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EESE  
Enabling Environment for  
Sustainable Enterprises

► **A comparative analysis  
from the EESE programme  
in Zambia, Honduras,  
Montenegro, Sierra Leone  
and Mozambique:  
key findings and lessons  
learned**



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*A comparative analysis from the EESE programme in Zambia, Honduras, Montenegro, Sierra Leone and Mozambique: key findings and lessons learned*

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## ▶ Acronyms

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<b>ACTEMP</b>	ILO's Bureau for Employers' Activities
<b>BCPs</b>	Business Continuity Plans
<b>BoSL</b>	Bank of Sierra Leone
<b>COHEP</b>	Consejo Hondureño de la Empresa Privada (Honduran Private Enterprise Council)
<b>EES</b>	Enabling Environment for Sustainable Enterprises
<b>ILC</b>	International Labour Conference
<b>ILO</b>	International Labour Organization
<b>ITC</b>	International Trade Center
<b>MEF</b>	Montenegrin Employers' Federation
<b>MNEs</b>	Multinational Enterprises
<b>MNE Declaration</b>	Tripartite Declaration of Principles on Multinational Enterprises and Social Policy
<b>MSME(s)</b>	Micro, Small and Medium Enterprise(s)
<b>MoU</b>	Memorandum of Understanding
<b>MULTI</b>	Multinational Enterprises and Enterprise Engagement Unit
<b>SCORE</b>	Sustaining Competitive and Responsible Enterprises (programme)
<b>SDGs</b>	Sustainable Development Goals
<b>SME(s)</b>	Small and Medium Enterprise(s)
<b>SMEDA</b>	SME Development Agency
<b>SIYB</b>	Start and Improve Your Business
<b>ZACCI</b>	Zambia Chamber of Commerce and Industry
<b>ZFE</b>	Zambia Federation of Employers
<b>ZPSA</b>	Zambia Private Sector Alliance
<b>WED</b>	Women's Entrepreneurship Department





## ▶ Executive Summary

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### Lessons learned from the five case studies

Several common lessons arise from the comparative study, which could be used to re-design the programme and to implement EESE programmes in the future in other countries around the world.

**Institutional commitment and devoted resources.** The common factor of success of the EESE programme identified is the institutional commitment for the implementation of the EESE programme. This primarily applies to the commitment of the ILO partner institution and the tripartite constituents. The will and continuous efforts made by all involved institutions made it possible to maintain the enabling business environment high in all agenda.

**Social dialogue and common goals.** The social dialogue, partnerships and collaborative efforts are instrumental to the successful implementation of the EESE programme and improvements in the enabling business environment. With an established process of social dialogue, common goals were identified, leading to a collective effort for their achievements.

**Capacity of the implementing institution and the stakeholders.** Internal capacity of the implementing institution (human and financial resources, processes, structure) and external capacity (relations to social partners, public perception, reputation, etc.) are one of the critical success factors of the EESE programme in every country. While country studies clearly show that the capacity of the implementing institution is paramount to the success of the programme, there is also strong evidence of a capacity building effect of the programme. Institutional strengthening maximizes the ability of all the stakeholders to contribute to an enabling business environment.

**Ownership.** Strong ownership of the EESE assessment process is necessary for a successful implementation of the EESE programme. The ownership can be understood and defined narrowly,

as the ownership of the EESE program by the implementing institution (usually a representative employers' organization) but also broader as the ownership by the tripartite dialogue' social partners.

**High-quality analysis of the situation with the EESE.** High quality EESE assessment reports, based on a strong methodology, were one of the key success factors for the EESE program in general. High quality EESE assessments were also instrumental in increasing the success of the advocacy and lobbying efforts of the implementing institutions with the social partners.

**Complementarity and coordination of the global institutions and programmes.** Intensive global coordination and integration, as well as cooperation and engagement of different ILO departments and services can meaningfully increase the impact of the EESE programme.

**Milestones and measurable outcomes. The preparation of the action plans as part of the EESE process** is an important step which can ensure that actions will be taken as to address the barriers in the business environment and to create supportive business environment for sustainable businesses. Preparation of action plans requires defining outputs and outcomes to be achieved (barriers to be addressed), activities and measures that can lead to addressing the barriers, as well as planning the appropriate timing of the activities and required resources.

**General political, economic and environmental context.** The implementation of the EESE programme is easier when its objectives and actions are largely in line and correspond to the main national priorities and national strategic documents. Political will of the government to engage in the EESE programme, to constructively engage in the social dialogue and to implement reforms is a significant driver of the success of the policy reforms.

**Public outreach and visibility.** Raising the awareness of the public but also the potential

stakeholders about the EESE programme can bring large positive results in terms of support, engagement, and attracting resources, and raise pressure for results, transparency and accountability.

## Common success factor in the implementation of the EESE programme

The comparative assessment has identified the following common success factors in the implementation of the programme.



## Recommendations

Several recommendations emerge from the comparative analysis, which are structured in two segments, as follows:

### 1. Preconditions for selection of countries

This section identifies the key preconditions for selection of countries to be involved in the EESE programme, which should provide an assurance for success of the programme.

- ▶ The report provides a strong evidence that the EESE programme should follow a demand-driven approach, i.e. to be initiated by the representative employers' organizations.
- ▶ The capacity of the implementing institution is paramount to the success of the programme and hence has to be taken into account in the selection of the future participants in the programme.
- ▶ Successful implementation of the EESE programme requires capable public institutions open to a dialogue on the business environment and for reforms, as the activities and reforms of the EESE action plans are eventually implemented (predominantly) by the public institutions.
- ▶ The process of selection of future participating countries should take into account the economic and policymaking context prior to the start of the programme.
- ▶ An assessment should be made of the potential resources (both human and financial) prior to the start of the programme and make a plan of actions that will fit within the available resources.
- ▶ Political stability is paramount to the success of the EESE programme and hence should be taken into account in the selection of future participants.

### 2. How to improve the implementation and performance of the EESE programme

The knowledge and experience gained from the implementation of the EESE assessment and programme in the five sample countries leads to the following recommendations:

- ▶ A common system of monitoring and assessment of the EESE programme should be established that will enable an evaluation of the programme, i.e. whether the planned objectives have been reached.
- ▶ New ideas and ways to increase the sustainability of the EESE programme should be explored together with the promotion of long-term actions to improve the environment for sustainable businesses.
- ▶ The programme should look at new and innovative approaches to policymaking and advocacy with a view to promoting better business environment in a more effective way.
- ▶ ILO should develop a more comprehensive approach to improve the enabling environment for sustainable business, using the available complementary services and tools provided by the units of the ILO Enterprises Department.
- ▶ The EESE programme should be an integral part of the work and activities of the implementing institution (the representative employers' organization).
- ▶ Retain the flexibility and adaptability of the programme, combined with innovative approaches especially in countries with large economic, political instability and/or environmental challenges.
- ▶ Moving forward, there is an opportunity for "greening" of the EESE programme: the EESE program can improve the sustainability of enterprises through greening their operations and jobs.
- ▶ The right balance between focused approach and broad reform agenda of the programme should be continuously seek.



## ▶ 1. Introduction

Small and Medium Enterprises (SMEs) are a cornerstone of the economy in most countries, especially in the developing ones. They represent the majority of businesses worldwide and play a major role in job creation and global economic development. Ninety percent of all businesses worldwide are SMEs and they cover 50% of employment worldwide.<sup>1</sup> While formal SMEs contribute up to 40% of gross national income (GDP) in emerging economies, these share increases significantly when informal SMEs are included. In emerging markets, SMEs create 7 out of 10 jobs.<sup>2</sup> In addition, SMEs can be great contributors to promoting inclusive and sustainable economic growth, employment and decent work. ITC (2016) argues that sustainable development goals (SDGs) can support the delivery of the global development agenda only if they “stimulate the businesses of all sizes around the world to grow and flourish in a responsible and sustainable manner” (p.24). Indeed the 2030 Agenda and the 17 SDGs place heavy emphasis on the important role of business. Moreover, SMEs can play an important part in the just transition towards environmentally sustainable economies and societies for all. It is because of this potential role of SMEs for the economic,

social and environmental progress that their development is priority for many governments around the world, as well as for the international donors. Policy interventions for SMEs mainly include creation of a favourable business environment, improvements in the access to credit, increasing the resilience of the businesses, etc. and more recently efforts for greening of the jobs.

Improvement of the business environment has been in the focus of the International Labour Organization (ILO) for the past 14 years. In particular, ILO supports its member countries in establishing and promoting a conducive environment for sustainable enterprises which combines the legitimate quest for profit with the respect of human dignity, environmental sustainability and decent work. In 2007, the International Labour Conference (ILC) adopted conclusions concerning the promotion of sustainable enterprises at its 96th Session in June 2007. As explained in ILO (2007, para. 5):

▶ *“Promoting sustainable enterprises is about strengthening the rule of law, the institutions and governance systems which nurture*

### ▶ Box 1. Goal and structure of the ILO Enterprises Department

The main goal of the Enterprises Department of the ILO is promotion of sustainable enterprises for innovation, growth, and more and better jobs. The department consists of 6 units, as follows: Cooperatives (COOP), Small and Medium Enterprises Unit (SME), Multinational Enterprises and Enterprise Engagement Unit (ENT/MULTI), The Green Jobs Programme, Social Finance programme and Global Employment Injury Programme – Insurance and Protection.

The EESE programme is part of the policy advisory services of the Department. The EESE programme offers advisory services on how to assess the business environment, as well as to formulate, implement and monitor changes contributing to an enabling environment, including a specific product line for enterprise formalization.

Source: <https://www.ilo.org/empent/units/boosting-employment-through-small-enterprise-development/eeese/lang--en/index.htm>

1 [https://www.worldbank.org/en/topic/smefinance#:~:text=Small%20and%20Medium%20Enterprises%20\(SMEs\)%20play%20a%20major%20role%20in,economies%2C%20particularly%20in%20developing%20countries.&text=They%20represent%20about%2090%25%20of,\(GDP\)%20in%20emerging%20economies.](https://www.worldbank.org/en/topic/smefinance#:~:text=Small%20and%20Medium%20Enterprises%20(SMEs)%20play%20a%20major%20role%20in,economies%2C%20particularly%20in%20developing%20countries.&text=They%20represent%20about%2090%25%20of,(GDP)%20in%20emerging%20economies.)

2 Ibid.

*enterprises, and encouraging them to operate in a sustainable manner. Central to this is an enabling environment which encourages investment, entrepreneurship, workers' rights and the creation, growth and maintenance of sustainable enterprises by balancing the needs and interests of enterprise with the aspiration of society for a path of development that respects the values and principles of decent work, human dignity and environmental sustainability."*

(p. 1).

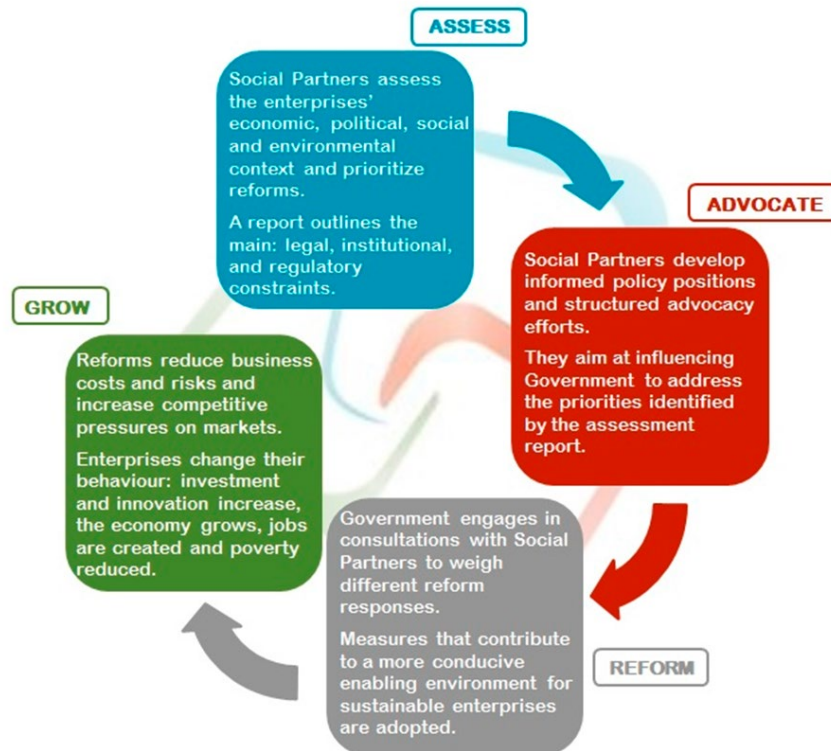
Those conclusions stress the importance of a favourable environment for enterprise development and describe the conditions that are essential to create opportunities for sustainable enterprises (ILO, 2007). These conditions were divided in four categories: political (with four of the 17 conditions), economic (eight conditions), social (four conditions), and environmental (one condition). The 2007 conclusions were put into practice

with the launch of the programme on Enabling Environment for Sustainable Enterprises (EESE).

