

DECENT WORK
FOR TRANSFORMATION OF
THE INFORMAL ECONOMY IN AFRICA

AUC-ILO Joint Programme (2020 – 2024)

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EXECUTIVE SUMMARY

Two billion of the world's employed population (15 years and above) work informally. Today, informal employment remains to be the main source of employment in Africa, accounting for 85.8 per cent of total employment and 71.9 per cent, excluding agriculture. The vast majority of economic unites in Africa are informal (92.4%). Own-account workers and contributing family workers represent the largest group among those in informal employment. High informality in Africa is exacerbated by the dwindling ability of formal employment generation to absorb the increasing youthful population in the continent which is projected to increase by 105 million people by 2030.

One of the key challenges in addressing informality in Africa has been the lack of a solid knowledge base on the informal economy in the vast region leading to divergent approaches to addressing it and an overall lack of focus. This African Union Commission/International Labour Organization (AUC/ILO) joint programme is intended to provide the tools and knowledge for policy makers in Africa to make informed policy choices for the transformation of the informal economy. The tools and knowledge are based on the Decent Work Agenda as stipulated in the ILO Recommendation 204 concerning Transition from Informal to Formal Economy, and Africa Union's Agenda 2063. Along with the successful production and dissemination of the tools and knowledge, this programme will support capacity development of policy makers to use them in formulating, implementing and measuring the impact of sustainable policies and practices that are deemed significant in transforming the informal economy in Africa.

One key thematic thread that runs through the proposed joint programme is the need for structural transformation that is catalytic in shifting the economic dependence on low productivity agriculture to higher productivity activities. This is in line with the latest wave of productivity analysis¹ shows that sustained productivity growth is the main driver of the development process, including employment and decent work creation as well as the transition to the formal economy. This joint programme does not only promote interventions to address productivity growth within the control of small and micro enterprises, where most of the informal actors are concentrated, but also on external factors relating to a conducive business environment.

In addition, the joint programme promotes investments in key areas for decent and sustainable work in view of supporting, in particular, the development of the rural economy and, in particular: i) upgrading and modernizing small-scale subsistence farming which would facilitate greatly transition to formality and decent work, ii) promoting forward and backward linkages between agriculture, industry and services, iii) developing government initiatives and public investment to provide MSMEs with access to infrastructure, markets, technologies and credit to exploit value chain opportunities. With the overall recognition that such increase in productivity will need directing more investment towards digital infrastructure to support technological changes the programme promotes within-enterprise investment in research and development and innovation dynamics complemented by public investment in research and development as well to build local innovation systems.

¹ Some of these include: Autor, D.; Salomons, A. (2017). Does Productivity Growth Threaten Employment? European Central Bank Annual Conference, Sintra, Portugal (Vol. 27); Cirera, X.; Maloney, F. (2017). The Innovation Paradox: Developing-Country Capabilities and the Unrealized Promise of Technological Catch-Up. Washington, DC: World Bank; Cusolito, A. P.; Maloney, W. F. (2018). Productivity Revisited: Shifting Paradigms in Analysis and Policy. Washington, DC: World Bank; and Grover G., A.; Medvedev, D.; Olafsen, E. (2019). High-Growth Firms: Facts, Fiction, and Policy Options for Emerging Economies. Washington, DC: World Bank.

1. BACKGROUND AND JUSTIFICATION

- **Problem Analysis**

The African continent has more than 500 million people of working age. By 2040, their number is projected to exceed 1.1 billion—more than in China or India. As the formal sector does not create a sufficient number of jobs, the majority of the new entrants into the labour market will end up in the informal economy and in self-employment. According to ILO's Third Edition of the Women and Men in the Informal Economy: A Statistical Picture Series (ILO, 2018), two billion of the world's employed population (15 years and above) work informally and informal employment remains the main source of employment in Africa, where its share reaches 85.8 per cent and 71.9 per cent of employment excluding agriculture. However, the level and composition of informality is different by region. Furthermore, the vast majority of economic units in Africa are informal (92.4%). Own-account workers and contributing family workers represent the largest group among those in informal employment.

Despite its challenges, the informal economy remains a key component of most economies in sub-Saharan Africa. According to data from the World Bank's work on bench-marking business regulations, the size of the informal economy as a percentage of gross national income (GNI), ranges from under 30 percent in South Africa, the continent's largest economy, to almost 60 percent in Nigeria, Tanzania and Zimbabwe. The average size in sub-Saharan Africa (SSA) is 42% of the GDP.

These statistics are convergent with the most recent published by the International Monetary Fund. On average, its share reached almost 38 percent of GDP during 2010–14, compared to 17% in OECD countries, 40% in Latin America and Caribbean, and 34% in south Asia. It contributes close to 50% of the GDP in oil exporter countries. According to the IMF, the size of informal economies in sub-Saharan Africa ranges from a 20 to 25 percent of GDP in Mauritius, South Africa, and Namibia to 50 to 65 percent in Tanzania and Nigeria.

In addition to gender, age, education, geographical location and sector, informal economy actors in Africa can be defined by their low levels of productivity, often harsh working conditions, limited access to social protection, if at all, a business environment that is insufficiently conducive, a lack of voice and representation, and an overall lack of or insufficient recognition and legal protection. The root causes and drivers of informality in Africa include not only elements related to the economic context (poverty), the legal, regulatory, policy and institutional frameworks but also some micro level determinants such as low level of education, discrimination, lack of access to economic resources, to property, to financial and other business services and to markets. The high incidence of informality is a major challenge for the respect of workers' rights and the decency of working conditions, and has a negative impact on enterprise creation and growth, public revenues, government's scope of action, soundness of institutions and fair competition.

Taking into account the diversity of characteristics, circumstances and needs of workers and economic units in the informal economy, and the specific national circumstances, legislation, policies, practices, and priorities of the countries concerned, there is a need for an integrated policy framework if transformation of the informal economy is to be achieved. The four interrelated strategic objectives of the ILO's Decent Work Agenda offer a strong basis for the formulation of an integrated framework, at the national level, to address the diversity of the informal economy through policy coherence, institutional coordination, productivity enhancement, the creation of an enabling business environment and social dialogue in view of facilitating progressive transition

from informal to formal economy. The premise for such an integrated framework is the desirable goal to reduce or eliminate the negative manifestations of informality while ensuring that the opportunities for income and livelihood are not destroyed and that decent jobs are nurtured.

In the immediate term, this entails giving priority to reducing decent work deficits in the informal economy by ensuring the workers and economic units in the informal economy are recognized by law, have rights, access to relevant business development services, access to markets, legal and social protection as well as representation. In the medium term, transition entails ensuring that job seekers and potential entrepreneurs can enter the formal, protected and mainstream economy while in the longer-term transition entails not only the creation of enough employment opportunities that are formal, protected and decent for all workers and employers but also the prevention of further informality of workers currently in the formal sector.

Towards that end, the ILO Recommendation 204 concerning the Transition from the Informal to the Formal Economy, 2015 provides principles that recognize the need for tailored approaches to respond to the diversity of situations and the specificity of national circumstances.

They call for coherence and coordination across a broad range of policy areas, and for a balanced approach combining incentives with compliance. They emphasize the need for the effective promotion and protection of the human rights of all those in the informal economy, respect for fundamental principles and rights at work, in law and practice, in addition to the promotion of gender equality and non-discrimination and the need to pay special attention to those most vulnerable in the informal economy.

Moreover, the United Nations General Assembly adopted in September 2015 the *Sustainable Development Goals* agenda, which include Goal 8 on promoting “sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”: i) a target 8.3, which aims at promoting formalization and ii) a monitoring indicator which is the share of informal employment in total employment.

It is on this basis that the joint programme is formulated. It is expected that AU Member States will implement the proposed key outputs based on their own priorities while the AUC provides the overall oversight on programme implementation to ensure effective impact on the region.

The joint AUC/ILO programme will also benefit from the experiences and expertise of a number of bilateral partners. Such as the GIZ, Sweden and Netherlands, as well as multilateral organizations, such as the World Bank, the Organization for Economic Co-operation and Development (OECD), United NATIONS Conference on trade and development (UNCTAD), and the European Union (EU), all of which have various approaches and strategies for dealing with the informal economy.

It will also collaborate with specialized organizations such as WIEGO, the global network focusing on securing livelihoods for the working poor, especially women, in the informal economy.

- **Stakeholders and Target groups**

The programme will operate at four levels, namely the African regional level, sub-regional level through the Regional Economic Commissions (RECs), the national level through appropriate ministries and employers’ and workers’ organisation and at the local / municipality levels; appropriate stakeholders and target groups must be identified at each of those levels.

At the regional level, there will be two key stakeholders – AUC, represented by the New Partnership for Africa’s Development (NEPAD) and the ILO represented by the Regional Office

for Africa. At the Sub-regional level, the programme will be implemented under the leadership of the Regional Economic Communities (RECs).

At the national level, the programme will cooperate with, and strengthen the capacity of, various national stakeholders, employers and workers organizations and especially including informal economy associations, while at the micro level, the programme will seek to improve the living and working conditions of informal economy workers and operators, who constitute the programme's ultimate target group.

In view of the large share of women in informal employment, special attention will be paid to the needs and aspirations of female informal economy workers and operators; this will require a specific focus on those informal occupations that tend to employ more women than men, such as domestic work, food processing, home-based work, trade and certain categories of street vending. In the same way, special attention will be paid to youth in informal employment by prioritizing those informal occupations, such as motorcycle taxis, that tend to employ primarily young people.

At the local level, the programme will endeavour to cooperate with local informal economy groups and associations, and with municipal authorities.

2. STRATEGY AND LOGICAL FRAMEWORK

2.1 Description of the Project Strategy

The Programme builds on the Vision and Mission stated below:

Vision

An empowered, competitive and productive informal economy for the well-being of all workers in the Africa we want.

Mission

Put in place a legal and policy framework and other measures that recognizes, regulates and promotes the transformative development of the informal economy.

When it comes to the reduction of decent work deficits in the informal economy, with a view to facilitate formalization, there is no “one size fits all” recipe. The three-phased strategy in this programme does not mean that AU Member States are expected to proceed with its implementation at the same speed. Instead, it is expected that some Member States, for example, will prioritize knowledge production than sustainable practices, and vice versa. Prioritization of one key activity or the other is largely a question of political decisions. In a way, what a Member State prioritizes in this first two to five year period may not be the same in the next period.

In the long run, what this programming framework offers is the guidance that would create coherence in regional response to informal economy and its transformation, along the three key priority areas – knowledge production, capacity building and sustainable practices. As such, this framework embodies a blend of continuity and will continue to be used beyond the initial five years plan herein.

Phase One of the programme strategy [3-6 months] involves supporting AU Member States to set policy objectives and determine which output and key activities take priority. The building block is political commitment expressed at the highest levels and backed by policies that translate commitment into action. Such commitment will entails working with labour institutions, handicrafts and micro/small enterprises administrations, productivity centres, financial and non-financial service providers, informal economy workers organizations and leaders, social partners and civil society to raise public awareness for the transformation of the informal economy to sustain broader support.

Phase Two [Year 1-3] is policy co-ordination. It involves working out how policies, or the way they are implemented, can be modified to maximise synergies and minimise incoherence among Member States. These co-ordination mechanisms will enable Member States to get the technical support they require for the outputs and key activities selected in a timely manner, through among other bodies, the Intra-African Technical Cooperation Platform. The coordination mechanisms will also facilitate knowledge sharing among Member States as they prepare to increase prioritized activities.

SPIREWORLD – An Example

In this programme, the implementation of SPIREWORLD, a key activity under Pillar 3, is based on two phases. Since the implementation is ongoing, Phase One as described is ongoing.

Phase Two:

The Phase Two will cover the first three years of the project with a comprehensive approach applied in champion/pilot countries and establishment of a baseline in the other countries.

The Champion countries are selected on the basis of their advancement on analytical work, design and implementation of strategies towards improving working conditions and productivity in the informal economy and facilitation of a transition to formality. They will be supported in the first phase to domesticate the AU and ILO frameworks through development and implementation of national strategy. They will serve as Model Countries leading capacity building and sharing experience in other countries. Harmonized Tools will be experimented on planning, M&E, funding, etc. in the champion countries.

Meanwhile, the other countries will establish a baseline and prepare themselves for application of a comprehensive approach in the second phase. To this effect, they will undertake the following - Analytical work, statistics and database; Awareness, communication and advocacy campaigns; Organization and representation of workers and enterprises in the informal economy aiming for inclusive social dialogue; Review of policy, regulatory, legal and institutional (and business) environment that create conducive or adverse conditions to facilitate a transition to formality of informal economy workers and enterprises and increase productivity among micro and small enterprises (to foster formalization); conduct a survey among informal workers and operators; Conduct knowledge and policy discussion forums; Assess capacity needs and design and pilot test interventions to address the identified constraints.

