collective bargaining for people in the informal economy. Informal workers, in particular, need to increase their visibility and gain voice to ensure empowerment and emancipation. Some categories of workers – such as the often-invisible domestic workers, home-based and other own account workers – are especially deprived of protection and representation.

### **Influence of the informal economy on formalization decision-making**

In evaluation case study countries, while social partners from the informal economy in some countries are involved and participate actively in formalization issues simultaneously, only in Nepal do they have the formal ability to influence decision-making. In Nepal, some trade unions have separate wings representing and dealing with specific categories of informal workers. The evaluators did not, however, find evidence of autonomous informal workers' organizations' participation in the debate outside the representation of established trade unions. In five case study countries – Argentina, Costa Rica, Senegal, Ukraine and Zambia – the informal economy participates in social dialogue and has some power to influence, though it could be improved. In Senegal in particular, there are some unions with strong informal economy membership. These unions indicated that policy-makers do listen to them, but they still stressed that the full importance of the population working in the informal economy is not yet sufficiently considered in decision-making.<sup>84</sup> Likewise in Zambia, there are active informal economy associations<sup>85</sup> that participate in social dialogue. Workers' and employers' organizations also include some informal economy members. While these organizations say the informal economy members can participate in dialogue, their lack of ability to pay membership dues does limit their voting power in decision-making.

#### **BOX 4**

##### **Case study: Voice of informal economy workers in Zambia**

In Zambia, the voice of informal economy workers and associations is relatively strong through the incorporation of some associations of informal workers in the Tripartite Consultative Labour Council and in the national Technical Working Group on the extension of social protection to informal economy workers, established within the Ministry of Labour and Social Security. The Alliance for Zambian Informal Economy (AZIEA), the main organization representing the informal economy, mainly marketers, is taking part in the same policy process. However, despite their strategic role, AZIEA's capacity to represent informal economy actors is not considered as fully realized. Despite the great number of informal economy associations, their actual membership is quite low, and effective representation therefore remains an issue. Although there are some good efforts and initiatives, the representation of informal entrepreneurs in employers' organizations remains challenging, in part due to the challenges of informal economy actors to pay membership fees.

The Synthesis Review reported that there was frequent involvement of tripartite dialogue in the projects evaluated. Several of the evaluated projects used tripartite discussions from the design phase. In the context of migrant domestic workers, bilateral agreements were reached between workers' organizations in countries of origin and those in the destination countries, to better promote joint actions on the protection of migrant domestic workers. The main strategy of the projects reviewed was to provide capacity building to engage constituents in tripartite consultations and strengthen social dialogue at different levels.

<sup>84</sup> Union Nationale des Commerçants et Industriels du Sénégal (UNACOIS), United Nations Support Office in Somalia.

<sup>85</sup> Alliance for Zambian Informal Economy (AZIEA).

Nevertheless, the voice of informal economy workers themselves was infrequently mentioned as fully contributing partners in social dialogue.

The Synthesis Review specifically noted the lack of or limited participation, organization, representation and empowerment of informal workers among recurrent challenges of the projects assessed. This included the limited participation of representatives of non-unionized informal workers in meetings, workshops and other activities. Likewise, the evaluation survey also included several comments on issues related to the lack of representation of informal economy actors in social dialogue spaces.

The Synthesis Review did report that several types of tripartite committees and platforms were created to encourage debate regarding issues that are relevant to the informal economy during the evaluation period. The main challenge was to include informal workers in the debate. Some positive experiences on this were found, however: for example, in Guatemala, where the ILO/AIDS (ILO Programme on HIV/AIDS and the World of Work) Project ensured that non-unionized workers from companies were included in social dialogue. In Indonesia, with the support of the ILO,<sup>86</sup> the Government (Department of Labour at provincial level) and trade unions worked closely to review issues, and discuss ways to improve working conditions for home-based workers.

Overall, the evaluation thus found that there is much more scope to ensure that the voice of the informal economy is included and actually has an impact on decision-making that concerns them.

### 3.3.9. Capacity strengthening, advocacy and awareness raising

There is very high appreciation for the ITC-provided training in the Academy on Outcome 6 and other international and national workshops related to the informal economy. This includes ACTRAV-led consultations and publications on Recommendation No. 204. ACTRAV inputs in training included promotion of the ratification and implementation of key points included in the annex to Recommendation No. 204 and on the dissemination of best practices on social dialogue.

There is still a need for more technical support on implementation aspects of what was learned in training. More awareness raising about the importance and usefulness of formalizing the informal economy among the general public is needed, to stimulate formalizing on a larger scale.

The ILO's capacity strengthening of key stakeholders through the ITC Academy on formalizing the informal economy and other relevant trainings related to the implementation of Outcome 6 and, transversally, other linked Outcomes, was found to be notably useful. The evaluation identified a meaningful level of enthusiasm about the training content and methods, exchanges and applicability of what was learned. Former participants who met in the evaluation case study countries were positive about their increased awareness and understanding, and the ILO tools that were provided to them on formalizing the informal economy. Especially appreciated was training with a practical/context-related approach and where participants could exchange good practices and lessons learned. The Synthesis Review likewise identified an overall appreciation of the ILO's support regarding capacity strengthening.

It should be noted that the selection of participants to attend training was well carried out. The evaluation team had asked to meet as many of the key persons relevant to the country's work on formalizing the informal economy as possible. Many of these persons were found to have attended at least one training, either in Turin or in their home countries. The online survey results indicate that at least 66 per cent of the constituents and 60 per cent of the staff participating in the survey had attended capacity development events on themes relating to the informal economy. Field-level interviews with ILO staff who attended training on the subjects found them to be very useful in their work.

<sup>86</sup> The Access to Employment and Decent Work for Women Project (MAMPU).

Evaluation interviewees, including some ILO staff who had attended training, noted their increased understanding and skills on advocacy, awareness raising and organizing actions on formalizing the informal economy. In the case of specific subjects – such as statistics and conducting other diagnostic exercises on the informal economy, and extending social protection to the informal economy – participants could cite examples of the application of what was learned. In the case of these latter trainings, participants reported that they, or their colleagues, were expected to participate in additional workshops or on-the-job guidance on informal economy statistics and extending social protection.

The Synthesis Review noted that the ILO's added value is linked to the variety of approaches adopted: "Combining different approaches to strengthen capacities was seen as very effective, as its components complemented and reinforced each other." The Synthesis Review also reported on the use of a wide variety of tools, such as an international forum on the informal economy held in Turin; regional workshops; cooperation between several countries; binational and trilateral workshops in migration corridors; peer-to-peer trainings in different sectors; vocational training manuals and mobile phone applications that were developed for migrant domestic workers; training curricula on the implementation of national social protection floors, disability training and the rights of workers living with HIV/AIDS, including in the informal sector; and participatory training courses on labour formalization.

The Synthesis Review also reported on an innovative approach to training modules implemented in the framework of the Protection Floors in Africa (Building National Floors of Social Protection in Southern Africa), through which training is institutionalized and training modules are progressively broadened to other UN agencies. This approach increases opportunities for replication and institutionalization.<sup>87</sup>

The evaluation finds that a review of the types of training offered through the ITC and with the support of ILO technical specialists show that they are well aligned with the needs for the implementation of the ILO Strategy and Recommendation No. 204 as a whole.

### Applying, sharing and building on learning

Former participants in the case study countries indicated that they were using much of what they had learned in practice, though this could still be scaled up.

Though various means were promoted to help ensure cascading learning to other stakeholders in the country and creating country communities of practice, this was still not as successful as it could have been. Former training participants in the evaluation case study countries were asked about the extent to which they shared their acquired knowledge and skills. Interviewees noted that they had primarily shared the information with their own direct colleagues and not with others outside their immediate sphere. Most admitted that they were unable to pass the detail and the emotional intensity that they had acquired about the subject on to others.

The evaluation survey also included comments on the need for greater training and follow-up support. Yet, importantly, all indicated that they were able to apply much of what they had learned, even though challenges such as government bureaucracy prevented full adoption and implementation of legal, policy and compliance frameworks.

The evaluation notes that the ITC has substantially increased focus on post-training implementation and follow-up over recent years.<sup>88</sup> Various techniques were developed for this purpose. This includes action plans for participants prepared during training and online platforms and exchanges. These action plans

<sup>87</sup> Among the success factors of the ILO capacity-building initiatives, the Synthesis Review highlighted the following:

- Promotion of knowledge and experience sharing among different countries, through field trips for key government and other stakeholders, or by introducing expertise and skills that were not available internally;
- Use of peer educators, mentors and training of trainers, which had important multiplying effects.

<sup>88</sup> The evaluation team leader was able to compare the findings to a previous High-level Evaluation on HIV in the World of Work that was conducted in 2012.

normally include the sharing of information with colleagues and other key stakeholders in their countries. This includes persons who participated in training in Turin as well as those who participated in ILO-facilitated training in their own countries.

More technical support is needed to ensure that communities of practice become/remain active, and that former participants share, implement and fully build on what they have learned.

### Need for greater awareness among the general public about formalization

There is a need for more awareness raising about the importance and usefulness of formalizing the informal economy among the general public in the countries. All eight case study countries noted the need for more awareness raising among the general public. For people to understand the reasoning for formalizing and then participate in the process, it is important for them to first be aware about its importance and usefulness. This would include identifying incentives within the country and integrating them in messaging.

### 3.3.10. Social protection

Most countries show interest in using social protection as an incentive to formalize. The evaluation findings confirm that social protection is a useful mechanism for this purpose.<sup>89</sup> Nevertheless, over-focus on one type of incentive at the expense of others can lead to loss of the desired integrated approach called for in Recommendation No. 204. In most evaluation countries, stakeholders stressed the importance of placing a high focus on social protection to incentivize informal economy enterprises to formalize, and for their workers to be registered.

At headquarters level, the ILO Social Protection Department (SOCPRO) has worked on the extension of social protection to the informal economy workers, focusing on two dimensions: horizontal (covering more people in the informal economy) and vertical (improving the quality of coverage). CPOs and global products related to Outcome 6 included technical inputs and resources for specialists and countries. This included, for example, a policy package and guidance on extending social protection to the informal economy.<sup>90</sup>

In six of the case study countries, key stakeholders cited the importance of placing primary focus on social protection to incentivize informal economy enterprises to formalize, and for their workers to be registered. In Zambia, social protection is, for example, used as the principal entry point to facilitate the transition process. Only Ukraine and Nepal did not spontaneously stress this aspect, but this does not mean that these countries do not necessarily consider it an important entry point. Interview questions had been open-ended to allow the interviewees to respond freely. No interviewee was asked directly if they considered social protection to be the key incentivizing means to formalizing, so it is not possible to assume that no answer means no interest. Simultaneously, it does mean that in the six countries where interviewees did stress social protection, they did so with conviction.

An important finding is thus the importance attached to social protection, as compared with other incentives to support formalization of informal economy units. ILO staff interviewees, in particular, attached great importance to social protection in this regard, but the majority also underlined that the most effective approaches are holistic. It should be added that, at country level, evaluation stakeholders also commented on the need for more integrated formalization policy strategies.

<sup>89</sup> See for experiences on social protection and the informal economy, for example, ARS Progetti: *Extending Coverage. Social Protection and the Informal Economy. Experiences and Ideas from Researchers and Practitioners* (RNSF 2017). Available at: <https://europa.eu/capacity4dev/iesf/discussions/rnsf-book-extending-coverage-social-protection-and-informal-economy-available-here> [accessed 21 September 2019].

<sup>90</sup> ILO: Extension of Social Protection, Section 8.1, Extending Social Security Coverage to the Informal Economy, Geneva: ILO, (undated).

It should be noted, however, that there was some disagreement among interviewees, even in countries with a high focus on social protection as an entry point to formalizing. In Zambia, for example, most interviewees mentioned social protection as the primary motivating and useful implementation factor. A government interviewee did, nevertheless, stress that, while social protection should be important, other incentives were also key and should not be ignored. He mentioned incentives such as the provision of amnesties to people who would normally have to pay penalties because they had not yet registered their economic activity(ies) and/or workers. Another Zambian interviewee cited the provision of fiscal incentives for registration to larger informal enterprises. In Senegal, a government official expressed concerns that one development group working on social protection tried to dominate discussions on formalizing, resulting in an overemphasis on social protection as compared with other incentives. Other formalizing initiatives cited as useful in Senegal were integrated approaches that comprise the proper use of labour inspection mechanisms and business development services, among others.

In Nepal, for example, social security has been extended to informal workers. Nepalese workers' organizations noted, however, that extension of social protection to informal economy workers required investing cost and effort. Registering workers is thus not exactly seen as an "incentive" for employers to formalize. Workers may also not be interested in registration, as it means that they must allocate part of their wages to such payments.

The results of the findings from ILO headquarters, regional specialists, country case studies and the Synthesis Review recognize the importance of context-specific entry points to formalizing. This means that the importance of social protection in formalizing should depend on the country situation. Interviewees stressed the "need to adopt a variety of measures which would address the complexity of the informal economy phenomenon" and the "value of taking an inclusive, integrated and multi-pronged approach when addressing informality and workers' rights".<sup>91</sup>

### 3.3.11. Digital technologies

Countries are interested in increasing the use of digital technologies as tools to incentivize informal economy actors to formalize: for instance, using digital means to register, track and provide learning and other services to informal economy actors. Efforts towards increased use of digital technologies are already underway in many case study countries covered in the evaluation. Likewise, during the 108th ILC, in 2019, an overview of recent efforts to use digital technology to support formalization was also presented.<sup>92</sup>

Among evaluation case study countries, only Nepal did not cite any efforts to use digital technologies to support formalization. It should be added that the Prime Minister's Employment Programme in Nepal uses online registration systems to help jobseekers find employment. Interviewees in Nepal pointed out that the system supports formalization indirectly, because it helps reduce the unemployment that can lead them to entering the informal economy instead.

Stakeholders in the other case study countries mentioned existing or potential uses of digital technology of interest. These include technology for registering informal economy workers with digitized ID cards, registration of enterprises/associations/cooperatives, registration for social protection coverage, facilitating and tracking fiscal contributions, provision of business development services, facilitating access to financial services, and monitoring the size of the informal economy. Exchanging experiences with other countries using these technologies was also mentioned as useful. An ILO regional specialist added that technology can further be used to track the effectiveness of formalization schemes.

<sup>91</sup> ILO: Synthesis Review of Project Evaluations on Formalization of the Informal Economy, Geneva, 2019.

<sup>92</sup> ILO: The Trend Towards the Use of Technologies for Transition to Formality, Geneva, 2019. Available at: [www.ilo.org/employment/Informationresources/Librarydocumentationcenter/lang--en/index.htm](http://www.ilo.org/employment/Informationresources/Librarydocumentationcenter/lang--en/index.htm) [accessed 21 September 2019].



The evaluation survey conducted with stakeholders included a comment that support on digitization was too limited. No countries expressed a lack of interest in using digital technologies.

A good practice on the use of digital technology from ILO projects was reported in the Synthesis Review, namely the establishment of an Informal Economy Network on Facebook. This social network allows for the creation of links and direct communications between workers of the informal economy and municipal committees in Costa Rica, El Salvador and Honduras. The network is an innovative element that can create synergies with other actors and have a multiplier effect in other regions. Furthermore, many of the projects analysed by the Synthesis Review recommended the use of social media and social networking as tools to encourage tripartite constituents to share knowledge and experiences.

As the evaluation found that many countries are already working on using digital technologies, it should be noted that this is not necessarily a high cost area for ILO support. In one example in Zambia, the Government is already using digital technologies to enrol and monitor individuals into their pension schemes. Service desks where citizens can be assisted to register using these digital technologies are being rolled out. In other countries, government programmes to register citizens with general digital ID cards that can also help them access services are being implemented. For example, in Malawi, a wide range of digital technology actions are being developed, such as a digital national ID programme and various programmes specifically oriented to reduce poverty.<sup>93</sup> In Uruguay, digital technology is used to support registration of domestic workers and management of social protection and other services.<sup>94</sup> The Uruguayan approach uses a combination of web-based services, apps, video tutorials on using the system and other means. In Brazil, the Government has launched the “eSocial” project, which uses digital technology to unify separate reporting to social security and fiscal offices, and streamlines it.<sup>95</sup>

In Zimbabwe, mobile phones are being used to alert entrepreneurs on local informal market conditions so that products can be marketed at the right time.<sup>96</sup> Social media is also used in several countries (for example, India and Indonesia<sup>97</sup>) for purposes such as to organize informal workers, help ensure access to social protection and financial services, and simplify fiscal payments. ILO technical support for digital technologies may contribute technical expertise to enable countries to link their existing programmes to formalizing efforts.

It should be added that the possibilities of linking different digital technologies to strengthen results have not yet been sufficiently explored. Most of the efforts undertaken are focused on one or two aspects of formalization, such as registration and/or accessing social protection. Innovation and an open mind to the possibilities of linking various digital approaches are important to achieve greater impact in formalization.

### 3.3.12. Enterprise growth and business development services

The provision of business development services is highlighted in some evaluation case study countries as a useful incentive and means to formalize. Several evaluation interviewees pointed out that growth-oriented enterprises in the informal economy and who receive BDS are more amenable to formalizing.

<sup>93</sup> IST Africa: “Current ICT initiatives and projects – Malawi”. Available at: <http://www.ist-africa.org/home/default.asp?page=doc-by-id&docid=6995> [accessed 21 September 2019]. Angle Dimension: Savings App. Available at: [www.facebook.com/angledimensionmw/](http://www.facebook.com/angledimensionmw/) [accessed 21 September 2019].

<sup>94</sup> ILO: *The Case in Uruguay*, Geneva, ILO, 22 July 2019. Available at: [www.ilo.org/employment/Informationresources/Library/documentationcenter/lang--en/index.htm](http://www.ilo.org/employment/Informationresources/Library/documentationcenter/lang--en/index.htm) [accessed 21 September 2019].

<sup>95</sup> ILO: Employment Policy Department, *New Technologies and the Transition to Formality: The Trend Towards e-Formality*, Geneva, 2018.

<sup>96</sup> eMKambo: About us, Interactive mobile, physical and web-based market. Available at: [http://www.emkambo.co.zw/?page\\_id=51](http://www.emkambo.co.zw/?page_id=51) [accessed 21 September 2019].

<sup>97</sup> Tejeshwi Nath Bhattarai: *Emerging Trends in the Use of Technology as a Driver of the Transition to Formality: Experiences from Asia and the Pacific*. ILO Asia-Pacific Working Paper Series. Bangkok: Regional Office for Asia and the Pacific, 2018.

One method of assisting enterprises to formalize is to link them to BDS. BDS can provide support with facilitating business registration processes and access to formal financial institutions. Formal enterprises tend to have easier access to formal financial institutions and their services than informal enterprises. BDS can provide support to enterprises to avail themselves of – and make good use of – the wide range of financial services that formal financial institutions can offer. BDS can also include services to enable informal economy enterprises to better manage their activities and grow. The involvement of BDS can thus serve as an incentive to formalize through increased access to enterprise development options.

The experience of including literacy training in BDS work with women leather tanners in Senegal is an example of a good BDS-supported practice that can contribute to formalizing.<sup>98</sup> According to the women leather tanners interviewed for the evaluation, the efforts to support them covered a range of useful services. Literacy for members who needed such skills was mentioned as a key useful and empowering skill acquired with ILO support. Where literacy is low, providing literacy training is useful, as participants strengthen their ability to manage their businesses and also to handle government bureaucracy for association registration and accessing social protection services. The evaluation survey conducted with stakeholders also stressed literacy, indicating that high illiteracy levels lead to misunderstanding of the concepts behind formalization.