Since 2007, the ILO has collaborated with the tripartite stakeholders in more than 60 countries in building their capacity to develop an enabling environment for sustainable enterprises. Through the EESE programme, the ILO conducts research and provides advisory services to constituents to create a more enabling environment that facilitates enterprise development and formalization, through appropriate and well-coordinated legislation, policies and compliance mechanisms. While the EESE Programme was developed to assess constraints in realizing sustainable enterprise development, it also aims at supporting a tripartite dialogue process for necessary policy reform.

The ILO's EESE toolkit is designed to improve the environment for sustainable enterprises. The toolkit provides a methodology which is used to assess and reform the business environment. It

► **Figure 1: The EESE Process**



helps stakeholders to identify major barriers to business development, fosters dialogue, supports the adoption of reforms and unlocks entrepreneurial potential.

Considering the long-standing duration of the programme and its broad geographical scope, in 2020 the EESE team in the ILO's SMEs Unit has started a revision of its methodologies and features, in view of updating the programme to fit the current needs of enterprises. This process should lead to improving and innovating the EESE programme in order to maximise the future impact. As part of this process, the EESE team has launched five case studies that look back on the EESE process in specific countries to document how the assessment was conducted, which stakeholders were involved, what recommendations and action plans were issued as a result of the assessment, and how these were taken up by local partners to lead to reforms and, ultimately, improved enabling environment, enterprise development and job creation. These five case studies are input into the preparation of the present comparative study which aims at collecting the key findings from the country-level case studies and identifying common lessons learned and success factors, which should

provide evidence for revision of the programme. The main research questions addressed by this report are: can EESE methodology drive change in a sustainable way, what are the key success factors, what are the main opportunities for programme to grow and evolve. The study also looks at the opportunities to innovate the programme to include some important developmental and environmental elements such as the green economy and jobs, also related to the SDGs.

The structure of this report is as follows. Section 2 examines the methodology applied, the objective for the preparation of this report and discusses the potential limitations. Section 3 presents a brief summary of the country context, the background of the EESE programmes and main achievements in each of the five case-study countries. Section 4 identifies the key findings and lessons learned and the following section, and section 5 explores the common success factors of the EESE programme. Section 6 develops recommendations how to select countries for EESE assessments (preconditions needed) and how to implement EESE (assessments and follow-up actions) to maximize results.





## ▶ 2. Methodology

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Within the revision of the methodology and features of the EESE programme, five country case studies were produced (Honduras, Montenegro, Sierra Leone, Zambia and Mozambique) out of all countries which have so far implemented the EESE programme. The main goal of these case studies was to understand whether the EESE methodology has the capacity to promote a conducive business environment and to drive sustainable changes, as well as to learn about the key success factors in the reform process. Still, as explained below, there were large variations in the scope and aim of the country' case studies mainly due to the differences in the programme and the local context across the five countries. The objective of this comparative study is to collect the key findings from the country-level case studies, and to identify common lessons learned and challenges, which should advice the development of recommendations on how the programme can be improved to maximize the results. The report provides a systematic review of the country case studies and identifies the commonalities and similar categories between the five studies. Such an approach addresses the limitations of individual, data-burdensome case studies constrained by the specific context.

The methodology used in this report combines two main approaches/techniques. It started with a *desk research and documentary analysis* of the five case studies, as well as some accompanying national (i.e. country-level) documents which were related to the EESE programmes and were deemed important as to be able to prepare a proper assessment and relevant recommendations. The desk research was used as to learn in detail about the process of implementation of the EESE programme in each of the countries under consideration; understand the overall environment (social, political, economic) for the implementation of the

EESE programme and what aspects of the environment are supportive or detriment to the success of the EESE; identify the success factors, challenges and lessons learned in each country and understand how and whether they are directly related to the EESE process; develop draft recommendations on how to select countries where the EESE programme will be (should be) implemented and how to implement EESE in a most effective manner. The desk research was supplemented with *interviews* with the authors of the country level case studies, as well as the ILO EESE team. Interviews served to probe deeper and validate the findings for each country; "test" if the identified common success factors and challenges are valid for the specific country; discuss and validate the draft recommendations; and receive feedback which will be used for finalizing the recommendations.

The country specific case studies were prepared on the basis of: i) documentary research (review of reports, studies and other relevant documents), and ii) in-depth interviews with key stakeholders for business environment and ILO constituents. The case studies used secondary data research on international and national documents, such as reports of relevant international organizations, as well as the analytical, strategic and legal framework of the specific country. The interviews were conducted using a semi-structured approach, having in mind that this approach has been proven empirically as the most used and useful methodological tool.

As of June 2021, country case studies were produced for Honduras, Montenegro, Sierra Leone, and Zambia; and a case study on Mozambique is currently being conducted. Each study uses a different angle, to fit with the local context and key features of the EESE process in the target country.

**Zambia (2012-2013)**

The report focuses on Zambian tripartite partners' efforts to implement the recommendations that stemmed from the 2012-2013 EESE assessment.

**Honduras (2012-2019)**

Look back on how the national employers' organization took the recommendations from the EESE assessment to set up an internal EESE programme: focus on advocacy efforts and delivery of entrepreneurship services.

**Montenegro (2013)**

Look back on EESE process and the Employers' organization's advocacy efforts, as well as tripartite policy actions that were put in place to improve the enabling environment, effectively taking up some of the recommendations of the EESE assessment

**Sierra Leone (2017-2019)**

Focuses on the work done through the EESE assessment, and how this was taken up by MULTI to promote the Multinational Enterprises and Social Policy (MNE) Declaration and support the local content agency, to favour the participation of local SMEs into global supply chain.

**Mozambique (2018)**

The study reviews a more recent EESE process and the ILO's efforts to support enterprises to enhance their business resilience in the aftermath of cyclone Idai through a development cooperation project funded by the UNDP.

There are few limitations to this report and the methodology used. The first one is related to the heterogeneity of the case studies used as there is a large difference in the country context and subsequently in the EESE programme design and implementation in the five countries. The heterogeneity makes the analysis less interpretable and less generalizable. The second potential limitation of the methodology is the integrity, objectivity and quality of the individual studies which are used as an input into this comparative report. While this could not be controlled by the author of this particular report, the quality of the input (i.e. the case studies) was guaranteed by the ILO. The third limitation is related to the deep understanding of the factors contributing to the EESE programme achievements and the causality. It is worthwhile noting that it is not in the focus of neither this report nor the case studies to evaluate the EESE programme. The assessment of the EESE programmes in the five countries did not intend to explore any causal links between the achievements and various factors that have or may have contributed to the achievements. In addition, the case studies focused on results reported by stakeholders (opinion-based data) rather than on evaluating how those results were achieved in the first place (something that is less obvious from the documentary evidence). The ambition of this report is, however, to provide all stakeholders from ministries, partners and more generally specialists in the field, element of reflexion that can be useful to them to allow them, based on recommendations and lessons learned to identify and further improve their intervention when implementing EESE.

## ▶ 3. The EESE programme and main achievements per country

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As previously argued, this comparative analysis is intended to identify commonalities among particular case studies which are singular and bound to the specific context (Ogawa & Malen, 1991; Miles & Huberman, 1994). In other words, the report bridges the peculiarity of the five case country studies and brings objectivity and generalisability of the findings, while also acknowledging the differences. As such, the starting point is the understanding of the context in each case study. Indeed, this section of the report provides a country specific information on the EESE process, and is developed almost entirely based on the case studies for the five countries, with some additional info collected from the ILO's website, in particular the website of the Enterprises Department of the ILO, the EESE Unit, as well as data from the International Trade Center (ITC).<sup>3</sup> Following information is presented for each country: country context, snapshot of the EESE assessment, brief info about the country case study and a summary of the main achievements reported in the case studies.

The section also provides evidence on the additional, indirect or unintended benefits of the programme in the five countries, as these may become an integral part of the programme's aims in the future.

### 3.1 Zambia (2012-2013)

Small and medium sized enterprises (SMEs) in Zambia play an important role in production employment and income. They represent 97% of all businesses in the country, 70% of gross domestic product GDP and 88% of the employment. SMEs also fill a key role in society, as they tend to employ a large share of the most vulnerable segments of

the workforce. Raising the competitiveness of this enterprises would help reduce the youth unemployment rate and increase the number of women in employment. Furthermore, SMEs can contribute to the preservation and sustainable management of natural resources by adopting sustainable production processes. Acknowledging the positive link between SMEs growth and job creation the government of Zambia has implemented several policy and regulatory measures to promote the growth and development of smaller companies. Spread across all economic sectors, SMEs have the potential to help the Zambian economy diversify. Small firms in the manufacturing sector are involved in various activities, from wooden textile production to light engineering and metal fabrication. Service sector SMEs operate mainly in building and construction, restaurant, cleaning and personal care services, transport, telecommunication, financial services and business centers. Businesses in the trading sectors, focus on agricultural inputs, industrial and consumable product, and printing. Only a few SMEs operate in small scale mining and quarrying.<sup>4</sup>

An assessment of the enabling environment for sustainable enterprises in Zambia has met the existing need in the country to implement policies and strategies for national development. In 2009, Zambia adopted a micro, small and medium enterprise development policy. In addition, in 2012 the government of Zambia launched the industrialization and job creation strategy to facilitate foreign and local investment for employment creation focusing on the development of agriculture, tourism, construction, and manufacturing. The Decent Work Country Program 2012-2016 for Zambia aimed to increase employment opportunities for target beneficiaries within MSMEs in sectors with potential for economic and social progress.

3 As an example, this is the link to the ILO website which provides information on the EESE in Zambia.

4 Promoting SMS competitiveness in Zambia, International Trade Center, 2021. (<https://www.zda.org.zm/wp-content/uploads/2020/10/Zambia-Competitiveness-Survey.pdf>)

► **Box 2. Snapshot on Zambia**

The EESE assessment in Zambia was conducted through a careful review of secondary data, findings from national perception survey of workers and employers (including owners and managers of companies), in depth interviews and focus group discussions with relevant stakeholders in the country, as well as supplementary information from published and unpublished materials. The perception survey was conducted from December 2012 to February 2013 on a sample of 184 formal enterprises.

The survey focused on eight of the 17 conditions, which were selected to be prioritized at a tripartite workshop held in September 2012. The preliminary findings of the overhead evaluation were presented, discussed and validated at the attributed workshop in 2013. There, it was agreed that efforts should be concentrated on only a few areas in order to maximize the impact of the proposed measures towards improvement. Emphasis for future action was hence placed on four priority conditions (up the original 8), with one additional area, “access to financial services”, being considered as cross-cutting. The four were physical infrastructure, education and training and lifelong learning, enabling legal and regulatory environment and adequate social protection.

The subsequent action plans contain specific outcomes and outputs to be achieved to address some of the main issues emerging from the ESC assessment and hence to contribute to the improvement of the enabling environment for sustainable enterprises in Zambia.

The Tripartite partners in Zambia made efforts to implement the recommendations that stemmed from the 2012-2013 EESE assessment, and these efforts are the focus of the 2020 case study of Zambia’s EESE programme. The case study explores what policy measures were implemented according to the action plans, the latest status of policy actions and identified factors that contributed to the relevant policy reforms. The evidence of the progress was collected through 20 in-depth, semi-structured interviews with various key stakeholders such as ministries, agencies, trade and industry associations, and employers’ organizations, supplemented by a literature and secondary data review. The case study provides inputs on the key drivers and success factors for policy reforms in the four thematic areas of the action plans.

The case study reports a considerable progress on the action plans of the EESE assessment carried out in 2012/13. The assessment of the EESE programme showed the following achievements in the four thematic areas identified for Zambia:

**i) Enabling legal and regulatory environment:**

One of the main documented successes of the EESE programme in the area of regulatory environment has been the reduction in business licencing. This was attained by the joint effort between the Government and private sector. In addition, a new Employment Code Act was adopted in 2019, which implements some of the elements of the ILO’s Decent Work Agenda.

**ii) Physical Infrastructure:** Significant progress was achieved in expanding and modernizing international airports, railway sector (including cargo transport), and expansion of ICT infrastructure.

**iii) Education, training and life-long learning:**

Progress was also realized in skills development area, mainly the introduction of the Skills Development Fund, guidelines for internships, development of curricula for TVET colleges and secondary schools, etc.

**iv) Social protection:**

Significant policy reforms were accomplished in social protection including reforms in pension and maternity protection, expansion of social security in the informal economy, as well as the promotion of decent work by social partners.

“The EESE assessment contributed to the strengthening of the policy and advocacy agenda of the private sector in their engagement with the Government and other stakeholders.”

Luwodzya Mwale, Chief Executive Officer,  
Zambia Chamber of Commerce and Industry  
(p. 13, Zambia’ country report).

Besides these intended effects, the country case study shows additional benefits of the programme such as using the EESE findings in the 7<sup>th</sup> National development Plan, adoption of a secondary

legislation for mandatory movement of part of the designated cargo by rail, etc.