Phase Three:

This Phase covers the last two years of the project. It will be preceded by the evaluation of Phase One. The evaluation will facilitate definition of a strategy (i) to expand the comprehensive approach in Phase One to more countries beyond the Champion Countries, and (ii) to consolidate the achievements of the Champion countries. The champion countries are the most advanced on social protection extension to workers in the informal economy and transitioning initiatives. They will be supported to develop and implement national policies on decent work for informal economy transformation, building on AU policy frameworks, ILO Recommendations 202 and 204, and UN SDGs. The champion countries will subscribe to obligation to support other countries on need basis, and to serve as country models for learning and development in other countries. The pilot countries are Cameroon, Kenya Tanzania, Zambia, Senegal, Ghana, Sudan, Morocco and Algeria. Other countries under consideration include Rwanda, Ethiopia, Namibia, DRC, Mozambique, Madagascar and Zimbabwe.

Phase Three [Year 3-5] is effective systems for monitoring, analysis and reporting. It involves monitoring, to collect evidence about the impact of various interventions prioritized by Member States along the three pillars above mentioned; analysis to make sense of the data collected; and reporting back to AUC and ILO Organs and the respective Member State governments. This phase provides the evidence base for accountability and for well-informed policy-making and build foundation for future interventions.

Contribution to the promotion and implementation of International Labour Standards as a means for development

ILO recommendation 204 is the first international labour standard to provide both a normative and a developmental framework focusing on the informal economy in its entirety and diversity. In addition to R204, this programme promotes the implementation of all 8 fundamental (C87, C98, C29, C105, C138, C182, C100 and C111) and 4 priority conventions (C89, C129, C144 and C122). It also promotes other conventions containing provisions explicitly linked to the informal

economy like C150 and C187 and various others containing provisions implicitly linked to the informal economy. In addition, implementation of this joint programme will also promote conventions related to workers who are present in the informal economy - Specific categories of workers like domestic workers, rural workers and home workers.

Contribution to social dialogue and tripartism

In addition to promoting the social dialogue conventions, the joint programme, in line with R204, promotes freedom of association, social dialogue and role of employers' and workers' organizations. In doing so, capacities of employers' and workers' organizations will be built to facilitate their extension membership and services to workers and economic units in the informal economy at the same time as capacities of informal economy member-based organizations (MBO's) are built to facilitating the transition to the formal economy.

Contribution to advancing gender equality

The joint programme has a focus on women in the informal economy. This includes: 1. A specific activity – promotion of women owned enterprises; 2. All activities at micro and small enterprises (MSEs) level will adhere to a target of at least 50% women; 3. A specific outcome indicator is included to measure the level of formalization among women owned or led enterprises; and 4. A process indicator can be added in the project document to ensure that a focus on women in IE is maintained throughout the project.

2.2 Institutional Capacities

The African Union Commission (AUC)

The AUC has a political leadership consisting of convening power of its Member States, coordination with the RECs, partnership building and resource mobilization. The programme will benefit from the oversight of the AU Social Affairs Department - Division of Labour, Employment and Migration. This division focuses on the rights, labour standards, integrated employment policies and social security systems. It provides guidelines for Member States to draw up their own country specific frameworks, based on national needs and priorities.

It supports the implementation of effective labour and employment policies and programmes aligned with the Ouaga+ Plan of Action which prioritizes political leadership and accountability, youth and women employment, labour, social dialogue, inclusive labour market governance, productivity, social protection, labour migration governance, and partnerships and resources mobilization, and international cooperation. It holds responsibility of reporting to AU policy Organs up to the Au Assembly of Heads of States and Government. It can also contribute to advocacy and communication for the promotion of the programme.

The Department of Economic Affairs will lead the work on harmonization of informal economy statistics and the production of informal economy reports, through its network of National Statistical Offices. It will also support the work around business environment and investment climate reforms. The Directorate of Gender and Women development is well placed to promote the rights of women working in the informal economy.

The Commission can leverage several AU Organs to support the implementation of the Programme in various aspects. The Pan African Parliament will be instrumental in advocacy for the necessary legislative reforms. NEPAD and ACBF will play roles. Also, as key partner of the AUC, the Pan African Productivity will lead the implementation of the productivity component of the programme, as well as WIEGO and the OECD.

The Specialized technical Committee on Social Development, Labour and Employment is a platform for mobilizing tripartism in support to the programme, playing roles on policy setting, monitoring and evaluation. The interest of the specialized technical Committee on Finance is an opportunity to engage the ministry of finance, economic development and planning through reporting. The Specialized Technical Committee on TVET will facilitate strategies on skills development and recognition schemes in the informal economy, through policy setting, guidelines and tools for harmonization, STC on Women and Gender, etc.

The International Labour Organization (ILO)

In 2015, the ILO International Labour Conference adopted the first international labour standard on informal economy in its entirety that is Transition from the Informal to the Formal Economy Recommendation, 2015. This Recommendation, which was adopted in the same year as the 2030 Agenda for Sustainable Development, is a tool for implementing the agenda and specifically to achieve sustainable development goal 8 and in particular target 8.3 so as to achieve some results regarding the new indicator in the monitoring system of the SDGs which is “the proportion of informal employment in total employment”. R.204 provides guiding principles and experience based policy guidelines to facilitate the transition to formality.

The ILO integrated approach is based on: i) macroeconomic and sectoral policies to promote structural transformations for an inclusive growth and formal job creation, ii) targeted policies aiming at facilitating the transition of economic units and workers from the informal to the formal economy and iii) preventing a process of informalization of formal jobs. The approach builds on the shared understanding that the transition to the formal economy can best be facilitated through an integrated strategy, policy coherence, institutional coordination and social dialogue. To promote such strategies, the ILO puts particular emphasis on strengthening constituents’ capacities for formulating integrated strategies, raising awareness on R204 and undertaking multidimensional diagnostics of the informal economy.

From this perspective, the ILO is supporting Member States, based on social dialogue mechanisms, to promote structural transformations through appropriate diagnostic efforts and macroeconomic and sectoral policies aiming at facilitating transition from the informal to the formal economy. A core engine of change is the inclusion of such integrated policy framework for transition to formality in National Employment Policies, which are embedded in National Development Strategy in a way to tackle the drivers of informality, remove the obstacles to formalization and create an enabling environment for formal job creation and formal MSMEs.

Furthermore, assessments and follow-ups advice to implement policies, laws, reforms and institutional support towards a more conducive environment for business creation, formalization, productivity and growth can also play an important role to foster decent work for the transformation of enterprises and workers in the informal economy.

The International Labour Organization is unique in its tripartite structure – it is the only tripartite UN agency with government, employer and worker representatives, which helps in strengthening partnerships for improving the effectiveness of labour market laws, policies, institutions and

programmes. What is needed here is to identify and bring in the MBOs of workers and economic units in the informal economy to participate in the programme in the same way as the traditional employer and worker organisations in the formal economy have done through the ages.

Finally, ILO strengthen the capacity of employers' and workers' organizations, including those in the informal economy, to participate in social dialogue on the transition to formality and to provide news services to workers and economic units in the informal economy. As example, capacity-building activities of workers' organizations are being held in Africa to enhance collaborative action and policy influence on the transition to formality. Assistance was provided to Business Unity South Africa (BUSA) to develop an Enabling Environment for Sustainable Enterprises assessment, with an action plan to boost sustainable enterprises and the transition to formality.

In addition to activities at country level, activities are also taking place in a sub-regional context. An example of work done at this level is the ongoing work in Southern Africa in view of the sub-regional approach to follow up on R204 adopted by the SADC Ministers for Employment and Labour and the social partners, urging member States to take measures to implement R204 and requesting ILO support for the development of a framework to support the transition to formality. During a Sub-Regional Knowledge Sharing Workshop organized in Johannesburg in November 2017, the SADC Ministers and social partners reaffirmed their commitment to address informality by designing a national action plan on formalization with the full participation of MBOs of workers and economic units in the informal economy.

In recent years, to contribute to UN sustaining peace agenda on prevention and resilience-building, and in line with the AU Post-Conflict Reconstruction and Development Policy², the ILO has been reaffirming its vital role in creating an enabling environment for lasting peace through promoting employment generation, decent work and social justice.

Those objectives are at the heart of the ILO mandate and they guide ILO's work to promote decent work in prevention of and recovery from crisis has a fundamental engine for sustainable development and addressing the root causes of conflicts. In 2017, the ILO ILC adopted the Recommendation 205 on Employment and Decent Work for Peace and Resilience, a landmark instrument for the world of work in addressing concerns that are at the crossroads of humanitarian and development assistance.

Moreover, with a view to translating this normative framework into tangible action, the ILO has been expanding its Jobs for Peace and Resilience (JPR) flagship programme, which aims to contribute to more peaceful and resilient societies in situations of fragility through creating employment opportunities and enhancing employability of vulnerable young women and men while strengthening institutions and promoting Fundamental Principles and Rights at Work (FPRW). In the new crisis response global architecture, the ILO brings significant expertise and experience in supporting enabling environments to underpin inclusive socio-economic growth and decent work, strengthen labour markets and promote access to improved working conditions and fundamental rights at work, including through the involvement of its tripartite national constituents.

The overarching priority for the ILO's constituents in Africa is building and strengthening labour market institutions that enable the realization of the goal of decent work for all. The project will benefit from the ILO's broad range of global expertise and resources, which will be at the disposal of this programme. The design, implementation and monitoring of the joint programme will

² Read : <http://www.peaceau.org/uploads/pcrd-policy-framwovork-eng.pdf>

strongly rely on the expertise of technical specialists, both in the African region - by the Decent Work Support Team at the ILO Office in Pretoria - and at Headquarters in Geneva.

2.3 Lessons Learned

It follows from the background sections that the informal economy policy approaches can be distinguished by whom they are targeting or referring to the self-employed and their enterprises/economic activities; the informal wage workers and their employers, informal workers, as well as the organizations or associations of informal workers. In targeting any of these categories, policy makers have considered whether they can redirect existing policies to support and protect informal workers, or need to reform existing policies in order to do so, or need to develop new policies.

Also, there is a need to implement effective policies to address the needs of the micro, small and medium sized enterprises in the informal economy and foster their formalization and where such policies exist, they can be hampered by lack of implementation or by sub-optimal implementation or coordination. Accessing information about the policies, laws, and rights can also be a challenge for formalizing entrepreneurs.

As the economic policies impact the process of wealth redistribution between the formal and informal economy, they should be assessed. Policy analysis needs to determine whether the informal economy shares in benefits from government expenditure and procurement policies. To assess and address how macroeconomic and sectoral policies affect the working poor and the informal economy, it is important to analyze how the gaps and biases intersect in the policy and business environment. In this regard, a proven and reliable tool is the Informal Economy Budget Analysis which views budget allocations (or the lack thereof) as an expression of policy approaches to the informal economy.

The methodology of the tool is borrowed from the gender budget initiatives and is relevant to analyze budget allocations across all government agencies. It examines the budgets and then analyses general expenditures for their possible impacts on informal economy workers. This approach has three advantages. First, it allows examining the extent to which the state budget shows an awareness of the existence and situation of informal operators and their enterprises. Second, it provides for identifying measures of direct and indirect state support, and thus has the potential to raise the visibility of informal operators and their enterprises and encourage advocacy for greater support. Third, it can be used to assess the gap between policies, budget allocations, and policy implementation.

The small-scale nature of most of the informal workers or enterprises limits considerably their potential of growth and up scaling towards more formal organization and management. The Cooperative system offers means and ways to remove constraints attached to this characteristic and contribute to transitions to formality of the informal economy.

All in all, eight (8) main policy areas are of particular concern for the informal economy. Macroeconomic policies, labour policies, trade policies, infrastructure and service policies, urban regulations, financial policies as well as education and training policies, and social protection measures are areas in which enlightened policy would improve the situation of those who work or operate in the informal economy in Africa. But taking into account the diversity of characteristics, circumstances and needs of workers and economic units in the informal economy, and the specific national circumstances, legislation, policies, practices, and priorities of the

countries concerned, there is a need for an integrated policy framework if transformation of the informal economy is to be achieved.

The four interrelated strategic objectives of the ILO's Decent Work Agenda offer a strong basis for the formulation of an integrated framework, at the national level, to address the diversity of the informal economy through policy coherence, institutional coordination and social dialogue in view of facilitating progressive transition from informal to formal economy. The premise for such an integrated framework is the desirable goal to reduce or eliminate the negative manifestations of informality while ensuring that the opportunities for income and livelihood are not destroyed.

In the immediate term, this entails giving priority to reducing decent work deficits in the informal economy by ensuring the workers and economic units in the informal economy are recognized by law, have rights, legal and social protection have access to financial and non-financial services and productivity enhancement services, operate in an enabling business environment and have access to representation support.