#### BOX 5

##### Good practice: Informal women leather tanners in Senegal

The informal female leather tanners in Senegal represent a successful example of ILO interventions on formalization. Informal women tanners are confronted with very hard and hazardous working conditions. They have long suffered from stigmatization and multiple discriminations because of gender, ethnic group, caste, profession (considered impure) and structural poverty.

Since 2013, the Union Nationale des Syndicats Autonomes du Sénégal (UNSA) supported organizing this category in the suburbs of Dakar through the development of social and solidarity enterprises. In 2016, the ILO joined the effort of organizing, improving working conditions, and increasing productivity of informal tanners. A first step was the establishment of the artisanal cooperative COOPTAG.

The project integrated collaboration between four ILO specialists in various fields (enterprises development, social protection, health and safety at work, and gender and diversity). It combined organizing informal workers, business development services, capacity building and technical assistance to increase productivity, health and safety conditions at work. The holistic strategy accelerated the formalization process, while promoting women's empowerment and female leadership in the group.

The project included the use of digital technology within the BDS component. The women received assistance on the use of a free mobile phone application to improve the management and administration capacity of their activities. The project's outcomes include an internal financial system, increased access to market, improved negotiating capacity with suppliers, access to financial services and short-term saving services.

In three case study countries – Jordan, Senegal and Zambia – linkages of BDS to help informal economy actors to formalize were not yet adequately made. That is, there may be some efforts in this direction, but they are still small-scale – even though well done – and do not reach a sufficient portion of the informal economy. In the good practice example in box 5, for example, the group of women involved (less than 70) was very small, though it is definitely a useful example for others to emulate. The potential of extending linkages to and working with country BDS to raise their awareness and skills to support the formalization process is not yet maximized.

<sup>98</sup> ILO: Supporting the transition to formality: The case of informal female tanners in Senegal, July 2019. Available at: [www.ilo.org/employment/Whatwedo/Publications/WCMS\\_713583/lang--en/index.htm](http://www.ilo.org/employment/Whatwedo/Publications/WCMS_713583/lang--en/index.htm) [accessed 21 September 2019].

According to the Synthesis Review, one challenge reported in a project evaluation in Colombia was that “growth is a necessary but insufficient condition for the formalization of employment. For the latter to occur, improvements in competitiveness and productivity are also required.”<sup>99</sup> BDS can provide support achieve such improvements.

The ILO ENTERPRISES Department has been testing new methodologies to support enterprise formalization, while producing case studies to make such experiences visible. It has also produced diagnostics to identify priorities for enterprise formalization. In one example, a survey was implemented in Cameroon focusing on aspects such as legal and regulatory framework development on labour issues and social protection. The evaluation notes that such products can be useful, though some implementers still stressed the need for more direct guidance and support to implement the methodologies. Review of documentation and evaluation interviews indicate, for example, that participation and discussion on diagnostics in Cameroon were found to be highly beneficial to formalization planning and strengthening ownership.

Other efforts were also deemed useful. The Multinational Enterprises and Enterprise Engagement Unit (ENT/MULTI), which deals with multinational enterprises, elaborated a policy brief where examples on formalizing from Latin America are documented. Various interviewees noted the importance of sharing and learning from examples.

The ENTERPRISES Department has further worked on value chain development and strengthening cooperatives dealing with a wide spectrum of associations: that is, associations that have strong linkages to formalizing, such as organizing workers, giving voice and market access to informal economy actors. These efforts are further examples of linkages between a range of business development services and formalization efforts. Consequent to the analysis, the evaluation finds that efforts to support institutional development of BDS are important to help the informal economy to formalize.

### 3.3.13. Sectoral approaches

Most countries use a sectoral approach to formalizing the informal economy, with focus on priority sectors of especially vulnerable, growth-oriented, and/or receptive sectors. Some differences of opinion were identified regarding the advantages of sectoral approaches as opposed to more comprehensive methods to formalize the whole informal economy. Focus on domestic workers as a category of the informal economy and providing attention to this sector is highly varied between countries, though many good practices were identified in the sector.

Using a sectoral approach to enhance targeted and well-adapted application of formalization methods is particularly common. In Senegal, for example, diagnostics of the informal economy prioritized eight sectors. An integrated approach to formalizing was tested with a group of women in the informal leather tanning sector. Tools to conduct labour inspection with woodworkers were developed in Senegal.

The evaluation case study countries paid high attention to domestic workers, especially in Argentina, Jordan and Costa Rica. Meanwhile, some attention is paid in Cambodia, Senegal and Zambia. There is very limited attention paid on issues related to domestic workers in Ukraine. In the latter, domestic workers’ issues have been mainly addressed through initiatives under other policy outcomes, such as under the “Protection of Workers from Unacceptable Forms of Work and Promoting Fair and Effective Labour Migration Policies” CPO. Further review indicates that in a range of countries, such as Ethiopia and Indonesia, much ILO work has been done in partnership with the International Federation of Domestic Workers on formalizing workers in this sector.<sup>100</sup>

<sup>99</sup> Synthesis Review: Final evaluation of the *Programa de fortalecimiento institucional para la promoción del empleo decente en Colombia*.

<sup>100</sup> As noted in evaluations that the High-level Evaluation team leader conducted of ILO projects focused on domestic workers in Ethiopia (2017) and Indonesia (2017).

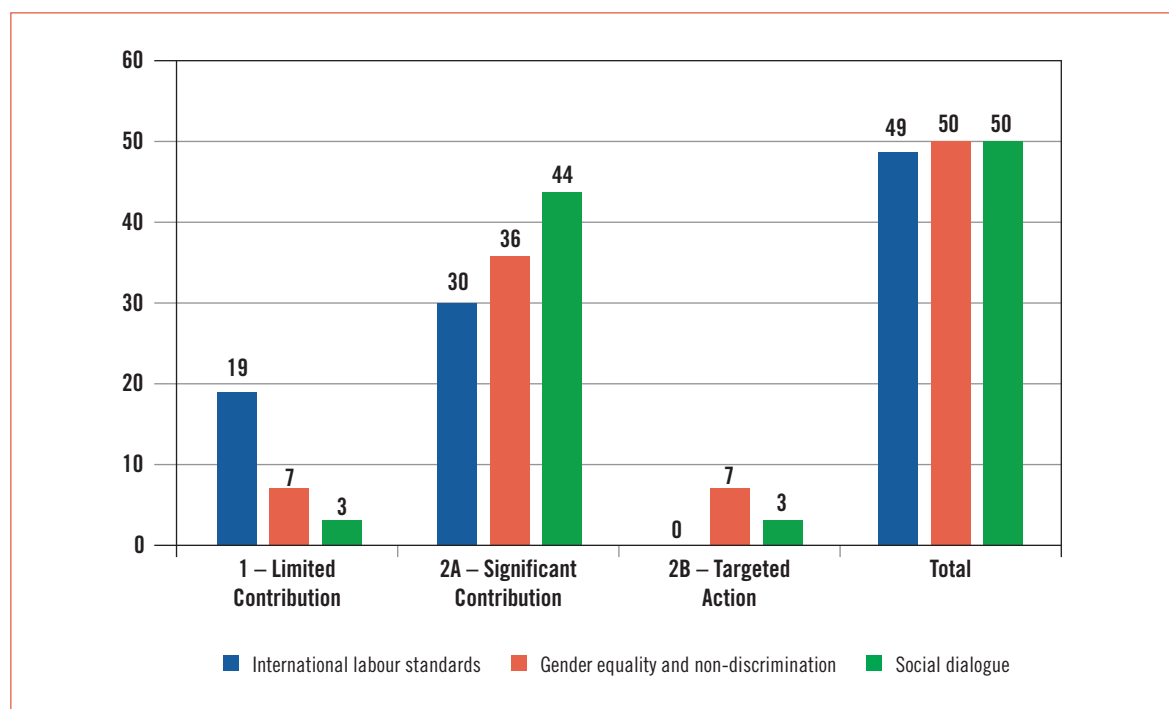


Regardless of this sectoral approach, however, some stakeholders in Senegal did note the importance of covering the informal economy in its entirety instead of using only a sectoral approach. In Zambia, the informal economy representatives likewise stressed the need to reach all informal economy workers. While sectoral approaches are useful and important, particularly to reach the most vulnerable workers, the evaluation notes that it is important not to lose focus of the need to reach the entirety of types of informal economy enterprises and workers.

### 3.3.14. Cross-cutting policy drivers

Attention to cross-cutting policy drivers (CCPDs) was adequate for some aspects, such as gender and social dialogue, but very limited or non-existent for others. Labour standards were primarily covered in legal and policy framework development. Attention to gender in ILO tools, diagnostics, and legal and policy frameworks on formalization at global and national level is generally good. However, the quality of support to address gender issues is variable by country and is often sectorally focused. Very little to no attention is paid to other gender issues, such as to men's particular challenges or supporting formalization of women's enterprises and LGBTQI groups. Likewise, issues of non-discrimination regarding other vulnerable groups – such as people with disabilities, those affected by HIV and refugees – is still very limited. Very limited to no attention is paid to the cross-cutting policy driver of a just transition to environmental sustainability. Note that social dialogue is discussed in greater detail separately in section 3.3.8.

Figure 9. Cross-cutting policy driver addressed by CPOs on Outcome 6\*



\* There are seven missing cases for international labour standards and six missing cases for gender equality and non-discrimination and social dialogue.

### Labour standards

In five of the evaluation country case studies, the ILO and constituents include adequate special attention to labour standards. In three countries, attention to labour standards was only somewhat provided according to interviewees and documentation (Jordan, Senegal and Ukraine).

As discussed in subsection 3.3.8, tripartite discussions did contribute to the development of Recommendation No. 204. In one example of a good practice, the Synthesis Review noted that, in Nepal, the ILO-

supported domestic workers' unions began to organize and contribute to the debate around Recommendation No. 204 before it had been adopted as an international labour standard.

## Gender

The ILO has shown significant progress in diagnosing the characteristics of informality with respect to gender and in advising on the development of projects for women entrepreneurs. The evaluation also agrees with the Synthesis Review that the incorporation of the gender perspective in the development of appropriate training and tools has improved at global and national levels. Nevertheless, attention to gender issues as related to formalizing the informal economy is variable at many levels and by country.

The analysis of the evaluation case study countries as well as the Synthesis Review note that, in many countries and projects, there is an absence of a gender strategy as it relates to formalizing the informal economy. There is a lack of gender-specific indicators and/or means to verify the achievement of objectives from a gender perspective. Among project and implementing staff working on informal economy issues, there is often low gender equality competency to support projects. While the evaluation identified efforts at national statistical and other diagnostic exercises to include sex-disaggregated statistics, at project level this gender analysis and disaggregation are often lacking.

While all evaluation case study countries pay some attention to gender issues with respect to formalizing, the evaluation found that this could still use improvement in five of the eight case study countries. The countries where stakeholders noted that it was mostly adequate are Argentina, Cambodia and Costa Rica. This does not mean, however, that no further special attention to gender is needed in these countries, as gender remains a CCPD and the issues are important, given the high prevalence of women in the informal economy.

In most countries, direct actions on the informal economy are organized by sector. The result is that frequently implementers indicate that they have covered the gender issue simply when groups are included where women tend to predominate, such as in the case of domestic workers or market sellers. The

### BOX 6

#### Good practice: Federation of Woman Entrepreneurs Associations of Nepal

The Federation of Woman Entrepreneurs Associations of Nepal (FWEAN), a not-for-profit organization composed of women entrepreneurs in 45 districts, carries out an interesting gender formalization strategy that the ILO has supported since 2013. Their efforts include many aspects linked to formalization.

Women's role in the Nepalese informal economy is very large. In 2017, the share of women in informal employment was 77 per cent. With the ILO's support, FWEAN is playing an influencing role in advocating for the needs and rights of women entrepreneurs in key decision-making processes. Advocacy at the national level is associated with skills development, capacity building, support for registration and establishment of tools to promote access to credit.

Within the ILO's Way Out of Informality project, FWEAN implemented specific activities in seven districts. A successful pilot model was tested to extend business development services, promote access to credit and market through a marketing portal, and provide support for the registration of micro/small businesses. Field facilitators motivated informal women entrepreneurs to register their businesses, while training and sensitization on gender, OSH and child labour issues were also provided.

FWEAN later established a business development centre offering support for formalizing, with input from lawyers and to continue awareness and capacity development.

The Women Enterprise Development Fund was launched with FWEAN in 2015. The fund is subsidized by the Government through all the commercial banks of the country, and guarantees collateral-free and low-interest loans to support enterprises' access to credit and growth. The fund empowers women while promoting their formalization, since registration is among requirements to access the credit.

evaluation finds that ensuring that men in these sectors are covered in accordance with their own specificities is insufficiently considered. Likewise, the issue of women in male-dominated or mixed sectors does not receive sufficient attention.

The ILO's Synthesis Review of Project Evaluations on formalization of the informal economy cited a successful example of the experience of mainstreaming the rights of domestic workers into the core work of the ILO. It also noted the ILO's added value on domestic workers with reference to the effort to try to change perceptions and attitudes regarding the traditional roles of males/females in this sector. In the Senegal country case study, a highly successful good practice was also identified of an integrated approach to support women leather tanners. Likewise, in Senegal, a federation of associations of women in the food processing sector was very appreciative of the training and other support that they had received. In these cases, support for formalizing the activities was also included.

### Non-discrimination

There is very limited attention to non-discrimination and especially vulnerable groups regarding formalizing in most countries. The issue of forced labour and non-discrimination is only tangentially addressed.

The challenges of supporting especially vulnerable people, including those in hazardous child labour, with disabilities, affected by HIV, refugees and others with formalizing in the informal economy is especially important. Due to challenges in accessing formal employment, such groups tend to be disproportionately represented in the informal economy, although there is a lack of comprehensive statistics on their proportions in the informal economy. Their need to access social protection, financial and other services is great and can be better channelled whenever they have formalized work.

Among the evaluation case study countries, insufficient attention was found for the categories of people with disabilities and people affected by HIV. In a few countries, sufficient attention was deemed provided to refugees: Argentina, Costa Rica and Jordan. In four countries – Argentina, Cambodia, Costa Rica and Zambia – the support for youth regarding formalizing was deemed sufficient. This means, however, that the other countries do not pay sufficient attention to youth and refugees. Not all countries have significant refugee populations, but most have at least some. The overall conclusion is that attention to non-discrimination regarding specific types of vulnerable groups is limited, with a few exceptions.

It should be noted that there have been some examples of attention to groups such as people affected by HIV, refugees and people with disabilities that were reported to the Governing Body in March 2017,<sup>101</sup> but while they are useful initiatives, they were limited to only a few countries. These initiatives were further only partially or tangentially oriented to formalization, and more focused on improving conditions for informal economy actors who are affected by HIV.

The Synthesis Review does mention a few instances where disability has, for example, been considered. Examples include attention to training teachers in Technical and Vocational Education and Training, teachers on disabilities and the development of inclusive curricula in a project in Zambia and Viet Nam. In an interregional project promoting the rights of workers with disabilities, an organization of persons with disabilities in China was strengthened. Regardless of such examples, attention to people with disabilities in the informal economy with direct linkages to formalization initiatives are very rare.

<sup>101</sup> For example, in the case of HIV, examples from four countries were cited: "A national policy for informal economy workers living with or affected by HIV was adopted in Malawi to negotiate on matters affecting their health and safety; HIV and gender issues were integrated into the National Informal Business Upliftment Strategy in South Africa; and awareness-raising efforts on HIV testing and the registration of informal economy workers in social protection systems are under way in Kenya and Nigeria." ILO: *Outcome 6: Formalization of the informal economy*, Governing Body, 329th session, Geneva, Feb. 2017, GB.329/POL/2; ILO: *Minutes of the 329th Session of the Governing Body of the International Labour Office*, Governing Body, 329th session, Geneva, Mar. 2017, GB.329/PV, para. 18.

The evaluation did find that the ILO is in a unique position to bring added value to those with disabilities or HIV, refugee and other vulnerable groups, through linking formalization initiatives to non-discrimination initiatives.

### Just transition to environmental sustainability

The CCDDP of a just transition to environmental sustainability received limited to no attention in the evaluation case study countries, although it should be pointed out that the subject was not a formal CCDDP during the 2016–07 period. Only one country, Zambia, paid more than minimal attention to this issue, through its Green Jobs Initiative. Only where individual ILO staff members took a personal interest in this subject, such as in the case of the good practice with women leather tanners in Senegal, was there any specific focus on this subject area. For this reason, figure 10 does not even cite the presence of environmental sustainability as a focus area as related to formalizing efforts.

The evaluation finds this situation quite problematic for many reasons. People in the informal economy work in difficult circumstances and may contribute to environmental damage due to lack of awareness, knowledge, skills and resources to reduce their impact. Various sectors of the informal economy may, however, also work on improving the chances of environmental sustainability, such as where they act and/or process recyclable materials, ensure that machines and tools are maintained and kept in the circular economy. Including more attention to these issues in approaches to formalizing – such as including focus on especially important informal economy sectors as regarding environmental sustainability – would be beneficial.

### Monitoring and recording data CCDDP themes and formalization

Evaluation stakeholders noted that little to no monitoring of CCDDP other than gender and related vulnerability has been done regarding Outcome 6. This is also confirmed by the evaluation team's analysis of CCDDP reporting for Outcome 6 for the biennium 2016–17. In several case study countries – Cambodia, Senegal and Ukraine, for instance – such information is only reported as it relates and is requested to report on in the P&B. Where there is no CPO on formalizing, such as in Cambodia and Ukraine, reporting on formalization is naturally limited, and consequently there is no monitoring and recording of related CCDDP data.

The challenge of not being able to report on related work on formalization<sup>102</sup> was also said to affect the reporting on CCDDP. In the case of Nepal, for example, the country office reported about the revision of the Labour Law as an achievement under Outcome 2, but it was not possible to report on other aspects linked to the Labour Law affecting informal workers, such as on formalization and the CCDDP in this area.

## 3.4. EFFICIENCY

### Summary finding

At the outset, it is important to note that the general challenges of this evaluation, given the transversal nature of this Outcome, were more notable when assessing the resource allocation and expenditure. The real estimate of the ILO's investment on this theme is impossible to determine, since the resources are allocated and reported against specific Policy Outcomes, while the work cuts across several Outcomes. Owing to these limitations, the resource profiles presented in this section are reduced to the available figures for ACI 6 (for 2014–15) and for Outcome 6 (for 2016–17 and 2018). Overall, at the headquarters level, the idea of expanded OCT was appreciated as a coordination and monitoring mechanism. The current system of coordination, implementation and monitoring is not viable unless the OCT lead has a definite mandate and authority on resource allocations and linking. Inability to link a CPO to more than one Policy Outcome and a general tendency among technical units and departments to give primacy to the outcome and CPOs they anchor were among the key challenges in implementing this transversal outcome efficiently.

<sup>102</sup> See subsection 3.2.

The evaluation team notes that, despite the challenges in budgeting and funding, the delivery of Outcome 6-related activities has been cost-efficient. Interviewees rated as “Satisfactory” the role of the OCT regarding coordination and monitoring of Outcome 6. A number of global products and outputs related to Outcome 6 were implemented with close interdepartmental collaboration.

### Adequacy of financial and human resources

Under the ACI 6 (formalization of the informal economy), the actual expenditure as per the data provided by BUD/REG, was US\$ 4,281,343, of which a significant 74 per cent was from the Regular Budget Supplementary Account (RBSA), 21 per cent was from Extra-Budgetary Technical Cooperation (XBTC) and the rest was from the Regular Budget Technical Cooperation (RBTC).