### 3.2 Honduras (2012)

The economy of Honduras is mainly based on agriculture. The country's principal income comes from the traditional exports of coffee, bananas, cultivated shrimp and, more recently, apparel and automobile wire harnessing. Honduras is also the country with the third- largest maquiladora sector in the world. Despite its continuing growth and important inward foreign direct investment, Honduras is the second poorest country of Central America. The country faces high inflation and dependence on the US market with a narrow export base and a small manufacturing sector.<sup>5</sup>

Micro, small and medium-sized companies (MSMEs) are a key component of the economy's productive fabric and employment of Honduras, accounting for more than 70 percent of total jobs.

The EESE programme in Honduras began as a technical partnership between the Consejo

Hondureño de la Empresa Privada (Honduran Private Enterprise Council, COHEP) and the ILO in 2011. In that year, COHEP and the ILO decided to use the EESE methodology to evaluate the business environment in Honduras. Since the inception, the EESE programme has been a joint and close collaborative endeavour between COHEP, the ILO Bureau for Employers' Activities (ACTEMP) and the ILO' Enterprises Department. Various ILO officials provided COHEP with technical assistance for the implementation of the programme. The COHEP EESE programme had the ambitious aim of creating the basic institutional conditions for an enabling business environment in Honduras.

During the first phase of this cooperation (2012–13) the EESE assessment was completed using a rigorous methodology. An additional EESE survey was conducted in 2016–17 which was used to update COHEP's reform strategy for sustainable enterprises in Honduras. Since 2014, the COHEP–ILO partnership has concentrated on implementing the recommendations from the EESE evaluation.

The focus of the case study was on how COHEP's institutional capacity has contributed to, and

#### ► Box 3. Snapshot in Honduras

The enabling environment for sustainable enterprises in Honduras was assessed through a careful review of secondary data, findings from the largest national enterprise survey undertaken in Honduras, in-depth interviews and focus group discussions with relevant stakeholders in Honduras, and supplementary information from published and unpublished materials. The enterprise survey was conducted in 2012 by a local survey firm and covered all 17 key factors that affect the business environment. The survey was conducted through direct face-to-face interviews, using questionnaires with closed questions on a representative sample of 2,352 enterprises, of which 1,608 correspond to the formal sector (registered firms) and 744 the informal sector (unregistered business units). Coverage of the survey included all areas and enterprises without exclusions of sectors and using three main categories of stratification by firm size, economic activity and geographic location. The EESE assessment produced a detailed identification of barriers that discourage investment, entrepreneurship, job creation and firm competitiveness and supported a preparation of an action plan for addressing the main barriers. The action plan set short-, medium- and long-term actions, with specific objectives and milestones. In addition, three publications were released in 2013 based on the assessment results: (1) Assessment of the Business Environment; (2) National Enterprise Survey: analysis of results; and (3) Strategy for Sustainable Enterprises: a reform proposal.

The EESE assessment showed that the key constraints affecting the business environment focused on administrative procedures to established new firms, tax procedures, property rights, access to credit, and business practices and entrepreneurial initiatives. However, the EESE programme in Honduras has evolved over the years to specialize increasingly in enterprise and entrepreneurship development.

5 Country brief, International Trade Center, <https://www.intracen.org/country/honduras/>

benefited from, implementation of the EESE programme in the period 2012-2019. The aim was to identify the factors that have made possible the execution of the programme on a continuous basis from 2012 to 2019 and enabled it to influence the business environment in Honduras. The case study was based on a combination of qualitative and quantitative approach. The quantitative assessment of the EESE programme was implemented through a semi-structured interviews (including 46 questions) posed to a group of stakeholders. The questionnaire focused on three elements of the EESE program: (1) the effectiveness of COHEP before and after the launch of the programme; (2) the degree of COHEP's influence on 21 substantive issues before and after the launch of the programme; and (3) the factors that have contributed to the successful implementation of the programme. Interviewees included managers, team leaders, staff, beneficiaries and other stakeholders of the programme. The sample size was small, ranging from 20 to 30 interviews on any given topic, however this was the unique attempt among the five case studies to quantify the results of the EESE programme and can be considered as a good example for the future assessments in the participating countries.

The assessment of the EESE programme in Honduras found that the programme contributed to improvements in the business environment in many ways and was an enriching experience. Moreover, during the six years of implementation, the program proved to be sustainable and resilient. The case study documented the main achievements in three key areas: i) Enterprise and entrepreneurship development projects (non-financial services); ii) Reform of business procedures and related laws and policies; and iii) Institutional reforms and related initiatives. The important initial reforms advocated by the programme contributed to reducing the cost of setting up new businesses (elimination of notarial fees in business registration and of minimum capital requirements), increasing the efficiency of the administrative procedures (digital signature, online

applications), simplifying tax schemes (single tax), and encouraging lobbying efforts of the social partners in support of other reforms.

Aside from these intended effects of the programme, the Honduras' case study documents large impact of the programme on the capacity of the implementing institution (COHEP), strengthening of the advocacy power of COHEP, a paradigm shift in the initiation of business environment reforms and establishment of strong partnerships for reforms.

As the country report for Honduras claims:

*"After six years of implementation, although many challenges remain, the programme has nevertheless proved itself to be both effective and resilient."*

(p. 3).

### 3.3 Montenegro (2013)

Montenegrin orientation towards entering the membership of the European Union (EU) called for a serious review of the conditions in the country. This is especially important in regard to the business environment, visible and hidden business barriers and all other constraints at national and local levels affecting sustainability, stability and overall enterprise development. Micro, small and medium enterprises (MSME) that generate economic growth and employment are particularly important in this regard, as they represent an important precondition for overall growth in production, exports, productivity, and competition. In 2017, SMEs accounted for 99.8% to total business sector in Montenegro.<sup>6</sup> Nearly 70% of value added and more than 75% of National Employment in Montenegro is generated by SMEs, compared with an average 57% and 66% respectively for SMEs in the EU. SME are the main growth driver in Montenegro.<sup>7</sup> As a small economy, Montenegro

6 OECD/ETF/EBRD (2019) SME Policy Index. <https://www.oecd-ilibrary.org/docserver/09eb6108-en.pdf?expires=1635237992&id=id&accname=guest&checksum=F594E1999FC0FFF0C353C2BB65004052>.

7 European Union, 2017. [https://ec.europa.eu/neighbourhood-enlargement/system/files/2017-11/montenegro\\_sba\\_fs\\_2017.pdf](https://ec.europa.eu/neighbourhood-enlargement/system/files/2017-11/montenegro_sba_fs_2017.pdf)

► **Box 4. The EESE assessment in Montenegro**

The EESE assessment in Montenegro was implemented through a survey which was conducted in April and May 2013, among companies operating in all sectors and covering the three regions of Montenegro. The survey focused on 7 of the 17 EESE conditions, which were selected through focus group discussions and were approved by the Executive board of the MEF. The total number of companies sampled in the survey was 200, reflecting the structure of the economy of Montenegro as realistically as possible.

The results of the survey are contained in the extensive Report “The enabling environment for sustainable enterprises in Montenegro” (the EESE Report). The EESE programme in Montenegro was implemented as a three-step process, with the following outputs being delivered:

- Publication of the EESE Report, as comprehensive, broad and rich document of over 100 pages that served as basis for further activities,
- Creation of a Strategic Policy Framework (known as “5 business killers”) with broad set of recommendations, that summarized the EESE Report and was used as strategic tool for further communication and advocacy,
- Development of five in-depth advocacy platforms – individual policy papers for each of the five key areas (the “business killers”), related to five structural challenges in Montenegro concerning the enabling environment for sustainable enterprises.

The Strategic Policy Framework titled the “5 Business Killers in Montenegro” was prepared and launched at a tripartite workshop. This high-level policy document of MEF outlines five crucial business barriers which are inadequate regulatory framework; difficult access to financial resources; high share of informal economy; the existence of corruption at all levels and in all areas; and a mismatch between education system and labour market needs, and provide main suggestions as to how to overcome them. In addition, two position papers were prepared later on based on the findings of the EESE assessment. Specific to Montenegro is that an action plan has not been prepared based on the EESE assessment.

cannot influence changes in the global market, and is severely influenced by external shocks.

In Montenegro, the Montenegrin Employers’ Federation (MEF) requested ILO support to carry out an EESE process. The process was launched in 2013 and was led by the ACTEMP, with technical support from the ILO’ Enterprises Department. With the technical assistance and tools of the ILO, in 2013 the MEF launched a systematic and strategic assessment of the enabling environment for sustainable enterprises.

It is worthwhile stating that the recommendations from the EESE Report in Montenegro largely correspond with Montenegro’s commitments established in the strategic documents, in particular in the context of the EU accession process.

In 2020, an assessment has been prepared for the EESE programme in Montenegro to understand the impact of ILO’s support and to examine the concrete actions taken by relevant stakeholders in Montenegro that contributed to an improved business environment. The main goal was to look back on the EESE process and advocacy efforts by

the Employers’ organization, as well as tripartite policy actions that were put in place to improve the enabling environment, effectively taking up some of the recommendations of the EESE assessment. The assessment was conducted by reviewing the relevant documentation (such as the EESE assessment report and other relevant documents related to the EESE programme), as well as a background research and communication with 11 key relevant stakeholders and ILO constituents in Montenegro.

Significant achievements were attained in Montenegro in most of the five areas that were identified as key areas for improvement of the business environment, i.e. the “5 business killers”. These are:

- i. Regarding the regulatory framework, the process of transparency and inclusiveness in drafting legal regulations has been significantly improved since the inception of the EESE programme.
- ii. In area of funding and credit support to enterprises, the progress is noted with regards to the support of national institutions, but also

some improvements were noted in the support for the enterprises development by local government authorities, both of financial and non-financial nature.

- iii. Some improvement has been achieved in the area of informal economy, through strengthening of fiscal discipline and eliminating unfair competition, as well as raising awareness about the importance of lawful business practices.
- iv. With regards to the fight against corruption, there was significant progress in relation to the institutional and legal framework, while the assessment finds that there is a clear need to continuously improve the capacities of inspection services as a precondition for a more meaningful progress in this area.
- v. In the education and skills area, the main achievement was that all primary and secondary schools introduced subjects or modules on entrepreneurship, though on the other hand little progress was achieved in higher education.

*"We have not been dealing very much with the EESE Report itself in the period following its publication, but we have been continuously discussing "5 business killers". When drafting analytical and reform strategic documents that the Council considers, documents by the MEF are among our main resources. The plan of the Councils' work is being developed, among other things, on the basis of MEF's inputs"*

Bojana Bošković, Competitiveness Council  
Secretary (p.4, Montenegro' country report).

The EESE programme has made additional positive contribution to the capacity of the MEF (human, organizational and technical), and the EESE assessment has been an important input into other strategic documents in Montenegro such as the Economic Reform Programme 2020-2022 and the Strategy for Development of MSMEs 2018-2021. Moreover, the MEF has become a partner in several technical working groups for legislative challenges, for negotiation with the EU, etc. hence having an opportunity to make a larger impact.

### 3.4 Sierra Leone (2017-2019)

Sierra Leone is a low income country in western Africa, member of the Economic Community of West African States (ECOWAS) and the western African monetary zone, with an economy strongly based on agriculture. It is a country rich of diverse resources and counts prized commodities such as diamonds, rutile, cocoa, and coffee among its main exports. The nature of economy, with a few large mining enterprises accounting for about 90% of export revenues and a great number of SMEs in the agriculture sector dominating the labour force, renders Sierra Leone vulnerable to external shocks.

An exception to the dominance of the agriculture sector as the driver of growth is the period of iron ore led mining boom between 2011-2014 when the industry sector grew by 62 per cent on average per annum contributing nearly 65 per cent to the total real GDP growth during the 4-year period. In 2015, Sierra Leone saw its GDP contract by 21-22%, following the two economic shocks in 2014, namely the plummeting of commodity prices (affecting the mining sector) and the outbreak of Ebola.

This economic and political context in Sierra Leone led to a slightly different content and process of the ILO programme. The Civil War which lasted almost a decade (1991-2002) had a devastating effect on the country's economic and political context. In such context, the local government and relevant actors, such as the Bank of Sierra Leone, the Ministry of Finance, and the Ministry of Trade and Industry, informed by prior ILO work carried out in the country, requested technical assistance for the development of small and medium sized enterprises (SMEs). Both local actors and the ILO crafted a cooperation framework to foster growth and decent job creation, agreeing that SMEs were potential drivers for these goals. In May 2016, the ILO signed a Memorandum of Understanding (MoU) with the Government of Sierra Leone with a main aim of assisting the Government to operationalize the SME Policy of 2014 and the SME Development Agency (SMEDA) Act. The focus of the MoU was cooperation in the areas of financial inclusion and enterprise development. Following the MoU, the ILO implemented a number of inception activities in Sierra Leone in 2016 and 2017 such as a mapping of financial and non-financial services for micro, small and medium sized enterprises (MSMEs) in



selected districts, the launch of the EESE assessment, a capacity-building workshop organized in collaboration with the ITC-ILO, and operationalization of the SME Development Agency (SMEDA).