It also entails that operating in the formal economy is made easier, less costly, and more attractive for economic units. In the medium term, transition entails ensuring that job seekers and potential entrepreneurs can enter the formal, protected and mainstream economy while in the longer-term transition entails not only the creation of enough employment and business opportunities that are formal, protected and provide decent for all workers and employers but also the prevention of further informality of workers currently in the formal sector.

Towards that end, the ILO Recommendation 204 concerning the transition from the informal to the formal economy, 2015 provides principles that recognize the need for tailored approaches to respond to the diversity of situations and the specificity of national circumstances. They call for coherence and coordination across a broad range of policy areas, and for a balanced approach combining incentives with compliance. They emphasize the need for the effective promotion and protection of the human rights of all those in the informal economy, respect for fundamental principles and rights at work, in law and practice, in addition to the promotion of gender equality and non-discrimination and the need to pay special attention to those most vulnerable in the informal economy.

It is on this basis that the following programme guidance framework is provided (See Part II). It is expected that AU Member States will implement the proposed key outputs based on their own priorities while the AUC provides the overall oversight on programme implementation to ensure effective impact on the region.

The joint AUC/ILO programme will also benefit from the experiences and expertise of a number of bilateral partners, as well as multilateral organizations, such as the World Bank, the Organization for Economic Co-operation and Development (OECD), United Nations Conference on Trade and Development (UNCTAD) and the European Union (EU), all of which have various approaches and strategies for dealing with the informal economy. It will also collaborate with specialized organizations such as WIEGO, the global network focusing on securing livelihoods for the working poor, especially women, in the informal economy.

2.4 The Logical Framework

2.4.1 Development Objective

The overall development objective of this AUC-ILO joint programme is the reduction of decent work deficits in the informal economy in Africa through progressive transition to formality. This objective is anchored on the AU and ILO policy frameworks on the transformation of the informal economy and seeks their integrated implementation, in line with the recommendation of the Declaration adopted by the Regional Meeting of Ministers of Labour (Addis Ababa, December 2015).

It aims at contributing to the achievement of the relevant targets of the First Ten Year Implementation Plan of the AU Agenda 2063:

- *Graduate at least 20% of informal economy ventures into the formal economy, 50% of which will be owned by women;*
- *Extend social insurance regimes to cover at least 20% of workers in the informal economy and rural labour force by 2023*
- *Reduce the underemployment rate by 50%*
- *Reduce the 2013 vulnerable unemployment rate by at least 25%*
- *Reduce the 2013 levels of poverty by at least 30%.*

Moreover, the development objective is aligned with ILO Recommendation 204 concerning the transition from the informal to the formal economy, 2015. In the short term, it also aligns with ILO's policy outcome 6 in the Programme and Budget 2018/19 which focuses on *Formalization of the Informal Economy* by supporting its Member States and constituents to develop a common understanding and a basis for monitoring informality with a view to facilitating progress towards formalization; to develop or revise integrated policies, legislation or compliance mechanisms, to facilitate transition to formality, including for specific groups of workers or economic units; and support employers' or workers' organizations to provide support to workers and economic units in the informal economy for facilitating transition to the formal economy.

- [Link to P&B, DWCP and CPO³](#)

In the 2018/19 ILO Programme and Budget (P&B), the joint programme contributes to Outcome 6: Formalization of the Informal Economy. Since the programme will cover at least two P&B's throughout its implementation period, it is expected that the outcome on formalization will remain a priority in the ILO.

At the time of the drafting, Africa had 18 active Decent Work Country Programs (DWCPs) (Cameroon, Central African Republic, Chad, Comoros, Côte d'Ivoire, Gambia, Guinea, Madagascar, Mali, Mauritania, Nigeria, Rwanda, Sao Tome and Principe, Senegal, Seychelles, South Africa, Tunisia and SADC). Of these, 16 include significant contributions or targeted interventions aimed at supporting the transition from the informal to the formal economy. Only 7 of the DWCPs are supported by Country Programme Outcomes (CPO's) linked to Outcome 6. In 9 other cases, formalization is addressed through a CPO under another policy outcomes

³ Source : Global Product 2018-19 (GLO229), Promoting greater alignment between the level of informality, mainstreaming the transition to formality in DWCPs, and corresponding ILO strategies within CPOs

(Outcomes 3, 7, 8, 10) and, in some cases, through more than one CPO per country; and 3 are not supported by any CPO to address formalization. In view of this situational analysis, the joint programme will be catalytic in promoting greater alignment between the level of informal employment, the place of the transition to formality in DWCPs, the reference to SDG indicator 8.3.1, and dedicated CPOs that include ILO strategies aimed at supporting transition to formality.

- **Link to Regional Development Frameworks**

This programmatic framework is designed to complement earlier efforts, in particular the Informal Economy Upgrading Programme implemented more than 10 years ago. As its predecessor, this joint programme will contribute to the effective implementation of the Key Priority Areas 2 and 3 of the Ouaga+10 Declaration and Plan of Action on Employment, Poverty Eradication and Inclusive Development. It also contributes to the implementation of the 2015 Addis Ababa Declaration on Transforming Africa through Decent Work for Sustainable Development. The first two years of the programme will ultimately be implemented via a two-year AUC-ILO Partnership Operational Plan (first being 2019-2020) designed to achieve the goals set out in:

- the AU Agenda 2063 with its First Ten Year Implementation Plan including the employment, labour and social protection embedded policy framework;
- The AU Social Protection Plan for Informal Economy and Rural Workers (SPIREWORK)
- The AU Programme on Upgrading the Informal Economy
- The UN Agenda 2030
- The ILO Recommendation 204 concerning the transition from the informal to the formal economy, 2015
- ILO Regional Priorities

It also contributes to achieving the objectives of policy documents adopted by the AU Conference of Ministers of Labour and Employment: (i) the Programme on Social Security in MSMEs (2015); (ii) Improving the Status of women in African Labour Markets as contribution to the theme of the African Union for 2015: “Year of Women’s Empowerment and Development towards Africa’s Agenda 2063”; (iii) the Special Initiative on Domestic Workers (2015); and (iv) the MSMEs Productivity Capacity Building (2016).

The Core Principles

The below principles are the truths that will inspire the actions and policy intervention measures of all the stakeholders and decision makers in the implementation of the whole programme.

- ✓ The underlying assumptions of the IE Upgrading Program are: (i) the IE is not a problematic sector to endeavor to eliminate; (ii) most of the Informal workers are vulnerable groups working under precarious conditions, then deserving measures to assist them through social, legal and labour policies; (iii) the IE is an arena of dynamic entrepreneurs, needing measures to free them from cumbersome regulations preventing them formalizing their business;

- ✓ Upgrading the IE is part of Human Development and of human security meaning freedom from fear, minimal income security, being in control of one's development, and voice representation.
- ✓ The IE is considered as a catalytic vehicle which can serve as accelerator of the attainment of most of the SDGs. Considering that a large number of workers are in the IE extending/enlarging their access to basic needs and economic needs will lead to the broadest and most sustainable diffusion of growth into the population. Most of them are self-employed bearing the household shocks and risks. So being self-employed means being at the centre of social network with huge responsibilities vis-à-vis any events affecting the dependents.
- ✓ The IE upgrading is considered as a critical lever of “attaining a middle income status country” for the AU Member States. As such it is a powerful vehicle for a generalized, accelerated and sustainable expansion of basic social protection services to the African people. In this sense, it is the main instrument for a poverty alleviation approach, strengthening social cohesion by achieving near-universal social protection;
- ✓ The IE modernization and formalization is considered as a progressive and gradualist approach;
- ✓ As incubator for business potential and an opportunity for on-the-job skills acquisition, the IE is viewed as a broad entry gate in the labour market for the increasing number of young job seekers and a transitional base for accessibility and graduation to a more formalized economic activity with the support of effective strategies;
- ✓ Address and eliminate the particular vulnerability of youths and women in the Informal Economy
- ✓ The traditional “Leap Frog” project approaches should be replaced by normal approaches to the development through mainstreaming the I.E needs and expectations in national policies with focus on education and TVET, productivity and Health priority areas.

2.4.2 Immediate Objectives / Outcomes

The programme will pursue three strategic outcomes:

Immediate Objective 1: Knowledge and Communication/Advocacy facilitate informal economy transformation

There is a need to improve the knowledge base regarding the Informal Economy, in order to support both the policy making, advocacy and lobbying activities. Improved statistics on the I.E would increase its visibility as well the understanding of its composition and of the processes behind its growth, including its contribution to economic growth and its link with poverty.

Here the strategic focus is on building a shared understanding of the informal economy in Africa. For example, what is the nature of forward and backward linkages between the formal and informal economies in African countries? Such a shared understanding must be built on concrete evidence and should influence the formulation of policies aimed at transforming the informal economy. As such, knowledge production, sharing and advocacy will be an important part of this immediate outcome.

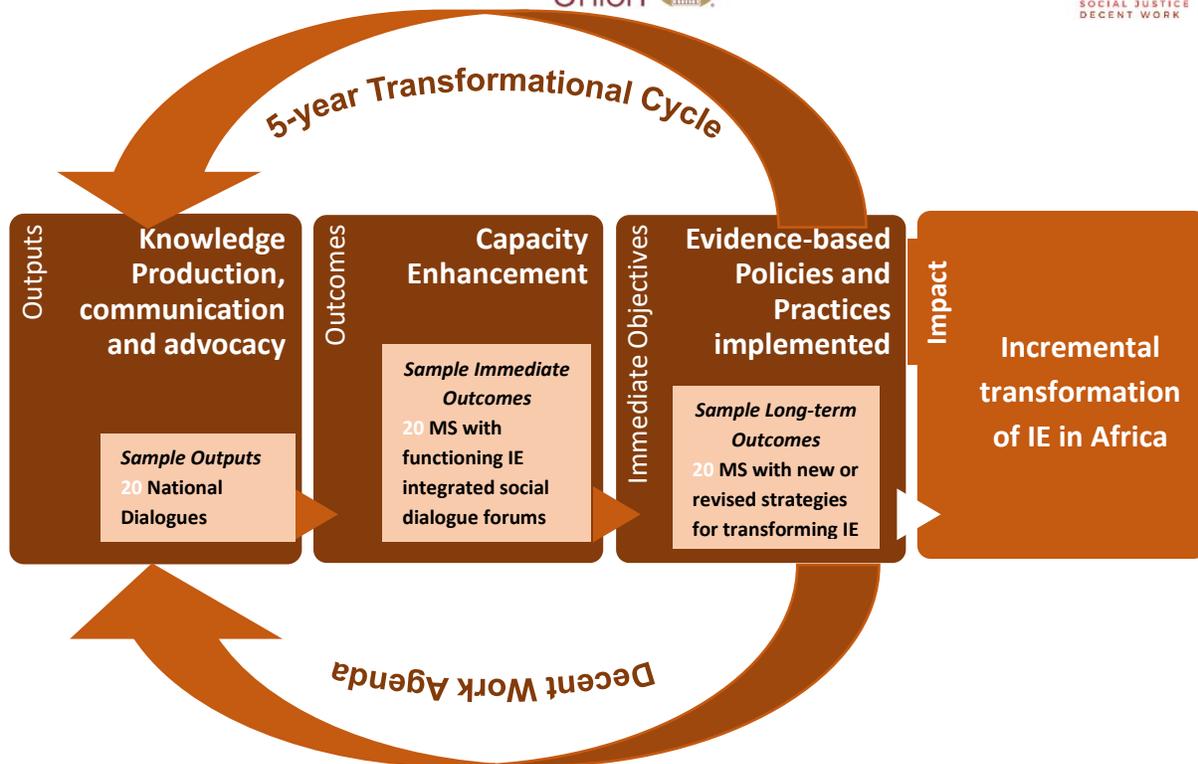
Immediate Objective 2: Member States, AUC, RECs, Organizations of informal economy workers, and social partners facilitate gender-sensitive informal economy transformation

The heterogeneity of the informal economy in Africa means that its transformation will require a number of varied stakeholders to come together, in a coherent manner, to facilitate the process. However, not all stakeholders have the same technical capacity and knowhow required for the effective facilitation of this transformation.

This outcome focuses on building the capacities of key stakeholder in formulating and implementing gender-sensitive policies, strategies and practices that will facilitate the incremental formalization of the informal economy in Africa. A special focus will be in capacitating the stakeholders in implementing the set of policy instruments and approaches that have previously been effective in facilitating the transition from the informal to the formal economy, including those set forth in the ILO Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204), in order to promote labour formalization.