Table 3. Area of critical importance 6 expenditures

	RBSA 2014–15	RBTC 2014–15	XBTC 2014–15	Total
Africa	595 817.25	59 930.18	151 419.00	
Americas	1 152 521.29	117 930.77	-	
Arab States	84 434.56			
Asia and the Pacific	410 931.69	37 780.41	738 200.00	
Europe	290 782.21			
Global product	641 595.86			
Total	3 176 082.86	215 641.36	889 619.00	4 281 343.22
	74%	5%	21%	

The P&B documents for the two biennia, when the formalization of the informal economy was a Policy Outcome, show that the organization allocated to Outcome 6 a total of US\$ 41.4 million for the 2016–17 biennium and US\$ 36.8 million for the 2018–19 biennium. Compared with the total allocations, these represent 4 and 3 per cent, respectively.

Table 4. Outcome 6 total resources for the biennia 2016–17 and 2018–19

	Total resources in 2016–17 (million US\$)				Total resources in 2018–19 (million US\$)			
	RB 16-17	XB 16-17	RBSA 16-17	Total	RB 18-19	XB 18-19	RBSA	Total
Outcome 6	33.2	8.2		41.4	32.9	3.9		36.8
Total ILO (all outcomes)	634.8	410	35	1079.8	625.9	450	36.4	1112.3
Outcome 6 vs. ILO	5%	2%	0%	4%	5%	1%	0%	3%

The reported expenditure figures for the biennia 16-17 shows that regular budget accounted for 81% of the strategic expenditure while the rest 19% came from extra-budgetary contribution and core voluntary funding (RBSA).<sup>103</sup> As per the data provided by OCT 6 for 2018-19 biennium, an estimated 73% of the non-staff resources is financed from XBDC funds, followed by nearly 20% from RBSA and 6% from

<sup>103</sup> Information extracted from the Programme Implementation Report for the biennium 2016-17. The Programme Implementation Report for the biennium 2018-19 was under preparation when this evaluation report was finalized.

RBTC. However, since the expenditure figures were not available for this biennium, the actual trend in source and expenditure could not be ascertained.

A closer analysis of the non-regular budget resource expenditure indicates that a total of US\$ 13.5 million has been spent during the period under review, with a maximum reached during the biennium 2016–17, with an expenditure of US\$ 6.7 million. Whereas the Latin America and the Caribbean, Africa, Europe, and Asia and the Pacific regions have been targeted throughout the three biennia, the Arab States region was targeted only in 2014–15 as part of the ACI (see table 5).

Table 5. Non-regular budget resource expenditure for Outcome 6, 2014–18

Year(s)	Expenditure (US\$)
2014–15	4 281 343.22
2016–17	6 716 697.07
2018	2 595 337.66

With respect to resource expenditure by category of intervention, 62 per cent of non-regular budget resource expenditure in 2016–17 targeted the promotion and facilitation of the transition to formality through awareness raising and knowledge base (2016–17 indicator 6.2). Expenditure for the same biennium to the update of legal, policy and strategic frameworks to facilitate the transition to formality (2016–17 indicator 6.1) represents 24 per cent, followed by a 15 per cent expenditure to capacity building of constituents to promote gender equality and responsiveness to the needs of vulnerable groups when facilitating the transition to formality (2016–17 indicator 6.3).

Since the indicators under Outcome 6 underwent changes in the biennium 2018–19, a comparison on expenditure by indicator is difficult. Overall expenditure by indicator is shown in table 6. The major decrease in the expenditure is identified for the development or revision of integrated policies, legislation or compliance mechanisms (2018–19 indicator 6.2), with 6 per cent of resource expenditure.

Table 6. Outcome 6 expenditure trend by indicator

Biennium	2016–17		2018–19	
<b>Indicator 6.1</b>	Member States that have updated their legal, policy or strategic frameworks to facilitate the transition to formality	<b>24%</b>	Number of member States in which constituents have developed a common understanding and a basis for monitoring informality with a view to facilitating progress towards formalization	<b>41%</b>
<b>Indicator 6.2</b>	Member States in which constituents have increased awareness and the knowledge base on informality to promote and facilitate the transition to formality	<b>62%</b>	Number of member States that have developed or revised integrated policies, legislation or compliance mechanisms, to facilitate transition to formality, including for specific groups of workers or economic units	<b>6%</b>
<b>Indicator 6.3</b>	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	<b>15%</b>	Number of member States in which employers' or workers' organizations provide support to workers and economic units in the informal economy for facilitating transition to the formal economy	<b>53%</b>

The analysis of non-regular budget expenditure in 2014–15 indicates that voluntary contributions or un-earmarked funding modality (RBSA) was the largest funding source, with an overall 74 per cent of expenditure, mostly targeting activities in the regions of Latin America and the Caribbean, and Africa.



This situation changed in 2016 with the institutionalization of formalization of the informal economy as a Policy Outcome, when the use of earmarked funding (XBDC) became the largest (63 per cent average expenditure). The XBDC resources have largely been allocated to awareness-raising and knowledge-generation activities, as well as capacity building of constituents. Unearmarked funding modality has been used to complete the other sources of funds available to the ILO (29 per cent of overall allocation), mostly targeting awareness-raising and knowledge-generation activities. RBTC funding constitutes 8 per cent of the overall expenditure from 2016 to 2018 allocated to updating legal, policy and strategic frameworks, as well as capacity-building activities to facilitate the transition to formality. Funding from multi-bilateral donors has been more recurrent since 2016, closely followed by funding from intergovernmental organizations (23 per cent).

The findings of the Synthesis Review, which reviewed 34 relevant project evaluations, show that over 30 per cent of the projects had a budget from US\$ 1 million to US\$ 2 million; another 15 per cent were in the budget range of US\$ 2 million–US\$ 3 million. Overall, about 62 per cent of projects were below US\$ 5 million and 27 per cent were above US\$ 5 million. The Synthesis Review also notes several examples of cost-sharing, including in-kind contributions in terms staff time of technical experts, as well as through complementary financing through RBSA, and time and cost contributions from implementing partners and constituents. Overall projects were found to give good “value for money”, although cost efficiencies could be enhanced by improving internal procedures.

The OBWs and internal monitoring reports developed by the OCT 6 shows constant gaps (allocation vs actual) in both staff and non-staff resources for the biennia 2016–17 and 2018–19.

For 2016–17, the total staff time allocated to Outcome 6 (as per the OBW) was 715 work months. Of this, 56 per cent came from Policy and 42 per cent from Field Operations and Partnerships (FOP), while the rest came from ACRTAV and the Bureau for Employers' Activities of the ILO (ACT/EMP).<sup>104</sup>

Similar figures for the biennium 2018–19 show the total budgeted staff time as 771 work months, while monitoring data at the end of 2018 showed that only 93.4 work months (12 per cent of the biennial allocation) were actually delivered. It is not hard to guess that this gap of 88 per cent cannot be recovered in the rest of the biennium.

The figures together show that the gap between expected and actual allocations is significant. A major constraint is that, since Outcome 6 is not anchored with any specific technical department, it does not receive an “administrative budget”. Overall, it is hard to trace the actual spending. The fact that OCT leads do not have any administrative authority does not help the situation.

### Resource allocations of different technical units

One of the greatest challenges observed in implementing Outcome 6 was that, despite a satisfactory coordination and monitoring system, the resource allocations that different technical units made were ultimately not delivered to this Outcome. This was due to the technical departments' competing priorities; they consequently prefer to utilize resource on the Outcomes that they lead. This is, to a large extent, attributed to the fact that the current system does not allow linking a CPO to more than one Policy Outcome. Several interviewees recommended the possibility of allowing cross-reporting through multiple Outcomes. This compels planners to link CPOs to various other Policy Outcomes, despite the CPO having a strong formalization element. This was particularly true for relevant work that the EMPLOYMENT, Labour Administration and Labour Inspection Programme (LAB/ADMIN), ENTERPRISES and SOCPRO departments did. As formalizing is a complex process, one senior ILO staff member suggested having

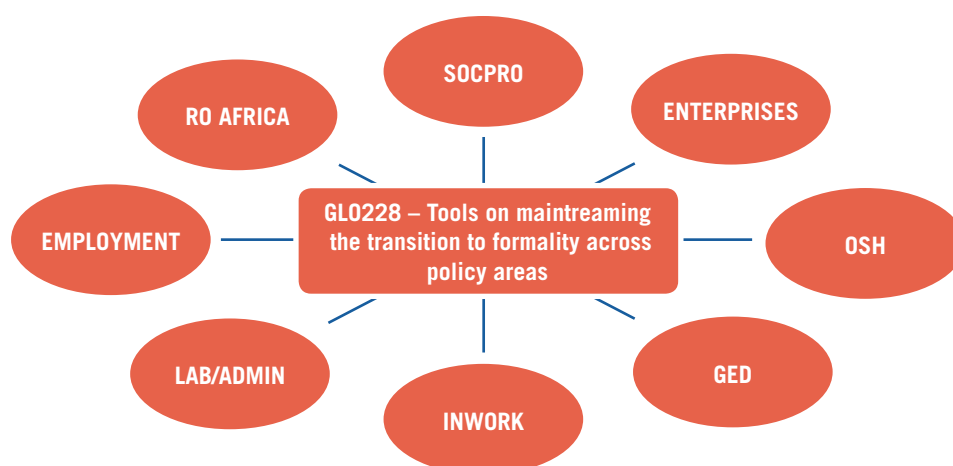
<sup>104</sup> “Policy” allocated 401 work months, of which the greatest share was of WORKQUALITY (156 w/m), followed by EMPLOYMENT (64 w/m), International Labour Standards Department (NORMES) (60 w/m), ENTERPRISE (36 w/m), STATISTICS (29 w/m); “Field Operations and Partnerships” allocated 303 work months, of which nearly 50 per cent were from the Americas, followed by Africa, Asia and the Pacific, Europe and the Arab States.

more frequent and more comprehensive reporting on formalizing. The evaluators do not believe, however, that more frequent reporting is realistic, as implementers often complain that they spend more time reporting than implementing. Nevertheless, addressing the issue of ensuring that reporting on formalizing under other Outcomes is allowed would help address some of these challenges.

### 3.4.1. Management and coordination

A majority of the staff, who work closely with the OCT 6, appreciated the facilitative role that the Outcome Coordinator played. They found that regular coordination meetings, through an expanded Outcome 6 team, led to greater awareness of the work of different technical departments and field offices towards formalization. It also gave opportunities to find areas where collaborative work was possible. At the practical level, however, these opportunities were not used optimally, due to time and resource constraints. Figure 11 provides an overview of the various ILO departments that contribute tools to formalizing the informal economy.

Figure 10. ILO departments involved in elaborating tools on the transition to formality



### Management of coordination

Country case studies and interviews with regional experts confirmed the good coordination that OCT 6 put in place; however, there were still some critiques of management coordination across thematic areas and sectors at national level.

Interviewees reported that Outcome 6 is the most well-coordinated compared with other OCTs. All documents are regularly shared with the field. An email alert system was put in place to inform members of the Outcome 6 community of any new publication, tool and event relevant to the Outcome. The evaluation team, however, also recorded the lack of common guidelines for the use and update of the Outcome 6 Common Drive, which diminishes its utility and should be improved.

Within the OCT coordination mechanism, some ILO interviewees raised the need for more substantive discussions. This was especially true for departments and units that do not play a major role in CPO formulation, implementation and monitoring. OCT meetings were said to currently mostly focus on information exchange and monitoring of CPOs' progress.

The organization of webinars and video calls for monitoring OBWs and progress reports, as well as the Academy, were generally appreciated. As one ILO staff member commented: "OCT (for Outcome 6) is a good linkage forum between work in the field and headquarters. We look at the innovative practices that are being delivered on a day-to-day basis. At the same time, OCT helps in not deviating too much from what ILO has committed to deliver in terms of outcomes and indicators."



Thus, while the management of Outcome 6 is generally appreciated, most interviewees reported a gap between priorities and resources. They also noted the need for the institutionalization of formalizing the informal economy in the ILO working modalities and organizational structure. Almost all ILO interviewees pointed out that, as work done under Outcome 6 is not part of staff performance appraisal, there is very little incentive to contribute to it. This has the end result that input on Outcome 6 is mostly dependent both on people's personal interest and/or directions from their Head of Branch.

In the current situation, coordination mechanisms rely a great deal on individual attentiveness and interest. This situation prevents ensuring personal and organizational responsibility for supporting the work on formalization. The quotes in box 7 confirm and explain this finding further.

#### BOX 7

##### Quotes from interviews at ILO headquarters

"The programming in ILO needs to reconcile to the intent of transversality."

"FORLAC experience shows that there are three things needed to move programmes that are cross-cutting in nature – an enforceable mandate, resources and leadership."

"The (OCT) mechanism is not helping in breaking silos. Outcome 6 remains a homeless outcome."

"Coordination mechanisms rely a lot on personal interest. There are no concrete implementation working groups. The system does not work. Everything revolves around one person instead of that most of the people work on this."

Good examples do exist of the collaboration among several specialists working together (social protection, gender, enterprise). One example is the Senegal integrated project with women leather tanners. See section 3.3.12 for further details on this good practice. Good coordination mechanisms among thematic specialists are also recorded for Costa Rica, where the issue of formalization is supervised by the Employment Specialist, who acts as focal point for Outcome 6, and is also in charge of coordinating with other ILO specialists and programmes related to formalization, such as social protection, vocational training and gender, among others. This mechanism allows for good coordination and exchange of information. Examples of related comments included "The lack of an informality specialist is a challenge, sometimes the function to put together pieces depends on the focal point, but for some countries where the focal point is not fully engaged, they could receive updates but risk to lose the momentum" (ILO staff member). The need to have someone in the DWTs to deal with the informal economy also emerged. "All of the key technical specialists should have a hat on about informality" (ILO staff member).

The close collaboration between ILO headquarters and field specialists accounted for mostly successful programme implementation. There was, however, a lack of clarity regarding roles and responsibilities for interventions, with linkages to formalization that did not explicitly fall under Outcome 6. This led to inefficiencies in management and implementation. The field and headquarters perceived certain projects differently, revealing a disconnect depending on those involved. For instance, field offices saw one project as top-down, leading to lower ownership at the local level. Simultaneously, the core team at headquarters saw it as a good example of how to do better work across units.

A gap between guidelines and constituents' needs emerged in some country case studies. An ILO regional staff member highlighted that it is not clear how the concerns of the constituents will be addressed if formalization is not retained as a Policy Outcome in the next biennium. An ITC officer also highlighted that the disappearance of Outcome 6 may create a problem in terms of accountability.

### Staffing technical support structure

In terms of availability of technical specialists, different opinions were recorded. At the moment, there is only one technical specialist specifically working on the informal economy in Africa and only one person working on the informal economy at the ITC. The latter person is also addressing other issues aside from formalizing.

According to several interviewees' technical specialists who have been working on this theme, there is sufficient experience and expertise to provide technical support on the informal economy, but tasks should be included in the results-based management system to ensure that the work is implemented: that is, that specialists in the areas of employment policy, enterprise, social protection, working conditions norms, labour law, labour administration, gender and inclusion have sufficient support.

When asked if formalization would require additional specific specialists with primary focus on the informal economy, several ILO staff members noted that the presence of additional formalization specialists would be less efficient, both in terms of extra costs for the ILO, and in adding confusion to the ILO work with constituents. There were some exceptions to this view. Some specialists noted that a French-speaking formalization specialist was needed to help improve the focus on formalization in Africa. The need for more strategic coordination also emerged in several interviews. The evaluation team supports these points of view.

According to some interviewees, having specialists from different areas working on formalization poses another challenge, as most are linked either to a project or a particular theme. In other words, absence of an exclusive specialist might lead to a lack of an integrated orientation for country officers and to the difficulty to create a holistic approach to the work addressing informality.

#### 3.4.2. Limiting efficiency factors

Challenges identified included low staffing levels, lack of dedicated national officers to coordinate and facilitate multi-country initiatives, staff turnover, and inconsistent communication between the field and regional offices. A recurring weakness identified was the limited collaboration between different ILO projects in the countries of intervention, leading to missed opportunities for synergies and greater reach.

According to some ILO staff members interviewed, opportunities for staff to make field visits and mobility should also be improved, as there is a lack of direct opportunities to connect with the field. Increasing field visits could help reduce gaps between headquarters and field work.

Additional constraints identified are the need to improve digital monitoring reporting and the use of global reporting products. Some countries' case studies (Senegal and Zambia) reported limited and difficult access: "We do not continually enter into the ILO's website to see what has been developed. Whenever there is a new product, headquarters should proactively send alerts to the Country Office. If we don't know what is being produced, it is difficult to enter the system and to search for global products. A number of copies should come as soon as they are produced." In some other cases (Costa Rica) a need for adaptation of global products to the local dynamics also emerged. The need of adjustment to local context – for instance, to the European one – in order to increase the utility of such products also emerged from Ukraine's desk review.

Field level interviews also show that, with the UN reforms rolling out, it will be important for ILO headquarters to have a better visibility plan for countries, especially where the ILO is not a resident agency. It is important for the ILO to reemphasize its role as a specialized agency and communicate its credentials on the informal economy well with the donor community. Likewise, in Senegal, an interviewee noted that there is a need for greater awareness among international development partners about the importance of formalizing. Specifically, the interviewee stated: "The subject does interest many donors, though they have various areas that touch on formalization, but it is not directly mentioned. There needs to be more

awareness raising on this so they include focus on this in their programming.” Overall, the evaluation team registered the need for a more coordinated approach with other international development agencies to increase financing for the formalization process.

Others also commented on the importance of ensuring that the ILO's role in supporting other agencies on formalization-related issues is clear. As one ILO specialist said, “If we don't insist on our specificity, we are going to lose our identity and added value.”

As the informal economy, and formalization processes, are broad and complex topics, several interviewees stressed the difficulty of mobilizing resources from the international community. Such challenges may be at least partially addressed with increasing awareness raising, focusing on the benefits of the formalization and the variety of measures that can boost the process.

### 3.5. IMPACT AND SUSTAINABILITY

#### Summary finding

The ILO Strategy and Actions have had an impact in the form of improved capacity, provision of necessary tools and policy improvements towards formalization of the informal economy. Based on the ratings obtained through an online survey, the overall performance on the ILO's work on formalization of the informal economy was found to be “Satisfactory” (4.5 on a six-point scale).<sup>105</sup> However, achieving the goals of Recommendation No. 204 requires more time and a more focused effort, with reduced fragmentation and an increased voice and representation of informal economy actors.

The ILO support to constituents has the potential to bring long-term changes in understanding of and approaches to formalization processes. The ILO's capacity-building efforts at the national level are well directed to organizations/institutions that can complement and sustain the gains resulting from the ILO's efforts.

The extent of the contribution made through ILO actions is notable, and stakeholders consistently mention that ILO contributions had an impact. At the same time, it should be added that several interviewees noted that the scale of the informal economy is daunting and, to achieve impact, efforts need to be substantially scaled up. One example of such a comment from a stakeholder was: “The magnitude of the informal economy problem is increasing, so it can be frustrating. The increase is either due to economic conditions and policies, or because of the changing form of informality, such as new technology-based trades. The informal economy is a shifting target.”

The evaluation finds that the capacity strengthening of key stakeholders through the ITC, and regional and national training, is of special importance in this regard. A core group of aware and informed persons now exists in the countries where participants were able to benefit from such training and other informative exchanges. The selection of the right persons to participate at the highest level from the countries was well done, and content evolved to address the needs to formalizing. The evaluation stakeholders' counterfactual perception – that is, their understanding of results if the ILO had not acted – is quite clearly that little to no action on formalizing would have occurred in the vast majority of countries if the ILO had not stimulated such processes.