The ILO work in Sierra Leone was a combination of three different but interrelated activities between 2017 and 2019:

- ▶ In July 2017, the EESE assessment was launched;
- ▶ A specific project titled “Increased employment creation and opportunities in Sierra Leone through entrepreneurship training, business development services and labour-intensive infrastructure development” was launched
- ▶ Support provided for the promotion of the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) since 2019. Essentially, the workshop to introduce the MNE Declaration was carried out in the framework of the project.

▶ **Box 5. The Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) - 5th Edition (2017)**

The MNE Declaration is the only ILO instrument that provides direct guidance to enterprises (multinational and national) on social policy and inclusive, responsible and sustainable workplace practices.

It is the only global instrument in this area and the only one that was elaborated and adopted by governments, employers and workers from around the world. It was adopted 40 years ago and amended several times, most recently in March 2017. Its principles are addressed to multinational and national enterprises, governments of home and host countries, and employers’ and workers’ organizations providing guidance in such areas as employment, training, conditions of work and life, industrial relations as well as general policies. The guidance is founded on principles contained in international labour standards. To stimulate the uptake of its principles by all parties, the ILO Governing Body has adopted operational tools.

*“The MNE Declaration provides clear guidance on how enterprises can contribute through their operations worldwide to the realization of decent work. Its recommendations rooted in international labour standards reflect good practices for all enterprises but also highlight the role of government in stimulating good corporate behaviour as well as the crucial role of social dialogue.”*<sup>8</sup> Guy Ryder, ILO Director-General

▶ **Box 6. The EESE assessment in Sierra Leone**

The EESE assessment conducted in Sierra Leone combined secondary data with enterprises surveys. The EESE assessment was carried out through a business perception survey implemented through face-to-face interviews with SME owners and SME employees using structured questionnaires and key informant interview guides. A total of 497 perception questionnaires were administered to business owners/managers, and distributed proportional to the size of the district, whereas 100 questionnaires were administered to employees in the Western Area.

There are few specific elements of the EESE programme in Sierra Leone. First, the EESE process was ILO-driven, and undertaken in a framework of a broader ILO intervention, with an aim to inform further efforts and strategy on economic and social development. The ILO suggested conducting an EESE assessment to understand what were the main constraints in the country to the development of MSMEs as a result of an official request of the government to receive technical support from the ILO on MSMEs development. Second, within the overall ILO support in Sierra Leone, a specific project was implemented, which among others focused on areas which were identified as important for local businesses within the EESE assessment. One of the components of the project in Sierra Leone addressed issues related to access to finance, both from the supply and demand side. Third peculiarity in the Sierra Leone is that the EESE and the other activities of the ILO were concentrated in four priority sectors (Agri-business & Fishing, Mining, Manufacturing, Wholesale and retail trade), rather than being all-encompassing.

8 [https://www.ilo.org/empent/areas/mne-declaration/WCMS\\_570332/lang--en/index.htm](https://www.ilo.org/empent/areas/mne-declaration/WCMS_570332/lang--en/index.htm)

Given the peculiarity of the ILO work in Sierra Leone, the case study had a slightly different focus than those of the other countries. In particular, the case study examined the ILO's technical assistance provided to Sierra Leone to assess the EESE developments with regards to the progress in promotion of business linkages between multinational enterprises (MNEs) and the local economy, as well as the promotion of the MNE Declaration.

The methodology of the preparation of the case study, as in all other countries, consisted of two parts: i) documentary analysis of the EESE assessment report and review of the related documentation and ii) interviews which focused on the relevance, effectiveness and concrete results of the ILO support to Sierra Leone.

The assessment of the EESE programme in Sierra Leone showed evidence of improvements in lifting the constraints related to the business environment, identifying key opportunities, stimulating a debate and advocating for policy reforms to promote sustainable enterprises. The peculiarity of the EESE programme in Sierra Leone is its focus on promotion of business linkages between MNEs and the local economy.

Some of the major contributions of the programme are as follows:

- i. Operationalization of the Small and Medium Enterprises Development Agency (SMEDA): SMEDA obtained technical support from the ILO which supported the development and implementation of its strategy and a roadmap for its operationalization. Moreover, the SMEDA Strategic Plan 2020-2023 includes five strategic goals one of which being "building the capacity of MSMEs to start up, expand and become more sustainable and competitive in national and global markets" which directly relates to the promotion of business linkages between MNEs and the local economy.
- ii. Improved access to finance for MSMEs and financial literacy for people: the ILO supported the government of Sierra Leone to develop

a financial inclusion strategy and to provide capacity-development opportunities for business development service providers and for micro-financial associations. The ILO also supported the Bank of Sierra Leone to develop a National Financial Literacy Framework 2020 – 2024 (as part of the inclusion strategy) and the action plan for 2020 to 2022. The Framework sets out the initiatives to ensure the transfer of financial knowledge to the population, and in particular to users of financial services.

- iii. Promotion of business linkages between the MSMEs and MNEs which, inter alia, has been accomplished by the promotion of the ILO MNE Declaration and appointment of national focal points for the MNE Declaration.

### 3.5 Mozambique (2018)

Mozambique is a low-income country with a GNI per capita of only USD 460 despite impressive growth for almost two decades.<sup>9</sup> The country's notable economic growth failed to generate sufficient employment and underemployment is widespread. Following the adjustment to a market economy starting in 1994, the structure of the economy has remained by and large unchanged since 2000. The Agriculture and Fisheries sector's share of GDP stood at 24.9% in 2016, compared to 20.1% in 2000. It employs the bulk of the country's work force (74.6%, 2015) and is marked by low-productivity patterns and limited value-chains. In line with many other low-income countries, informality remains very much prevalent in Mozambique: about 80% of the Mozambican labour force works in the informal sector, mostly in agriculture and informal self-employment (World Bank, 2018). Very few workers are employed formally: social security only covers a mere 6% of the labour force.

The EESE process was launched in Mozambique in mid-2018 through a tripartite workshop as part of the project MozTrabalha, implemented by the ILO and the Government of Mozambique, funded by

<sup>9</sup> Mozambique country strategy paper, 2018-2022, AfDB, 2018. Available at [https://www.afdb.org/fileadmin/uploads/afdb/Documents/Boards-Documents/MOZAMBIQUE\\_-\\_CSP\\_2018-2022\\_Final\\_.pdf](https://www.afdb.org/fileadmin/uploads/afdb/Documents/Boards-Documents/MOZAMBIQUE_-_CSP_2018-2022_Final_.pdf)

► **Box.7. The EESE in Mozambique**

The EESE identify eight priority conditions for creating and enabling environment by social partners, out of the 17 EESE conditions. The perception survey was carried out in July and August 2018, and involved 300 enterprises in 6 provinces and 30 districts throughout the country. The survey examined workers' and employers' perceptions of the business environment in Mozambique. The field work was supplemented with an analysis of secondary data, literature review and technical inputs provided by stakeholders. The perception survey, whose findings were presented to the tripartite constituents of ILO in February 2019, revealed that there are several challenges to the development of sustainable businesses, especially to the development of MSMEs, and there is substantial room for improvement in all 17 conditions.<sup>10</sup> These challenges include the lack of appropriate policies to enable the emergence of businesses which are resilient to social, political and economic obstacles; the disconnection between the business activity and its market, such as the lack of business diagnoses; and the absence of policies and practices for business development and management and human resources. Based on the preliminary results of the EESE assessment, ILO constituents have identified three priority conditions, i.e. i) access to financial services, ii) good governance, and iii) peace and political stability, and developed specific action plans to improve the situation of the conditions.

However, the unexpected country developments of March 2019 changed the focus and dynamics of the EESE programme and process in Mozambique. In March 2019, cyclone Idai hit Central Mozambique and caused catastrophic effects and a humanitarian crisis. It was amongst the worst tropical cyclones on record to have affected Africa and the Southern hemisphere. The cyclone destroyed or badly damaged about 90% of Beira, the largest city of the region. The effects on the business sector were also devastating, especially for MSMEs.

Following the cyclone, the ILO joined forces with other UN and development agencies in the reconstruction efforts. Among its interventions, it implemented a small pilot project called "Resilient Business in Beira", with the financial support of UNDP, focused only to the city i.e. to the enterprises in Beira. The project aimed to provide some MSMEs affected by the cyclone with the financial and technical support needed to restart and consolidate their economic activities. The pilot project was part of the EESE programme. The pilot project aimed to make operational some elements of the EESE-related action plans, specifically the access to finance (under the action plan for access to financial services), as well as the resilience (of the action plan on peace and political stability). It was implemented at the end of 2019 and early 2020 by GAPI, a local business development and financial service provider. Participants (both formal and informal MSMEs) received a training on how to elaborate a business continuity plan (BCP), on the base of the Start and Improve Your Business (SIYB) training package of the ILO, as well as a toolkit developed by the Sustainable and Resilient Enterprises Platform. The programme was tailored to the needs of the 25 enterprises that participated and provided very concrete elements for the elaboration of BCPs. It provided an integrated service offer, combining training on business management skills with business continuity planning and access to financial services. This responded to the double objective of restoring livelihoods of local populations, with specific attention to women and youth, and restarting the provision of basic services, while enhancing the businesses' capability to respond to climate shocks and natural disasters.

the Government of Sweden. The project's objective was to promote decent and sustainable jobs and economic inclusion, as well as to increase opportunities and access to productive employment for women and female-headed households.

The Mozambique case study had slightly different focus than the other country reports. It examined the more recent EESE process and the efforts made by the ILO to favour enterprise resilience through a development cooperation project funded by the UNDP. The case study contains concrete testimonials of how the implementation of

the project activities facilitated and boosted business resilience among participants. The evidence for the country assessment was collected through interviews with key stakeholders, including ILO staff in Geneva and Mozambique, GAPI offices in Maputo and Beira, UNDP in Beira, as well as nine of the 25 enterprises.

The EESE program in Mozambique supported the country addressing some of the existing business environment constraints. Though the EESE programme in Mozambique had a very limited scope and did not have the ambition to make the

business environment in Beira more conducive to the sustainable development of MSMEs.<sup>10</sup>

The impact of the pilot project initiated as part of the EESE programme was crucial in addressing the major identified constraints for sustainable enterprises in Mozambique. The main benefits of the pilot project were as follows:

- ▶ Business Continuity Plans (BCPs): the participating 25 companies have elaborated BCPs and long-term strategies with the objective to consolidate and expand their activities. Companies were required to include in BCPs how they would deal with potential natural disasters, as well as with the state of emergency due to the outbreak of COVID-19.
- ▶ Resilience of businesses: these companies started to allocate more time in the prediction of negative events and possible future developments, which has allowed companies to identify new solutions and strategies to cope with difficulties, such as better managements of supplies, stocks in the warehouses, and the creation of financial reserves.

- ▶ Access to finance: The project provided access to credit to seven of the 25 companies to implement some elements of their continuity plans by investing money in building more resilient infrastructures, and in purchasing new equipment. In addition, the creation of financial reserves also helped some MSMEs to accumulate own capital to invest to expand or consolidate their business. Moreover, with the project support, some entrepreneurs who had never borrowed money or considered to do it were prepared to apply to get investment credit.

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▶▶ *“The training was mind-opener and gave me a more solid business vision.”*

Armanda Onezia Bernardo Malonguete – Agrovot (p. 24, Mozambique’ country report).

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▶▶ *“After the training, I consolidated the company’s growth strategy and my business vision.”*

Júlio César Marque João – Boa-J (p. 22, Mozambique’ country report).

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10 ILO. Moçambique: Ambiente Favorável para Empresas Sustentáveis. Relatório Final. 2019.

## ▶ 4. Lessons learned from the five case studies

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The country-specific assessments of the EESE programme clearly show the positive contribution of the programme for improving the business environment. The evidence has been gathered through documentary analysis, as well as interviews with main stakeholders. The aim of this particular section is to identify the common lessons learned and success factors, which could be used to design and implement EESE programmes in the future in other countries around the world. Given the heterogeneity of the case studies, the section mainly recognizes and analyses the common lessons learned but also some country specific lessons learned which are deemed useful for the re-design of the programme and potential future replication.

### Institutional commitment and devoted resources

The common factor of success of the EESE programme which has been identified in the case studies is the institutional commitment for the implementation of the EESE programme. This primarily applies to the commitment of the ILO partner institution (or the implementing institution), usually the representative employers' organization, but also to the remaining tripartite constituents. The case study for Honduras argues that the strong commitment of the COHEP throughout the programme was the single most important factor underlying the success of the EESE programme, but this is also acknowledged in the other case studies. The strong commitment also ensures sustainability of the programme and long-term dedication. In Honduras, for instance, during the programme implementation (2012-2019), three successive presidents of COHEP have shown high-level of commitment to the EESE.

