EESE for Fragile Contexts

Guidance note on how to conduct Enabling Environment for Sustainable Enterprises (EESE) assessments in fragile contexts
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Foreword

The ILO has been working to promote social justice and peace since its foundation 100 years ago. Today, nearly 2 billion people are living in crisis and fragile situations, where poverty and inequality are growing. Given the risks posed by a changing climate, scarce natural resources, protracted conflict and rather low levels of human development, this number is likely to rise unless communities worldwide build their resilience and work together for the consolidation of peace.

In the wake of conflict or disaster, decent work is often considered as a secondary priority, when it can be the key to resolving many of the drivers of conflict and can be instrumental to restoring peace and resilience. Employment and self-employment enable women and men affected by conflict and disaster to establish sustainable livelihoods; support to the private sector is thus essential to facilitate inclusive recovery.

Recommendation No. 205 on employment and decent work for peace and resilience provides a unique framework in this regard. It offers guidance to ILO constituents – representatives of governments and of employers’ and workers’ organizations – to address world-of-work issues in crisis situations arising from conflicts and disasters. Moreover, being the only international normative instrument focusing on the role of employment and decent work in promoting peace, preventing crisis, enabling recovery and building resilience, it represents a valuable instrument for the international community of actors and institutions engaged in the Humanitarian-Development-Peace Nexus. Among its provisions on employment and livelihoods, it specifically calls for the creation or restoration of an enabling environment for sustainable enterprises, including SMEs and cooperatives.

In countries affected by conflicts and disasters, enterprises of all types and of all sizes are often heavily impacted, shaking even more as well vulnerable enterprises such as the ones in the informal economy or women-led enterprises. Conflicts and disasters might have destroyed the local infrastructure, deterred foreign investors and buyers, prevented youth from an education and skills development, and might have put local enterprises in situations that makes it impossible for them to fulfil their orders or get new ones, with catastrophic consequences on the incomes of the entrepreneurs and their employees.

For this reason, supporting the creation of an enabling environment for sustainable enterprises in fragile contexts is key to rebuild the foundations of a functioning market infrastructure and institutions, ensuring that the post-conflict enabling environment allows the development of enterprises that combine a natural quest for profit with respect for human dignity, environmental sustainability, and decent work.

Building on the work carried out by the Enabling Environment for Sustainable Enterprises (EESE) team and the Coordination and Support Unit for Peace and Resilience (CSPR), this publication sets out a series of guidelines for conducting EESE in fragile, conflict-affected, and disaster-prone contexts, considering both the conditions for improving the enabling environment and the process to conduct assessment.

In light of Recommendation No. 205 and the UN reform, this Guidance note incorporates peace-responsiveness and resilience-building elements into the EESE methodology and strives to in the specific challenges posed by fragility, conflict, and disaster. For this reason, we consider this Guidance note a “living” document and we welcome, and look forward to, context-specific feedback and lessons learned that will enrich the methodology and ensure it continues to be relevant for all ILO officials, constituents and partners involved in sustaining peace and promoting an enabling environment for sustainable enterprises.

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Introduction

The ILO commenced conducting Enabling Environment for Sustainable Enterprise (EESE) assessments in 2007 to support Business Environment Reforms (BER) that enable the private sector to generate productive employment and decent jobs.

Experience has shown that conducting EESE assessments and designing and implementing BER programmes has been particularly challenging in fragile, conflict-affected, and disaster-prone contexts. A key reason is that in these contexts key assumptions are not fulfilled that hold true in countries where the capabilities of state authorities are more developed and the tripartite relationship between government, private sector and worker representatives is generally inclusive. In contexts where fragility and conflicts prevail, the relationship between state authorities and enterprises is often based on personal relationships and less formalised and transparent than would be expected elsewhere, with the implication that state authorities do not offer public goods and services on the same conditions to everyone. The consequence is that limited state capability compromises the resilience of those facing the negative impacts of disasters and conflicts and their ability to build back afterwards. Going forward, fragility and the risk of conflict and disaster are unlikely to decrease, as rapidly evolving changes in global climatic conditions are poised to prompt more severe and frequent extreme weather conditions that aggravate the negative impacts of environmental degradation and extensive exploitation of natural resources.