Immediate Objective 3: Integrated policies, strategies & institutional frameworks (at national/ sectoral level or for category of workers or economic units) developed and implemented

Equipped with knowledge on the underlying causes of informality in Africa and the barriers to entry into the economic and social mainstream and the capacity to implement transformative policies, the policymakers and other stakeholders will need to not only coordinate their efforts to build coherence but also to effectively implement the policies strategies and institutional frameworks developed. Such policies may target a varied number of strategies including improving working conditions, extending social protection, strengthening support systems to foster enterprise productivity, putting in place incentives to make formalization easier, cheaper and seizing the opportunities for formalization through digitization of informal economy activities, organization and representation, fostering inclusive labour markets, skills recognition, and the like but all aiming at nurturing the entrepreneurial ecosystem towards greater growth ambition among informal economy enterprises.



In addition to these immediate objectives, and in line with the characteristics and drivers of informality in Africa, the programme will also emphasize the following:

Sectoral and/or cluster intervention

1. An open activity on sectoral interventions is included under output 3.2. Member States will prioritize their sectoral strategies depending on their realities. Such sectoral strategies may target cultural and creative industry, domestic work, cross-border trading, agri-business and the like. The success of this activity will lie on monitoring and reporting the various sectoral interventions for knowledge sharing and possible scale-ups.
2. Countries are encouraged to choose 1-2 clusters for value chain strategies. Several partners are interested in Clusters.

Inter and/or intra-regional cooperation including South-to-South technical cooperation

1. Two indicators under output 1.2 are included to measure this goal

2.4.3 Outputs and activities

Each immediate objective will be achieved through a minimum of 3 key outputs. Considering the multi-sectoral and multi-country nature of the implementation of this joint programme, each of the listed activities can be developed into a single theme multi-country projects, as some, like SPIREWORK, already are. As such, for each key activity there will be several sub-activities implemented in order to achieve the proposed targets.

Immediate objective / Outcome 1: Knowledge and Communication/Advocacy facilitates informal economy transformation

The objective seeks to develop a well-established knowledge base on informal economy which will support communication and advocacy, as well as policy planning.

Output 1.1: A regional knowledge base on informal economy

This output targets the expansion of the knowledge base on informal economy in Africa. Such an expansion may begin with collection of data, including a mapping of critical studies/research and their analysis. This will go beyond quantitative knowledge of the economy to embrace the qualitative aspects of informality anchored on a clear understanding of the causes of informality in the different contexts in the region.

There is a need to improve the knowledge base regarding the Informal Economy, in order to support both the policy making, advocacy and lobbying activities. Improved statistics on the I.E would increase its visibility as well the understanding of its composition and of the processes behind its growth, including its contribution to economic growth and its link with poverty.

Currently, according to an AUC inventory, many countries have attempted to collect data for diagnosis, policy design, monitoring and evaluation on informal economy but there is no regional guidance on how best to achieve this goal. The approach will build on the experience accumulated by the ILO, WIEGO and OECD. The Labour Market Information System and Informal Economy Technical Working Group established as a structure of the AU SHaSA will facilitate the harmonization and coordination of the informal economy statistics, in collaboration with the AU StatAfrica in Tunis. The following activities will help the region build a firm regional knowledge base:

Activity 1.1.1 Develop and roll out guidelines and harmonized tools for IE statistics under the coordination of the AU Labour Market Information System and Informal Economy Technical Working Group

Activity 1.1.2 Develop and roll out guidelines for conducting National Diagnostics of informality

Activity 1.1.3 Put in place M&E, including impact evaluation, and reporting system in AU

Activity 1.1.4 Develop and roll out guidelines for assessing the enabling environment for MSMEs and the challenges and scope to foster formalization of enterprises

Activity 1.1.5 Design and implement IE research and knowledge programme including an IE Informal Economy Resource Database in Africa in collaboration with African universities and research institutions

Activity 1.1.6 Produce and disseminate IE and statistics report in Africa every 2 years, with social indicators in the sector for NEPAD/APRM

Output 1.2: Communication and Advocacy strategy on Informal Economy

The transformation of the informal economy is of utmost importance to AU Leaders, as they state it through various declarations, resolutions and statements. The AUC-ILO Programme on Decent Work for the Transformation of the Informal Economy, as a policy response, needs to be known and supported by the relevant policy organs. A bold action will be to promote the theme 'Decent Work for the Transformation of the Informal Economy' as a theme of the AU Assembly.

Confucius is often quoted as saying 'Knowledge without practice is useless. Practice without knowledge is dangerous.' In the same way, the regional knowledge-base will need to be put into practice by informing policy formulation in the region and ensuring policy coherence. But in order

to do that, there must be concerted effort to communicate and disseminate the knowledge and advocate for its use. The activities under this output aim to support such efforts:

Activity 1.2.1 Promote ‘Decent Work for the Transformation of the Informal Economy’ as a theme of year to be adopted by the AU Assembly of Heads of States and Government

Activity 1.2.2 Implement Communication, Awareness raising, and advocacy strategy on IE transformation

Activity 1.2.3 Build capacity of organizations and leaders of informal economy in communication and advocate, representation in policy dialogue

Activity 1.2.4 Facilitate National policy dialogues on IE

Activity 1.2.5 Disseminate Research Publications on IE trends in Africa

Activity 1.2.6 Put together a compendium of good practices and promote exchange through South-to-South Triangular Cooperation (SSTC)

Immediate objective / Outcome 2: AUC, RECs, Member States, organization of the Informal economy workers and units and social partners increasingly facilitate gender-sensitive informal economy transformation

Output 2.1: Inclusive and Effective labour market, enterprise development & governance institutions

Labour relations and institutions continue to evolve. Certain forms of employment, such as part-time work, temporary employment and third-party agency work, among others, present opportunities for job creation, including self-employment, labour mobility, access to the labour market, and the inclusion of vulnerable and underrepresented groups.

At the same time, some forms of work may pose a number of challenges for job and life quality, skills training, social protection and income distribution, freedom of association and collective bargaining. It includes the non-inclusion of informal economy workers by social insurance institutions, labour inspections (OSH, sensitization for awareness of labour and social security legal frameworks, skills recognition mechanisms, etc), social dialogue institutions, public employment services (training, skills development, micro finance, skills development, productivity, etc), labour market information (sectors/activities analysis, environment analysis, sectoral/cluster analysis, etc).

Shaping more inclusive labour markets by eradicating discrimination, occupational segregation and gender-based violence and creating significant opportunities to improve employment outcomes for persons with disabilities will help to strengthen African economies and contribute to the well-being of African societies.

Activity 2.1.1 Design and implement a capacity building plan for DW for transformation of IE

Activity 2.1.2 Provide capacity building services and support on decent work for the transformation of the IE at all levels (AU, RECS, MS, informal workers organizations)

Activity 2.1.3 Provide support for MS to design gender-sensitive incentives, enforcement and compliance mechanisms for transformation of IE

Activity 2.1.4 Enhance IE sensitive Policy Planning Capacity of local government

Activity 2.1.5 Develop and disseminate guidelines for labour institutions to provide professional services to workers, organizations and economic units in the informal economy

Activity 2.1.6 Develop guidelines to support enhancement of the collaboration between labour institutions and the structures in charge of the promotion of the informal economy

Output 2.2: Social Dialogue, Organization and Representation systems

It of utmost importance that any policy process towards the transformation of the I.E. be inclusive at national and local levels, participatory and vulnerable group sensitive, particularly the Youth and Women.

The informal economy actors must enjoy freedom of association and the right to collective bargaining, including the right to establish organizations and, subject to the rules of the organization concerned, to join organizations, federations and confederations of their own choosing. For that to happen there is need to create an enabling environment for employers and workers to exercise their right to organize and to bargain collectively and to participate in social dialogue in the transformation of the formal economy. This output will therefore focus on ensuring that informal economy actors are part and parcel of the designing, implementing and evaluating policies and programmes aimed at transforming the informal economy, including its formalization.

Activity 2.2.1 Recognise and enhance existing Informal economy workers' organizations to participate in the policy dialogue, and if none really exist, support the development of representative organisations

Activity 2.2.2 Integrate IE organizations and leaders in policy and social dialogue mechanisms

Activity 2.2.3 Capacitate Employers' and workers' organizations to support formalization of IE and develop supportive working relationship with MBOs of workers and economic units in the informal economy

Activity 2.2.4 Strengthen Capacity of IE representatives and organizations on social dialogue and bargaining

Activity 2.2.5 Facilitate Public and private sector engagements on joint initiatives on transformation of the informal economy

Activity 2.2.6 Promote Inter and Intra-regional cooperation on IE, including Triangular South-South Cooperation

Output 2.3: Stronger inclusive/integrated skills development systems

Skills development for the African Informal Economy has become an urgent matter not only for the development and employability of individuals, but also for stimulating economic growth and reduction of poverty in Africa, and can be instrumental in upgrading micro and small enterprises. The traditional apprenticeship plays a huge role as skills development provider for large and better youth and women employability in Africa

The promotion of relevant skills system is an important instrument for improving productivity and working conditions, and the promotion of decent work in the informal economy. Skills acquisition is happening through the informal apprenticeship systems, without well-established recognition and certification strategy. It is therefore vital to ensure broad access to quality skills training for informal economy actors in view of addressing the prevailing exclusion of a large number of young persons from the mainstream skills development and labour market.

Although a comprehensive response in skills development would require improving access to formal quality education as well as improving the quality of informal apprenticeships, in the first five years, the focus of this output will be limited to supporting informal economy actors to develop

the relevant skills through formalizing the informal apprenticeship, re-skilling and up-skilling of master crafts persons, including in line with the ILO “Upgrading Informal Apprenticeship: Resource Guide for Africa.” In addition, it will focus on effective social dialogue among multi-stakeholder including employers, workers, governments, and education and training institutions in order to promote continuous information exchange and improve policy design and implementation.

Activity 2.3.1 Awareness raising on the role of Recognition of Prior Learning in addressing skills demands

Activity 2.3.2 Support MS to adapt and upgrade their TVET and education systems, including to develop tools/mechanisms for skills development in and for the informal economy

Activity 2.3.3 Support MS to upgrade the informal apprenticeship training systems including developing recognition and certification systems for those trained informally

Activity 2.3.4 Support MS to adapt and implement various skills development tools and approaches such as Training for Rural Economic Empowerment (TREE), etc

Activity 2.3.4 Design and implement a Literacy and Numeracy Competency Strategy for workers in the informal economy

Immediate Objective / Outcome 3: Integrated policies, strategies, legal & inclusive institutional frameworks (at national/ sectoral level or for category of workers or economic units) developed

Output 3.1: Coherent Policies and Regulatory frameworks for IE

Enhancing policy coherence and inter-ministerial coordination is an important key in ensuring sustainable transformation of the informal economy. The key focus of this output will be to systematically promote measures across government departments and agencies to facilitate in implementing policies consistent to the agreed objectives at sub-regional and regional levels. Labour institutions (labour inspections, social insurance institutions, public employment services, labour market information, enterprise development institutions, etc) should be more inclusive to provide professional services to workers, associations and economic units in the informal economy. They should enhance their collaboration with relevant institutions in charge of micro, small and medium sized enterprises, and the local governments.

Activities under this output will also advocate for mutual commitment to such objectives and promote ownership, alignment to regional policies and mutual accountability of results. Lastly, activities will promote harmonization which will entail better coordination, simplification of procedures and sharing information between AU Member States in view of improving accountability. Formalization activities will be implemented with realization that formal arrangements are not regulated solely by labour legislation but also by a range of legal rules of a civil, commercial, administrative, and fiscal as well as social security nature. Furthermore, change will come through sensitization of key actors in the public service to adjust their perceptions of the informal economy and adapt their services with their delivery approaches/systems to the particularities of the informal economy.

Activity 3.1.1 Support reforms and alignment of macro-economic and sectoral policies, and regulatory frameworks to integrate informal economy in policy and legal frameworks⁴

Activity 3.1.2 Develop and implement RECs and National Action Plans on Decent Work for the Transformation of the Informal Economy

Activity 3.1.3 Develop and deliver sensitizing and capacity building training package/campaign for alignment of development policies with the needs and expectations of the informal operators for their growth and sustainability, including training on Informal Economy Budget Analysis (IEBA);

Activity 3.1.4 Conduct assessment of public procurement policy, regulations and procedures as they relate to the access of the I.E. operators to competition;

Activity 3.1.5 Organize sensitizing and capacity building workshops for decision makers, including Parliaments, for selected Public Administration Training Institutions, and other stakeholders

Output 3.2: Integrated productivity growth framework to enhance the transition of informal to the formal economy

Productivity is measured in terms of how effectively businesses use labour and capital to generate products and service. African economies lag far behind the other regions. Agenda 2063 reiterates how the African worker is four times less productive than the worker in the East Asian region.