The commitment of the implementing institution also affects the resources dedicated to the implementation of the programme, as well as the readiness to implement some required internal changes including a new prioritization of activities. From an organizational viewpoint, there are

differences in the case study countries on how the EESE programme was implemented. For instance, in Sierra Leone an EESE National Tripartite Task Team was established to coordinate the ground-work on EESE, in Honduras the COHEP established an internal EESE unit, whereas in some countries (Montenegro and Zambia) no changes were made in the institutional organization and functioning of the implementing partner. The EESE unit of COHEP had its own manager with a title "Sustainable Enterprises Manager" and institutional support from the other COHEP' units. These differences in the approach were influenced by the initial capacity of the implementing institution, including the availability of staff and financial resources. The comparative analysis clearly shows that the success and impact of the programme are proportional to the resources devoted to it.

▶ *"In brief, the successful launch of the EESE programme depended to a great extent on COHEP's ability to introduce internal changes and to become more adaptive and responsive to external circumstances. The assessment of COHEP's institutional capacity in 2012 helped to lay the foundations for the programme."*

(p. 11, Honduras' case study).

The EESE programme was stronger in terms of delivering higher impact in those countries where high level of commitment was demonstrated by the national tripartite partners, i.e. the Government and trade unions. For instance, after an initial push by ILO, the national constituents in Sierra Leone acknowledged their responsibility to ensure a sustainable follow-up to ILO recommendations, given that the EESE programme aimed at addressing issues of mutual concern. The majority of stakeholders involved in ILO activities in Sierra Leone identified the institutional commitment of the constituents as one of the pre-conditions that ensured the implementation of some follow-up activities. Political will was also essential to align the national strategy along ILO principles.

*“The key starting point was the level of commitment. The Memorandum of Understanding (MoU) signed in 2017 by the ILO and the Government of Sierra Leone provided the basis of this commitment, which in turn led to the implementation of the RBSA project. The project was the result of a specific request by the national government to have technical and financial support in a number of areas related to MSMEs’ development.”*

Mr. Paul Mayanga, Chief Technical Adviser of the project implemented in Sierra Leone.

The EESE National Tripartite Task Team (hereafter, the Task Team) in Sierra Leone included representatives from the ILO, the private sector (Sierra Leone Employers Federation and Chamber of Commerce), workers representatives (Sierra Leone Labour Congress); government (Ministry of Trade, Ministry of Labour, Ministry of Finance), the Central Bank, the SMEDA and the Chamber of Agri-Business Development. During the EESE assessment process, the Task Team identified priority conditions for an enabling environment for sustainable enterprises to be addressed in the survey based on the information gathered through a secondary literature review conducted by the ILO. The Task Team reviewed the survey tools and decided to extend its scope to include not only owners of formal businesses but also informal ones.

Another positive example and experience of the commitment and engagement of the social partners in the EESE programme is related to the

MNE Declaration in Sierra Leone. While the MNE Declaration is not part of the EESE programme, the structure and process established around the Declaration is a good example of effective execution and engagement of social partners that can be replicated in other countries. In particular, for the purpose of promotion of the MNE Declaration, partners delegated focal points: government (represented by the Ministry of Labour and Social Security and the Sierra Leone Local Content Agency); the Sierra Leone Employers Federation; and the Sierra Leone Labour Congress. The leadership offered by the national focal points turned out to be crucial to further engage national stakeholders in fruitful discussions on how to promote business linkages between MNEs and local enterprises. The national focal points were also open for collaboration with other stakeholders interested in the Declaration to promote decent work. The national focal points ensured that additional policy changes would be implemented in order to promote the principles of the MNE Declaration. Moreover, a MNE Unit was established within the Ministry of Labour and Social Security with the purpose of coordinating activities related to the promotion of the MNE Declaration in the country and enhancing social dialogue between tripartite constituents to promote decent work and local economic development.

While stakeholders in Sierra Leone proved their commitment through the implementation of a number of activities to advance the process started by the ILO, one of the contributing factors

#### ► **Box 8. Dedicated team – the EESE National Tripartite Task Team in Sierra Leone**

The task team is responsible for providing strategic direction to, and ownership of the EESE assessment process. In this capacity, it takes important decisions on behalf of the wider group of tripartite stakeholders. This includes the following:

1. Foster agreement on the scope of the EESE assessment methodology;
2. Contribute to the validation of the primary and secondary research findings at a stakeholders workshop;
3. Provide support to the primary research company to launch the perception survey and focus group discussions/key informant interviews;
4. Contribute to the validation of the overall EESE assessment report (which incorporates primary and secondary research findings);
5. Contribute to the drafting, finalisation and launch of the action plan for advocacy and reform, which is compiled at a national stakeholder’s workshop.

Source: *Sierra Leone’ case study, p. 3.*

to this intensive activity was the technical and financial support provided by the project.

In the longer run, the sustained engagement of the stakeholders appears to be a challenge in all case study countries, including in Honduras which offers a textbook example of how the EESE process can be led. After several years of implementation of the EESE programme and success in improvement of the business environment in Honduras, the case study shows a switch of focus and course of action of COHEP from business environment to enterprise and entrepreneurship development, most likely areas where easier wins can be made rather than the improvement of the business environment.

## Social dialogue and common goals

The review of the country case studies clearly shows that social dialogue has been instrumental to the successful implementation of the EESE programme and improvements in the enabling business environment. An important principle of the programme is that partnerships and collaborative efforts are key to improving and transforming the business environment. In Honduras, for instance, the EESE programme significantly improved the communication and mutual understanding among social partners and even changed the traditional top-down model for design and delivery of reforms. The programme made the social partners recognise that they have to act jointly if an improvement of the business environment is to be achieved. Similarly, in Sierra Leone the tripartite plus collaboration and social dialogue has been identified as one of the main success factors.

The assessment of the EESE programme in Zambia showed evidence that the engagement of the private sector through public-private dialogue stimulated the various reform measures implemented by the Government and also facilitated the progress in the EESE action plans. With the launch of the EESE report and the analysis of the major constraints to sustainable businesses, the stakeholders in the private sector and business community in Zambia recognized their integral roles in supporting the implementation of the policy actions in the four thematic areas which were

chosen as critical. The private sector in Zambia in 2013 signed a MoU to establish the Zambia Private Sector Alliance (ZPSA) which primary objective is to enhance proactive advocacy function and the public-private dialogue across various industries. The EESE implementing partner ZFE is also a member of the ZPSA and in 2013 was given a mandate to be the lead institution for the initial coordination and development of agendas for the advocacy and lobbying to Government until 2015. The ZPSA has initiated public-private dialogues under the PSDRP in which the private sector actively participated for the reform discussions. The topics of reform areas included from business registration, tax, immigration, investments, and import and export procedures to licensing.

*“So far we have had high quality and transparent ongoing cooperation which occasionally created an impression that we as the Ministry representatives work together within the same organization with our partners from the Employer Federation and the trade unions. The ILO played a key role in that through supporting our joint activities”*

Irena Joksimović, Ministry of Labour and Social Welfare (Montenegro' case study,p.5).

It is evident from the case country reports that the EESE programme intensified the communication among the social partners and stimulated a joint work and efforts to improving the business environment even in countries where the national tripartite social dialogue was already well advanced, such as Montenegro. In particular, the EESE assessment in Montenegro showed that following the launch of the EESE programme, there was an increased level of awareness and commitment among social partners and other stakeholders on the need and benefits of joint work and mutual trust in this area. The programme raised the awareness among social partners including the key decision makers and stakeholders to the importance of creating an enabling environment for sustainable enterprises, which boosted the social dialogue and the commitment of the social partners. The state institutions and the ILO constituents in Montenegro acknowledged that they are very well acquainted with the EESE Report and recommendations and that they have been taking those into account when designing and planning their respective activities.

► **Box 9. C144 - Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144)**

The C144 Convention on Tripartite Consultation was adopted on June 21, 1976. Article 2 of the Convention states that:

1. 1. Each Member of the International Labour Organisation which ratifies this Convention undertakes to operate procedures which ensure effective consultations, with respect to the matters concerning the activities of the International Labour Organisation ... between representatives of the government, of employers and of workers.
2. 2. The nature and form of the procedures provided for in paragraph 1 of this Article shall be determined in each country in accordance with national practice, after consultation with the representative organisations, where such organisations exist and such procedures have not yet been established.

Source: [https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100\\_ILO\\_CODE:C144](https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C144).

In some of the case study countries, the national tripartite social dialogue is a constitutional category. This is the case in Montenegro where the Constitution, adopted in 2007, stipulates the existence of the Social Council, as a body that deals with the social position of employees, as well as with the general issues of economic and social policy. The provisions of the constitution are put into practice by the Law on Social Council firstly enacted in 2007 (in 2018 a new Law on Social Council was adopted). The Law prescribes the establishment, composition, scope and manner of work, financing and other issues of importance for the work of the social council. Further elaboration of this constitutional principle through legal regulations very clearly prescribes the obligation of continuous communication between MEF and other partners. According to the assessment report for Montenegro, one of the key success factors for the implementation of the EESE programme was the existence of a clear constitutional definition and a strong legal framework for social dialogue.

National focal points for the MNE Declaration in Sierra Leone pointed out the importance of having ratified C144 on Tripartite Consultation well ahead of the implementation of ILO activities to promote the MNE Declaration.

The willingness of tripartite constituents to work together was a key factor to enable the successful implementation of ILO activities in Sierra Leone. The country case study shows evidence that employers' federations and trade unions worked as partners to achieve common objectives. The EESE Task Team set up by the government of Sierra Leone was a good approach as to develop

extensive linkages with partners and stakeholders with complementary points of view. Despite the initial challenge of bringing together this group, the Task Team consequently showed high commitment and openness to constructive dialogue. The collaboration between social partners was therefore one of the driving forces behind the entire process.

The experience of the case study countries shows the importance of the awareness building activities at an early stage of the EESE process as an instrument to ensure engagement and commitment of the social partners. Few countries have started the EESE programme with sensitisation workshops where national constituencies were informed about the EESE the programme, as well as about the full spectrum of ILO instruments, tools and services available. At such events, stakeholders need to identify not only their challenges but also what the ILO can do to support them, what is the spectrum of services that the ILO can offer and which can be more relevant to achieve their objectives. The sensitisation workshop in Sierra Leone, for instance, was used in order to provide constituents, who might not be aware of all ILO instruments, tools and services, the opportunity to have a clear overview of how the ILO could provide technical support. Without the sensitisation workshops on the MNE Declaration, it would have been more difficult to complement the work of the EESE team to promote business linkages between MNEs and the local economy.

Another important and effective way to get the stakeholders on board are the validation workshops. Most countries in the sample organized



validation events at the beginning of the EESE programme, where social partners validated the findings of the EESE assessment. In Mozambique, where there is still a deficit of established tripartite dialogue, one of the recommendations of the EESE assessment report is that the implementation of similar projects should go hand in hand with a work at higher and tripartite level to promote the implementation of reforms and appropriate policies to enable the emergence of businesses which is resilient to social, political and economic obstacles.

### Capacity of the implementing institution and the stakeholders

Internal and external capacity of the implementing institution is detected as one of the crucial success factors of the EESE programme. The internal capacity refers to the human and financial resources of the organization, procedures, processes, structure, etc. The external capacity is mainly related to the relations with the social partners, public perception of the organization, strength and past performance in advocacy and lobbying, etc. The five case studies show that the capacity of the implementing institution largely affects the successful implementation of the EESE programme. At the same time, the country experiences show that the EESE programme can significantly strengthen the capacity of the institutions. Capacity can be strengthened in several ways, such as through institutional reforms, the recruitment of additional technical staff, periodic evaluation, innovation and partnerships.

One of the key findings of the Honduras' case study is that developing the capacity of the implementing institution greatly improves the effectiveness of business environment reform programmes based on the EESE toolkit.

*“The interviewees felt that COHEP was now able to address a broader set of issues as a result of having expanded its scope of work through the EESE programme.”*

(p. 7, country study Honduras).

The Montenegro' country report argues that the EESE programme contributed to the capacity development of the MEF in many areas, from human resources to improvements of work in particular areas, such as timely and systematic planning of activities, advocacy for its members etc. The EESE Report helped the MEF to advocate for the interests of employers and contribute to the improvement of business environment much more clearly and more concretely. The strengthened advocacy activities of MEF have resulted in concrete and significant improvements in the strategic, legal and institutional framework on issues of importance to the business community in Montenegro. Hence the country' case study highlights the capacity building as a critical success factors of the programme.

While country studies clearly show that the capacity of the implementing institution is paramount to the success of the programme, there is also a strong evidence of capacity building effect of the programme. Institutional strengthening maximizes the ability of all the stakeholders to contribute to an enabling business environment.

The study of Sierra Leone argues that one of the key factors to consider for a potential replication of the programme in other countries is to assess the potential and the capacity of national constituents to ensure a follow-up to the EESE assessment. A lack of capacity and resources of the ILO constituencies (both private and public sector) considerably hinders the ILO interventions to promote business environment reforms. As the country report argues, those aspects partially limited the activities of the ILO in Sierra Leone as more concrete work could have been carried out with the help of greater institutional capacity.