Against this background, the objective of this document is to guide the staff of the ILO, its constituents – i.e., government, employers’, and workers’ representative organisations – enterprise development experts, and the international community more broadly to conduct EESE assessments in fragile, conflict-affected, and disaster-prone contexts with the view to contribute to prevent conflicts and build resilience and peace. The focus is on conducting EESE assessments based on a participatory process that seeks to understand the unique challenges that such contexts face and to identify opportunities for developing BER as well as Jobs for Peace Resilience (JPBR) programmes that are conflict sensitive and peace responsive.

Based on the definition set out in the ILO Guidance on Peace and Conflict Analysis (2021), conflict sensitive and peace responsive refer to the ability of actors operating in fragile and conflict-affected contexts to deliberately contribute to sustainable peace. They achieve this by designing strategic BER programmes that address conflict drivers and strengthen capacities in support of peace. Thus, conflict sensitive and peace responsive BER programmes intentionally support inclusive and locally supported change and seek to strengthen social resilience to conflict, violence, and disasters. At the same time, conflict sensitivity and peace responsiveness are insufficient to recognise and address the challenges stakeholders can be expected to face in the foreseeable future, given not only the rapidly evolving changes in global climatic conditions prompting more severe and frequent extreme weather conditions but also the devastating impacts of environmental degradation and overexploitation of natural resources as well as the ongoing Covid-19 pandemic. This suggests that risk analyses must not only focus on endogenous drivers of fragility and conflict, but also exogenous risk factors, including climate change-related disaster risks that threaten life, health, jobs, and the continuity of businesses and livelihoods.
This ILO guidance builds on the conjecture that a participatory EESE assessment can deliver the substance for developing a shared understanding of the systemic and state capability constraints that prevail in such contexts and their effect on the relationship between state authorities, the private sector and workers who rely on salaries and wages for their livelihoods. Such an understanding is critical for the ILO and its tripartite constituents and partners to identify and agree how the private sector can be supported to create decent jobs and quality employment in contexts where it is paramount that these contribute to recover from conflicts and disasters, help build and sustain peace, and nurture social dialogue and respect for human rights.

A participatory EESE assessment carried out in a fragile and conflict-affected context strives to engage the ILO’s three stakeholders – government, employers’, and workers’ representative organisations – and, in addition, other relevant parties, including developmental and humanitarian organisations, to deliver a politically neutral but shared understanding of the given socio-economic situation. This provides the substance for building coalitions of support to initiate and sustain positive change towards improving this given situation with the aim to increase the supply of more decent jobs and quality employment opportunities including for those whom the given socio- and political-economic situation has tended to exclude or marginalise. Often, this will involve nudging public authorities towards supporting private sector activities in a manner that becomes more inclusive and does not reserve rents and privileged access to economic opportunities for a limited group of beneficiaries.

The remainder of this guidance is structured in six sections.

- **Section 2** sets out what EESE assessments and the process underpinning these are about.
- **Section 3** discusses the concept of fragility and the implications for the environment within which entrepreneurs and enterprises pursue their business activities.
- Against this background, **section 4** narrows in on and elaborates on conducting EESE assessments in fragile, conflict-affected, and disaster-prone contexts.
- **Section 5** lists additional resources available from the ILO as well as other organisations.
- **Section 6** provides a glossary of key terms.
2. **What is the EESE methodology?**

2.1 **EESE programme**

The EESE programme was established in 2007 on the back of the *ILO’s Conclusions on the Promotion of Sustainable Enterprises (2007)*, which recognises the importance of a conducive environment for the private sector, and sustainable enterprises in particular. The latter are understood as companies which combine the quest for profit with decent and non-exploitative work offerings. The programme has focused on the basic conditions that create opportunities for sustainable enterprises. The programme’s work has been influenced by the *ILO Report on SMEs and Decent and Productive Employment Creation (2015)*, which has summarised the global evidence on creating an enabling environment for sustainable enterprises and supporting enterprise development.