The evaluation identified mixed results regarding the extent to which ILO interventions were designed and implemented to maximize ownership and sustainability at country level. Regarding design of sustainability strategies in the CPO, DWCP and projects, they were rarely well detailed and often understood and/or described briefly as a natural consequence of the supported actions. Capacity strengthening and social dialogue, awareness raising and advocacy, legal and policy framework development and support for compliance mechanisms, and extension of social protection to the informal economy were seen as “of

<sup>105</sup> 1 – Highly Unsatisfactory; 2 – Unsatisfactory; 3 – Somewhat Unsatisfactory; 4 – Somewhat Satisfactory; 5 – Satisfactory; 6 – Highly Satisfactory.

course” resulting in sustainability. Several evaluation stakeholders noted that this is insufficient and that country level planning requires well-planned exit strategies and gradual handover periods for all initiatives. A particular emphasis was placed on ensuring that implementation is entirely done through the government of a country and their partners. An interviewee noted that, “even if the ILO provides solid technical support, it should learn to be invisible”. The Synthesis Review likewise identified the same need for good sustainability planning.

Specifically, the Synthesis Review further noted the following points with which the evaluators concur.<sup>106</sup> Where a favourable environment in terms of policies, laws and regulations to consolidate the results achieved exists, sustainability is also likely higher. The organization of workers in various sectors and their contribution to social dialogue further increases the potential for sustainability. Sustainability is projected as higher where there is a strong national partner to take forward an action plan.

The Synthesis Review indicated that sustainability was stronger when projects had not been overly ambitious in trying to reach too many sectors and conduct too many activities in many countries, but instead had targeted a specific sector or vulnerable group in each target country. While the evaluation team agrees that this is the case, working primarily with individual groups and sectors can also result in a loss of focus on the informal economy as a whole. Not all sectors can be well delineated. While certain sectors

#### BOX 8

##### **Tackling informality, undeclared and underdeclared work: Impact examples from Greece and Ukraine**

The Synthesis Review of evaluations indicates that the ILO’s support to member States on tackling informality, undeclared and underdeclared work is useful in national contexts and in accordance with constituents’ expressed needs. Examples included countries supported in Europe through projects on strengthening social dialogue and tripartite mechanisms, research and diagnostics, strengthening employment services, labour administration and social protection.

In Greece, the ILO provided support including a diagnostic study on undeclared work and formulation of a tripartite action plan through strong interdepartmental coordination. Research and technical support was provided on international labour standards, labour administration, employment services and collective bargaining. Tripartite constituents adopted a detailed roadmap to tackle undeclared work with milestones, assigned actors and accountability. The evaluation found that constituents responded well to ILO-led logically connected projects. Project impact has resulted in a national tripartite committee’s ownership of the action plan, though they expect continued support from the ILO on social dialogue.

In Ukraine, the ILO’s focus was on strengthening labour administration to improve working conditions and tackle undeclared work. Technical assistance was also extended to promote social protection, and facilitate adherence to international labour standards and tripartite engagement on wage arrears and the minimum wage.

While constituents in Ukraine consider strengthening labour administration very relevant and appreciate the project’s participatory approach, they noted that the actions were not yet sufficient to address informality. For full impact, more is needed on subjects such as occupational safety and health, working conditions, wage arrears and access to social security.

The National Tripartite Social and Economic Council is currently defunct, due to differing standpoints on its structure and functions. This adversely affects tripartite social dialogue. Constituents in Ukraine expect a more proactive ILO role in advocating for a comprehensive strategy on addressing informality. They wish for a focus on an enabling environment for enterprise formalization, facilitation of inclusion of new generation trade unions in social dialogue, capacity strengthening, greater exposure and learning from other similar contexts, and more policy level work with the Government towards reforms for the transition to formality.

Technical specialists also raised concerns regarding the positioning of the ILO as a technical agency on social security and informal economy, especially in the light of ongoing UN reforms on creating synergies.

<sup>106</sup> ILO: Synthesis Review of Project Evaluations on Formalization of the Informal Economy, Geneva, 2019, text adapted from p. 21.

definitely need specialized attention (for example, domestic workers, street vendors and others), addressing them one by one or even several together may result in a piecemeal approach that does not sufficiently take the vast diversity and size of the informal economy in its entirety into account.

The evaluation found that stakeholders rarely identified actions and strategies to achieve broader, long-term impact of the initiatives, except where they were an inherent part of the action. For example, where legal and policy frameworks and roadmaps were developed and capacity strengthening on formalization was implemented, they can be expected to have broader long-term impact. Of course, in the case of such frameworks, this can only occur if they are officially adopted and then implemented. In Senegal, for example, a statistical monitoring system on formalizing was identified as being of interest for broader, long-term impact of initiatives.

In Nepal, the strategy of FWEAN, the federation of women entrepreneurs, has been adopted. FWEAN considers this one of the pillars of Nepal's development in 45 districts. The strategy involves many aspects linked to the transition from informality to formality.

In Zambia, the Workers' Compensation Fund Control Board (WCFCB) and the National Pension Scheme Authority (NAPSA) have established a special unit on covering people from the informal economy, which is considered an important milestone. The Zambia Confederation of Trade Unions (ZCTU) has established an Informal Economy Desk.

In only rare cases was there evidence of constituents' scaling up and replication of actions and strategies. Some development projects did build on good practices and lessons learned from past ILO projects. In Zambia, for example, the Law Growth Nexus II project,<sup>107</sup> which included focus on the application of labour laws among informal workers in the construction industry, helped inform implementation of the Green Jobs Initiative. The Green Jobs Initiative, in turn, helped inform the SPIREWORK project.

Internal or external issues that may hinder or facilitate the potential for sustainability are the same as those often mentioned – sufficient financial and human resources, knowledge and skills development and implementation of formalization capacities, and a stable political and climatic situation with no natural disasters.

<sup>107</sup> The project ended in 2013, before the current evaluation period started in 2014.

## 4. CONCLUSIONS AND RECOMMENDATIONS

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Overall, the results of the ILO Strategy towards formalization of the informal economy is satisfactory, though there is a great deal of variation, with outstanding examples of good results in some countries and other areas that need substantial additional attention. Even in countries with good examples of actions, there are also commonly areas that need considerably more focus. There should be a balance between formalizing as a means to achieve economic growth and as a means for greater social justice and inclusion.

The integration of approaches stressed in Recommendation No. 204 is only rarely found and, where identified, it is limited to small actions within countries. Sustainability of results achieved so far will depend on increased attention to a more balanced and well-integrated approach towards formalizing the informal economy.

While steps have been undertaken towards formalization in many countries, formalization is generally perceived as a framework for action with a long-term objective. The informal economy continues to grow in most countries. While efforts undertaken during the evaluation period are useful – particularly regarding strengthening the business enabling environment – the evaluation finds that this is just the beginning of a process requiring much more focus on further developing, adapting, disseminating and implementing actions on formalizing the informal economy.

The ILO Strategy and the key areas of focus of the ACI and Outcome 6 are generally relevant to country needs. Nevertheless, there are many differences between countries and key stakeholders on the level of relevance. The design of the ILO Strategy for Outcome 6 is identifiably and directly pertinent to global concerns and strategies on formalizing the informal economy. Based on stakeholder inputs and content review, the evaluation found that Recommendation No. 204 and the ILO Strategy make an important contribution to SDG 8, and more specifically Target 8.3.<sup>108</sup> Overall, the ILO Strategy<sup>109</sup> fits the needs and concerns of ILO member States and social partners well.

Overall, stakeholders see the ILO Strategy to support the implementation of Recommendation No. 204 as coherent, though the actual implementation is considered notably fragmented. The evaluation found that the documents guiding the ILO's work on formalizing the informal economy cohered with each other across the P&B targets. Nevertheless, due to the transversal nature of the subject, evidence of creation of synergies between Policy Outcome 6 and other Outcomes was partial.

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<sup>108</sup> SDG 8 Target 8.3: 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, including through access to financial services. United Nations, Department of Economic and Social Affairs, Statistics Division. Available at: <https://unstats.un.org/sdgs/metadata/> [accessed 21 September 2019].

<sup>109</sup> As summarized and described in section 2.



The evaluation finds that work carried out under other Outcomes had an impact on Outcome 6 and vice versa. However, links between both were often not explicit. The evaluation found that the experience of implementing and ensuring a well mainstreamed transversal Outcome, such as on formalization, needs more attention at programming level, particularly as related to Outcomes on social dialogue, constituents' capacity strengthening, social protection, employment policies and enterprise development. The ILO was found to need to pay greater attention to the inclusion of the informal economy agenda in UN cooperation frameworks. This would include the building of synergies with other UN and international partners and donors, and keeping a strong focus on the ILO's positioning of itself as a normative agency with technical expertise to assist constituents in working towards formalization.

Overall, the implementation of the ILO Strategy has been strong in some locations where countries and social partners were receptive, but less so in other cases. Analysis of reported results for the biennium 2016–17 – the only biennium for which a report on achievements is available – showed that the ILO exceeded targets on two of the three indicators (6.1 and 6.2) and achieved the target for the third indicator (6.3).<sup>110</sup> Field visits and interviews confirmed that progress has been notably high on awareness raising, capacity building, diagnostics and addressing decent work deficits in the informal economy through strengthening compliance measures. Nevertheless, there was high variability in the quality and reach of achievements. Consequently, the ILO has, so far, partially met its strategic objectives in formalization of informal economy, as defined in the strategic policy frameworks, Policy Outcomes and targets, and relevant policy instruments.

Actions and initiatives in the countries are in line with the ILO Strategy and recognized as a result of collaborative work of the ILO with the constituents and other civil society groups. The real estimate of the ILO's financial investment on formalizations, however, is impossible to determine, since the resources are allocated and reported against specific Policy Outcomes, while the work cuts across several Outcomes. Owing to these limitations, the resource profiles presented in this section are reduced to the available figures for ACI 6 (for 2014–15) and for Outcome 6 (for 2016–17 and 2018).

Overall, at the headquarters level, the expanded OCT was appreciated as a coordination and monitoring mechanism. The current system of coordination, implementation and monitoring is, however, not viable unless the OCT lead has a definite mandate and authority on resource allocations and linking. Inability to link a CPO to more than one Policy Outcome and a general tendency among technical units and departments to give primacy to the Outcome and CPOs they anchor were among the key challenges in implementing this transversal outcome efficiently.

ILO support to constituents has the potential to bring long-term changes in understanding of and approaches to formalization processes. The ILO's capacity-building efforts at the national level are well directed to organizations/institutions that can complement and help ensure sustainability of the gains resulting from ILO's efforts.

It is important to note over the middle and long term that the ILO Centenary Declaration reaffirms the importance of policies and incentives on the transition from the informal to the formal economy.<sup>111</sup>

The ILO Strategy and Actions have had an impact in the form of improved capacity, provision of necessary tools and policy improvements towards formalization of the informal economy. Based on the ratings

<sup>110</sup> 6.1: Member States that have updated their legal, policy or strategic frameworks to facilitate transition to formality; 6.2: Member States in which constituents have increased awareness and the knowledge base on informality to promote and facilitate the transition to formality; 6.3: Member States in which at least one of the constituents has undertaken measures to promote gender equality and address the needs of vulnerable groups when facilitating the transition to formality.

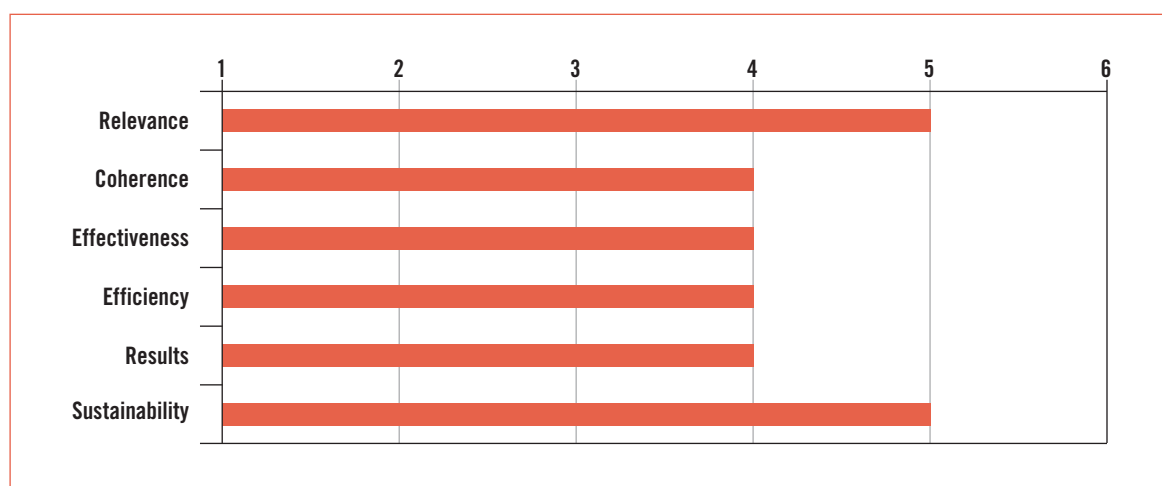
<sup>111</sup> ILO: Centenary Declaration for the Future of Work, adopted at the 108th Session of the International Labour Conference, section 3 C (IV), Geneva, ILO, 2019.



obtained through an online survey and assessment by the evaluation team, the overall performance of the ILO's work on the formalization of the informal economy was found to be satisfactory.<sup>112</sup>

However, achieving the goals of Recommendation No. 204 requires more time and a more focused effort, with reduced fragmentation, and an increased voice and representation of informal economy actors.

Figure 11. Performance by criterion: Formalization of the informal economy



#### 4.1. KEY LESSONS LEARNED

The high focus on statistics/diagnostics, combined with capacity strengthening of key stakeholders on formalization of the informal economy, was found to be key towards launching the formalization process. Prior to the ILO's work towards formalizing the informal economy, there was much resistance among many development actors, workers' and employers' organizations, and informal economy actors themselves towards these processes. Using data and capacity strengthening, which included the use of advocacy and awareness-raising exchanges between participants, was found to be useful to change attitudes. Though Recommendation No. 204 had been almost unanimously adopted in 2015, there was still much reticence, and data helped bolster formalization arguments.

The need to involve international partners in formalization processes on a larger scale was underlined in the case study countries and documentation. While efforts were made to include international partners, greater understanding among these actors of the benefits of formalizing was found to be necessary. That is, formalizing the informal economy not only contributes to SDG 8 on promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all but, also, increasing understanding of how formalizing can contribute to SDG 1 on poverty reduction, and other SDGs can provide incentives for the establishment of synergies. Joint efforts at national, regional and global levels to address informal economy challenges and fundraising can contribute to a better integrated approach to formalization.

The use and strengthening of digital technologies to support formalization efforts is an important and relatively new area, with a wide range of potential for strengthening formalization, service provision and monitoring. Digital technologies were found to already be used in different ways to support formalization, including for business registration, education, and access to social protection, business and other services. The possibilities of linking different digital technologies/approaches to strengthen results has not yet been sufficiently explored. Most of the efforts undertaken are focused on one or two aspects of formalization,

<sup>112</sup> 1 – Highly Unsatisfactory; 2 – Unsatisfactory; 3 – Somewhat Unsatisfactory; 4 – Somewhat Satisfactory; 5 – Satisfactory; 6 – Highly Satisfactory.

such as registration and/or accessing social protection. Innovation and an open mind to the possibilities of linking various digital approaches are important to achieve greater impact in formalization. Strengthening exchanges on the use of digital technologies – and continuing exchanges on other good practices and lessons learned – can provide the impetus for increased innovation and effective implementation of such technologies.

## 4.2. RECOMMENDATIONS

### Recommendation 1

*Establish more intensive collaboration among ILO departments and between headquarters and field offices on formalizing the informal economy using a theory of change at the global level, clearly incorporating inputs from the regional and national levels.*

Much more intensive, integrated and continued collaborative work is needed to attain outcome 6. A clear overview of the formalization goal with a strong narrative describing the theory of change is needed. The narrative should include clear expectations and role descriptions to achieve the objectives of the theory of change. It should further include explicit coverage of coordination, monitoring and reporting mechanisms specifying how progress towards formalization will be measured.

Responsible unit(s)	Priority	Time implication	Resource implication
Deputy Director-General for Policy (DDG/P); Deputy Director-General for Field Operations and Partnerships (DDG/FOP)	High	Short-term	Low

### Recommendation 2

*Develop and implement well articulated plans on global, regional and national partnerships, including through the focused mapping of potential joint efforts and synergies. Build on and extend South–South cooperation much further, including an exchange of experiences on intervention models.*

There is a need to engage in further advocacy and awareness-raising at all levels for the development and implementation of partnerships on the formalization of the informal economy. Mapping will contribute to the better targeting of potential partners for actions and funding to support formalization. Particular emphasis should be placed on ensuring that governments and the social partners take full ownership of and promote inclusive and progressive formalization processes.

There is also a need to promote the inclusion of the formalization of the informal economy in donor and implementation agencies' programming. Partnerships on formalizing the informal economy should be integrated into national United Nations (UN) Sustainable Development Cooperation Framework systems, indicating clear roles and joint actions while stimulating country-level resource allocation.

Special attention should be given to the role of the private sector, including with regard to cultivating strategic partnerships and linkages between the formal and informal economy. South–South cooperation is particularly relevant to national contexts in the early stages of formalization.

The ILO should thus foster evidence-based decision-making on formalization that stems from peers and constituents, and is grounded in field experience.

Responsible unit(s)	Priority	Time implication	Resource implication
DDG/P; DDG/FOP	High	Short-term	Low

### Recommendation 3

*Strengthen focus on diagnostics, including statistics and knowledge-base building to inform methodologies for the formalization of the informal economy.*

Effective programming on formalization requires clarity on magnitude and factors such as diversity, dispersion, vulnerability and working conditions in the informal economy. A focus on assessing the place of the informal economy in value chains and the link with environmental sustainability should be included. There is a need to ensure that statistics and research on the informal economy are disseminated and used to track progress towards formalization. Assessments should include the detailed mapping of existing informal economy organizations, including their objectives, strengths, weaknesses, potential for collaboration and other factors.

Responsible unit(s)	Priority	Time implication	Resource implication
DDG/P; Conditions of Work and Equality Department (WORKQUALITY); Department of Statistics (STATISTICS); Enterprises Department (ENTERPRISES)	Medium	Long-term	High

### Recommendation 4

*Continue capacity-strengthening on formalizing the informal economy while ensuring the cascading of knowledge and skills among government officials, workers' and employers' organizations, representatives of informal economy actors and other relevant civil society groups.*

There is a need to continue to strengthen conceptual and technical capacities to provide services and solutions adapted to the needs of the informal economy. As relevant, special attention should be given to literacy for informal economy actors to support their formalization processes. Capacity-strengthening should take a long-term view for knowledge and skills building. This includes awareness-raising among the general public to ensure changes in behaviour and practices.

Responsible unit(s)	Priority	Time implication	Resource implication
DDG/P; ACTRAV; Bureau for Employers' Activities (ACT/EMP); Turin Centre	Medium	Long-term	Medium

### Recommendation 5

*Support the national level formulation of strategies on formalizing the informal economy, while substantially increasing the focus on advocacy planning methods for the adoption of national strategies.*

There is a need to continue support for the participative formulation of national-level strategies, road maps, and legal and policy frameworks on formalization – where this is still needed – and to place greater focus on advocacy planning to attain the adoption of these documents.

National strategies, road maps and direct formalization initiatives should cover the articulation of labour standards, a conducive business environment, gender, non-discrimination, social dialogue and a just transition to environmental sustainability. Road maps and direct formalization initiatives should include clear exit strategies from inception.

Responsible unit(s)	Priority	Time implication	Resource implication
DDG/P; DDG/FOP	High	Long-term	High

## Recommendation 6

*Support the strengthening of mechanisms for social dialogue on the inclusion of informal economy issues into the agenda of constituents, and place emphasis on supporting workers' and employers' organizations in building alliances with actors of the informal economy in order to ensure inclusive representation and decision-making.*

There is a need to promote formal and permanent mechanisms for social dialogue with the broad social and institutional participation of the informal economy (or actors that were previously from the informal economy but that are now formalized). There is also a need to advocate for improved access to information, credit, markets and innovation and to mechanisms for the protection of rights aimed at informal enterprises and workers.