The case study for Zambia argues that the ESSE assessment report contributed to strengthening of the capacity of the private sector for advocacy and contributed to an increased engagement with the Government and other stakeholders. The one voice principle (establishment of ZPSA) empowered the private sector in their lobbying activities which led to the enactment of the various pieces of legislation. The active participation of the several organizations in ZPSA (including the ZFE) ensured strong reform dialogue and contributed to the positive outcomes achieved in Zambia. However, the report also highlights the need for

further strengthening of the institutional capacity of the ZPSA through finalization of the organizational strategic frameworks and the internal constitution, which can contribute towards further strengthening of its institutional capacity for policy advocacy.

Honduras' case shows an example of how EESE programme can become an integral part of the overall work and organization of the implementing institution, rather than being a singular activity with a narrower scope and of shorter duration. The EESE programme was internally incorporated as a dedicated unit within COHEP run by a Sustainable Enterprises Manager who was also a member of the Council's management team. This anchoring of the EESE programme and its incorporation in the regular work of the implementing institution has proven to bring large positive effects on the advocacy, lobbying and partnerships resulting in improvement of the business environment. The EESE programme in Honduras tied in well with the other areas of work of COHEP, both programmatically and logistically. Hence, the EESE programme provided arguments, information and technical inputs for the other areas of work of COHEP, and vice versa.

All country reports highlight the need for continuous and further support for the strengthening of technical and human resources of ILO national tripartite partners as a prerequisite for a sustainable and effective improvement of the business environment. In each of the countries, lack of technical and human resources has been identified as one of the key constraining factors for the improvement of the capacity, as well as for the overall performance of the programme.

## Ownership

*"The strong commitment, ownership and sustained interest shown by COHEP with regard to the EESE programme are the key determinants of its successful implementation. Without this institutional commitment, the numerous achievements ... would not have been possible."*

(p. 11, Honduras' case study).

It is crucial to stress how the ownership of the EESE assessment process can play a pivotal role in the successful implementation of the EESE programme, as well as in ensuring a follow-up to the programme. The ownership is usually linked to the request for the assessment coming from employers, or internally from the country, rather than being an ILO-driven process.

The ownership can be understood and defined narrowly, as the ownership of the EESE program by the implementing institution (usually a representative employers' organization) but also broader as the ownership by the tripartite dialogue' social partners. The latter is even more important in making sure the programme brings the desired outcomes. Indeed, country reports highlight the importance of the existence of a local structure consisting of all stakeholders (and the national tripartite dialogue partners) to coordinate and execute the work on the ground. Such local structure that internalizes the ownership of the process is pivotal to ensure an integrated approach for effective follow-up.


Among the five case studies, in Sierra Leone, the approach and initiation of the EESE programme was quite different as the ILO suggested conducting an EESE assessment to understand what were the main constraints in the country to the development of MSMEs, as a result of an official request of the government to receive technical support from the ILO on MSMEs development. The country report argues that the ownership of the EESE assessment in Sierra Leone was not as strong as in other countries where employers started the process. The report concludes that although employers actively participated in the meetings and did cooperate to provide support, the issue of ownership limited the effectiveness of some activities related to the assessment. Still, in the review of the programme it was also found that the national constituents showed a growing interest and engagement while the assessment was conducted. In this context, the broad composition of the EESE task team helped to balance the initial push from the ILO.

Given the importance of the ownership and capacity of the implementing institution, some of the interviewees conducted for the purpose of this comparative report suggested that a consideration should be given to increasing the flexibility

of the EESE programme in choosing the implementing partner. In particular, while by default that partner is the representative employers' organization, in some instances and some country contexts, a different and unique arrangement can be applied all with a view to ensure higher impact on the business environment. Some options include partnering with the government, trade unions, or establishing some national reform coalition, etc. For instance, in Zambia, ZACCI had a much higher capacity, more resources and better staffing than ZFE so that organization undertook the lead in implementation (by leading the private sector alliance, ZPSA), and managed to devote more own resources in the process.

## High-quality analysis of the situation with the EESE

High quality country EESE assessment reports, based on a strong methodology was also detected as one of the key success factors for the EESE program in general. The country report for Montenegro pointed out that the start of the EESE programme was done in the "... *appropriate way, by conducting a thorough analysis of the situation and in-depth survey between its members*" (p. 15). That approach resulted in preparation of a very good ground for further work and production of useful documents and tools for communication with relevant partners. The high quality analysis, as well as the sound methodology and the process of preparation of the EESE report contributed to an improvement of the analytical and advocacy skills of the MEF staff. While this is not one of the main objectives of the EESE programme, it is certainly an important attainment of the EESE programme.

 *"When drafting analytical and reform strategic documents that the [Competitiveness] Council considers, documents by the MEF are among our main resources. The plan of the Councils' work is being developed, among other things, on the basis of MEF's inputs."*

Bojana Bošković, Competitiveness Council Secretary. (Montenegro case study, p.4)

High quality EESE assessments were also instrumental in increasing the success of the advocacy and lobbying efforts of the implementing

institutions with the social partners. In other words, the assessment' findings and reports strengthened the position of the employers' organizations as they provided evidence for the main constraints in the business environment. In Montenegro, this approach has contributed to the preparation of a general membership-driven policy agenda and evidence-based positions ("the five business killers") that could be advocated in a systematic manner mainly to the Government and local self-government units, but also the trade unions. Similarly, in Honduras, the strong empirical evidence provided by the EESE assessment report changed the way of communication and interaction with the COHEP' partners, from a discussion that has been traditionally focused on general, unsupported opinions onto a consideration of arguments and facts. The survey results were (and could be) used for formulation of proposals, analysis and dialogue, and help in making a tangible contribution to the advocacy of business environment reforms. On a more general level, at least in some of the case study countries, the surveys strengthened the general public recognition of the importance of evidence-based projects.

A positive note is that the ILO has been flexible enough to allow for some adjustment of the methodology for the assessment of the business environment for sustainable enterprises, while keeping the sound methodology, with prior consultation with the local stakeholders. For example, in countries with high informality such as Sierra Leone and Mozambique, the sample of enterprises was extended to the informal companies. This change in the methodology probably contributed to a better and more realistic understanding of the main barriers for sustainable enterprises. In particular, the Task Team reviewed the survey tools and decided to extend its scope to include not only owners of formal businesses but also informal enterprises and their employees.

## Complementarity and coordination of the global institutions and programmes

What emerges from the review of the case studies, especially in Sierra Leone and Mozambique, is that the impact of the EESE programme can be significantly enhanced by intensive global coordination

and integration, as well as cooperation and engagement of different ILO departments and services. Complementary services and tools provided by the units of the ILO Enterprises Department can help to address various issues of relevance to the business environment.

While this finding may be specific only for two countries of the five case studies, still it raises an important topic as one of the main goals of the present comparative report is to explore the replicability of the EESE program in other countries. In Mozambique, the urgent support for the businesses was a result of a coordinated action of ILO and UNDP. Sierra Leone also proves to be an interesting model showing an example of how the ILO comprehensive package of services and tools can be used in order to achieve common objectives. Based on the main findings of the EESE assessment and the identified key areas of improvement, the ILO experience in other countries in Africa was used to develop cooperation projects on the base of supply chains' analysis. Simultaneous efforts of the different ILO departments played an instrumental role in the implementation of ILO activities in Sierra Leone to engage with relevant partners and provide a comprehensive approach which resulted in a rather peculiar project within the EESE programme. The main goal of this project was to improve the business linkages between MNEs and the local economy, an issue which was found of utmost importance in Sierra Leone. The ILO demonstrated to be highly committed to provide the right support and expertise, without which it would have been hard to achieve results in Sierra Leone. The involvement and coordination of different teams of the ENTERPRISES department, namely EESE, Women's Entrepreneurship Development (WED), Start and Improve Your Business Programme (SIYB), Social Finance and MULTI, provided a solid ground to start working on improving the enabling environment for sustainable enterprises development. The RBSA project was indeed crucial to bring all these units and field of expertise together as well as to ensure that activities, including those related to the EESE assessment, took place. This framework helped EESE to benefit from the right kind of expertise to provide target recommendations and capacity building opportunities, which thereafter increased the credibility of services provided to stakeholders in Sierra Leone and increased the outreach of the programme. The collaboration between different

ILO units and the field was also important to ensure coherence and to maximize synergies in the implementation of the activities. The approach also secured financing for a large part of the EESE process while ensuring the implementation of the activities, which were bound to specific performance deliverables and deadlines.

While this approach in Sierra Leone was not a coincidence, it was still not planned from the beginning of the EESE programme. Hence, it may be a lesson learned for the ILO and the future EESE programs around the world.

The Sierra Leone' case study shows an additional example of flexibility in the approach of the ILO to improving the business environment. In Sierra Leone, flexibility was crucial to ensure that an ILO unit that was not originally included in the project proposal could provide technical assistance and contribute to a more comprehensive approach. In particular, the MULTI was not initially involved as a key partner of the project in Sierra Leone. However, following interdepartmental exchanges and discussions with the Chief Technical Advisor of the project, it became clear that MULTI could bring added value and valuable insights to promote the creation of more and better jobs through SME development by means of integration of local SMEs into global value chains. Hence, the work done by MULTI was integrated, in a later stage, to the business development component of the project. MULTI and the MNE Declaration contributed to support the EESE action plan by promoting business linkages and complemented the work undertaken by EESE with MSMEs. National stakeholders were also on board as they saw a value in engaging in promoting a voluntary instrument such as the MNE Declaration. The flexible approach applied in Sierra Leone can be identified as one lesson learned that could be replicated in the future to seize unpredicted opportunities for collaboration between different ILO teams.

## Milestones and measurable outcomes

Following the EESE assessment reports, specific action plans for the major barriers for development of sustainable enterprises were prepared in almost all case study countries with exception

of Montenegro. This is an important step in the overall process which can ensure that actions will be taken as to address the barriers in the business environment and to create supportive business environment for sustainable businesses. Preparation of action plans requires defining outputs and outcomes to be achieved (barriers to be addressed), activities and measures that can lead to addressing the barriers, as well as planning the appropriate timing of the activities and required resources. Moreover, in the case study countries action plans were prepared with involvement of the national tripartite partners which is important from few perspectives. First, it ensures coordination among the partners and development of shared objectives. Second, it can also spur shared commitment and ownership to the implementation of the action plans. Third, it gives a room for joint use of the scarce resources of each partner/institution, drawing also on the synergies and complementarities.

There is a difference in the quality of the action plans among the case study countries, commitment in their execution (among the social partners) and resources devoted to plans. Honduras, for example, provides a good example where the action plan for improvement of the business environment included short-, medium- and long-term actions, with specific objectives to be achieved and milestones. The case study for Honduras argues for the importance of identifying and completing initial milestones during the early stages of a business environment reform programme. The initial activities and immediate actions (of the action plan) are crucial for the EESE programme to gain momentum and to guarantee a good start of the implementation of the action plan. The quick short-term wins set the stage and reinforce the engagement and commitment of all stakeholders. Though, a long-term horizon of the action plan also has important implications for planning, setting expectations, designing well-balanced activities and maintaining institutional commitment over time. In Honduras, in order to ensure the execution of the action plan, a joint Coordinating Committee consisting of Government of the Republic, COHEP's Executing Unit and member unions was created.

In the other countries, few action plans were prepared, each for a specific problem in the business environment. For instance, three action plans

were developed in Mozambique for the key enabling conditions, namely: access to finance, peace and political stability, good governance. These action plans were prepared as joint work of the ILO's tripartite constituents. In Montenegro, the EESE assessment report was used as a basis for developing the Strategic Policy Framework for Enabling Business Environment, titled "5 business killers", with a strong motto behind it "Strong Economy – Successful Montenegro". This rather short document clearly and visually presents the business killers by explaining the context (current situation) and providing recommendations on how to address the main barriers/killers. However, the framework does not set objectives and resources, and cannot be classified as action plan.

Still, despite the preparation of action plans, there is a general lack of a systematic monitoring system for the accomplishment of the objectives and results. While in some of the case study countries that was not possible due to the peculiarity of the programme (such as Sierra Leone and Mozambique), there was no regular monitoring and reporting even in the countries which prepared high quality action plans with large involvement of stakeholders. Regular monitoring and reporting is necessary for tracking the progress as well as for undertaking some adjustments along the way, if needed, in a view to achieve the objectives. Action plans should set progress indicators and delegate clear responsibilities for monitoring the progress and, if needed, for improvement of the data collection. Action plans cannot be seen as a static category, any major change in the economic, political and/or social environment may require adjustment and changes in the planned course of action, dedicated resources, deadlines, etc.

The project in Sierra Leone provides a good example of monitoring of implementation, although the project is of much smaller scope than the EESE programme and the corresponding action plans of other countries. The project ensured the implementation of activities by setting specific performance deliverables and deadlines and connected the financing to the achievement of those.