This poor competitiveness is largely explained by the very low level of productivity in the informal economy, as the large majority of workers are found in the informal economy with low education and skills levels, lack of basic business management skills, difficult access to credit and technology and low quality standards of their products and services. It is not the absence of economic ingenuity that is the source of limited performance of informal economy enterprises, but the less productive nature of their activities.

Activities under this output will focus on, both internal or within-enterprise factors that relate to the decisions made to manage and allocate available resources for production aimed at improving technical efficiency (also known as productive efficiency) and on factors external to enterprises relating to a conducive business environment.

They include first and foremost, extending basic business management training to micro and small enterprises comprising of ACT/TEMP and basic entrepreneurial skills, development approach to improve basic business operations competencies in order to, secondly, unlock the productivity potential of these enterprises. . In addition, work place cooperation and productivity

⁴ This will be done through assessment of the economic, political, legal and institutional framework, particularly the commercial and business regulations as pertaining to the informal and rural workers, the labor and fiscal legislation, property rights, workers' rights and protection, in order to remove obstacles to mainstreaming and formalizing the I.E and provide the MS and RECs with guidance for institutional reforms towards a more enabling environment to improving the small and micro enterprises of the informal economy;

improvement programmes will be extended to small and medium sized enterprises (MSMEs) to further increase their competitiveness in regional and international exports markets and global value chains.

Further, implementation of productivity improvement programmes for MSMEs will be carried out focusing on identifying best practices and promotion of their adoptions, development of a pool of MSME's gross and development experts who will also be trained to support on Kaizen Methods, implementation of MSME's capacity building in Member states, production of instruction materials, IE productivity and statistics report. Additionally, development of technological support for MSMEs will be rolled out in this activity. The Pan African productivity Association (PAPA) will lead the productivity component, building on collaboration with the AUC and its network of productivity practitioners in its Member Organizations. Also, creation of a platform network of microfinance institutions at national, regional and continental level will add value to harnessing cooperation among microfinance institutions.

Finally, the activities in support of this output will strengthen the link between improved working conditions and enterprise productivity. The Pan African Productivity Association (PAPA) and the ILO will support the activities in collaboration with NEPAD and the AUC. All activities will set specific gender targets to be included in the gender mainstreaming strategy to be developed during the inception phase.

Activity 3.2.1 Extend basic business management training to micro and small enterprises including ACT/TEMP and Basic Entrepreneurial Skills Development Approach;

Activity 3.2.2 Implement productivity improvement programmes for MSMEs, including the formation of 1500 Kaizen Experts in Member States

Activity 3.2.3 Support technology (including digital devices) development and use in MSME's⁵

Activity 3.2.4 Develop and roll-out financial support through fintech and all-insurance services inclusion and access to finance strategies for informal economy units and their workers

Activity 3.2.5 Create a Platform, network of micro finance institutions at regional, national and continental levels for experience exchange and technical cooperation in view of spreading and harnessing the micro finance institutions;

Output 3.3: Living and working conditions improving strategies

Working conditions in the informal economy are precarious, unsafe, and very poor both in terms of remuneration and occupational health and safety – including sexual harassment and violence against women. Work in the informal economy is, by definition, work with no social protection. The lack of social protection is a key defining characteristic of the informal economy as well a critical aspect of social exclusion. Less than 10% of workers in Sub-Saharan Africa and Asia have access to social security, while in other developing countries between 10% to 50% of workers are able to access social security.¹ This evidences the low coverage of formal sector insurance, as

⁵ As well as in micro enterprises when considered feasible

the formal sector insurance in Sub-Saharan Africa covers only a fraction of the population, usually only civil servants and a few formal sector employees.

Workers in the informal economy are constrained by the absence of security and protection of their assets, including their skills. Furthermore, the vulnerability of employment of informal workers means that they are disempowered, though in different ways. In response to this decent work deficit, the AU Assembly of Heads of States adopted the Social Protection Plan for Informal Economy and Rural Workers (SPIREWORK) which will be combined with the ILO Recommendation on Social Protection Floors for their integrated implementation. Social security institutions will be engaged to expand their service strategy to the informal economy workers.

Often, the most pressing concern of informal economy units and their workers is simply their survival, and perhaps eventually the growth of their businesses. There is need for informal economy actors to establish a positive connection between working conditions, including occupational safety and health conditions, quality production, productivity and competitiveness. In focusing on improving working conditions. activities under this output will target deficits that exist in the informal economy including wages, working hours, freedom from discrimination and violence, representation and bargaining rights, maternity protection, social security provision and occupational safety and health.

The approach will be more promotional and technical services support than law enforcement oriented. Also, all kinds of social protection measures (non-contributory and contributory) will be combined with Active Labour Market Policies/measures⁶ to improve the welfare of the workers in the informal economy and facilitate the transition from the informal to the formal economy. In addition, to cover their need to protect their assets, the insurance industry will be engaged to design approaches and strategies appropriate for the informal economy units and workers.

Activity 3.3.1 Develop and promote strategies to extend the coverage of Social security and protection to IE workers (SPIREWORKS and ILO Recommendation on Social Protection Floors), including combining social protection policies/measures with Active Labour Market Policies/measures

Activity 3.3.2 Design OSH sensitization system initiative and policy frameworks for IE units, workers and employers

Activity 3.3.3 Develop, test and scale up selected sectoral approaches to transformation of IE and support pilot countries to design and implement OSH Initiative for MSMEs focusing on promotional, communication, advocacy and services support orientation and approaches

Activity 3.3.4: Advocate to and build capacity of the social security agencies and the insurance industry to cover the informal economy units and workers

⁶ WHAT WORKS PROMOTING PATHWAYS TO DECENT WORK, ILO, 2019

Output 3.4: Inclusive business strategies

Business environment is a mix of policy (macroeconomic and sectoral), legal, property rights, institutional systems, access to finance, insurance and market (including public procurements), public facilities/infrastructures, and legal/regulatory conditions governing business activities. It is a key element of the effectiveness of policies aiming at the transition from informal economy to formal economy. It contributes to informality but it also can be leveraged to reduce poverty and reduce informality. They may require reforms at regional or national level for economic and legal empowerment of informal economy entrepreneurs and workers.

Many businesses are increasingly recognising the contributions the micro, small and medium sized units in the informal economy make to development and their role in moving the world to a more sustainable development path. This output is dedicated to encouraging an increasing number of businesses to align business practices with the achievement of one or more of the national, sub-regional and regional goals for the transformation of the informal economy by using their assets, expertise, products, services and influence. The gender dimension will be taken into consideration, with business environment factors that contribute to the formalization of women owned micro and small informal enterprises.

The programme duly account for the AU Protocol to the African Charter on Human and Peoples' Rights on the Rights of Women in Africa. It builds on and contribute to the Article 12 'Right to Education and Training', and the Article 13 'Economic and Social Welfare Rights'. These article call to (i) *'create conditions to promote and support the occupations and economic activities of women, in particular, within the informal sector;* and (ii) *'establish a system of protection and social insurance for women working in the informal sector and sensitise them to adhere to it'*

The activities will promote inclusive business approaches by working with government institutions, social partners, smallholders, small businesses and cooperatives to ensure that they derive fair benefits from their outputs. Social businesses models such as the cooperatives are instrumental in offsetting the weaknesses of informal economy actors owing to their small size. The AUC/ILO will also strive to promote sharing knowledge on inclusive business models that have worked elsewhere. In addition, the digital technology will be leveraged to open up opportunities and empower the informal economy actors.

Activity 3.4.1 Identification of key challenges affecting the Integration of IE units and workers in selected value chains, with attention to women entrepreneurs and workers

Activity 3.4.2 Promote strategies for integrating IE actors in selected value chains and increasing their market access , with attention to women entrepreneurs and workers

Activity 3.4.3 Design and adopt strategies to streamline costs and procedures and put in place incentives for IE formalization

Activity 3.4.4 Promote and support cooperative formation and development among IE actors

Activity 3.4.5: Develop and implement business environment evaluation and reforms tools for establishing inclusive business environment

Activity 3.4.6: Conduct Women's Economic Opportunity Index Surveys in selected countries to promote upgrading of women owned enterprises

Activity 3.4.7: Build Partnerships with the digital economy operators to support the transition from the informal economy to the formal economy

Output 3.5: Inclusive structural transformation for transition to formality

Transition to formality is greatly impacted by the nature of structural change as inclusive structural transformation occurs only when one can observe a shift from low productivity agriculture to higher productivity activities. But in low and middle low income countries in Africa, analyses regarding last decades show that there is a significant shift of the labour force out of low productivity agriculture but most of the workers don't join higher productivity sectors (in particular industry) but low productivity service sectors (mainly low wages/income services such as small scale retail sector and other urban informal economy activities characterized by the dominance of low productivity microenterprises and own account workers)⁷.

From this perspective, it is crucial to promote some integrated strategies aiming at both: i) promoting non-farm employment creation, and in particular wage-employment, in higher productivity industrial and services enterprises and ii) improve agricultural productivity especially in small-scale subsistence farming. Moreover, an urge potential exist for inclusive structural transformation through with-in-sector productivity changes in agriculture and service/informal economy sectors. Such process could be speeded up through appropriate incentive frameworks to promote investments in key areas for decent and sustainable work; such investments should support, in particular, the development of the rural economy and, in particular: i) upgrading and modernizing small-scale subsistence farming which would facilitate greatly transition to formality and decent work, ii) promoting forward and backward linkages between agriculture, industry and services, iii) developing government initiatives and public investment to provide MSMEs with access to infrastructure, markets, technologies and credit to exploit value chain opportunities. For the success of such integrated strategies, high-quality physical, digital and social infrastructures, including high quality public services, will be a fundamental prerequisite. And increasing productivity in agriculture and service sectors to support a positive transformation of the structure of employment will need directing more investment towards digital infrastructure to support technological changes in small scale farming and develop high value-added services⁸.

Activity 3.5.1: Develop Evidence based policy guidelines to engage in inclusive structural transformation

Activity 3.5.2: Promote Capacity building in formulating integrated strategies for inclusive business models and structural transformation in private sector development

Activity 3.5.3: Formal job creation through public investment

Activity 3.5.4: Employment impact assessment of new policy frameworks tackling informal employment

⁷ L. Fox, A. Thomas and C. Haines (2017), *Structural Transformation in Employment and Productivity – What can Africa hope for?* Washington DC: IMF; J. de Melo (2017), "Pathways to structural transformation in Africa", *Brookings*, October 30; D. Rodrik (2012), "Industrial policy and the promotion of structural transformation", *WCAO Thematic Research Note*, Special issue on Patterns of growth and structural transformation in Africa, no.02, April.

⁸ ILO Global Commission on the Future of Work (2019), *Work for a brighter future*, Geneva: ILO.

Activity 3.5.5: Organization of African Forum on transformation of the informal economy to be held once every 3 years;

Activity 3.5.6: Develop partnership with the Formal Private Sector (employers' organizations, banking /financing institutions, sub-contracting, enterprise development promoting agencies, Central Banks, etc) to enhance their capacity in designing and implementing IE friendly policies/programs/procedures and mechanisms, including fostering articulation between the I.E and the modern private sector.