Mechanisms should be developed to extend membership in workers' and employers' organizations to the informal economy recognizing the legal limitations and obstacles. Informal economy actors should be encouraged (including through supportive laws and policies) to engage in the application of freedom of association principles and to join either type of organization in line with their specific conditions. Technical support should be provided to allow informal economy associations and cooperatives to strengthen their voices independently or to join existing organizations.

Responsible unit(s)	Priority	Time implication	Resource implication
DDG/P; Social Dialogue and Tripartism Unit (DIALOGUE); ACTRAV; ACT/EMP	High	Medium-term	Medium

## Recommendation 7

*Take more substantive measures to ensure that gender issues, diversity and issues relating to the non-discrimination of vulnerable persons are included in planning and implementing measures on formalizing the informal economy.*

There is a need to include the formalization of the informal economy in national policies and strategies on issues related to gender, people affected by HIV, people with disabilities, refugees and other vulnerable persons. The issue of the inclusion of vulnerable groups may be contained in an addendum to or integrated into national policies and strategies. Consideration should be given to gender in broad terms and to issues related to gender and non-discrimination of all vulnerable groups. Assessments of the needs of vulnerable groups with regard to formalization should be included as part of recommendations 3 and 5. A clear target for the participation of women, persons affected by HIV, persons with disabilities and other vulnerable groups should be added into national policies and strategies and their voices should be included in discussions on formalization of the informal economy.

Responsible unit(s)	Priority	Time implication	Resource implication
DDG/P	Medium	Medium-term	Medium

## Recommendation 8

*Develop technical support mechanisms for the further development of digital technologies to incentivize and support the formalization of the informal economy at the national level.*

There is a need to provide a platform for and stimulate the sharing of experiences and use of digital technologies to fast track effective and efficient formalization. There is also a need to place special focus on technologies for: registering and tracking formalization; managing services such as social protection, financial and business development services, and market logistics management services; and providing

learning and other services to informal economy actors. Studies should be expanded on how and where digital technologies related to formalization are already being used globally and practical guidance should be disseminated.

Responsible unit(s)	Priority	Time implication	Resource implication
DDG/P	Medium	Medium-term	Medium

### Recommendation 9

*Allow for linking a country programme outcome or global product to more than one policy outcome.*

This is highly relevant as an incentive for themes that are transversal in nature, where the progress on one outcome depends on and is complemented by work done under other outcomes. While the evaluation team is aware of challenges such as duplication of reporting, there is a strong need to allow for multiple linking, as also pointed out in other evaluations. A stronger mandate and authority for outcome coordination team leaders and incentives for collaboration should be created.

Responsible unit(s)	Priority	Time implication	Resource implication
Deputy Director-General for Management and Reform (DDG/MR); Strategic Programming and Management Department (PROGRAM)	High	Medium-term	Medium



## OFFICE RESPONSE

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### Recommendation 1

The Office will develop a theory of change at the global level, based on a review of country needs and priorities, the Centenary Declaration, the Programme and Budget for 2020–21, Recommendation No. 204, and the SDGs. This theory of change will be adapted by each region to their particular circumstances. A work arrangement will be defined that will specify Office-wide responsibilities regarding the coordination, implementation and monitoring of activities relating to the transition to formality.

### Recommendation 2

The Office will raise awareness and understanding among UN agencies, international financial institutions, donors and partners on the meaning and benefits of formalization, notably in relation to the SDGs. It will organize advocacy events on Recommendation No. 204 and participate in UN global and regional meetings to promote the transition to formality. A map of current interventions by UN agencies and donors will be produced to support the development of partnerships, notably in the context of the UN Sustainable Development Cooperation Framework. South–South and triangular cooperation will be promoted to stimulate knowledge-sharing and cooperation among countries.

### Recommendation 3

The Office will complement the existing guidance on diagnoses with standardized tools for different components and develop detailed guidelines for monitoring progress within the context of the Office-wide improved monitoring systems. It will continue to strengthen the ability of constituents to realize and participate in the elaboration and validation of a diagnosis of informality. It will strengthen the capacity of national statistics offices to regularly collect statistics on the informal economy, including in relation to SDG target 8.3.1, which is under ILO custodianship (Proportion of informal employment in non-agricultural employment, by sex). It will produce new global and regional estimates on the extent and nature of informality.

### Recommendation 4

The Office will continue to strengthen constituents' capacities to design, implement and monitor formalization strategies, notably through the Turin Centre. This will be adapted in accordance with the theory of change. More emphasis will be given to preventing the informalization of formal jobs, to vulnerable groups and to the ongoing effort to propose complementary learning and dissemination modalities (for



example, knowledge-sharing platforms). Emphasis will also be given to building alliances with partners and mobilizing resources to ensure broad coverage of those activities.

### **Recommendation 5**

Recommendation No. 204 has led to the development of formalization strategies in many countries, which should be pursued. To foster the relevance of such strategies, the Office will further encourage their participatory formulation. The Office will in particular support the building of a common understanding of the issues to be discussed among the actors involved, strengthen their capacities and encourage the participation of informal economy workers and economic units in social dialogue through the development of their relations with representative workers' and employers' organizations.

### **Recommendation 6**

The Office will develop knowledge materials to enable the social partners to include in their ranks and offer services to informal economy workers and economic units. It will also support the social partners' engagement in tripartite and bipartite social dialogue on activities aiming to facilitate the transition to formality. A training programme will be put in place for employers' and workers' organizations on social dialogue and organization as means of facilitating the transition to formality.

### **Recommendation 7**

Increased attention will be paid to workers in the informal economy who are particularly vulnerable to decent work deficits, in order to enable them to overcome the obstacles they face in the transition to formality. The Office will raise awareness of the particular constraints these groups face when formulating national strategies. Tools on the provision of and access to affordable quality childcare and other care services will be produced to deepen constituents' understanding of the benefits of such services and the modalities to develop them at the country level.

### **Recommendation 8**

The Office will document practices on the use of technologies to facilitate the transition to formality. It will increase the dissemination of this material, including through specific sessions at training courses and knowledge-sharing events. The advantages of the use of technologies for facilitating the transition to formality will be more systematically taken into account when providing assistance at the country level.

### **Recommendation 9**

Progress in the reform of the UN development system and the new ILO results framework for 2020–21 require a re-conceptualization of existing work planning and monitoring systems. The relevance and feasibility of introducing changes based on the recommendation will be considered in this context.

# Independent High Level Evaluation of ILO's Strategy and Actions towards Formalization of the Informal Economy 2014-2018

## Background

1. Today, two billion workers or 61 per cent of the global employed population earn their living in the informal economy. The informal economy encompasses a wide range of unregistered, unprotected and unregulated activities that point to a very diverse set of actors, encompassing undeclared wage workers in formal enterprises, a vast diversity of own-account workers such as street vendors, waste collectors or home-based workers, workers not covered by the laws in some countries such as casual workers and domestic workers and around 80 % of enterprises in the world.
2. Informal economies, while heterogeneous, are typically characterized by a high incidence of poverty, inequality and vulnerability and severe, widespread decent work deficits. Enterprises that operate informally are a source of unfair competition but face as well high barriers in terms of access to capital, financial resources, public infrastructures and markets with negative implications for productivity and business sustainability. Finally, for governments and societies, informality means reduced government revenues. This, in turn, limits the scope of government action and weakens the rule of law, undermining social cohesion and inclusive development.
3. Informality exists in countries at all levels of socio-economic development although it is more prevalent in developing and emerging countries than developed countries. The share of informal employment ranges from 18.3% in developed countries to 67.4% in emerging countries and 89.8% in developing countries. Regional data shows that the share of informal worker is as high as 86% in Africa, followed by Asia-Pacific (68%), Americas (40%) and Europe (25%).<sup>1</sup>
4. The share of informal workers in a given country or region depends on a number of factors including the overall macro-economic conditions, legal and policy framework that could incentivise or disincentivise formality, capacity of state institutions to implement legal and policy provisions, level of collectivisation and representation of workers, workers and enterprises' features (such as a low level of education) that can make it more difficult to access formal employment, etc.
5. In terms of the gender dimension, women are more exposed to informal employment than men in some regions but not globally. Women are more exposed in Sub-Saharan Africa, Latin American countries and in most low- and lower-middle-income countries

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<sup>1</sup> ILO Sources

and there are actually more countries where the share of women in informal employment exceeds that of men. Still, informal employment is a greater source of employment for men than for women at the world level (63 vs 58 per cent) but when in the informal economy, women tend to be in the most vulnerable segments.

6. The concepts and definitions have evolved over time to better capture the diversity of realities that informality refer to. The work of the ILO in the informal sector dates back to the early 1970s. The concepts of informal employment and informal economy appeared in 2002 to expand the enterprise-based concept of informal sector. The 2002 International Labour Conference (ILC) Resolution on Decent Work and the Informal Economy marked a breakthrough in analysis - providing a framework which recognised the diversity and heterogeneity of actors and activities in the informal economy and broadening the understanding of its parameters. It established that informality exists across a wide range of sectors and, importantly, also includes growing number of workers in informal employment in the formal sector. As per the 2002 Resolution on Decent Work and the Informal Economy and recalled in the ILO Recommendation No. 204 (concerning the transition from the informal to the formal economy), the term 'informal economy' refers to 'all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements' fall within the realm of informal employment.
7. In 2002-03, the general conference of the ILO (90th session, 2002) requested considering decent work deficits in informal economy in future actions and resource allocation.<sup>2</sup> The International Labour Conference (ILC) discussion on decent work and the informal economy in 2002 stressed that the main policy objective in addressing the informal economy should be to "[bring] marginalized workers and economic units into the economic and social mainstream, thereby reducing their vulnerability and exclusion".<sup>3</sup> During the transitional Strategic Policy Framework of the ILO (2014-15), the concept of Areas of Critical Importance (ACIs) was introduced, which identified 8 ACIs. 'Formalisation of informal economy and rural economy' was one of the 8 ACIs. The Governing Body of the ILO later requested to treat the informal economy and rural economy separately, which led to two separate global outcomes catering to each of these segments.
8. In June 2015, the International Labour Conference adopted the Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204), a new labour standard of strategic importance to the world of work, given the magnitude of the informal economy. This is the first international labour standard to focus on the informal economy in its entirety and to point clearly in the direction of transition to the formal economy as a means for achieving decent work for all.
9. As a follow-up to the resolution concerning efforts to facilitate the transition from the informal to the formal economy, adopted by the International Labour Conference in 2015, the Governing Body during its 325th session (October 2015) adopted a strategy for action by the Office for the 2016–21 period. This strategy was based on four interrelated components: promotional awareness-raising and advocacy campaign; capacity building for tripartite constituents; knowledge development and dissemination; and international cooperation and partnerships.
10. In the same GB session, the Office presented an overview of the strategy of ACI 6 (Formalisation of the informal economy) and the results of implementation to the GB.

<sup>2</sup> General Conference of the ILO (90<sup>th</sup> session, 2002), Resolution concerning decent work and the informal economy

<sup>3</sup> Resolution concerning decent work and the informal economy, ILC 90<sup>th</sup> Session, 2002, para. 25.

In addition, the Office also separately presented a paper on the follow-up to the resolution concerning efforts to facilitate the transition from the informal to the formal economy.

11. Under the ILO Programme and Budget (P&B)<sup>4</sup> for 2016-17, 'Formalisation of informal economy' became an exclusive global outcome. The number of global outcomes defined under ILO's strategic Policy Framework 2010-15 was reduced from 19 to 10 in the transitional Strategic Policy Framework and maintained so in P&B 2016-17, with an assumption that, along with bringing greater focus to efforts and resources, it will facilitate more cross-unit coordination across critical Decent Work areas.
12. P&B Outcome 6: Formalisation of the informal economy is a fully transversal outcome that involves all policy departments, ACTRAV, ACTEMP, PARDEV, and ITCILO. In addition, this Outcome involves a wide range of specialists in different policy areas in the field, many Country Office and all DWTs.
13. During the 329th session of GB (Feb-March 2017), the Office presented an overview of strategy and progress made on outcome 6. The GB and ILC discussions, Recommendation 204; Office's strategy and action plan for ACI 6; reports presented to the GB and programming and progress reporting related documents are key sources of information with regards to ILO's strategy and means of action towards formalisation of the informal economy.
14. It is important to underline that under the outcome on formalisation of the informal economy, ILO's efforts are not limited to facilitate the transition to formality of workers and economic units that are currently in the informal economy but provide a wider range of support towards reducing decent work deficits in the informal economy and preventing the informalization of formal jobs.

### Formalization of the informal economy Strategy

15. The first formal broad strategy on 'Formalisation of the Informal Economy' by the ILO was presented as part of ACI 6 in 2014 where the Office identified its key areas of work under this theme and the related outcomes that would contribute to the work (refer table below under the Results Framework section). Following this, the Policy Departments and the field specialists participating in ACI 6, developed a more elaborate strategy and workplan. The strategy developed in 2014 identified the guiding principles, including the various terminologies and expressions that are used to describe the conditions and situations of informality and formalisation. The diversity and magnitude of the informal sector and the imperative need of synergies across technical units and departments have had a direct impact on how to deliver on the commitment. The strategy also explored the priority countries and country programme outcomes (CPOs) that could contribute to the ACI. The ACI strategy outlines the thematic areas and transversal drivers which formed the overarching framework for the work programme of the ACI:

<b><u>Thematic areas</u></b>	<b><u>Transversal drivers</u></b>
<ul style="list-style-type: none"> <li>• Formalization of micro and small enterprises</li> </ul>	<ul style="list-style-type: none"> <li>• Extension of social security coverage</li> <li>• Strengthening compliance</li> </ul>

<sup>4</sup> ILO prepares and presents its programme and budget on a biennial basis. P&B outlines the global outcomes and the strategy and means of action they will follow. It contains the global results framework and the resource allocations.

<ul style="list-style-type: none"> <li>• Sector-based approach to formalization: domestic work</li> <li>• Non-standard forms of employment and informalization</li> <li>• Integrated approaches to formalization</li> </ul>	<ul style="list-style-type: none"> <li>• Labour market institutions and formalization/ informalization</li> <li>• Organization of workers and employers</li> </ul>
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16. In June 2015, the International Labour Conference adopted Recommendation 204: Transition from the Informal to the Formal Economy. R 204 describes the terms “informal economy and economic units in the informal economy” and provides guidance on various lines of action that member states should take to move towards formality. Since its adoption, R 204 served as the core reference for ILO’s strategy for ACI 6, and later for Global Outcome 6 (325<sup>th</sup> Session, October 2015).

17. The strategy for outcome 6 for 2016–17 built on the work done in the context of the area of critical importance (ACI) “Formalization of the informal economy” in 2014–15, the adoption of Recommendation No. 204 and the follow-up to the corresponding resolution. At that time, the key expected changes were:

- Improved and comprehensive national legal and policy frameworks that facilitate the transition to formality, guided by R204
- Strengthened awareness and capacity of constituents to facilitate the transition to formality, drawing on an expanded knowledge base;
- Gender equality and the needs of vulnerable groups in the informal economy are addressed when facilitating the transition to formality.

18. The outcome’s strategic approach during that biennium built on the shared understanding that the transition to the formal economy could best be facilitated through an integrated strategy, policy coherence, institutional coordination and social dialogue. Interventions are more effective when they are combined and tackle different drivers of informality, enabling them to address both the diversity and scale of the informal economy.

19. Promoting social dialogue in the transition to the formal economy is at the heart of the outcome 6 approach. Through the Outcome, tripartite mechanisms and consultations with workers’ and employers’ organizations are promoted notably when identifying the nature of the informal economy, establishing national diagnoses, elaborating national action plans or when designing and implementing policies for a particular group of workers and economic units.

20. While the promotion of social dialogue was already a core part of the strategy in 2016–2017, it was given additional weight in the Outcome 6 strategy of the 2018–19 biennium. The key expected changes were therefore adapted to reflect the key role of social dialogue, and the increased capacity of social partners to represent and provide services to workers and economic units in the informal economy, as a means to promote formalization:

- an enhanced knowledge base on the size, characteristics and drivers of the informal economy enabling action towards formalization and monitoring of progress;

- improved and well-coordinated legislation, policies and compliance mechanisms that facilitate the transition to formality, including for those most vulnerable to decent work deficits, according to national circumstances; and
  - increased action by employers' and workers' organizations and representative organizations of those in the informal economy to assist workers and economic units in the informal economy and facilitate the transition to the formal economy.
21. The outcome strategy thus rests on evidence-based social dialogue, and enhanced voice and representation of workers and employers to improve legislation, policies and compliance mechanisms to promote formalization. Specific indicators were developed to ensure that the strategy included building the capacity of workers' and employers' organizations to this end. Through these means, the strategy aims to expand the reach of the ILO's universal mandate.
22. The expected changes under the Outcome 6 strategy also act as vectors through which States can advance towards the attainment of SDG targets 1.4, 8.3, and 10.2. More specifically, the outcome strategy is measurable through SDG indicator 8.3.1., which falls under the ILO's custodianship.
23. In terms of partnerships, the ILO in the context of OCT 6, works with several international partners, including European Commission, OECD, IMF, World Bank, Asian Development Bank and UNDP. It also works with regional and sub-regional organizations of countries such as Africa Union, Association of Southeast Asian Nations (ASEAN), Southern African Development Community (SADC) and with international non-governmental organizations such as Women in Informal Employment: Globalizing and Organisation (WEIGO).
24. ILO's work on informal economy directly contributes to SDG 8, notably Target 8.3 (*Promote development/oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro, small and medium sized enterprises, including through access to financial services*). Formalization is in particular a condition for progress on SDG Indicator 8.3.1: *Proportion of informal employment in non-agriculture employment, by sex*. It also contributes to others SDG goals such as Goal 1: End poverty in all its forms everywhere (all targets), Goal 5: Achieve gender equality and empower all women and girls (targets 5a, 5.4 and 5.5), Goal 10: Reduce inequality within and among countries (targets 10.2 and 10.4) and Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels (target 16.3)<sup>5</sup>.

## The Results Framework

<sup>5</sup> 5a: Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws;

5.4: Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate

5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.

10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

10.4: Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality

16.3: Promote the rule of law at the national and international levels and ensure equal access to justice for all.