The overarching objective of the EESE programme has been to improve the enabling environment for sustainable enterprises by:

- Enabling stakeholders to identify the major constraints hampering sustainable business development.
- Fostering dialogue between workers, employers, and governments to reach shared policy recommendations.
- Supporting the adoption of effective reforms.
- Unlocking entrepreneurial potential, boosting investment, and generating economic growth, creating better jobs, and reducing poverty.
What attributes is an **Enabling Environment** considered to comprise?

It is the combination of conditions that affect an enterprise’s capacity to start up, grow, and create decent jobs, and are of political, economic, social, and environmental nature. EESE distinguishes between 17 such conditions. As part of the EESE process, stakeholders typically prioritise those topics that they have seen as most important in their specific contexts.

At present, none of the conditions speaks to the risks associated with disasters prompted by changes in climatic conditions, environment degradation and exploitative natural resources exploitation and related natural hazards that can threaten life, health, jobs, and the continuity of businesses and livelihoods. Going forward these risks are likely to affect some (if not all) of the stated 17 conditions.

**Political**
- Peace and political stability
- Good governance
- Social dialogue
- Universal human rights and International Labour Standards

**Economic**
- Macroeconomic policy and sound management of the economy
- Trade and sustainable economic integration
- Enabling legal and regulatory environment
- Rule of law and property rights
- Fair competition
- Access to financial services
- Physical infrastructure
- Information and Communication Technologies

**Social**
- Entrepreneurial culture
- Education, training and lifelong learning
- Social justice and social inclusion
- Adequate social protection

**Environmental**
- Responsible stewardship of the environment
2.2 EESE process and phases

The typical EESE process covers four phases: (1) an Assess phase; (2) an Advocate phase; (3) a Reform phase; and (4) a Grow phase. This is shown in Figure 1. This process has served the EESE programme to assess the business environment for the purpose of designing a BER programme and develop an action plan for reform to achieve an enabling environment where sustainable enterprises drive job growth and employment creation.

An underpinning Theory of Change (ToC on EESE) has also been developed.

The initial 'Assess' phase of the EESE process has typically comprised six steps, culminating in the production of a final report and action plans for reform that the next three phases of the process are expected to implement and deliver the expected outcome of more decent jobs and quality employment. The six steps are shown and described in Table 1.

![Figure 1: The EESE phases](image)

<table>
<thead>
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<th>Table 1: The EESE ASSESS phase</th>
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<tr>
<th>step</th>
<th>Preparation</th>
<th>Prioritisation</th>
<th>Data collection</th>
<th>Analysis and action planning</th>
<th>Validation and action planning</th>
<th>Adoption / approval of plans</th>
</tr>
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<td>1</td>
<td>Typically: Literary and secondary data review of the 17 conditions</td>
<td>Typically: Prioritisation workshop with constituents</td>
<td>Typically: Enterprise and workers’ survey</td>
<td>Typically: Draft report; summarising survey results</td>
<td>Typically: Validation and action planning workshop</td>
<td>Typically: Final report and action plans</td>
</tr>
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</table>

![Table 1: The EESE ASSESS phase](image)
Since the programme’s launch in 2007, this ‘EESE Assess’ process has been carried out in more than 50 countries; 20,000 companies have been surveyed, and over 2,000 workers interviewed (as of 2021). It has resulted in more than one hundred action plans being developed, with those plans leading to the implementation of many important BER reforms. Two of these applications are described in section 4, and more examples can be found on the ILO website.

Text box 2 describes how the ILO sees the differences between the EESE assessment methodology and other business environment assessments. It also shows the three attributes to which the EESE assessment process aspires: complete, inclusive, participatory.