2.4.4 Indicators

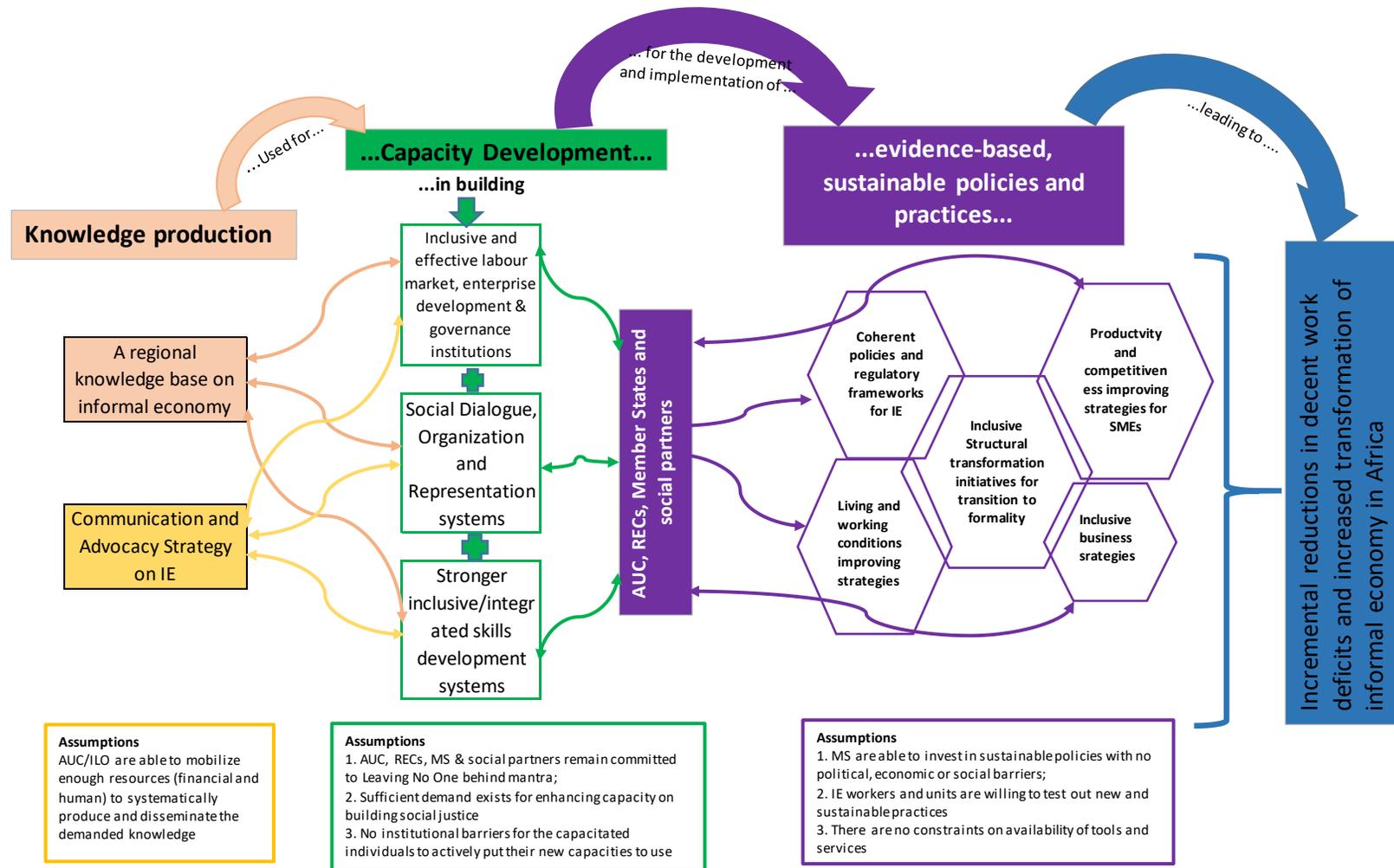
An indicative results framework is attached here as Annex A. The finalization of the framework will take place during the inception phase. For example, since there is already an agreement on milestones for rolling out the new guidelines for informal economy statistics in Africa, the indicative results framework proposes scaling up milestones. The scope of scaling up is, for the moment, just indicative and only the appropriate AUC department can revise them and make them more practical, a process expected to be completed by the end of the inception phase.

The Column on baselines needs to be updated with ongoing interventions, especially with the existing projects like SPIREWORK, an exercise that will be accomplished during the Inception phase.

Lastly, while the outputs are proposed to be monitored and measured annually, the outcome indicators are proposed to be measured in Y5 towards the end if the project period. Below is the list of outcome level indicators:

- A clear knowledge base on trends, statistics and good practices on IE is developed
- % Increase in communication and advocacy on IE in Africa
- % of capacitated labour market and governance institutions meeting 80% of their targeted improvements
- % of capacitated MS with IE integrated social dialogue mechanisms
- # of capacitated local governmental units displaying improved practices
- % increase in the number of MS with upgraded or scaled up skills development programmes
- % increase in coherence and regulatory framework for IE in Africa
- % of supported MSMEs that report improved productivity and competitiveness
- % of supported MSMEs formalized
- # of sectoral strategies for transformation of IE developed
- % of supported women enterprises formalized

Theory of Change



2.4.5 Assumptions and Risk Analysis

Risks/potential adverse impact	Level	Risk management
Developmental risks		
Negative economic development in the Africa region affects the achievement of the development objective	Moderate	Lower indicator targets in line with GDP/capita evolution
National governments delay adoption of informal economy policies	High	Engage with parliaments and mobilize social partners and informal economy associations
Sustainability risks		
AUC/ILO unable to finance the Joint Programme Support Unit beyond the programme period	Moderate	Engage with AUC/ILO decision-making organs and mobilize social partners and informal economy associations
National governments unable or unwilling to finance the IE support structures beyond the programme period	High	Risk to be eliminated through appropriate target country selection. Self-financing will also be encouraged
National informal economy association too dependent on donor funding	High	To be addressed through a medium-term financial and phasing-out Plan
Implementation risks		
Lack of adequate programme facilities at the country level	High	Establish independent project offices
Managerial risks		
Lack of competent project counterpart personnel at the regional, national or local levels	Medium	Mobilize additional expertise from within the region, as well as South-South cooperation

3. INSTITUTIONAL FRAMEWORK AND MANAGEMENT ARRANGEMENTS

3.1 Institutional Framework

The AUC/ILO Joint programme will be guided by a Joint **Partnership Steering Committee (PSC)** comprising of members from the AUC, the ILO, and the donor(s). The PSC governs the formal and legal relationship between the core parties of the partnership. The PSC will be co-chaired by the AU Commissioner of Social Affairs and ILO Regional Director for Africa. The PSC will meet once a year to review progress in implementation of the programme, provide general oversight, steer joint planning and discuss partnership and governance arrangements. The PSC will report annually to AU and ILO governance organs. AUC and its organs will provide the Secretariat of the Committee.

An Informal Economy Technical Advisory Committee (**IE-TPAC**), hosted by ILO shall be constituted to provide guidance, support and sustainability of the partnership. It is foreseen that the IE-TACs primary mandate will be to provide policy and strategic guidance to the implementation of the joint programme. More specifically, the IE-TAC will support AUC and its organs in:

- ✓ Campaigning and mobilizing for the I.E Project through advocacy, research, information system and knowledge generation, and convening stakeholders;
- ✓ Best policies, strategies, programmes and practices exchange in terms of innovative practices, policy and institutional reforms, means of policy implementation;
- ✓ Harmonizing and coordinating policies/programmes, continental institutional capacity building and resources mobilization,
- ✓ Follow-up, monitoring/evaluation and report progress towards the objectives of the programme;
- ✓ Assisting RECs and Member States in tailoring the programme to their particular circumstances and challenges, and in putting forward scaled-up investment plans to achieve the programme objectives;
- ✓ Widening policy options and choices (sectoral and cross-sectoral policy reforms and frameworks needed to accelerate growth with equity and promote long-term human development); and
- ✓ Strengthening national capacity (enable effective service delivery at the national and local levels), technical assistance to RECs and MS.

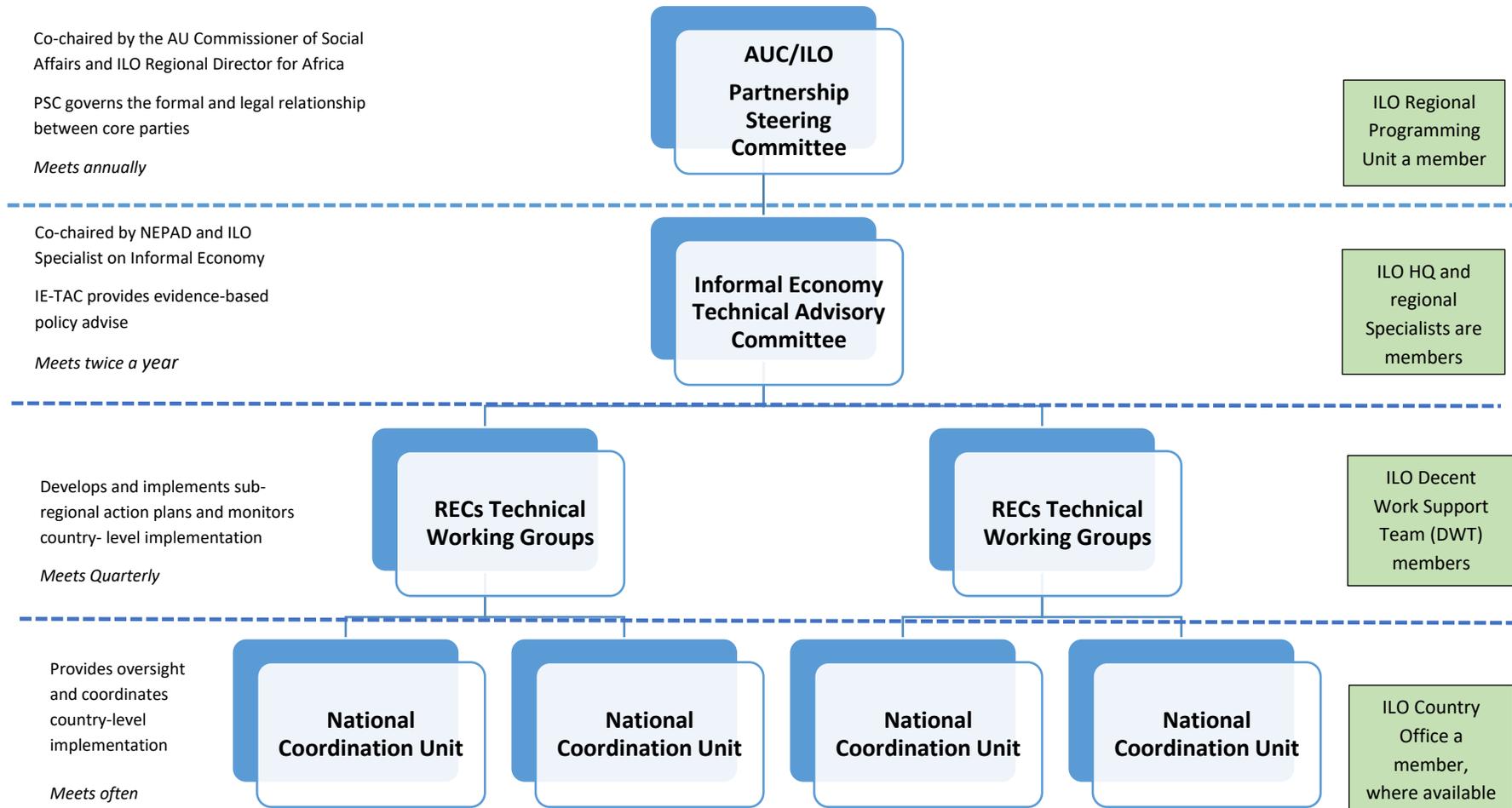
The Informal Economy Technical Advisory Committee will meet twice per year (May and November) and will be Co-chaired by the AUC and ILO Specialist on Informal Economy. The composition of the IE-TACis expected to be as follows: Representatives of regional bodies (RECs, WAEMU, Regional research and training institutions, CODEPA, etc). This includes regional reps of workers, employers, and regional representatives of informal economy actors (to be identified by comprehensive mapping process at the outset of the programme). Ideally, each REC or regional body should have one representative in IE-TAC.

RECs Technical Working Groups

The key role of the RECs Technical Working Groups will be to develop and implement sub-regional action plans and monitors country-level implementation. Individuals participating in these groups are expected to have the time, interest, and commitment to participate in the production of deliverables assigned to the group. The size and composition of group participation will be dependent on the number of AU Member States under each REC. Ideally, each Member State should have one representative in the RECs TWG.

Each group will have a Chair assigned who is responsible for convening and leading the group to produce specific deliverables that are outlined at group inception. This Chair should be a subject matter expert, demonstrate strong leadership, and show significant interest in technical issues related to informal economy. The working groups will meet twice a year and will report to the REC Secretariat. At least one member of the TWG will also attend the IE-TAC. The Technical Working Groups should be created or endorsed by decision of the REC conference of Ministers of Labour.