25. The Strategic Framework 2010-2015 had identified four strategic objectives for the ILO. These are: Employment, Social Protection; Social Dialogue and Standards and Fundamental Principles and Rights at Work. Although formalisation of informal economy was not defined as an exclusive global outcome during this period, it was embedded in indicators and measurement criteria; strategy; means of action; gender strategy; partnership strategy etc. of several outcomes (at least 13 of the 19 global outcomes).
26. As mentioned above, the transitional Strategic Policy Framework for 2014-15 also introduced the concept of ACIs where one of the ACIs was devoted to formalisation of the informal economy. Although ACIs were not part of the formal organisation programming and reporting system, the work under them was aligned to ongoing work at the country and global levels. In the programme and budget for 2016-17, an exclusive global Outcome on 'Formalisation of the Informal economy' (P&B Outcome 6) was formulated and continued as such in the P&B for 2018-19. The Outcome statement, indicators and measurement criteria are as shown below:

<b>SPF 2014-15</b>
<p><b>ACI 6: Formalization of the informal economy:</b> In spite of rapid economic growth in many emerging and developing economies, large proportions of the employed are active in informal settings. The ILO will review current experience and good practice, draw lessons and promote drivers of formalization, targeting micro- and small enterprises in selected economic sectors and categories of workers in informal employment conditions. Policy advice, technical cooperation and capacity building will promote formalization through enterprise, employment, labour and social policies. The ILO will work with governments and other partners to develop and promote legislation and regulations that encourage formalization. It will work to strengthen the capacity of organizations of employers and of workers to reach out to businesses and workers in the informal economy in order to promote effective transitions to formality.</p> <p><i>Principle Outcomes to cater this ACI were: Employment Promotion, Skills Development, Sustainable Enterprises, Working Conditions and HIV/AIDS.</i></p>
<b>P&amp;B 2016-17</b>
<p><b>Outcome 6:</b> <i>Formalization of the informal economy: Tripartite constituents are better equipped to facilitate the transition from the informal to the formal economy.</i></p> <p><b>Indicator 6.1:</b> Member States that have updated their legal, policy or strategic frameworks to facilitate the transition to formality.</p> <p><b>Indicator 6.2:</b> Member States in which constituents have increased awareness and the knowledge base on informality to promote and facilitate the transition to formality.</p> <p><b>Indicator 6.3:</b> Members States in which at least one of the constituents has taken measures to promote gender equality and address the needs of vulnerable groups when facilitating the transition to formality.</p>
<b>P&amp;B 2018-19</b>



**Outcome 6: Formalization of the informal economy: Member States develop or Improve legislation and policies to facilitate the transition to formality and the social partners extend representation and services to people working in the formal economy.**

**Indicator 6.1:** Number of member States in which constituents have developed a common understanding and a basis for monitoring informality with a view to facilitating progress towards formalization

**Indicator 6.2:** Number of member States that have developed or revised integrated policies, legislation or compliance mechanisms, to facilitate transition to formality, including for the specific groups of workers or economic units.

**Indicator 6.3:** Number of member states in which employers' or workers' organisations provide support to workers and economic units in the informal economy for facilitating transition to the formal economy.

*Each indicator has defined criteria for success that must be met in order to report progress; a set of targets and means of verification/source of data.*

27. At the country level, ILO interventions are delivered through Country Programme Outcome (CPOs), that form part of the Decent Work Country Programmes where they exist. For the biennium 2018-19, 54 target (resourced) CPOs were identified with primary linked to Outcome 6. It should be noted that considering the impossibility of linking one CPO to two or more Policy Outcomes, ILO interventions on formalization are sometime placed under CPOs not linked to Outcome 6.
28. Contrary to what exist in other Regions, the ILO has, since 2014, a specific programme on formalization in the Americas called ILO Programme for the Transition from Informal to Formal Economy in Latin America and the Caribbean (FORLAC). This programme, that is part of Outcome 6, has been subject of an independent evaluation in 2017.
29. At the global level, ILO focusses on delivering global products that are aimed mostly to develop the knowledge base, tools to be used at country level, capacity of constituents and advocacy. In the P&B, 2016-2017 only one global product was created by policy outcome. In the current P&B, there are four global products under Outcome 6: 1) Research products to enhance the knowledge base on the transition to formality; 2) Strengthening constituents' capacity to support the transition to formality; 3) Tools on mainstreaming the transition to formality across policy areas; 4) Methodologies for characterizing the informal economy and monitoring progress on formalization.

## Management

30. Each Policy Outcome is placed under the responsibility of an Outcome Coordinating Team (OCT) who is notably in charge of developing the Outcome-Based Workplan (OBW) that draws inputs across all relevant ILO units, provide support to Country Programme Outcomes (CPOs), guide the implementation of the OBW and monitor progress and ensure appropriate action addressing the all four cross-cutting policy drivers (international labour standards, gender equality and non-discrimination, social

dialogue and just transition to environmental sustainability). The OCT for outcome 6 is led by a Team leader nominated by the DG and based in WORKQUALITY/INWORK. Members of OCTs, under the guidance of the respective OCT Lead, are responsible for the preparation of policy outcome proposals under their responsibility, in close cooperation with other colleagues in the regions and at headquarters<sup>6</sup>. Accountability for delivering on results under outcome 6 rest with the OCT, and ultimately with its leader.

31. In the case of Outcome 6, OCT 6 include members from all policy departments (except SECTOR), ACTRAV, ACTEMP, ITCILO, PARDEV and all Regions. In addition to OCT 6, Outcome 6 is implemented through an expanded group called “Outcome 6 Community” that includes, in addition to the members of OCT 6, all other technical specialists, DC experts, National Officers involved in the Regions.
32. To strengthen the ability of the Office to implement this transversal outcome, a biennial plan of action has been developed. This plan of action has been subject of a survey to assess the satisfaction of members of Outcome 6 Community at the beginning of 2018.

### **Purpose of the evaluation**

33. The EVAL rolling work plan for 2016-17 identified the topic of ‘informal economy’ as one of the high-level strategy evaluation for 2019. The Governing Body endorsed the topic in 2018. The evaluation was selected following consultations with management, the Evaluation Advisory Committee (EAC) and the constituents. The purpose of the evaluation is mainly summative with formative aspects. It is to provide insight into the relevance, coherence, effectiveness and efficiency of the ILO’s strategy, programme approach, and interventions (actions) (summative). It is also intended to be forward looking and provide findings and lessons learned and emerging good practices for improved decision-making within the context of the next strategic framework and the Sustainable Development Goals (formative). The evaluation report will be discussed in the November 2019 GB session together with the Office’s response to the evaluation report.
34. The goals of evaluation in the ILO are to learn from experience, provide an objective basis for assessing the results of its work, and provide accountability in the achievement of its objectives. It also promotes knowledge sharing on results and lessons learned among the ILO and its partners.

### **Clients**

35. The principal client for the evaluation is the Governing Body, which is responsible for governance-level decisions on the findings and recommendations of the evaluation. Other key stakeholders include the Director-General and members of the Senior Management Team at Headquarters, the Evaluation Advisory Committee and the departments and field units involved in the formalisation of the informal economy. It should also serve as a source of information for ILO donors, partners and policy makers.

<sup>6</sup> See DG Minute on OCTs, implementation planning for 2018-2019 (06 December 2017) and Memorandum, Programme and Budget 2018/2019

## Scope

36. The evaluation will cover the time period 2014-2018. It will consider all efforts of the Office in supporting the achievement of its global commitment towards ‘Formalisation of the Informal Economy’ under the transitional Strategic Plan (2014-15), where it was underlined as an ‘Area of Critical Importance’ and later as Outcome 6 of the ILO P&Bs for 2016-17 and 2018-19. This would entail an analysis of CPOs, global products, programmes and projects that contribute to this outcome in terms of their strategic fit, effectiveness, efficiency, results, sustainability and potential impact. Analysis of resource portfolio (Development cooperation and other funding modalities) would be integral part of the scope.
37. Efforts made to promote the normative framework that apply to this theme, including R 204 and tripartism and social dialogue should be covered and emerging lessons in this regard should be documented. At the same time, the evaluation should include in its spectrum the SDG dimension. ILO’s role in inter-agency networks/other relevant global networks and partnerships at national, regional and global levels should also be assessed. The relevant findings and recommendations of the report published by the Global Commission on the Future of Work<sup>7</sup> that pertain to the informal economy will also be considered by the evaluation team, especially with regards to the focus and direction the Outcome 6 strategy should take moving forward.
38. As indicated in the GB paper on Outcome 6 from March 2017, considering the recent adoption of R204 (2015), ILO’s action has focussed on key factors that are essential for the design and implementation of effective formalization interventions in countries: raising awareness of the benefit of formalization for workers, employers and societies; common understanding of terminology and concepts related to informality/formalization among national stakeholders; knowledge of the multiple realities of the informal economy at the country level through dedicated diagnostics (statistics, drivers of informality/formalization, effectiveness of existing policies); and capacity building of constituents for formulating integrated strategies of formalization. The members of OCT 6 highlighted the usefulness to assess the ILO’s interventions on formalization according to these focus areas.
39. Given the transversal nature of this Outcome, the evaluation should reflect how ILO’s work under other global outcomes, especially under outcomes 1,3,4,7 and 10 contributes to the strategy and action towards formality.
40. The evaluation team will further define the scope after initial desk review and interactions during the inception mission and reflect it in the inception report. The scope, in the course of evaluation, can also evolve to include any other particular area of ILO contribution that might be critical to highlight in the wake of future directions.

## Key Questions

41. The evaluation questions are based on the OECD DAC evaluation criteria of relevance and coherence, effectiveness, efficiency, sustainability and impact. Outcome objectives created for the relevant P&B strategies will serve as the basis for the evaluation questions. These questions will seek to address priority issues and concerns for the national constituents and other stakeholders. When designing the questions, the evaluation team will consider availability and reliability of data, how the answers will

<sup>7</sup> Work for a Brighter Future, ILO 2019

be used and if the data are regarded as credible. Further evaluation questions will be proposed and refined by the evaluation team during the inception report phase.

42. The overarching evaluation questions with regard to the strategy, its implementation and outcomes are as below:

Strategy context	Strategy implementation	Outcome
<ul style="list-style-type: none"> <li>How well does the strategy fit the needs and concerns of ILO constituents? To what extent is it aligned to R 204?</li> <li>Is the strategy responsive to emerging concerns as expressed in GB/ILC discussions?</li> <li>How well does it deal with other relevant national institutions and international agencies working on this theme?</li> <li>How well does the strategy address the need of synergies and complementarities with other global outcomes?</li> <li>To what extent does the strategy integrate ILO's normative and social dialogue mandate; ILO's commitment to gender equality and inclusion and other cross cutting policy drivers?</li> </ul>	<ul style="list-style-type: none"> <li>How well does the strategy guide ILO's actions on ground?</li> <li>Is the organizational structure for delivering the outcome compatible to the strategy/actions?</li> <li>Are there adequate resources to implement the strategy as intended?</li> <li>How are contributing outcomes being integrated in the strategy implementation?</li> <li>To what extent do partners and stakeholders (internal and external) understand and execute their role in delivering ILO commitment to formalisation of the informal economy?</li> </ul>	<ul style="list-style-type: none"> <li>To what extent has the ILO progressed on its committed outcomes and indicators?</li> <li>To what extent is the strategy and action benefiting the intended beneficiaries?</li> <li>Does the current monitoring and reporting (Outcome and indicators) allow for tracking the progress and informing the strategy?</li> <li>What are the areas of success for the ILO? Are there lost opportunities?</li> <li>What are the emerging lessons and good practices for future?</li> <li>To what extent does Outcome 6 contribute to ensuring that the universality of ILO mandate is applied in practice?</li> <li>To what extent, activities under outcome 6 were effective in mainstreaming and strengthening the "transition to formality" component in national employment policies, DWCP, and development cooperation projects?</li> </ul>

43. Specific probe areas the evaluation must take into account are:

- To what extent is the design of the ILO Strategy for Outcome 6 relevant to global concerns and strategies on formalisation of the informal economy and does it address the challenges facing Member States' governments and social partners?
- How well are the means of action, management arrangements, internal coordination mechanisms and partnerships aligned to the strategy and results framework?
- To what extent is the strategy, the results framework and implementation guided by ILO's commitment to SDGs, especially to SDG 8? To what extent does Outcome 6 contribute to SDG 8.3?
- How well do the CPOs link to global outcome and indicators? Do the CPOs present an adequate mix of interventions, including promotion of the normative mandate?
- Have the strategy, the results framework and intervention models shown responsiveness and flexibility to integrate emerging lessons from the field?
- To what extent has the ILO fulfilled its objective as defined, but not limited to, under the strategic policy framework and programme and budgets on ILO?
- How adequate is the financial and human resource and how efficiently is it being used? Have different modalities of funding been used strategically to foster complementarity?
- Is the management arrangement for implementing and reporting on the strategy and global results effective? Is it efficient?
- How has ILO external coordination (with constituents, UN partners, World Bank and bilateral donors) and internal coordination (between sectors, technical departments, regions and sub regions) promoted the realization of Outcome 6?
- To what extent have ILO actions had impact in the form of increased capacity, necessary tools and policy improvements needed to work towards formalisation of the informal economy?
- Do the strategy and actions integrate gender concerns across its key intervention areas? How well do they consider ILO's other cross cutting policy drivers?
- To what extent have ILO interventions been designed and implemented in ways that have maximized ownership and sustainability at country level?
- What are the emerging recommendations for future strategy and action on the theme of formalisation of the informal economy?
- What are the emerging good practices and lessons with regard to implementation of ILO mandate on formalisation of the informal economy?
- To what extent did Outcome 6 contribute to mainstream into the different ILO means of action, workers, enterprises and labour issues that historically tend to have remained fully or partly excluded from its action?

## Methodology

44. The evaluation will be conducted in accordance with *EVAL Protocol No 1: High-level Evaluation Protocol for Strategy and Policy Evaluations*. This evaluation will be based upon the ILO's evaluation policy and procedures which adhere to international

standards and best practices, articulated in the OECD/DAC Principles and the Norms and Standards for Evaluation in the United Nations System approved by the United Nations Evaluation Group (UNEG) in April 2016.<sup>8</sup>

45. EVAL proposes an Outcome or Summative Evaluation approach which determines whether an initiative has achieved the intended outcome. To this end, the evaluation will seek to determine the degree to which the ILO strategy for ACI 6 (2014-15) and for Outcome 6 (2016-17 and 2018-19) and the results framework<sup>9</sup> has actually translated into desired results. Further refinement of the approach and methodology will be identified during the inception phase.
46. The evaluation will be participatory. Consultations with member States, international and national representatives of trade union and employers' organizations, ILO staff at headquarters and in the field, United Nations partners, and other stakeholders will be done through interviews, meetings, focus groups, and electronic communication.
47. The gender dimension will be considered as a cross-cutting concern throughout the methodology, deliverables and final report of the evaluation. In terms of this evaluation, this implies involving both men and women in the consultation, evaluation analysis and evaluation team. Moreover, the evaluators should review data and information that is disaggregated by sex and assess the relevance and effectiveness of gender-related strategies and outcomes within the purview of ILO's work in the informal economy segment. Specific measures to reflect gender concerns should be elaborated in the inception report. Evaluators are expected to follow the UN GEEW-SWAP guidance in this regard.
48. The details of the methodology will be elaborated by the selected team of evaluators on the basis of the Terms of Reference (TORs) and documented in their proposal and their inception report, which are subject to EVAL's approval. It is expected that the evaluation team will apply mixed methods which draw on multiple lines of evidence (both quantitative and qualitative) and apply multiple means of analysis.
49. The overall scope of the evaluation will include, among others, the following:
  - Desk review of relevant documents such as
    - Normative frameworks including relevant GB/ILC discussions, Recommendation 204 and other conventions, protocols and recommendations as relevant.
    - Strategic Framework(s); ACI strategy note and progress reports; and P&B strategies for the period 2014-18;
    - Development Cooperation (DC) portfolio and related reviews;
    - Implementation planning, management and reporting related documents;
    - Relevant global reports, evaluations and meta evaluations;
    - Decent Work Country Programmes (DWCP)<sup>10</sup> and country programme reviews, as relevant.
  - Review of National and Sectoral strategic plans and reports related to informal economy, other relevant national, multilateral and UN policy and strategy documents;
  - Review of Global Products and CPOs directly and indirectly linked to Outcome 6.

<sup>8</sup> Available at: <http://www.unevaluation.org/document/detail/1914>

<sup>9</sup> The ACIs were part of a transitional strategic framework prepared in 2014. They were not part of formal result reporting system of the ILO. However, the identified ACIs developed strategies and action plans and the progress was reported through the relevant programme implementation report of the ILO, based on available evidences.

<sup>10</sup> DWCPs are country level programmes of the ILO that reflect the intent and commitment of the ILO and its constituents in a given country over a given time frame (usually 3-5 years).



- Review of financial (all sources and all modalities) and human resource portfolio that could inform efficiency related analysis within the scope of the evaluation
- Review of evidence of follow up to relevant evaluation recommendations and use of lessons learned by ILO management;
- Review of alignment to SDG targets and indicators, in particular to Indicator 8.3.1
- Interview key stakeholders in a manner that reflects diversity and representation within the Office (relevant sector, technical unit, regions and country situations) as well as of the constituents and relevant partners and institutions.
- Conducting online surveys and other methodologies to obtain feedback and/or information from a wider set of constituents and other key stakeholders
- Field visits (5-6 countries) ;
- Country Case studies based on field visits (5-6) and desk review (2-3)

### **Synthesis study of project evaluations 2014-2018**

50. A synthesis review of project evaluation reports (nearly 30) on informal economy has been commissioned by EVAL to synthesize findings on the effectiveness, efficiency, relevance and sustainability/impact of ILOs work through development cooperation projects. The synthesis review will examine the types of recommendations and lessons learned reported by evaluators in the evaluation reports and whether there are any trends or recurring themes among them. Good practices will also be identified and can be used for further examination/validation, as required.
51. The synthesis review covers the period of 2014 to 2018 and the sample was based on a key word search of EVAL's i-track on project evaluations<sup>11</sup> with a set of key words on informal economy determined jointly by EVAL and the lead of OCT 6.
52. The findings of the synthesis study will feed directly into the high level evaluation and will be a source of input for the overall rating on the DAC criteria (see below). The synthesis review is currently underway and the final study is expected to be available in March 2019.

### **Country Case studies**

53. The purpose of country case studies is to conduct in-depth analysis of the ILO's strategic and programmatic means of action aimed at supporting the formalisation of the informal economy. The case studies will seek to determine the result of ILO's interventions on ground, and determine if these interventions had any observable immediate impacts, and to the extent possible determine the links between the observed impacts and the ILO interventions. The country case studies may also highlight any specific achievements, good practices or emerging lessons with reference to key intervention models being used (e.g. capacity building, social dialogue, knowledge and awareness generation etc)
54. The case studies will consist of a combination of methods:
  - Interviews, field studies and participant focus groups,

<sup>11</sup> An internal repository of centralised and decentralised evaluations that have been completed and approved as per ILO evaluation policy and guidelines



- Desk reviews to synthesize and aggregate information such as technical studies, and DWCP reviews from the selected countries and projects/programmes. This will allow greater triangulation while minimizing cost and time being expended on new, possibly repetitive studies.
55. A completed case study will have detailed descriptions of what happened and the context in which it occurred. It will feature a factual recounting as well as an analysis of events, focusing on strategy and its unfolding.
56. The selection of the field visits and the case studies will take into account budgetary expenditure in the country, proportion of budget to overall RB, RBSA and TC on informal economy work in each country, geographical representation and other selection criteria to be decided in discussion with members of the OCT 6 and the evaluation team. Additional criteria may be added by the evaluation team.

### Summary ratings

57. A summary rating shall be expressed by the independent evaluation team at the end of the six evaluation criteria and the respective questions outlined in the ToR and the ensuing inception report. The evaluation shall use a six point scale ranging from “highly satisfactory,” “satisfactory,” “somewhat satisfactory,” “somewhat unsatisfactory,” “unsatisfactory,” and “highly unsatisfactory.”

**Highly satisfactory:** when the findings related to the evaluation criterion show that ILO performance related to criterion has produced outcomes which go beyond expectation, expressed specific comparative advantages and added value, produced best practices;

**Satisfactory:** when the findings related to the evaluation criterion show that the objectives have been mostly attained and the expected level of performance can be considered coherent with the expectations of the national tripartite constituents, beneficiaries and of the ILO itself;

**Somewhat satisfactory:** when the findings related to the evaluation criterion show that the objectives have been partially attained and there that expected level of performance could be for the most part considered coherent with the expectations of the national tripartite constituents, beneficiaries and of the ILO itself ;

**Somewhat unsatisfactory:** when the findings related to the evaluation criterion show that the objectives have been partially attained and the level of performance show minor shortcoming and are not fully considered acceptable in the view of the ILO national tripartite constituents, partners and beneficiaries;

**Unsatisfactory:** when the findings related to the evaluation criterion show that the objectives have not been attained and the level of performance show major shortcoming and are not fully considered acceptable in the view of the ILO national tripartite constituents, partners and beneficiaries; and

**Highly unsatisfactory:** when the findings related to the evaluation criterion show that expected results have not been attained, and there have been important shortcomings, and the resources have not been utilized effectively and/or efficiently.