## General political, economic and environmental context

There is a large heterogeneity among the five case study countries in terms of the general political and economic context, making it difficult to find commonalities or to make strong conclusions and recommendations. For instance, Sierra Leone was engaged in a Civil War which lasted almost a decade (1991-2002), with a devastating effect on the country's economic and political context. In 2014, the country suffered two large economic shocks, the plummeting of commodity prices and the outbreak of Ebola, which resulted in a GDP decline of 21-22% in 2015. Mozambique was hit in 2019 by the cyclone Idai (one of the worst tropical cyclones ever) which caused catastrophic effects and a humanitarian crisis and large devastation to the economy and businesses. On the other hand, Montenegro is an EU accession country, though with its own political and economic challenges, but with higher stability of the environment. This initial differences in the context (already explored in section 3) also affected the design of the EESE programme, but they also reveal important lessons for a successful implementation of the programme.

The implementation of the EESE programme is easier when its objectives and actions are largely in line and correspond to the main national priorities and national strategic documents. This was the case in Montenegro where the recommendations from the EESE report largely corresponded with the Montenegro's objectives established in the national strategic documents, and in line with the EU accession process (as part of the negotiation chapters 23 and 24). The case study argues that without this element of stability, it would be difficult to provide efficient support to the EESE program from all national constituents, and that an unpredictable national business environment, caused by frequent policy changes, can represent a major limitation for ILO interventions.

Political will of the government to engage in the EESE programme, to constructively engage in the social dialogue and to implement reforms is

a significant driver of the success of the policy reforms in almost all case study countries.<sup>11</sup> Political will also goes hand in hand with the institutional commitment. The case study of Sierra Leone claims that political changes as well as limited institutional capacity can slow down the EESE reform process and hinder the implementation of some activities.

Political will and stability are some of the key factors to be taken into account when considering the replication of the EESE programme in other countries. Case studies show that the frequent changes in the government can affect institutional memory and delay the performance of activities. Changes in government but also changes in the top management of the government institutions can significantly slow down the process and sometimes even require a major shift of the focus. Political instability especially constrains larger, more "painful" reforms which require strong commitment of all actors, as the results only appear on long-run.

The challenge of a lack of institutional memory is especially evident in countries that are still in transition, as are the countries in the sample. In that context, there is a need to identify a model of communication and work that will bring stability in implementing the decisions made by a management whose term has expired or that has been replaced by another. This challenge has been also recognized during the interviews carried out for the purpose of preparation of the case study for Montenegro, where most interviewees mentioned the expectations of the new political developments following the parliamentary elections of 30 August 2020. Similarly, policy changes experienced in Sierra Leone at the time of the EESE assessment impaired the effectiveness of some of the activities implemented by the EESE team.

The economic and environmental context are also important predictors of the success of the EESE programme. Countries with large structural challenges in the economy and/or large economic shifts require robust reforms for creating an enabling environment for sustainable businesses

<sup>11</sup> The exception is Mozambique where the programme was quite different, of smaller scale and without the engagement of the government.

which is difficult to achieve, costly, require time and high commitment of institutions and all stakeholders. The case study of Honduras, for instance, argues that the progress in implementation of the EESE recommendations has been slow for those recommendations which intended to address structural challenges of the country and which are part of the systemic problems. Those recommendations require time, adequate commitment of institutions and all partners.

One way to overcome these challenges related to the political will and stability is to establish strong local teams at the beginning of the program, as most countries analysed in this comparative report did. In addition, good and well-thought sequencing of the reforms and actions and showing quick initial wins can also provide sustained support and commitment for the implementation of the EESE programme.

## Public outreach and visibility

Awareness raising can be very powerful in achieving the desired objectives of the EESE programme, as it educates the population (or a specific target group) and encourages and motivates them to participate in bringing positive change. Public awareness can lead to increased interest, enthusiasm and support, stimulate self-mobilisation and action, and activate local knowledge and resources. This also applies to the EESE

programme. Raising the awareness of the public but also the potential stakeholders about the EESE programme can bring large positive results in terms of support, engagement, attracting resources (both human and financial), and even a fear of missing out and not being a partner in the programme. High awareness also creates a pressure towards the implementing institution for results, transparency and accountability.

Awareness raising requires strategies of effective communication to reach the desired outcome. Among the case study countries, Montenegro stands out in terms of their approach to raising the awareness with the “5 business killers”. The title of the document which is otherwise a strategic framework is very appealing and can intrigue anyone, even the general public, notwithstanding the government, trade unions and businesses. Certainly, it requires much more to increase the awareness and mobilise resources than just a good title. Building on the high-quality EESE assessment report and the five business killers, the MEF used its general public communication channels and various cooperation forums at the local, national and international level to promote the programme, to ensure tripartite engagement, as well as to position itself as a high quality partner in creating an enabling environment for sustainable enterprises in Montenegro. MEF has had a very extensive base for promoting its activities in media and in communication towards the general public.

### ► Box 10. An effective strategy for using social media in Montenegro

The strategic policy framework of MEF called “5 business killers” is an excellent example of how the use of a catchy title can create interest, intrigue the public and raise awareness. In addition to that, the MEF has initiated or has been engaged in other similar activities with strong, meaningful and interesting public campaigns. Two such campaigns are presented below (Montenegro case study):

- The “**Be Responsible**” campaign ([www.budiodgovoran.me](http://www.budiodgovoran.me)), which was a tool opened to citizens to report possible business irregularities. Within this campaign, a total of 17,040 reports by citizens of irregular business activities have been registered and fines were imposed by inspectors in a total sum of €2,777,239.76.
- The “**No barriers! So business doesn’t wait**” campaign ([www.bezbarijera.me](http://www.bezbarijera.me)), was an online tool opened to entrepreneurs who are interested in pointing out to the state and local administration the problems they face in exercising their rights in doing business. As reported, in the period between November 2015 and March 2017, 228 barriers were reported, categorized into 8 groups: financial constraints in starting and developing business, complicated and unclear procedures, inadequate inspection control, inadequate legislation, inefficient administration, limitations to business operation, informal economy and high fees.

Source: Montenegro’ case study, p. 9.

Honduras also implemented a very structured and effective approach to awareness raising and public outreach. An economic technical team was established to support COHEP in the development and implementation of the Business Agenda. The proposed measures of the Agenda were promoted through different channels, such as communications, but also lobbying, giving information to unions, etc. Communication strategy was based on a strong slogan: "More and Better Enterprises for Honduras", with a target audience being society, Government, opinion leaders, the media, the youth, etc. In addition, the EESE programme was also presented in front of International Organizations and Honduras' friend countries. The assessment of the EESE programme and achievements in Honduras showed that stakeholders recognized the lobbying work was as key to both the EESE programme and COHEP. It helped to bring results on the regulatory, legal and policy issues for sustainable enterprises in Honduras.

In some of the countries, the main outlet for raising awareness was sensitisation workshops, although their reach is much narrower than of public campaigns and media outreach. In Sierra Leone, for instance, sensitisation workshops were organized at the start of the EESE programme. They were used both as a means to inform the stakeholders about the program but also to provide constituents information on the ILO programmes, tools and ways in which ILO could provide technical support. Similarly, the case study report on Sierra Leone argued that sensitisation workshops on MNE Declaration were highly beneficial for the overall goal of the EESE programme which was to promote business linkages between MNEs and the local economy.



## ► 5. Common success factor in the implementation of the EESE programme

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Section 3 of this report presented the main achievements of the EESE programme in the case study countries, whereas section 4 identified the main lessons learned from the EESE programme in the five countries under consideration. The aim of this section is to examine the main success factors and opportunities that the case study countries faced during the implementation of the programme. It is worthwhile remarking that despite the high heterogeneity of the case study countries, most of the challenges, at least on a general level appear similar and common. Both the lessons learned and the opportunities are important for developing the recommendations on how to improve and replicate the programme in other countries around the world.

### **Strong and capable implementing institution can contribute significantly to the successful implementation of the EESE programme**

Indeed, section 4 provided strong argument that one of the key success factors of the programme is the capacity of the implementing institution. While the EESE programme managed also to strengthen the capacity of the implementing institution, all case studies find the capacity as a major factor for the success of the programme, as well as for ensuring sustainability of the programme. On contrary, insufficient staffing and technical skills of the staff can impose a large constraint in implementing activities and reforms for improvement of the business environment. Certainly, the capacity (i.e. the number of staff working for the programme and their technical skills) is closely tied to the available resources, meaning that larger investments are needed if the programme is expected to bring higher impact.

### **The technical and human capacity of the national tripartite social partners affects the dynamics and intensity of the efforts for creating an enabling environment for sustainable enterprises**

Country-level case studies find that the dynamics and intensity of implementation of certain

recommendations stemming from the EESE report and action plans have been influenced adversely by limited human and technical resources of the national tripartite partners. Further strengthening of the technical and human resources of ILO constituents is of exceptional importance in all case study countries in order for them to strengthen their social partner role, as well the performance in the implementation of the EESE recommendations. Insufficient capacity of the social partners presents even greater limitation in the COVID and post-COVID situation when the focus, time and energy were invested in other, short-term challenges and issues related to survival of enterprises, rather than on reforms and actions related to the business environment.

### **Engaged and cooperative government can boost the achievements of the EESE programme**

The success of the EESE programme critically depends on the readiness of decision makers from different structures to take a clear position and invest continued efforts to address the identified challenges. Unfortunately, in case of political instability, public institutions are usually weak and are bound to programmes of limited duration, without a long-term vision. Hence, they are not ready and able to provide a long-term commitment to implementation of the EESE action plans.

### **Political stability can significantly contribute to the success of the EESE programme**

Political stability fosters longer-term vision, dedication of resources and stronger commitment. On the other hand, political instability causes frequent changes in the government and/or top government officials which reduces the commitment to the implementation of the agreed actions and business environment reforms and can significantly affect the initially planned course of action within the EESE programme. It undermines the benefits of the dialogue, cooperation and engagement at the initial stages of the EESE programme and of the agreed common objectives of the social

partners. Short political cycles and frequent early elections due to unstable governments also cause delay in the realisation of planned activities and subsequently affect the effectiveness of the EESE programme.

Frequent political changes of the government and/or the top management of the government institutions lead to a general lack of institutional memory or large swings in the main business and economic paradigms which has a harmful effect on the EESE programme.

### **The EESE programme has proven less effective in addressing structural challenges**

While the EESE programme has been generally successful in overcoming the main obstacles in the business environment, the experience of the case study countries shows that the programme is less effective in addressing the structural challenges and systemic problems at that requires more time, higher commitment of institutions and all partners and more resources. Moreover, tackling those structural barriers would require a combination of interventions on different levels – from the macro level (i.e. laws, policies and procedures) to the micro level (tackling e.g. poor labour skills,

low business productivity, problems of scale, uncompetitive prices).

### **Strong social dialogue can significantly improve the success of the EESE programme**

The social dialogue and cooperation among the national tripartite dialogue partners is an inherent ingredient of the EESE programme. Without the engagement of the social partners and their commitment, the initial EESE assessment cannot be brought to the next phases of identifying the main obstacles in the business environment, preparing actions plans and executing on them. While in all case study countries there was a relatively established social dialogue, the studies showed that there is a room for improvement. As Ana Markovic, from MEF stated:

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*“Dialogue is essential and it has produced the results that have been achieved so far. Still, additional progress is needed regarding the dialogue – so that it comes naturally, rather than we should all be happy that it takes place.”*

(Montenegro’ case study, p. 14).

## ▶ 6. Recommendations

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This last section brings together the analyses from the previous sections of the report, with a view to develop recommendations on how the EESE assessment can be improved and updated and how it can be made more fit to the current needs of enterprises. Indeed, this comparative report and particularly the recommendations will be used as an input for the EESE team in the ILO's SME Unit in the ongoing process of revision and improvement of the programme.

This section focuses on two main programme features:

- ▶ Identifies the preconditions for selection of countries for future participation in the EESE assessment, based on the experience and assessment of the five case study countries;
- ▶ Explores ways how to improve the implementation and performance of EESE programme, particularly with regards to monitoring and assessment, as to maximize the results

### 6.1 Preconditions for selection of countries

This section identifies the key preconditions for selection of countries to be involved in the EESE programme, which should to a certain extent give an assurance for success of the programme.

- ▶ *Demand-driven approach:* The comparative report and different country experiences provide strong evidence that the question of who initiates the EESE assessment and the programme, in general, is pivotal to the success of the programme. One cannot emphasize enough the importance of a fully demand-driven approach to the EESE assessment. Ideally, that should be supplemented by an establishment of a local structure, such as a task team or focal points, on the ground to ensure an effective follow-up of the EESE assessment and implementation of the action plan(s).