AU/ILO Institutional Arrangements for the Joint Programme



National Coordination Units

At country level, a coordination unit will be established with responsibility for planning, resource mobilization, communication and advocacy and monitoring/evaluation

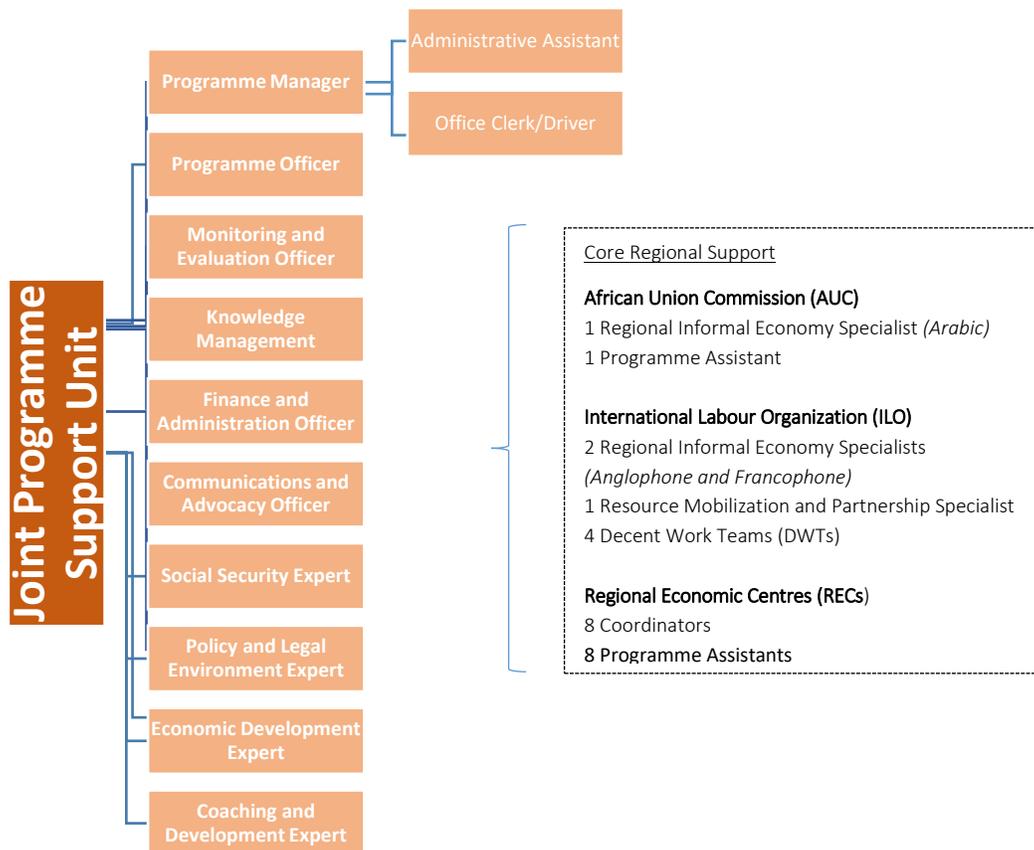
The coordination unit will be composed of ministers in charge of labour, trade, handicraft, TVET, employment, informal economy professional associations, chambers of trade and handicraft, workers’ and employers’ organizations of concerned sectors

A Steering Committee will be created for overall guidance and oversight of the implementation of the project. It will be based in the Ministry of Labour with a rotating co-chairmanship between the key ministries mentioned.

3.2 Management Arrangements

Joint Programme Support Unit (JPSU)

The Joint Programme Support Unit will be housed at the NEPAD Office in South Africa. It will comprise of eight key staff members, to be recruited jointly by NEPAD and ILO, who run day-to-day operations of the programme and who will facilitate implementation and coordination of programme activities. These staff members will work in close collaboration with the regional support teams in AUC, ILO and the RECs.



The primary responsibilities of the JPSU will include the following:

- Prepare project work plans and budgets
- Coordinate and organize the multi-stakeholder plan of action
- Facilitate implementation of programme activities and ensure operational efficiency
- Ensure resources are effectively used to achieve set programme outputs and outcomes
- Define programme baseline information to enable sound monitoring and evaluation
- Establish and implement adequate programme reporting mechanisms
- Ensure integration of work plans, budgets, reports, and other programme related documents
- Prepare progress reports including recommendations on adjustments of programme strategy and re-allocation of budget provisions
- Address management and implementation challenges, and identify emerging lessons
- Establish and implement a communication strategy, the Monitoring and Results Measurement System, gender analysis and conflict analysis

The overall responsibility of managing and reporting on the programme will lie with the Programme Management Officer. The Officer and team will work under the overall supervision of the Director of the ILO Country Office Addis Ababa and be technically backstopped by the five ILO Decent Work Support Teams.

AUC/UN Cooperation:

The cooperation with the UN Agencies will be based on the African Union-United Nations Framework for Implementation of Agenda 2063 and the Sustainable Development Goals, V-6, 17/Nov/2017, with the principle of leveraging existing commitments and initiatives. AUC and UN Agencies will have a consultation to define the cooperation framework applicable to the project.

International Partners have critical roles in the effective implementation of the project and the achievement of the transformational process. Their interventions will support the policy dialogue processes, the establishment of a pro-poor business environment, research and statistical activities, as well the empowerment of the informal economy actors.

In order to build the necessary comprehensive approach in support to the informal economy transformational process, the intervention projects of the International partners should target simultaneously the public sector policies vis à vis the informal economy and the specific needs of the informal economy in the frameworks of their Private Sector Development Policies.

International Partners must help to create coalitions for change to support the AU informal economy project, at continental, regional and national levels, to benchmark progress towards its objectives, particularly assist countries in building their institutional capacity, implementing policies and programmes needed to achieve the objectives.

4. SUSTAINABILITY

One of the key pillars of this joint programme is to build the capacities of labour market institutions and stakeholders in implementing transformative intervention for the informal economy.

A specific measure designed for sustaining the project results after the life of the programme is to anchor implementation in existing RECs. Within the first three months of setting up the Joint Programme Support Unit, a concrete sustainability plan will be drawn in line with the eight sustainability elements outlined below. The plan will be validated at all levels of programme implementation within 6 months to ensure ownership by all stakeholders.



In order to ensure the high level of ownership of the project by the target groups and other relevant stakeholders, the programme document was shared with members of the AU Specialized Technical Committee (STC) on Social Development, Labour and Employment before the initial programme document was presented, discussed and approved in the STC meeting in April 2019. The STC-SDLE is a tripartite organ composed of Ministers in charge of Social Development, Labour and Employment or such other Ministers or Authorities duly accredited by the Governments of Member States, and the Representatives of the most representative Employers and Workers’ Organizations at national, regional and continental levels.

One of the main specific measures designed for sustaining the joint programme results after the termination of the programme is working through existing and established institutions within the AUC, RECs and at member state levels. For example, the STC-SDLE includes experts of the Government and social partners from Member States responsible for sectors falling within the areas of competence of the STC on Social Development, Labour and Employment. The AUC, through STC-SDLE therefore assumes responsibility for continuing the efforts once the programme has been completed.

5. MONITORING AND EVALUATION

Monitoring

The programme will be subject to permanent follow up and assessment. A monitoring system will be put in place to record on regular basis the data on the project implementation at all levels.

A biennial report will be prepared and submitted to the Assembly of Heads of States and other relevant AU and ILO policy organs. A Peer review will be undertaken every two years.

The Joint Programme Support Unit, together with the National Coordination Units, will: (i) regularly review outputs as compared with objectives and indicators as set out in the logical framework; (ii) prepare regular project progress reports; (iii) ensure the observation of the contractual obligations as indicated in the contract, project document, work plan and budget; and (iv) ensure close monitoring of the financial aspects of the project, including monitoring of expenses against agreed budgets, assistance in budget revision and preparation and finalization of financial reports.

Evaluation

The initial M&E appraisal, including evaluability assessment) is expected to be conducted by EVAL by end of the Inception Phase (Dec 2020). Then an annual review will be conducted a year into implementation (Dec 2021)

A Mid-term Evaluation will be conducted on the third year of the programme (Oct 2022). The evaluation will prepare the second phase with the selection of additional champion countries. The Mid-Term Evaluation will assess the relevance, performance and success of the activities implemented so far and will analyze the progress made towards the achievement of the programme objectives.

On the basis of the results of this assessment, adjustments may be proposed to the joint programme implementation strategy in order to ensure effectiveness of the action. The implementing partners together with the donor agency/s will analyze the conclusions and recommendations of the Mid-Term Evaluation and jointly decide on the follow-up action to be taken and any adjustments necessary, including, if indicated, the reorientation of the programme.

During the Closure Phase of the first 5-year cycle of the joint programme, a Final Evaluation will be conducted (Oct 2024). The Final Evaluation will analyze whether the programme objectives have been achieved and objectively assess the success of the action. The Final Evaluation will be an external evaluation conducted by (an) independent expert(s).

6. KNOWLEDGE SHARING AND COMMUNICATION

Within the Inception period of the programme, a communication strategy will be established to allow the Joint Programme Support Unit to implement strategic decisions, share issues, and collaborate on common goals and tasks. It will be designed in a way that states how information will be distributed between and among member states and other programme implementers and how the JPSU will share ideas. A better communications plan will help you solve issues of sustainability through communicating decisions and solutions in the shortest possible terms.

It is anticipated that the communication strategy will contain a plan for utilizing the social media as well as traditional media such as radio and television. The communication strategy will not only focus on sharing results and messages from the programme but also knowledge on informality, working conditions and job quality will be published. Members of the IE-TAC will be encouraged to participate in panel discussions in radio and TV programmes as experts on the theme.

ANNEX A – Results Framework

IMMEDIATE OUTCOME - Knowledge and Communication/Advocacy facilitate informal economy transformation								
INDICATOR	MOV	BASELINE	TARGET 2020 (YR 1)	TARGET 2021 (YR 2)	TARGET 2022 (YR 3)	TARGET 2023 (YR 4)	TARGET 2024 (YR 5)	REPORTING
A clear knowledge base on trends, statistics and good practices on IE is developed	Research publications and statistical reports	TBC <i>[To be confirmed]</i>					100 %	AUC
% Increase in communication and advocacy on IE in Africa	Communication products including publications	TBC					50 % increase	AUC
OUTPUT 1.1: A regional knowledge base on IE								
# of MS that have conducted national diagnostics of IE using the regional guideline	Copies of the report of the national diagnostics	No regional guideline exists	Development and adoption of guidelines	10 pilot countries conduct their national diagnostics	15 countries	20 countries	25 countries	AUC, RECs, MS
# of functioning M&E and reporting mechanisms	Reports from AUC	No M&E and reporting system at AUC	Recruitment of M&E Specialist	M&E mechanisms set in 10 pilot countries	15 countries	20 countries	25 countries	AUC
# of MS that have conducted assessments of the enabling environment for MSMEs and/or challenges and scope to foster formalization of enterprises using the regional guidelines	Copies of the report of the EESE assessments	No regional guidelines for EESE assessments	Development and adoption of guidelines	10 pilot countries conduct their national diagnostics	20 countries	15 countries		AUC, RECs, MS
			10 pilot countries conduct their national diagnostics					
# of Impact evaluations of IE interventions	Reports from AUC	No regional impact evaluation system	Development and adoption of impact evaluation tools	10 impact evaluations in the pilot countries	15 impact evaluations	20 impact evaluations	25 impact evaluations	AUC
# of country LMIS incorporating and using the new guideline on Informal Economy statistics on Africa	MS Statistical reports	New guidelines and harmonized tools adopted in 2019 Roadmap in 2019 African Union report based on countries with recent informal economy survey	25 MS trained on the use of the new guidelines (select MS preparing informal economy survey)	25 MS reporting IE statistics using new indicators 35 MS trained on the use of the new guidelines Conducting survey	35 MS reporting IE statistics using new indicators 45 MS trained on the use of the new guidelines	45 MS reporting IE statistics using new indicators 55 MS trained on the use of the new guidelines	55 MS reporting IE statistics using new indicators 60 MS trained on the use of the new guidelines	AUC

		3 country reports from TZA, MOZ & SA						
# of research publications on IE trends in Africa coordinated by through the new action oriented-research programme led by the African Capacity Building Foundation (ACBF)	Research publications IE stats in Africa (annual)	No regional research programme on IE	Agreement with African Capacity building foundation of Research program A review of existing publications	A research agenda set 3 publications and reports submitted to AU STC on Finance and Economic Development, STC on Labour and Employment, STC on Trade and Industry	5 publication Comprehensive report submitted to the AU Assembly of Heads of States and Government	8 publications	10 publications	AUC, ACBF, OECD, ILO

OUTPUT 1.2: Communication and Advocacy Strategy on IE

# of MS conducting communication, awareness raising, and advocacy campaigns on international standards on IE transformation	Reports from MS	A communication and advocacy plan for 20 pilot countries in place (2020)	20 pilot countries	20 countries	15 countries	s		AUC
# of Regional, sub-regional and national policy dialogues	Reports of dialogue events	0	1 regional 10 national	5 sub-regional 20 national	1 regional 10 national	5 sub-regional 10 national	1 regional 5 national	AUC, ACBF, RECs, MS
# of compendium of good practices collected and exchanged through South-to-South Triangular Cooperation (SSTC)	Publications	TBC	A review of existing collection of good practices	A collection plan is set	Annual publication	Annual publication	Annual publication	ACBF, AUC
# of inter and intra- regional cooperation or multi-partner projects/ events (LAC, Asia, etc)	Projects/Event reports	TBC	1 cooperation event with WIEGO, OECD, ECA, or Intra ACP cooperation	1 inter-regional SSTC events	2 cooperation event with WIEGO, OECD, ECA, or Intra ACP cooperation	2 inter-regional SSTC events	3 cooperation event with WIEGO, OECD, ECA, or Intra ACP cooperation	AUC
Nb of continent-wide communication and advocacy interventions	Reports/media review/publications							