The ratings will be decided together with the external evaluators and the ILO Senior Evaluation Officer (SEO).

### Evaluation Team

58. The Evaluation Office (EVAL) is mandated to manage the evaluation function and ensure proper implementation of the evaluation policy. EVAL's structure and modalities of operation are designed to protect its functional independence. The Director of EVAL reports directly to the Director-General and to the Governing Body through an independent process. EVAL assesses ILO policies, strategies, principles, and procedures as well as decent work country programs.
59. In accordance with ILO guidelines for independence, credibility and transparency, responsibility for the evaluation will be based in the Evaluation Office in its capacity as an independent entity. The evaluation team will be composed of an ILO Senior Evaluation Officer and an external international consultant(s) or companies with expertise in informal economy/formalisation strategies and strategy evaluation. The evaluation team may propose national research assistants to support case studies. Such assistance may consider knowledge of the local context and language among others and should be part of the technical and cost proposals submitted by the evaluation team. Any other support cost such as interpretation/translation costs should be part of the final cost proposal submitted by the evaluator(s). The Senior Evaluation Officer will play a critical coordination role and will be responsible for the evaluation implementation at the national and regional levels. The international evaluator will be responsible for drafting and finalising the report and other deliverables mentioned in this ToR, unless specified otherwise.

This evaluation will be inclusive in nature and will seek to involve all key stakeholders.

### **Main Outputs/Deliverables/Timeframe**

60. The proposed time frame for this evaluation is from February 2019 to November 2019 in accordance with the following schedule:

Evaluation ToRs drafted and circulated to stakeholders (EVAL)	Feb 2019
Call for EoI launched and Evaluation team formed (EVAL)	Feb 2019
Scoping mission to Geneva for one week by the team and inception report drafted	Mid-March 2019
Evaluation mission and case studies conducted	April-June 2019
First draft circulated for comments	Mid-July 2019
Input into GB Summary document completed	2 <sup>nd</sup> week of August
Final Report, addressing the feedback on draft	End of August 2019
Formatted final report with executive summary and all required annexures	Mid-September 2019

### **Evaluation Management and Responsibilities**

61. The Evaluation Office (EVAL) is mandated to manage the evaluation function and ensure proper implementation of the evaluation policy. The evaluation team will be composed of a Senior Evaluation Officer who will work as a team member along with the external team composed of international consultants with expertise in social protection and evaluation, and evaluation team members/national consultants to support the case studies. The director of EVAL will provide inputs and guidance throughout the evaluation process.
62. The Senior Evaluation Officer will play a critical coordination role and will be responsible for the evaluation implementation at the national and regional levels and will conduct 1-2 case studies, to be decided in consultation with the evaluation team. S/he will facilitate access to all information from ILO sources, as required by the evaluation team. The Senior Evaluation Officer will also provide supervision support and substantive inputs during the drafting and finalisation of the report.
63. The external evaluator(s) will provide technical leadership and is responsible for:
  - Drafting the inception report, producing the draft reports and drafting and presenting a final report;
  - Providing any technical and methodological advice necessary for this evaluation within the team;
  - Ensuring the quality of data (validity, reliability, consistency and accuracy) throughout the analytical and reporting phases.
  - Managing the external evaluation team, ensuring the evaluation is conducted as per TORs, including following ILO EVAL guidelines, methodology and formatting requirements; and
  - Producing reliable, triangulated findings that are linked to the evaluation questions and presenting useful and insightful conclusions and recommendations according to international standards.
64. An officer from the WORKQUALITY/INWORK Department will be appointed to facilitate coordination with the department and field specialists and provide relevant documentation as requested by the team. This person will be the key technical liaison to the evaluation team, assisting in the identification of key stakeholders at Headquarters and the field and identification of key resources/documents.

### **Quality assurance**

65. The international evaluator will be required to ensure the quality of data (validity, reliability, consistency and accuracy) throughout the analytical and reporting phases. It is expected that the report shall be written in an analytical and evidence-based manner such that all observations, conclusions, recommendations, etc., are supported by evidence and analysis.

The ILO senior evaluation officer will provide overall quality assurance on all key outputs.

### **Qualifications of the evaluators**

66. This evaluation will be managed by EVAL and conducted by a team of independent evaluators with the following competency mix:

- Sound understanding of concepts and issues related to informal economy
- Proven past work on strategy evaluations for UN agencies
- Familiarity with ILO's normative work, tripartite structure and other cross cutting policy drivers.
- Familiarity with UNEG guidance on integrating gender and human rights.
- Familiarity with relevant SDG targets and indicators.
- Ability to work in English, Spanish and French

67. All team members and their qualifications and roles within the team should be made available in the proposal, indicating proven ability to work with others in the development and timely delivery of high-quality deliverables. The organisation of the work should be specified and explained clearly in a detailed timeline.

### **Selection Criteria**

68. In assessing candidates EVAL will allocate greater importance to technical factors including the design and methods proposed than to cost factors. Proposals will be assessed in terms of best value to the ILO, with price and other factors considered.

### **Minimum Information to be Included in Offer**

69. Expressions of interest must be accompanied by:

- Proposal defining the planned methodology for achieving the objectives of the evaluation, as well as a preliminary work plan and timeline for completing the work and deliver the outputs;
- Detailed references for similar work undertaken by each team member;
- Description of team composition with names, roles, and CVs of each member if (applicable);
- Dated and signed Declaration of Confidentiality and Conflict of Interest; and
- Financial proposal presenting as a fixed price lump sum bid, quoted in USD, covering all expenses and free of any taxes or duties. The proposal should also reflect a breakdown of activities covered by particular cost elements indicating how the costs were derived. The proposal should include fees for team members to undertake five field visits but the mission travel (costs of travel: airfare and DSA will be provided separately by the ILO and should not be included in the offer).
- Fees for two trips (scoping and presentation/finalization of the report) to Geneva by the consultant or team leader of the team for one week each trip should be included.

70. The initial proposal should present a detailed evaluation approach and a range of methodologies. Key questions to take into account when developing an evaluation approach for the proposal are provided above.

### **Compensation and payment schedule**

71. The Evaluation Office will contract an international independent evaluator(s) or a company under an output-based contract modality. All travel expenses will be paid as a lump sum based on ILO travel regulations.

### **Evaluators' code of Conduct and Ethical considerations**

72. The ILO [Code of Conduct](#) for independent evaluators applies to all evaluation team members. The principles behind the Code of Conduct are fully consistent with the Standards of Conduct for the International Civil Service to which all UN staff is bound. UN staff is also subject to any UNEG member specific staff rules and procedures for the procurement of services. The selected team members shall sign and return a copy of the code of conduct with their contract.

### **Evaluation use strategy**

73. Efforts will be made to keep OCT 6 members and specialists in the regions informed about the major steps of the evaluation process. Key outputs will be circulated for comments.

The following products are expected to enhance the use of the evaluation findings and conclusions by developing different products for different audiences:

- GB executive summary document for the GB 2019 discussion
- The full report available in limited hard copy and electronically available on the EVAL website
- Key findings or table of contents presented with hyperlinks for readers to read sections of the report.
- USB keys with e-copy of the report for dissemination to partners.
- A powerpoint presentation or visual summary of the report will be prepared for EVALs website and for presentations on the evaluation.
- EVAL quickfacts on the HLE to be prepared.

### **Timetable**

74. The evaluation will begin in early March 2019 with a draft summary for the Governing Body of ILO to be produced by mid-August 2019, a full draft by the end of August 2019 and the final formatted report by mid-September 2019. As such, this High Level Evaluation is time sensitive and deadlines are non-negotiable. The number of work days needed for the completion of the work is estimated to be 75-80 days.

## APPENDIX II: METHODOLOGY NOTE: ADDITIONAL INFORMATION

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### 1. COUNTRY SELECTION: SAMPLING LOGICS

The evaluation undertook 8 case studies: 6 countries (Argentina, Costa Rica, Cambodia, Nepal, Zambia and Senegal) were covered through missions while the other 2 (Jordan and Ukraine) were covered through desk review and skype based interviews.

The above-mentioned countries were shortlisted based on suggestions that key internal stakeholders provided during the inception phase; consultations during the scoping mission and an analysis of OBW for Outcome 6. For the final selection, evaluation team used the following criteria:

- Regional representation
- Presence of CPOs linked to Outcome 6 that have primary links to a mix of indicators (6.1, 6.2 and 6.3)
- Resource availability
- Mix of interventions that represent the range of work being done under the theme of formalization of the informal economy, including elements of social dialogue and tripartite relations
- Mix of interventions led by different technical departments that contribute to this Outcome.
- Suggestions made by constituents

The selection also took into account ongoing evaluation on similar theme to avoid duplication and important contextual and logistical issues such as the International Labour Conference held in June 2019.

### 2. FOCUS OF DATA COLLECTION

#### Overall analysis

- The Formalization of the Informal Economy Synthesis Review, based on a synthesis of 38 reports which included independent, internal, final and mid-term evaluations;
- Available Programme Implementation Reports;
- Review of documentation elaborated by the Outcome 6 Coordination Team (and the extended team formed by the OCT lead);
- Review of research papers, reports, publications and tools produced by the ILO as part of its work on informal economy;
- Analysis of other strategies and frameworks related to informal economy, and how they reinforce, link with or differ from those of the ILO (e.g. WB, EU, WIEGO).

- A mapping of relevant CPOs (beyond P&B Outcome 6) under other outcomes was undertaken for the countries covered under evaluation in order to understand the complementarity aspects. This was based on the findings of GLO 229, 2018–19<sup>113</sup>. Analysis of ACI work plan for ACI 6 (2014–15), OBWs for Outcome 6 (2016–17 and 2018–19) and monitoring records provided by OCT 6.

### 6 country missions

Attention was given to the regional and country perspective of the ILO's results-based management system on formalization of informal economy. This included how well the Decent Work Country Programmes (DWCPs) and Country Programme Outcomes (CPOs) (i.e. the “bottom-up” planning processes that respond to local demand) are aligned with the overall organisational priorities and focus areas established through strategic policy frameworks, P&B targets, and relevant policy instruments, and how well organizational performance indicators assess results and progress. Utility of global products and capacity building efforts was assessed. Country level assessments also includes an analysis of how ILO's work contributes to achieve progress on relevant SDG targets and indicators at the country level. The country missions covered a range of stakeholders, most importantly the ILO staff, constituents and other relevant partners who collaborate with the ILO on this theme.

### 2 Desk case studies

Review of key country planning, strategy and research documents. Skype calls were conducted to obtain clarifications and additional details on some of the answers.

### Online survey targeting almost 285 people (ILO staff and constituents) worldwide

Based on the interim findings, an online survey was developed covering all the essential information needed on the EQs. Results of the survey matched overall with the evaluation findings, although a low rate of responses was recorded (54 responses from ILO staff; 21 from constituents).

## 3. ATLAS.TI CODE LIST:

### 1. RELEVANCE

1.0	Background IE to FE
1.1	Strategies / interventions IE aligned needs / priorities
1.2	Stakeholders assess strategy relevant
1.3	Alignment strategy components R204 (also 4.1)
1.4	Responsiveness emerging concerns GB/ILC
1.5	Responsiveness to technical assistance requests
2.	Integration objectives across ILO global outcomes
3.1	Alignment strategy in CPOs, Global products, DWCPs
3.1.1	Alignment strategy CCPDs labour standards, gender/non-discrimination
4.2.1	Strategy Outcome 6 alignment SDG 8
4.3	Strategy appropriate Member States' governments/social partners
5.	CPOs Global products global outcomes and indicators IE, normative mandate alignment/integration/balance/linkages (diagnosis, knowledge building, legal and policy reforms, development of national strategies, inclusion of vulnerable groups, promoting social dialogue and tripartism to support formalization processes)
6.	Voices and needs of informal economy actors integrated
7.1	Expected impacts integrated in ToC
7.2	Key problems included in strategy (e.g. deficiency of decent work, poverty level, lack of skills, etc.)

<sup>113</sup> Promoting greater alignment between the level of informality, mainstreaming the transition to formality in DWCPs and corresponding ILO strategies within CPOs



## 8. COHERENCE

8.1	Clarity, consistency strategy (in key policy, planning and reporting documents)
8.2	Individual activities contributed other outcomes
8.3	Lost opportunities multiple outcomes due single focus
9.1	Stakeholders view ToC coherent/well-articulated
9.2	ToC assumptions coherent /valid different contexts
10.1	Constituents' ownership/commitment formalizing agenda
10.2	Constituents' coordination and dialogue on IE
10.3	Degree constituents' contributions formulation/implementation
11.1	Alignment strategies and work with SDGs, World Bank, UN partners, EU, civil society

## 12. EFFECTIVENESS

12.0.1	Regional coordination, national level coordination
12.0.2	Transversal issues and fragmentation country level
12.0.3	Monitoring system Formalizing IE
12.0.4	Review quality global outputs
12.1	Extent reported results against targets
12.1.1	Advocacy/Awareness raising - Capacity Strengthening -Academy, courses, knowledge sharing, materials R204- global level provided
12.1.1.1	Awareness raising public
12.1.2	Statistics - diagnostics - knowledge base
12.1.3	Legislation and policy development, governance structure
12.1.4	Compliance mechanisms legal frameworks
12.1.4.1	Fiscal issues
12.1.5	Coordination strengthening national level
12.1.6	Capacity strengthening local level provided to stakeholders
12.1.7	Direct actions country level to formalize (employers, workers, IE actors)
12.1.7.1	Direct actions with IE on formalizing (support with organizing, registering)
12.1.8	Social Protection
12.1.9	OSH Labour Inspection
12.1.10	Other national direct actions (BDS, vocational training etc.)
12.2	Extent other achievements relative to intent
13.1	Country implemented actions on strategy through ILO (segmented by action/initiative type – e.g. policy, action plans, individual projects etc.)
13.2	Degree contribution outputs strategy objectives
14.	Evidence GP, LL advocacy partnerships global/country level
15.1	Evidence results partnerships at global level
15.2	Degree ILO participation common agenda IE regional/global platforms (EU, OECD, the World Bank, ADB, G 20, ASEAN, SADC and African Union)
15.3	Extent country/regional offices monitoring/recording data CCPD
16.1	Cross cutting Drivers - Extent CPOs and Global Products

16.2	Degree ILO interventions address CCPD (country collaboration)
16.2.1	International labour standards
16.2.2	Gender equality
16.2.3	Non-discrimination – including other vulnerable groups
16.2.4	Social dialogue and extending to IE
16.2.5	Just transition to environmental sustainability
16.2.6	Future of Work and Digital Technology issues
16.3	Extent country/regional offices monitoring/recording data CC
17	Evidence LL hindering/facilitating factors (e.g. financial resources, capacity, ownership)

## 18. EFFICIENCY

18.1	Alignment action/management with strategy/results framework
18.2	Internal coordination central, regional to national level
18.3	Stakeholders' perception ILO coordination
18.3.1.	Responsiveness to technical assistance requests
18.4	ILO partnerships complement resources, advocacy, outreach
18.5	Extent to which ILO's technical capacity to deliver was adequate and measures were taken to address possible gaps.
19.1	Resources balance inputs - results (over the two biennia)
19.2	Extent ILO's IE work resourced in HQ, field

## 20. IMPACT & SUSTAINABILITY

20.1	Extent contribution ILO actions
20.2	Stakeholders perceive impact ILO contributions
20.3	Stakeholders counterfactual perception ILO actions (if not acted)
20.4	ILO strengthened and use of global tools, policy FE of the IE
21.1	Extent sustainability strategies outlined (projects, CPOs and DWCPs valid, realized)
21.2	Stakeholders identify actions, strategies broader, longer impact 21.2 Stakeholders identify actions, strategies broader, longer impact
21.3	Evidence up-scaling and replication by constituents
21.4	Actions, conditions needed broader, long-term impact.
21.5	Internal, external issues hinder, facilitate sustainability
22.	Good practices and lessons learned
23.	Recommendations

## 4. TRIANGULATION OF DATA KEY STEPS

Data was triangulated using several methods. These included methodological triangulation consisting of gathering and analysing different types of data, i.e., interviews, focus group discussions, observations, questionnaires and documents. Specifically:

- Secondary data was collected through document analysis which was further assessed through interviews.
- Unclear data was also validated/clarified during the field visits.
- Quality data from interviews and direct observation was analysed in a comparative manner, using only the most frequent or common findings as global evidence.
- Investigator triangulation was also used, consisting of cross-verification of notes among the evaluation team members. In some cases, findings of the country case studies were shared with ILO national offices for validation.

Interviews and country case studies were entered into a specifically prepared analysis tool using the qualitative data analysis tool Atlasti.<sup>114</sup> The resulting data was shared between team members for review. Investigator triangulation among the international consultants, who have different complementary backgrounds, strengthened the interpretation of the data from various points of view.

When inconsistencies arose, the evaluation team discussed possible explanations for these inconsistencies. If the reasons for the inconsistencies were not clear, the team reanalysed the available quantitative and qualitative data and discussed again. In a few cases, where the reasons for the inconsistencies were still not clear, additional information was collected to try to explain the inconsistencies.

In addition, the evaluation deliverables-inception report including evaluation question matrix, evaluation report and the GB summary went through a rigorous feedback process which included correction of factual errors.