**BOX 2**

**How is EESE different from other methodologies?**

There are many ways to assess a business environment. The EESE methodology reflects ILO’s unique tripartite structure, which brings governments, employers, and workers organisations together at one table. Foremost, what sets EESE apart is therefore the participatory nature of the methodology: Topics and challenges are identified together, as are the decisions on what to do about these challenges based on the evidence-base developed. Validation and consultation workshops are built into the process to create ownership by local actors.

Being participatory, EESE aims at including the voices of all stakeholders, including the disenfranchised ones, which makes EESE also an inclusive process. And by being inclusive during the process, EESE aims to produce business environment reforms which work for everyone and result in inclusive growth.

A third element which sets EESE apart is that it views a broad range of political, economic, social, and environment conditions. It thereby enlarges the traditional concept of “business environment” to capture dimensions related to social justice and decent work. This also offers the opportunity to strengthen the focus on environmental conditions and apply the EESE methodology to assess disaster risks and resilience as an increasingly important aspect of a sustainable business environment and one that affects social justice (e.g., just transition) and decent work (e.g., green growth and jobs).

The EESE methodology uses information from a range of sources, including secondary data and macro-level indicators, enterprise surveys, interviews with key informants, and participatory workshops, to provide a comprehensive and balanced view.

**Comprehensive**

Our methodology uses information from a range of sources, including secondary data and macro-level indicators, enterprise surveys, interviews with key informants, and participatory workshops.

**Inclusive**

Our processes involve all the key stakeholders, including representatives from the private sector (employers’ organizations), employees (trade unions) and regulators (government).

**Participatory**

Our approach relies on collaboration among local stakeholders. Validation and consultation workshops are built into the process to create ownership by local actors.
Alongside other UN agencies and international development organisations and financial institutions, the ILO recognises that there is a great need to focus attention on contexts where fragility, conflict, and disaster risks prevail. Across all regions of the world, more than 2 billion people are now estimated to live in such contexts. Disproportionally impacted are those who are already vulnerable, including children, young people, women, and displaced persons.

Considering the global challenges that the world is facing, the number of people living in such contexts is expected to increase in future. Accelerating changes in climatic conditions and the increasing frequency and intensity of different types of disasters are interacting with other drivers of fragility and conflict. This instils a certain level of urgency regarding the role of enterprises and the kind of work and employment they can offer in fragile and conflict-affected contexts and where and when disasters are likely or have struck. Likewise, enterprises can also play a role in increasing resilience in anticipation of and in the aftermath of such events.

### 3.1 Risk exposure and resilience

There is no univocal definition of fragility. Instead, several frameworks and methodologies have been developed to identify the key drivers and characteristics of situations of fragility and conflict. These existing methodologies consider a wide range of different attributes, factors, and characteristics. The common denominator across these concerns are weaknesses and/or the absence of functions and services typically associated and provided by states and their authorities. Thus, there is an implicit consensus that fragility and conflicts are somehow linked to limited state capabilities. The ILO’s *Compass of Fragile Settings* (2015), which views fragility from the perspective of employment and decent work activities, acknowledges this by referring to a continuum contingent on “the degree to which a state (or comparable territorial unit) is capable of fulfilling its essential functions of providing for individuals in its territory”. The literature and research on BER also recognise the importance of state capabilities, and so should EESE assessments where these are conducted in and for fragile contexts.

The most recent and most elaborate framework on fragility is the OECD’s ‘states of fragility’ methodology. It was first published in 2015 and has been evolved further since then. It builds on identifying vulnerabilities and exposure to risks that underpin five dimensions of fragility: economic, political, social, environmental, and security. Table 2 captures these vulnerabilities together with the indicators that are applied in respective country assessments. For each of these dimensions, fragility is conceptualised as a combination of

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exposure to negative events and the insufficient coping capacity of states, systems, and communities to manage, absorb, and mitigate those risks.

Based on this methodology, the OECD’s most recent assessment (2020) identified almost sixty ‘states of fragility’. None of those on the list are OECD countries. Most, but not all, are low-income developing countries. Just over a dozen are considered ‘extremely fragile’ because they experience very serious vulnerabilities across all five dimensions. Typically, these are contexts where violence and lack of security are pervasive and political, economic, and social vulnerabilities are severe.