IMMEDIATE OUTCOME 2 – AUC, RECs, Member States and social partners facilitate gender-sensitive informal economy transformation

INDICATOR	MOV	BASELINE	TARGET 2020 (YR 1)	TARGET 2021 (YR 2)	TARGET 2022 (YR 3)	TARGET 2023 (YR 4)	TARGET 2024 (YR 5)	REPORTING
% of capacitated labour market and governance institutions meeting 80% of their targeted improvements	Capacity building event reports and plans	TBC					90 %	ACBF, AUC

% of capacitated MS with IE integrated social dialogue mechanisms	Capacity building event reports and plans	TBC					90 %	ACBF, AUC
# of capacitated local governmental units displaying improved practices	Capacity building event reports and plans	TBC					90%	ACBF, AUC
% increase in the number of MS with upgraded or scaled up skills development programmes	Capacity building event reports and plans	TBC					50 %	ACBF, AUC

OUTPUT 2.1: Inclusive and Effective labour market & governance institutions

# of MS rolling out the capacity building plan for DW for transformation of IE	MS reports	Developed in 2018 5 pilot countries rolled out their plans	20 MS capacitated 25 MS roll out their plans	-	40 MS capacitated 45 MS roll out their plans	-	60 MS capacitated 60 MS roll out their plans	MS, ILO, ACBF
# of MS who have designed gender-sensitive incentives, enforcement and compliance mechanisms for transformation of IE	MS reports	TBC <i>Guinea has a plan since 2012</i>	20 MS capacitated	20 MS roll out designs	40 MS capacitated	40 MS roll out designs	60 MS capacitated	MS, ILO, ACBF
# of MS with Local governments that integrate IE actors in planning	MS reports	TBC	10 pilot countries	20 countries	25 countries	30 countries	35 countries	MS, ILO, ACBF
# of MS adapting and implementing the IATCP on improving labour market governance in Africa	IATCP reports MS reports	TBC	10 pilot countries	20 countries	25 countries	30 countries	35 countries	MS, ILO, ACBF

OUTPUT 2.2: Social Dialogue, Organization and Representation systems

# of MS with IE integrated in social dialogue mechanisms	MS reports	TBC	10 pilot countries	20 countries	25 countries	30 countries	35 countries	MS, ILO, AUC
# of MS capacitating IE Employers' and workers' organizations to support formalization of IE	MS reports	TBC	10 pilot countries	20 countries	30 countries	40 countries	50 countries	MS, AUC, ILO
# of MS capacitating IE representatives on social dialogue and bargaining	MS reports	TBC	10 pilot countries	20 countries	30 countries	40 countries	50 countries	MS, AUC, ILO
# of MS facilitating public and private sector engagements in IE	MS reports	TBC	10 pilot countries	20 countries	30 countries	40 countries	50 countries	MS, AUC, ILO

OUTPUT 2.3: Stronger inclusive/integrated skills development systems

# of National Recognition of Prior Learning in IE assessments	Copies of the report of the national assessments	No regional guideline exists	Development and adoption of the regional guidelines	10 pilot countries conduct their assessments	10 pilot countries implement RPL	20 countries conduct their assessments	10 countries implement RPL	AUC, ILO, AUCRECs, MS
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			10 pilot countries conduct their assessments					
TVET systems upgraded to develop tools for skills development in and for the informal economy	MS reports	TBC	10 pilot countries assess their TVET systems	10 pilot countries upgrade their TVET systems 20 countries assess their TVET systems	20 pilot countries upgrade their TVET systems 25 countries assess their TVET systems	25 pilot countries upgrade their TVET systems 30 countries assess their TVET systems	30 pilot countries upgrade their TVET systems 35 countries assess their TVET systems	MS, ILO, AUC
Upgrading of the informal apprenticeship training systems	MS reports	TBC	10 pilot countries assess their informal apprenticeship training systems (IATS)	10 pilot countries upgrade their IATS 15 countries assess their IATS	15 countries upgrade their IATS 20 countries assess their IATS	20 countries upgrade their IATS 25 countries assess their IATS	25 countries upgrade their IATS 30 countries assess their IATS	MS, ILO, AUC
# of MS adapting and implementing Training for Rural Economic Empowerment (TREE)	MS reports	TBC	10 pilot countries adapt and implement TREE	15 countries adapt and implement TREE	20 countries adapt and implement TREE	25 countries adapt and implement TREE	30 countries adapt and implement TREE	MS, AUC, ILO

IMMEDIATE OUTCOME 3 – Integrated strategies & institutional frameworks (at national/ sectoral level or for category of workers or economic units) developed

INDICATOR	MOV	BASELINE	TARGET 2020 (YR 1)	TARGET 2021 (YR 2)	TARGET 2022 (YR 3)	TARGET 2023 (YR 4)	TARGET 2024 (YR 5)	REPORTING
% increase in coherence and regulatory framework for IE in Africa	Impact evaluation reports	TBC					30 % increase	AUC, PAP, ILO, OECD
% of supported MSMEs that report improved productivity and competitiveness							90 %	AUC, PAPA, ILO, ACBF, OECD
Number of Kaizen Experts and Productivity Practitioners trained	PAPA reports	TBD	200	300	400	400	200	PAPA, NEPAD, ILO, AUC
% of supported MSMEs formalized		OMS	10MS	20MS	20MS	5MS	60 %	AUC, ILO, ACBF, OECD
Number of sectoral strategies for transformation of IE developed		OMS	10 MS	30 MS	5 MS		15	AUC, ACBF, ILO, OECD
% of supported women enterprises formalized		0 MS	20 MS	30 MS	5 MS		80 %	AUC, ILO, UNWOMEN

OUTPUT 3.1: Coherent Policies and Regulatory frameworks for the IE

# of MS implementing IE sensitive Macro- economic and sectoral policy, and regulatory frameworks reforms	Reports from MS	TBC	A policy reform agenda is set	10 pilot countries implement agenda	-	10 additional countries	-	MS, ACBF, OECD, ILO
# of RECs and National Action Plans developed & implemented	Reports from RECs, MS	TBC <i>SADC has a plan 2017</i>	5 RECs	10 pilot countries	15 countries	20 countries	25 countries	MS, AUC, ILO, ACBF
# of MS with a plan for coordinated functioning of relevant government departments	Reports from MS	TBC	10	15	20	25	30	MS, AUC, ILO, ACBF
% increase in domestic resource mobilization for IE transformation	MS reports	TBC	Domestic resource mobilization strategy developed	Strategy rolled out in 10 pilot countries	Strategy rolled out in 5 additional countries	At least 5% increase in resources mobilized in 10 pilot countries	Strategy rolled out in 10 more countries; At least 7% increase in 10 pilot countries	MS, ACBF, AUC

OUTPUT 3.2: Productivity and competitiveness improving strategies for MSMEs

# of MSMEs capacitated to increase their productivity	MS reports	TBC	5000 in each of the 10 pilot countries At least 50% of which are women-led or owned	-	5000 in each of 10 additional countries At least 50% of which are women-led or owned	-	5000 in each of 10 additional countries At least 50% of which are women-led or owned	MS, PAPA, OECD, ACBF
# of SME's with upgraded technology	MS reports	TBC	5000 in each of the 10 pilot countries At least 50% of which are women-led or owned	-	5000 in each of 10 additional countries At least 50% of which are women-led or owned	-	5000 in each of 10 additional countries At least 50% of which are women-led or owned	MS, PAPA, ACBF, OECD
# of IE actors with increased access to finance	MS reports	TBC	5000 in each of the 10 pilot countries At least 50% of which are women-led or owned	-	5000 in each of 10 additional countries At least 50% of which are women-led or owned	-	5000 in each of 10 additional countries At least 50% of which are women-led or owned	MS, ILO, ACBF, AUC
# of Women's enterprises and interventions promoted	MS reports	TBC	5000 in each of the 10 pilot countries	-	5000 in each of 10 additional countries	-	5000 in each of 10 additional countries	MS, AUC, ACBF

OUTPUT 3.3: Living and working conditions improving strategies

# of MS rolling out SPIREWORKS	MS reports	10 pilot countries	15 countries	20 countries	25 countries	30 countries	35 countries	AUC, ACBF, ILO, WIEGO
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# of OSH sensitization and policy frameworks for IE units, workers and employers developed and implemented	MS reports	TBC	10 pilot countries	15 countries	20 countries	25 countries	30 countries	MS, AUC, ILO, WIEGO
Number of advocacy and capacity building events and actions organized for social security and insurance industry	Reports	0	2 joint forums, 2 forums of social security institutions, and 10 capacity building events					ILO, NEPAD, AUC, WIEGO
# of selected sectoral approaches to transformation of IE developed, tested and scaled up	MS reports	TBC A list of proposed sectors includes creative arts, domestic work, cross-border trade and agribusiness	5 sectors	-	10 sectors	-	15 sectors	MS, ACBF, ILO, WIEGO, OECD

OUTPUT 3.4: Inclusive business strategies

# of IE units and workers integrated into selected value chains	MS reports	TBC	5000 in each of the 10 pilot countries	-	5000 in each of 105 additional countries	-	5000 in each of 10 additional countries	MS, ILO, AUC
# of IE actors with increased access to markets	MS reports	TBC	5000 in each of the 10 pilot countries	-	5000 in each of 10 additional countries	-	5000 in each of 5 additional countries	MS, AUC, ACBF
# of MS with streamlined costs and procedures for IE formalization designed and adopted	MS reports	TBC	10 pilot countries	-	20 additional countries	-	35 additional countries	MS, AUC, ACBF
Business Environment evaluation and reform tools	Reports	0	1					ILO, NEPAD, ACBF, WIEGO
Number of countries with Women's Economic Opportunity Index Surveys	Reports	1	45					AUC, NEPAD, ACBF, ILO, WIEGO
Number of Partnerships with the digital economy operators to support the transition from the informal economy to the formal economy	Reports	0	5					ILO, AUC, NEPAD
# of IE actors capacitated to develop cooperatives	MS reports	TBC	5000 in each of the 10 pilot countries	-	5000 in each of 10 additional countries	-	5000 in each of 10 additional countries	MS, ILO, AUC

OUTPUT 3.5: Inclusive structural transformation for transition to formality

# of IE units and workers moving in higher productivity activities	MS reports	TBC	A policy reform agenda is set up	10 pilot countries implement agenda	10 additional countries	At least 7% shift in employment structure	At least 10% shift in employment structure	MS
# of economic growth of rural economy	MS report	TBC	A policy reform agenda is set up	10 pilot countries	10 additional countries	At least 2% points additional growth of rural economy	At least 3% points additional growth of rural economy	MS
<i># of upgrading and modernizing small-scale subsistence farming</i>	MS reports	TBC	A policy reform agenda is set	10 pilot countries	10 additional countries	At least 10% increase in labour productivity in small farming	At least 15% increase in labour productivity in small farming	MS
# of data available related to employment impact assessment	MS reports	TBC	Methodology is set up	10 pilot countries	10 additional countries	Employment impact assessment available in 10 countries	Employment impact assessment available in 20 countries	MS
# of high-quality physical, digital and social infrastructures, including high quality public services	MS reports	TBC	A policy reform agenda is set	10 pilot countries	10 additional countries	At least 5% increase in infrastructure investment targeting inclusive structural transformation	At least 7% increase in infrastructure investment targeting inclusive structural transformation	MS

ANNEX B SUMMARY OF PROPOSED BUDGET (2020 – 2024)

AUC/ILO Joint Programme - Summary Budget

Outcome 1 Knowledge, Communication, Advocacy		8,010,000
<i>Output 1.1 Regional knowledge base</i>	5,450,000	
<i>Output 1.2 C &A Strategy</i>	2,560,000	
Outcome 2 Capacity Strengthening		12,636,000
<i>Outputs 2.1 Labour governance institutions</i>	2,536,000	
<i>Outputs 2.2 Social Dialogue and representation</i>	2,900,000	
<i>Outputs 2.3 Skills enhancement systems</i>	7,200,000	
Outcome 3 Integrated policies & Sustainable practices		32,462,000
<i>Outputs 3.1 Coherent policies & regulatory f/w</i>	14,280,000	
<i>Output 3.2 Productivity growth</i>	4,162,000	
<i>Outputs 3.3 Living & Working conditions</i>	4,225,000	
<i>Output 3.4 Inclusive business strategies</i>	2,205,000	
<i>Output 3.5 Inclusive structural transformation</i>	7,590,000	
Project Management and Oversight		17,898,000
<i>Staff costs</i>	13,824,000	
<i>Operational costs</i>	2,684,000	
<i>Monitoring and Evaluation</i>	1,390,000	
SUBTOTAL		71,006,000
<i>Programme costs and provisions for cost increase (10%)</i>		7,100,600
GRAND TOTAL		78,106,600



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