<sup>114</sup> See [atlasti.com](https://atlasti.com)

## APPENDIX III: LIST OF PEOPLE INTERVIEWED

### ILO HEAD OFFICE (25)

1.	Philippe Marcadent	Branch Chief INWORK, ILO
2.	RashaTabbara	Administrator and Programme analyst WORKQUALITY, ILO
3.	Pablo Arellano	Law Labour Specialist LABOUR LAW, ILO
4.	Judith van Doorn	Spec, Enabling Environment and Enterprise Formalization, SME ENTERPRISE, ILO
5.	Caroline O'Reilly	Sr Technical Expert DIALOGUE, ILO
6.	Christina Behrendt	Head, Social Policy Unit, SOCPRO, ILO
7.	LameckJ Aston	Adviser, International Organisation of Employers (IOE)
8.	Samuel Asfaha	Principal Officer-Relations/TC (Africa) ACT/EMP, ILO
9.	Viveros Añorve, Jose Luis	Employers' Activities Officer ACT/EMP, ILO
10.	Uma Rani Amara	Sr Economist, RESEARCH, ILO
11.	Camilla Roman	Policy Spec, Green Jobs Programme, GREEN, ILO
12.	Juan Chacaltana	Spec, Employment Policy EMPLOYMENT, ILO
13.	Hilda Sanchez	Sr Programme and Operations Spec/Sr Technical Specialist, Workers' Activities ACTRAV, ILO
14.	Lene Olsen	Sr Programme and Operations Spec, ACTRAV, ILO
15.	Claire Hobden	Technical Officer, Vulnerable Workers, INWORK, ILO
16.	Brigitte Zug-Castillo	Sr Advisor ILO-AIDS
17.	André Bogui	Department Director PROGRAM, ILO
18.	Florencio Gudino	Sr Programme Analyst PROGRAM, ILO
19.	Florence Bonnet	Labour Market Specialist INWORK, ILO
20.	Carlén van Empel	Unit Head, Development Cooperation Support, DCSU PARDEV, ILO
21.	Anna Torriente	Head of Unit, EMPGOV and LIBSYND, ILS Department LIBSYND, NORMES
22.	Maria Marta Traviesco	Technical Specialist, Future of Work Unit
23.	Joaquim Pintado Nunes	Sr Spec, Labour Inspection and OSH LABADMIN/OSH, ILO
24.	Michael Frosch	Sr Statistician STATISTICS, ILO
25.	Frederic Lapeyre	Sr Spec, Employment/Informal Economy, EMPOL DEVINVEST, ILO

## ITC ILO (1)

26.	Coumba Diop	Senior Programme Officer, Employment policy and Analysis Programme - EPAP, International Training Center of the ILO
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## REGIONAL REPRESENTATIVES FOR OUTCOME 6 (11)

27.	Estupinan, Xavier	Specialist Wages, DWT/CO-New Delhi, member of OCT 6
28.	Kiaga, Annamarie	Specialists, Informal Economy, CO-Harare, member of OCT 6
29.	Zampini Daniela	Spec, Employment, DWT/CO-Budapest, member OCT 6
30.	Christensen, Jens	Sr Spec, Enterprise Development and Job Creation, DWT/CO-Pretoria
31.	Mandoro, Limpho	Spec, Social Dialogue and Labour Administration, DWT/CO-Pretoria
32.	Gloria Moreno-Fontes	Regional Labour Migration and Mobility Specialis, RO Africa
33.	Mueller, Bernd	Spec, Employment, DWT/CO-Pretoria
34.	Bertranou, Fabio	DWT/CO Director, DWT/CO-Santiago
35.	Nopo, Hugo	Regional Specialist, Labour Economy, RO-Lima
36.	Yurén, Andrés	Senior Regional specialist, Employers' Activities, ACT/EMP RO-Lima
37.	Quincana, Efrain	Regional specialist, Rural Economy, RO-Lima

## ARGENTINA (30)

38.	Bertranou Fabio	Director del Equipo de Trabajo Decente de la Oficina de OIT para el Cono Sur
39.	Britez Carmen	Secretaria de Actas y Organización de la Unión Personal Auxiliar de Casas Particulares (UPACP)
40.	Cherner Guillermo	Subsecretario de Políticas de Empleo y Trabajo Decente, Gobierno de la Provincia de Santa Fe
41.	Coatz Diego	Director Ejecutivo, Unión Industrial Argentina (UIA)
42.	Colombo María Lucila	Secretaria General del Sindicato de Amas de Casa de la República Argentina (SACRA)
43.	Dragún Pablo	Director, Centro de Estudios de la Unión Industrial Argentina (UIA)
44.	Ernst Christoph	Especialista en empleo y desarrollo productivo, OIT Argentina
45.	Figueroa María Eugenia	Coordinadora Nacional del Proyecto Offside, OIT Argentina
46.	Furtado de Oliveira Pedro	Director, OIT Argentina
47.	Giuletti María Victoria	Coordinadora Regional del Programa Ganar – Ganar Anterior punto focal de la Unión Industrial Argentina (UIA) ante la OIT
48.	Guisande Diego	Coordinador Nacional del Proyecto Safe Youth at Work, OIT Argentina
49.	Jiménez Maribel	Investigadora-Docente. Universidad Nacional de Salta
50.	Jiménez Mónica	Investigadora-Docente. Universidad Nacional de Salta
51.	López Mourelo Elva	Oficial en Mercados de Trabajo Inclusivos, OIT Argentina
52.	Maurizio Roxana	Investigadora-Docente. Universidad de Buenos Aires (UBA)
53.	Mera Manuel	Director de Estudios y Relaciones del Trabajo del Ministerio de Trabajo, Empleo y Seguridad Social entre 2015 y 2019
54.	Muruaga Fernando	Subsecretario de Fiscalización del Trabajo, Gobierno de la Provincia de Santa Fe
55.	Novick Marta	Subsecretaria de Programación Técnica y Estudios Laborales hasta 2015
56.	Pángaro Alejandra	Oficial de Programación, OIT Argentina

57.	Parsiale Verónica	Oficial de Comunicación hasta marzo de 2018.
58.	Pereyra Francisca	Actualmente Oficial de Información en la sede de OIT Ginebra. Investigadora-Docente. Universidad Nacional General Sarmiento (UNGS)
59.	Ponce Gustavo	Asistente senior de programación, OIT Argentina.
60.	Rezzónico Nicolás	Responsable de las actividades sobre trabajo infantil y trabajo forzoso Coordinador Nacional del Proyecto FOPECAP durante 2018, OIT Argentina
61.	Roncoroni Marta	Directora de la Escuela de Capacitación para el Personal de Servicio Doméstico
62.	Sanchez Graciela	Asistente senior de finanzas e informática, OIT Argentina
63.	Schleser Diego	Director de Estudios Laborales del Ministerio de Trabajo, Empleo y Seguridad Social hasta 2015
64.	Sebastiani Mariana	Oficial de Comunicación durante los años 2014 y 2015, OIT Argentina
65.	Vaseille Gabriel	Representante, Unión Personal Auxiliar de Casas Particulares (UPACP)
66.	Yannibelli Pablo	Anterior Director Nacional de Fiscalización, Ministerio de Producción y Trabajo
67.	Zabala Juan E.	Director de Estudios Laborales en el Ministerio de Producción y Trabajo

## CAMBODIA (20)

68.	Tun Sophorn	ILO Joint Projects Office
69.	Pauline Temasis	UN Resident Coordinator in Cambodia
70.	OK Malika	National Project Coordinator, SP, ILO Office
71.	Ou Ritthy	National Project Coordinator, C-BED
72.	Malina Loung	Programme Assistant, CO Bangkok
73.	HE NGUY Rith	Ministry of Labour and Vocational Training
74.	Mam Vannak	Secretary of State, Ministry of Labour and Vocational Training, Cambodia
75.	Leng Tong	Director of Occupational Safety and Health (OSH) Department
76.	Chea Saindona	Director of the Department of Agricultural Cooperative Promotion (DACP)
77.	Sou Leg Van	President, Cambodian Federation of Employers and Business Associations (CAMFEBA)
78.	Vorn Pov	President, Independent Democratic of Informal Economic Association (IDEA)
79.	Von Samphous	President, Cambodian Domestic Workers Network
80.	OukSamvithyea	Executive Director of National Social Security Fund (NSSF)
81.	Sok Kin	President, Building and Wood workers Trade Union Federation of Cambodia (BWTUC)
82.	Onie Luna	Executive Director, Cambodian Women Entrepreneurship Association (CWEA)
83.	Sovattha Neou	Executive Director, Water SHED
84.	Sok Chenda Sophea	Secretary General of Council for the Development of Cambodia (CDC)
85.	Lam Kimleng	Director General of SME, Ministry of Industry and Handicraft (MolH)
86.	Chea Kok Hong	Director of Economic and Public Finance Policy Department, Ministry of Economy and Finance
87.	Lek Sinrithy	Former International Relation and Donor Liaisons Manager, Federation of Associations of SMEs of Cambodia (FASMEC)

**COSTA RICA (16)**

88.	Carmen Moreno	Directora OIT- San José
89.	Gerson Martinez	Especialista en Empleo ILO - Oficina de San José
90.	María Arteta	Especialista de Género - ILO - Oficina de San José
91.	Fernando García	Especialista en Legislación Laboral - ILO - Oficina de San José
92.	Oscar Valverde	Especialista activida des trabajadores - ILO - Oficina de San José
93.	Randal Arias	Especialista activida des empleadores - ILO - Oficina de San José
94.	Alvaro Ramirez	Especialista Formación Profesional - ILO - Oficina de San José
95.	Jose Ortiz	Oficial Nacional Protección Social - ILO - Oficina de San José
96.	Olman Chinchilla	CoordinadorCentralesSindicales - CMTC
97.	Fabio Masis	Director Ejecutivo - UCCAEP
98.	Jorge Araya	Sub-Director - UCCAEP
99.	Natalia Alvarez	Viceministra de Trabajo - MTSS
100.	Mauricio Corrales	Obervatorio Mercado laboral - MTSS
101.	Jhonatan Monge	Ministerio de Trabajo - MTSS
102.	Rosa Cheng	Consultora
103.	Maria Picado	Coordinadora Área Políticas Públicas - INAMU

**JORDAN (4)**

104.	Patrick Daru	Sr DWT Specialist and Coordinator of Jordan DWCP, RO-Arab States/DWT-Beirut
105.	Mustapha Said	Sr Spec, Workers' Activities, RO-Arab States/DWT-Beirut
106.	Lama Oueijan	Sr Spec, Employers' Activities, RO-Arab States/DWT-Beirut
107.	MahaKatta	Resilience and Crisis Response Specialist, RO-Arab States/DWT-Beirut

**NEPAL (21)**

108.	Nita Neupane	Programme Officer ILO
109.	Saurabh Shah	National Project Coordinator ILO
110.	Shailendra Jha	National Programme Coordinator ILO
111.	Richard Prakash	Country Director ILO
112.	Sujan Joju	Under Secretary Ministry of Labour, Employment and Social Security
113.	Krishna Prasad Kharel	Director Department of Industry
114.	Suman Raj Aryal	Director General/ Deputy Director General
115.	Nebin Lal Shrestha	Central Bureau of Statistics
116.	Yogendra Kunwar	General Secretary Nepal Trade Union Congress (NTUC)
117.	Surya Bahadur Kandel	Vice President FNCSI
118.	Hansa Ram Pandey	Director FNCCI
119.	Ram Kumar Phuyal	Member National Planning Commission



120.	Darshana Shrestha	General Secretary FWEAN
121.	Swarnim Wagle	Economist Former vice-chair National Planning Commission
122.	Nisha Baniya	Secretary, GEFONT
123.	Umesh Upadhaya	Former General Secretary, GEFONT
124.	DhanBahadur B.K	Vice President, Kathmandu Group on Informal Workers ANTUF
125.	Robin Amatya	Kathmandu Group on Informal Workers , CEO SABAH
126.	Prabha Pokhrel	Chairperson, Kathmandu Group on Informal Workers, HOME BASED WORKER CONCERN SOCIETY
127.	Rajesh Palikhe	Deputy General Secretary, Kathmandu Group on Informal Workers, NTUC
128.	Prakash Saurabh Shailendra Nita	CO-Kathmandu ILO

## SENEGAL (23)

129.	Amadou Sakho	BIT, Chargé de Programmes, Responsable UP
130.	Fatime Ndiaye	BIT, Spécialiste technique principal Egalité Hommes Femmes
131.	Céline PeyronBista	BIT, Spécialiste Technique Protection Sociale
132.	Ismaila Dione	Ministère de la Commerce, Direction des Petites et Moyennes Entreprises (DPME), Chef de la Division Etudes-Stratégie et Planification
133.	Khadim BA	Agence Nationale de la Statistique et de la démographie (ANSD), Consultant Chargé d'études
134.	Alpha Wade	Coordonnateur de la Cellule Gestion des Partenariats (CGP)
135.	Moussa Dieng	BIT Coordonnateur Regular Budget Allocation Supplémentaire
136.	Abdul Aziz Dieng	Centre de Gestion Agrée de Dakar (CGAD), Directeur
137.	Mariama M Bodji Diouf (avec représentantes de 6 Associations)	Fédération des professionnels de l'Agro Alimentaire (FP2A), Présidente
138.	Yuma Fall	Coopérative des Femmes Tanneuses Présidente
139.	Astou Doucoure	Trésorière, Coopérative des Femmes Tanneuses
140.	Nassara Sougou Fall	Secrétaire Générale Coopérative des Femmes Tanneuses
141.	Mama SayeSeck	Union Nationale des Syndicats Autonomes du Sénégal (UNSA), Membre du Bureau Exécutif de L'UNSA ; Coordinatrice des Projets
142.	Dame Fall	Haut Conseil du Dialogue Social (HCDS), Expert chargé des affaires sociales et les études
143.	Hervé Sea	BIT, ACTRAV Spécialiste
144.	Sy N Diaye Ousmane	Union National des Syndicats Autonomes du Sénégal (UNACOIS), Directeur Exécutif
145.	Julie Kazagui	BIT, ACTEMP Spécialiste, Directrice AI
146.	Abdou Aziz S'y	Union Démocratique des travailleurs des Sénégal (UDTS)
147.	Roberto Pes	BIT, Spécialiste en Développement Entreprise
148.	Moussa Sarr	Ministère du Travail, Direction de la Protection Sociale Inspecteur du Travail et de la Sécurité Sociale

149.	Asta Sankhé	Inspecteur du Travail et de la Sécurité Sociale Ministère du Travail, Direction de la Protection Sociale
150.	Ablaye Ndoye	Contrôleur du Travail et de la Sécurité Sociale, Ministère du Travail, Direction de la Protection Sociale
151.	Mamadou Racine Senghor	Secrétaire général de l'Agence pour la Couverture Maladie Universelle

## THAILAND (10)

152.	Buckley, Graeme	DWT/CO Director, DWT-Bangkok
153.	Matsumoto, Makiko	Specialist Employment, DWT-Bangkok
154.	Kumar, Arun	Collective Bargaining and Social Dialogue Specialist, DWT-Bangkok
155.	Meira Simoes, Nuno	Senior Specialist, Social protection, DWT-Bangkok
156.	Ruck, Marcus	Social Protection Specialist, DWT Bangkok
157.	Simpson, Joni	Senior specialist, Gender Equality and non-discrimination DWT-Bangkok
158.	Habiyakare, Tite	RO- Asia and the Pacific
159.	Tsushima, Reiko	RO- Asia and the Pacific
160.	Elder, Sara	Senior Economist, Head RESA Unit, RO- Asia and the Pacific
161.	Yu, Sandra	Specialist, Local Strategies for Decent Work, DWT-Bangkok

## UKRAINE (16)

162.	Antonio J. Robalodos Santos	Project Manager, Enhancing the LA Capacity to improve working conditions and tackle undeclared work
163.	Mihes, Cristina	Sr Spec, Social Dialogue and Labour Law, In charge of ILS, DWT/CO-Budapest
164.	Hirose, Kenichi	Sr Spec, Social Protection, DWT/CO-Budapest
165.	Magnus Berge	ACTRAV colleague in Budapest
166.	Oksana Abboud	Organiser and Media Office, Europe and Asia, Streetnet International, Kiev
167.	Mykhailo Volynets	Chairman, KVPU (The Confederation of Free TUs of Ukraine) and Independent TU of miners of Ukraine
168.	Olesia Briazgunova	International Secretary, The Confederation of Free TUs of Ukraine
169.	Nataliya Levytska	Deputy Chair, KVPU
170.	Sergiy Savchuk	National Coordinator, NC-Kiev
171.	Drumea, Iulia	Sr Spec, Employers' Activities, DWT/CO-Budapest
172.	Dzemał Hodzic	CTA, DWT/CO-Budapest, (DANIDA supported project on Social Dialogue)
173.	Oksana Abboud	Organiser and Media Office, Europe and Asia, Streetnet International, Kiev
174.	Rodion Kolyshko	Counsellor, Confederation of Employers of Ukraine
175.	Yulia Goncharova	Deputy General Director for International Relations and European Integration, Federation of Employers of Ukraine
176.	Oleksandr Yavorsky	Director of Department of Business Competitiveness and Regulatory Policy, Federation of Employers of Ukraine
177.	Gosteva Natalia	Head of Deregulation of Entrepreneurial Activity, Federation of Employers of Ukraine

**ZAMBIA (23)**

178.	George Okutho	Director, ILO
179.	Mwenya Kapasa	National Project Coordinator, ILO
180.	Patience Matandiko	National Project Coordinator, ILO
181.	Gerald Tembo	Programme assistant, ILO CO Lusaka
182.	Orient Muloongo	National Programme Officer, ILO CO Lusaka
183.	Anthony Dumingu	Director Social Security Department, Ministry of Labour
184.	Mason Mwiinga	Director Contribution and Benefits, NAPSA
185.	Michelo Silungwe	Director Compliance Benefit - WCFCB
186.	Manard Simumba	Director Operations Manager North - WCFCB
187.	Mweene Moonga	Manager Business Development, Mayfair Insurance Company
188.	Humphrey Mulele	Manager Agriculture Specialist, Mayfair Insurance Company
189.	Harrington Chibanda	Executive Director, Zambian Federation of Employer
190.	Boniface Phiri	Director, ZCTU
191.	Florence Lishika	AZIEA, Deputy Secretary General
192.	Daniel Simumba	General Secretary NAMSCC- Small Scale Constructors
193.	Dorothy Musangu	Trainer, Association for Women in Construction
194.	Stephen Z. Chundama	Research Specialist Zambia Development Agency
195.	Jessica Mwinga Chombo	Manager, corporate Planning, Zambia Development Agency
196.	Goodson Kapaso	Manager Analysis & Policy Pension Department, Pensions and Insurance Authority
197.	Samson Hakakole	Inspector, Pensions and Insurance Authority
198.	J.T Mulenga	Committee member, ZNAS /COSTIGA
199.	Vince Chipatuka	Programme Manager, Social Compact and Social Justice Regional Project, Friedrich Hebert Stiftung
200.	Gilbert Chisenga	Ministry of Commerce, Department of Domestic Trade

## APPENDIX IV: GLOBAL PRODUCTS TABLE

GL0227 - Strengthening constituents' capacity to support the transition to formality		GL0228 - Tools on mainstreaming the transition to formality across policy areas	
Department/Unit	Contribution	Department/Unit	Contribution
ITC-ILO	Awareness raising through Website in English and French on R204; Compilation and dissemination of promising practices and country cases studies; Guide for the adaptation of the awareness materials at country level	EMPLOYMENT	Formal job creation. Policy resource package on employment creation in the formal economy
ITC-ILO	Academy on the formalization of the informal economy (third ed. 12-23 November 2018)	ENTERPRISES	Enterprise Formalization Resource Package on the Formalization of Micro and Small Enterprises
ITC-ILO, EMPLOYMENT	Knowledge sharing forums on the transition to the formal economy	SOCPRO, RO-Africa	Guide on the extension of social security coverage to workers in the informal economy; Briefs on specific categories of workers; Capacity-building material; Documentation of country experiences; Study on the challenges and opportunities of extending social security to the informal economy in Africa).
ITC-ILO	Capacity building on supporting the transition to the formal economy	LABADMIN/OSH	Brief on incremental compliance strategies for informal economic units and formalization.
		GED	Policy brief on the extension of labour protection measures to informal economy workers.
		INWORK	Policy tools on formalizing the domestic work sector through various labour market institutions.

GLO229 - Methodologies for characterizing the informal economy and monitoring progress on formalization		GLO230 - Research products to enhance the knowledge base on the transition to formality	
Department/Unit	Contribution	Department/Unit	Contribution
STATISTICS, INWORK	Collection of statistics on informality.	DEVINVEST	Report on the Contribution of Global Supply Chains to Formality in High-Value Agriculture in Sub-Saharan Africa; Study on integrating lower-tier enterprises and their workers into value chains of large and international enterprises.
INWORK, EMPLOYMENT	Diagnoses and systems to monitor progress.	ENTERPRISES	Case studies on Integrating lower-tier enterprises and their workers into value chains of large and international enterprises;
INWORK, EMPLOYMENT	Current practices and possible options in terms of organizational arrangements to coordinate action on formalization.	INWORK	Global study on home-based workers; Guide on how to apply a formalisation lens to conduct value chain assessments.
OCT Lead	Guidelines on mainstreaming transition to formality in Decent Work Country Programmes.	DEVINVEST	Formalization of the Informal Economy mainstreamed in three of the four R205 follow up components including awareness raising and advocacy, Policy advice, and knowledge development and dissemination.
		ENTERPRISES	Summary document presenting the interconnectivity, giving guidance as how to better integrate and take into account environmental aspects in interventions related to informal sector.
		INWORK	Compendium presenting concrete examples of building inclusive representation and social dialogue.
		DEVINVEST	Contribution to the Global Commission on the Future of Work: Report on prospects for formalization and decent work in agriculture through new agricultural technologies
		INWORK, RO Asia	Contribution to the Global Commission on the Future of Work: Technical Report on the topic of Technology as a driver of formalization in Asia and Pacific.

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