Many fragile contexts are particularly vulnerable to environmental risks, which the ILO’s Compass of Fragility considers as exogenous risk factors that are prone to aggravating other fragility and conflict drivers.

Based on the OECD’s definition (see column 2 in Table 2), environmental vulnerabilities are associated with changes in climatic conditions and other disaster risks to which some geographic areas are more exposed than others. The resilience of areas facing these risks is conditioned by their socio-political and institutional capability to counterbalance negative impacts. Sadly, the most exposed geographic areas are often among those least able to withstand and recover from negative impacts, because of their limited state capabilities. Thus, they face a greater risk that environmental vulnerabilities interact negatively with other political, social, and economic drivers of fragility and conflict.

Another context known to experience more severe and frequent weather events with devastating consequences is the one of small islands. Many of these are lower or lower middle-income countries with small populations and a high dependence on trade. Globally, this group includes about forty independent small island developing states (SIDS).

In essence, fragility captures a variety of contexts. In some contexts, people are exposed to specific risks, while in others they face several interlinked vulnerabilities that feed into one another in a dynamic and sometimes rapidly escalating manner. Fragile contexts are also prone to a significant proportion of the population comprising internally displaced persons (IDPs) and refugees from within the region or neighbouring countries.

3.2 Business environment reforms in fragile contexts

The recent business environment literature recognises and has criticised existing methodologies aimed at assessing the business environment, most notably the World Bank’s Doing Business Index and the associated Ease of Doing Business analyses.3 The critique includes that these tools are too superficial and not deep enough to truly understand systemic constraints to market and inclusive private sector development. Their conceptual departure is an ideal-type rules-based economy. This benchmark fails to capture how business is done in economies that are based on deals and where business deals are not conditioned by formal rules, but by relationships that can exclude as well as include.

In other words, in contexts with limited state capabilities, the enabling environment for enterprises is not set by formal rules that are provided to everyone as a ‘public good’. Instead, opportunities and rents are provided based on deals and where some can negotiate access while others cannot. Thus, access is not granted as a ‘public good’, but rather as a ‘club good’ where the state and its authorities are the gate keepers deciding who benefits and who does not. In extremely fragile and conflict-affected contexts, the gatekeeping authorities may simply be those strong enough to monopolise the use of violence over a particular geographic area. In such settings, the ability to negotiate deals varies by sectors and industries, depending on the production inputs.

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### Table 2: Multidimensional fragility, OECD States of Fragility Framework

<table>
<thead>
<tr>
<th>Economic vulnerability</th>
<th>Environmental vulnerability</th>
<th>Political vulnerability</th>
<th>Security vulnerability</th>
<th>Societal vulnerability</th>
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<td>weak economic fundamentals, and/or a high exposure to macroeconomic shocks and little to no coping capacities to mitigate impact.</td>
<td>climatic and health risks that affect livelihoods as well as legal and social institutions to counterbalance such risks.</td>
<td>risks inherent in political processes as well as coping capacities to strengthen state accountability and transparency.</td>
<td>prone to violence and crime, capturing the presence of direct violence as well as institutions to prevent and mitigate it.</td>
<td>risks affecting social capital and cohesion, particularly those that stem from vertical and horizontal inequalities, and the presence of institutions to counteract such risks.</td>
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<td>affects the wellbeing and prosperity of individual people, households, and society.</td>
<td>can widen inequalities, increase the risk of violence over the distribution of resources, and affect key indicators of economic and social well-being, thereby impacting other dimensions of fragility.</td>
<td>affects other dimensions by shaping the institutions that mediate economic and social relationships and contribute to peaceful, just and inclusive societies.</td>
<td>affects other dimensions of fragility overall by disrupting economies and societies as seen in lives lost, infrastructure and supply chains damaged, social capital and cohesion eroded, and other cross-cutting challenges that affect sustainable development and peace.</td>
<td>exacerbates economic, political, and social exclusions and contributes to grievances among marginalised groups, which is one way it contributes to fragility in other dimensions and overall.</td>
</tr>
<tr>
<td>impacts the other dimensions of fragility by exacerbating political and societal divisions that contribute to violence and unrest and, in turn, affect the economy.</td>
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#### Indicators

