



QUICK FACTS

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

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International Labour Organization



1919-2019

WHAT IS THE INFORMAL ECONOMY?

The informal economy (IE) is large and growing quickly in many countries. The IE 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.

WHAT IS RECOMMENDATION 204?

In 2015, the ILO adopted Recommendation No. 204 concerning the Transition from the Informal to the Formal Economy (R204). 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.

ABOUT THE EVALUATION

The evaluation assesses the ILO's strategy and actions towards the 'Formalization of the Informal Economy' taking into consideration the conceptual, methodological and operational frameworks. It provides insight into the relevance, coherence, effectiveness and efficiency of the ILO's strategy, programme approach, and actions. The evaluation is retrospective, as it bases its findings on work done during 2014-2018, as well as forward looking as it delivers findings, lessons learned and emerging good practices for improved decision-making within the context of the next strategic framework and the Sustainable Development Goals (SDGs).

EVALUATION METHODOLOGY

The evaluation used a mixed-methods approach to ensure the validity and reliability of the findings. A comprehensive synthesis review of 38 relevant project evaluations was prepared as an input to this evaluation. Data was collected through:



Comprehensive document review



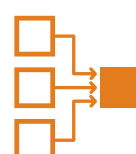
200 interviews with stakeholders



6 case studies through field missions and 2 based on desk reviews and skype-based interviews (Jordan and Ukraine)



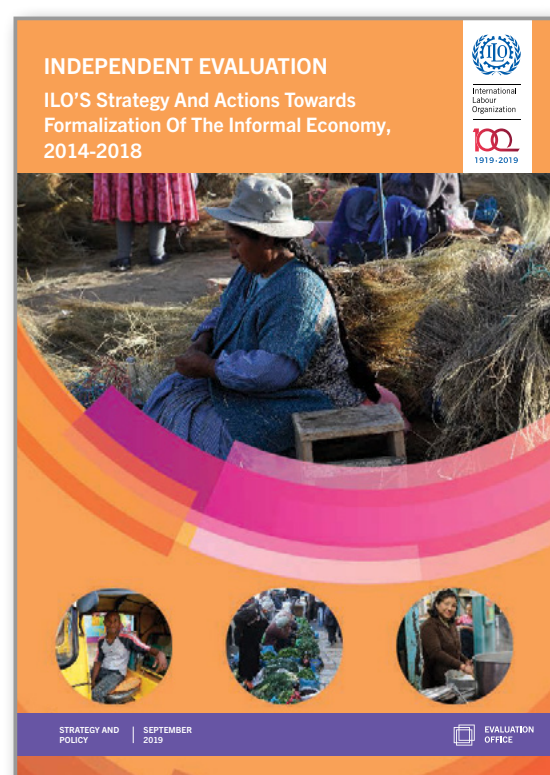
An online survey administered to ILO staff and constituents



Synthesis review of 38 related project evaluations



Countries visited: Argentina, Costa Rica, Cambodia, Nepal, Zambia and Senegal



INFORMAL ECONOMY: MAGNITUDE



Two billion workers or 61% of the global employed population earn their living in the informal economy.



Women are more exposed to informal employment than men in some regions but not globally.



Informal economy encompasses around 80% of enterprises in the world.



Overall, informal employment is a greater source of employment for men than for women at the world level (63 vs 58%) but when in the informal economy, women tend to be in the most vulnerable segments.



The share of informal employment ranges from 18.3% in developed countries to 67.4% in emerging countries and 89.8% in developing countries.

Source: ILO

TO ACCESS THE FULL REPORT, PLEASE [CLICK HERE](#)

OR VISIT WWW.ILO.ORG/EVAL



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KEY FINDINGS

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.
2. The ILO's strategy towards formalisation of the IE is satisfactory though there is a great deal of variation with outstanding examples of good results in terms of awareness generation, capacity building and knowledge generation. Success was less evident in terms of official adoption of laws and policies supporting formalization. R204 and ILO's strategy make an important contribution to SDG 8.
3. Some stakeholders see R204 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.
4. Evidence of synergies between ILO's Policy Outcome on formalizing the informal economy and other relevant outcomes was partial. The evaluation found that there are limited incentives for ILO staff to create synergies across outcomes. This makes delivering on cross-cutting themes, such as formalization of informal economy, more challenging.
5. Tripartism and social dialogue were well integrated in ILO's strategy and actions but engagement of informal economy 'representatives' needs much greater attention from all stakeholders.
6. While there are many approaches that support formalization (such as social protection, compliance, sector specific initiatives), over-focus on one can be detrimental to the integrated approach advocated in R204.
7. Overall, the ILO strategy and actions are relevant to the needs and concerns of national constituents and contributes well to SDG 8. However, achieving the goals of R204 requires more time and a more focused effort, with better internal synergies and an increased voice and representation of informal economy actors.

KEY RECOMMENDATIONS TO THE GOVERNING BODY

1. Develop a concrete formalization strategy that fosters greater collaboration among ILO departments and between HQ and field offices. Undertake an inter-departmental review on how to make 'formalization' more explicit in the Office's work.
2. Promote social dialogue with participation of Informal Economy representatives and support constituents for building alliances with informal economy actors, as possible within the legal frameworks.
3. Take more substantive measures towards inclusion of specific vulnerable groups (persons with disabilities, refugee workers, PLHIV for example).
4. Using the existing experience, promote use of digital technologies to fast track effective and efficient formalization.

VOICES FROM CONSTITUENTS AND PARTNERS

- “ There should be more ground level social dialogue for a continuation of the formalization process.
- “ There is limited support (from ILO) in database development and digitalization.
- “ We need to evaluate the impact of new technologies on the informal economy and develop policy recommendations based on its findings.

VOICES FROM ILO STAFF

- “ The increase (in informality) 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.
- “ We need more collaboration between employers and workers to address the informal economy and transition.
- “ The ILO should make the transition for the formal economy a main component of development policies.