- ▶ *Capacity of the implementing institution:* The capacity of the implementing institution (usually the representative employers' organization) is paramount to the success of the programme. Hence, the selection of the future participating countries to the EESE assessment has to take into account the capacity of the potential partner institution. This does not necessarily mean that countries with weak institutions should be overlooked from the programme. On the contrary, the ILO should invest in capacity building of the main implementing institution and start officially the programme once the capacity has been brought to an acceptable level. Otherwise, it will be a large waste of resources starting an EESE assessment if the implementing institution cannot delegate some human resources to the programme, does not have staff with technical skills and capacity, is considered a weak partner in the social dialogue and/or does not possess skills and experience in advocacy and lobbying. The ILO may consider developing a methodological guide on how to undertake an assessment of the capacity of the potential implementing institution and what level of capacity would be acceptable to start the EESE programme. Resources should be devoted by ILO for capacity strengthening efforts in potential participating countries. It is worthwhile adding that the capacity building efforts and activities should continue along the implementation of the programme and even in countries that have already completed the EESE programme, as that will ensure sustainability of the programme and continuous efforts and advocacy for improvements in the business environment.

- ▶ *Capacity and readiness for reforms of the public institutions:* The activities and reforms which are part of the EESE action plans are eventually implemented (predominantly) by the public institutions. Hence, the successful implementation of the EESE programme requires capable public institutions, open to a dialogue on the business environment and for reforms. Country studies show that in several instances, one of the main constraints to the successful

implementation of the programme has been the capacity of public institutions. Hence, few of the case studies call for stepping up efforts to build the capacity of public institutions. Some other more innovative and pragmatic approaches can be used such as exchanges of staff between public institutions and private sector organizations to help the former follow through on the implementation of reforms. Still, these options should be explored in light of the limited capacity of the private sector as well.

- ▶ *Understand well the economic and policymaking context prior to the start of the programme:* In the previous sections the report argues about the importance of the overall economic (and broader political and environmental) context for the success of the programme. The programme has been more successful in countries where the identified obstacles and the planned corrective actions and reforms were in line with the national priorities, with strategic documents and also some long-term country commitments (such as the Montenegro' accession to the EU). Hence, overall economic context, political cycles and the model or culture of policymaking in the particular country should be taken into account from the beginning of the programme, at the workshops and meetings where social partners identify the key areas of intervention and develop action plan.
- ▶ *Existence of a well-established cooperation between social partners and strong social dialogue:* Engagement of the social partners and their commitment to the EESE programme are key ingredients in the successful implementation of the EESE programme. Hence, in the process of selection of new participating countries in the programme, a significant consideration should be given to the level of development of the national tripartite dialogue. Same as with the capacity, if the tripartite dialogue is not at a satisfactory level, it should not mean a country should be disqualified from the programme but instead should mean that some pre-work must be done prior to starting the programme.

There are countries where the social dialogue is even a constitutional category, countries where it is legally prescribed, but also countries where the dialogue is on a voluntary basis. Whatever the country situation is, a consideration should be given to the strength of the dialogue prior to the programme start and, if needed, some support to strengthening of the national tripartite dialogue should be provided. Needless to say, the EESE programme (or the broader ILO country programme and activity) needs to provide continuous support for the tripartite engagement in the realization of a sustainable and resilient business environment.

- ▶ *Dedicated resources (both human and financial):* The EESE assessment and programme has managed to mobilise financial resources in order to develop additional initiatives to follow-up on the EESE assessment and improve the business environment. However, the lack of human and financial resources is evident in all case studies. It is therefore important to make an assessment of the potential resources prior to the start of the programme and make a plan of actions that will fit within that plan. At the same time, a plan of the additional resources needed should be prepared and used for lobbying nationally or internationally for additional resources.
- ▶ *Political stability* – The success of the EESE assessment and programme is contingent on political stability and institutional memory. Hence, a consideration should be given to the political stability of the potential participating countries.<sup>12</sup> While it would be unfair to reject the countries with political instability from the programme, at the same time it is reckless to spend resources when odds of success are very small. One solution to this is to start with a narrow focus and scope of the programme, such as the case of Sierra Leone and Mozambique.

<sup>12</sup> For this, some global databases or indexes may be used such as the political stability index of the Worldwide Governance Indicators. The downside of such approach is the rigidity.

## 6.2 How to improve the implementation and performance of the EESE programme

The knowledge and experience gained from the implementation of the EESE assessment and programme in the five sample countries, as well as the findings of the five assessment reports (the case studies) gives a solid basis for developing recommendations on how to improve the programme. Below we identify and elaborate the main recommendations:

**Establish a common system of monitoring and assessment of the EESE programme:** While almost all case study countries prepared action plan(s) stemming from the findings of the EESE assessments, they have not established a regular system of monitoring and assessment of whether the objectives have been reached. Regular monitoring and reporting can be very useful not just for tracking the progress but also for undertaking some adjustments along the way, if needed, in a view to achieve the objectives. Progress indicators should be set along with the action plans and clear responsibilities should be given for monitoring the progress and, if needed, for improvement of the data collection. While monitoring and assessment are (or should be) important for the national constituents, the implementing institution (or social partners) should be obliged to report to the ILO, say on annual or semi-annual basis. The latter will add transparency and accountability in the process. This regular monitoring system may be supplemented by an independent assessment a year after the programme end, similar to what has been done with the five case studies.

The monitoring system should be established at the start of the EESE programme in each country. While ILO may provide some general framework, there should also be a room for national constituencies to set the objectives, outputs, etc. It is important to define more clearly what is being evaluated and how to measure the impact of the programme's activities on the business environment (short- vs long-term goals, short-term projects vs strategic legal reforms, etc.). Then, the social partners need to identify the appropriate indicators and assign roles and tasks of who will collect the data, who will report, the format of the

reporting, who compiles the assessment report, etc. This should still not be a large burden to social partners, hence it is best if they are advised to identify a small number of highly relevant indicators on which data can be collected regularly with a view to measuring the programme's impact.

**Find ways to increase the sustainability of the EESE programme and interest:** While the EESE assessment and programme are evidently bringing results in terms of improvement of the business environment, the programme lifespan is relatively short and in most cases ends with the formal ending of the programme. However, the social partners and key stakeholders in some of the case study countries acknowledged the need for continuous efforts, advocacy and activities even after the programme end. In case of no changes or small changes in the overall country context, the programme can simply continue to live and strive to progress further on achieving the objectives or maybe even setting new ones. While engaged and committed social partners can do this on their own, there may still be a room for an ILO engagement, offering some new tools and approaches, further improvement of the capacity and so on. In other countries, as the context changes or in case of large outbreaks (such as the COVID-19 economic and health crises), there is a need to repeat the programme, starting with the EESE assessment and then preparation of action plans, etc. Few case studies indeed raised the need of new EESE assessment after the end of the Pandemic.

**Use of new and innovative approaches to implementation of activities and to advocacy:** The programme should explore new and innovative approaches to policymaking and advocacy with a view to promoting better business environment in a more effective way. Same can be said for trying to modernize and introduce novelties in the implementation of activities from the action plans. The programme has lived long enough as to try to innovate and maybe test some new approaches, especially given the rising strength of the social media, greater interconnectedness of countries and continents, newly developed online tools and platforms, etc. Some examples include digitalizing the programme monitoring, preparation of country dashboard for the achievements, innovative social media campaigns (similar to the example of Montenegro), etc.

**ILO should develop a more comprehensive approach to improve the enabling environment for sustainable business:** The case studies showed the strength of the complementary services and tools provided by the units of the ILO Enterprises Department in addressing various issues of relevance to the business environment. Based on the positive experience of the ILO coordination shown in the case studies, the ILO should further exploit the synergies between different units and between different development agencies with the aim to provide a more comprehensive approach to improve the enabling environment for sustainable business development. The examples in the case studies show that the involvement of relevant technical expertise of other ILO teams may be fundamental to develop tailor-made recommendations and provide capacity building opportunities for social partners to follow-up on the EESE assessment. Depending on the approach used by the EESE programme, it may also be suitable to explore possible synergies with other ILO units and teams during the assessment itself. Moreover, relevant ILO units could engage in joint resource mobilisation to implement follow-up activities. By involving different ILO teams in the follow-up of the assessment, EESE would benefit from the right tools and relevant expertise to ensure a successful implementation of the activities at the country level.

Some of the initiatives to foster this type of communication may involve developing a departmental database of country activities implemented by different units. Another option for enhancing the cooperation is to organize specific meetings between units or between one unit and the field to discuss possible entry points for collaboration. Understanding what kind of initiatives could provide an ideal framework to foster communication within the ILO will be the first step for improved collaboration.

**Insist on an integrated approach of the EESE programme within the implementing institution:** The EESE programme should be consistent and as much as possible integrated in the other areas of work and activities of the implementing institution. This will ensure a stronger focus, resource dedication, high synergy and commitment to the implementation of the EESE programme. Some case studies prove the importance of this internal consistency of the EESE programme. The

benefits of the EESE programme in such circumstances are much broader and beyond the initial scope of the programme. For instance, the EESE programme can provide arguments, information and technical inputs for the other areas of work of the implementing institution, and vice versa. One good approach is that the implementing institution establishes a unit for the EESE programme and a dedicated manager/officer. This will help to anchor the EESE programme within the implementing institution actually incorporates the programme into the regular work of the implementing institution.

**Retain the flexibility and adaptability of the programme, combined with innovative approaches:** The challenges to successful implementation of the EESE programme are large in countries with economic, political instability and/or environmental challenges such as some of the case study countries. Hence, the programme has been slightly or significantly modified as to achieve results and improvements within the difficult country contexts. This has led to small-scale follow-up activities after the EESE assessment, with much smaller impact on the business environment, though still helping countries to support the development of sustainable enterprises. As we argued in part one of this section, one of the main preconditions for selecting the programme countries should be that there is at least some political stability and predictability. Hence the ILO should be open to make some changes in the “regular” EESE programme and to adapt to the country context, but still keeping at least some minimum defined scope of the programme. Some options include assessment of the environment in a context-specific sector, or focus on a specific aspect of the environment which is important for the country (such as the business resilience in the case of Mozambique). Otherwise, the programme can present a large waste of the scarce resources.

**“Greening” of the EESE programme:** Moving the EESE program forward. There is an opportunity for the program to improve the sustainability of enterprises through greening their operations and jobs. Greening of businesses improves their resilience and competitiveness. In other words, there is an excellent opportunity for incorporating the Just Transition (JT) into the EESE assessment methodology. Such extended mandate of the program will reflect the ILO’ long-standing

involvement with sustainable development, will be in synergy with the Green Jobs Initiative of the ILO, as well as in line with the 2030 Agenda and the SDGs. Indeed, given their creativity and dynamism, SMEs can have a crucial role in the green economy, both as eco-innovators and as recipients of green technologies (ITC, 2016). However, they face challenges and difficulties in greening their operations such as a lack of available financing, high innovation activity costs, and the perception that eco-innovations represent additional commercial risks. All these put SMEs in most vulnerable position in making just transition. Some of those challenges may be alleviated with the EESE programme. Some options include: i) incorporating JT into the EESE methodology; ii) the follow-up activities may include actions for creating business enabling environment for just transition to sustainable and resilient businesses; iii) resources may be invested in development of local Green Enterprises (or a combination of all). There may also be a room for incorporating another ILO programme which may work well in synergy with the EESE, that is the Sustaining Competitive and Responsible Enterprises (SCORE) programme which is a method of incorporating environmental and health issues through enhancing the productivity, sustainability and job equality of SMEs (though only in manufacturing and service sector).

**Find a right balance between focused approach and broad reform agenda:** Different countries have implemented different approaches in terms of how ambitious and striving are the action plans. Some have opted for a focused agenda which identifies few key areas in which reforms are required, whereas some have identified a large number of business environment barriers which had to be addressed through a rather ambitious course of action. In practice, for a successful programme implementation an appropriate balance should be struck between the two ends. There should be a “critical mass” of priority interventions required to make an impact and change, such as three to five priorities in improving the business environment, so that the programme is able to develop relevant interventions. Having a very broad focus can drain the otherwise scarce resources and lead to underachievement in most areas, reducing the general commitment and enthusiasm about the programme. On the other hand, a more focused approach may be appropriate in certain circumstances and is often more effective in delivering concrete results quickly, however there is a risk of concentrating on only a few specific issues and shutting out the wider reality of interrelated factors that contribute to the business environment.

#### ► Box 11. Just Transition Guidelines of the ILO

In 2015, ILO constituents adopted the Guidelines for a just transition towards environmentally sustainable economies and societies for all (hereafter referred to as the Just Transition Guidelines or simply the Guidelines) through consensus among representatives of governments, employers' and workers' organizations. The Guidelines offer a unique policy framework and a practical tool to guide the transformation to carbon-neutral and climate-resilient economies taking into account the social, enterprise and employment-related dimensions of the transition. A Just Transition (JT) is a transition towards environmentally sustainable economies that contributes to decent work, social inclusiveness, and poverty eradication. The JT policy framework seeks to leave no one behind and thus supports goals of gender equality and the inclusion of youth and other vulnerable groups. It is systemic and multi-faceted, requiring the participation of government, businesses, workers, and civil society. Specific actions to advance the JT agenda, therefore, look very differently depending on the stakeholder, their relative capacity, and specific function in the economy. Given the importance of the SMEs for the JT agenda, but also the constraints to their just transition, the ILO implements activities as to inform SME' stakeholders on how to understand the ILO Just Transition guidelines and how to take action to support SMEs in making a just transition.





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