- Aid dependency
- General Government gross debt
- Education
- Food insecurity
- GDP p.c. growth rate
- Regulatory quality
- Remoteness
- Resource dependence
- Ratio of female to male participation in the labour force
- Socio-economic vulnerability
- Unemployment rate
- Youth not in employment, education, or training (NEET)
- Disaster risk
- Environmental performance
- Food insecurity
- Government effectiveness
- Prevalence of infectious disease
- Rule of law
- Socio-economic vulnerability
- Strength of civil society
- Urbanisation
- Clientelism
- Perception of corruption
- Government effectiveness
- Judicial constraints on executive power
- Legislative constraints on executive power
- Physical integrity
- Regional government independence
- Political stability
- Share of women in parliament
- Voice and accountability
- Battle-related deaths from armed conflict
- Control over territory
- Deaths from non-state actors in one-sided violence and non-state conflict
- Formal alliances
- Gender discrimination
- Homicide rate
- Impact of terrorism
- Presence of armed security officers
- Presence of police officers
- Rule of law
- Risk of violent conflict
- Violent crime
- Access to justice
- Gender inequality
- Gini coefficient
- Horizontal inequality
- Strength of civil society
- Uprooted people
- Urbanisation
- Voice and accountability

(including labour, access to capital, access to resource property rights) and the market access that are required. The flipside to this is that, while environmental and social safeguards may be reflected in formal rules and regulations, adherence and compliance is bound to be compromised. This undermines ensuring decent work conditions and respect for the health, safety, and other human rights of workers.

The conclusion drawn from the recent literature on business environment reforms (BER) is that in fragile and conflict-affected contexts, BER need to be grounded in a solid understanding of (i) how firms actually do business in these contexts, (ii) what types of firms operate in which sectors and industries, and (iii) what role state authorities (or equivalent territorial authorities) play in granting or safeguarding the conditions that allow firms to thrive. The overarching advice this literature provides is that BER ought to be designed and implemented in a strategic, opportunistic, targeted and iteratively responsive manner, and from bottom-up rather than top-down. The prerequisite for such BER is a solid understanding of the broader context and proactive engagement with the private sector and those political interests that are responsive to reforms. In addition, based on the recognition that climate change related disaster risks pose a threat also to jobs, and the continuity of businesses and livelihoods, BER must also consider these factors in their design.

3.3 Employment & decent work in fragile contexts

The ILO has been concerned and responded to conflict and disaster situations since it was founded, emphasising the role of socio-economic policies and programmes to build peace and support recovery. This legacy has provided the backdrop to the ILO Recommendation No. 205 on Employment and Decent Work for Peace and Resilience (2007). It takes into account not only the crises response experience gained by the ILO and the international community more generally over the decades, but also recognises that the global context has evolved and has increased the complexity of contemporary crises. For example, disaster situations are particularly complex where natural hazards interact with human-made hazards in contexts where state capabilities and resilience are low.

In consequence, the ILO has expanded the scope of its normative instruments to include conflict and disaster situations and has broadened and updated the guidance it provides to its stakeholders on employment and other elements of the Decent Work agenda in such situations. This agenda is an essential element of the Humanitarian-Development-Peace Nexus (see Text box 3), which views employment, decent working conditions, social protection and social dialogue as factors that contribute to peace and resilience. The Sustaining Peace through Decent Work and Employment brochure (2021) sets out the ILO’s “Theory of Change for Peace’ on how decent employment can contribute to conflict prevention and peacebuilding.

To better equip the ILO to work in fragile, conflict-affected, and disaster-prone contexts, the ILO Director-General launched the Jobs for Peace and Resilience (JPR) programme, which has become the main tool for translating into tangible action the normative guidance set out in ILO Recommendation No. 205. This flagship programme combines employment-intensive investments with technical, vocational, and entrepreneurial skills trainings and employment services, as well as local economic development approaches. The JPR programme brings together these modular components in a coherent and context-specific manner, focusing particularly on the needs of the unemployed and the underemployed, low-skilled youth and women, and other vulnerable groups.

The four key objectives of the JPR programme are to:

- Create direct jobs and provide income security
- Enhance skills for employability
- Support self-employment, enterprises, and cooperatives
- Bridge labour supply and demand

The strategy is to achieve these objectives by supporting institution building, social dialogue, and strengthening the fundamental principles and rights at work. The JPR seeks to reinforce social cohesion and build resilience to future shocks by enhancing economic prospects, improving inter-group contact, and addressing the grievances of the most vulnerable communities.
Employment and decent work for peace and resilience

The normative framework that guides the ILO’s work on Employment and Decent Work for Peace and Resilience is Recommendation No. 205 which the International Labour Conference adopted in 2017. It speaks to the challenges of conflicts and disasters, based on the ILO’s assessment of the negative effects of both on jobs, livelihoods, businesses, and assets in the immediate and short term, as well as their long-lasting impacts on economic, social, and institutional development.

As illustrated in the Humanitarian-Development-Peace Nexus triangle in Figure 3 below, the Decent Work Agenda is an essential element of this triple nexus. The three-fold approach on employment, decent working conditions and social dialogue offers an immediate response that is focused on employment, while simultaneously contributing to stimulate and assist long-term socio-economic development in an inclusive and rights-based manner. Decent work and social justice are promoted because they are viewed as key drivers of resilience and peace, addressing the underlying factors of fragility that expose societies and economies to external shocks in the first place. The importance of the ILO’s work to promote peace and resilience in fragile, conflict and disaster setting is also reiterated in the Centenary Declaration on the Future of Work (2019).

Agreeing that improving the business environment and investment climate are critical for enterprises to recover after crises, the ILO and the UN Peacebuilding Support Office (PBSO) have recognised the importance of addressing drivers of conflict and strengthening peace and conflict resolution by reducing grievances and inequalities in their joint Sustaining Peace through Decent Work and Employment brochure (2021). They do so by mainstreaming employment and decent work in planning frameworks and designing and implementing programmes that address lack of economic opportunities, lack of contact, and the existence of grievances, and that support the immediate creation of decent jobs and livelihood opportunities in humanitarian responses.

Figure 2: Humanitarian-Development-Peace Nexus triangle
How to conduct EESE assessments in fragile contexts?

4.1 Implications of fragility for EESE

The objective of an EESE assessment is to enable relevant stakeholders to identify and gain a shared understanding of the key constraints that undermine business development and to promote a tripartite dialogue between workers, employers, and government authorities to initiate and drive political action that support BER reforms. In turn, such reforms are expected to unleash entrepreneurial potential, stimulate investment, generate decent jobs and quality employment, and reduce poverty. Undertaking EESE assessments in fragile, conflict-affected, and disaster-prone contexts adds the challenge, but also the opportunity that BER reforms and other ILO initiatives focused on jobs and employment creation need to contribute to disaster recovery and conflict prevention. To strengthen peace and resilience, it is paramount that ILO reforms and initiatives are delivered in an inclusive manner. In essence, the very reason for undertaking EESE assessments in such contexts is to support the peacebuilding and the sustainable development aspect of the HDP nexus (Text box 3). In practice, this requires that (a) the Theory of Change that underpins the EESE methodology (ToC on EESE) with the view to serve business development and the creation of more and better jobs is linked to (b) the Theory of Change on Peace (ToC Peace) that the ILO has developed on the back of Recommendation 205 from 2017. Text Box 4 provides the background and logic of the ToC for Peace.

Conducting EESE assessments in fragile, conflict-affected and disaster-prone contexts bears four implications:

First, the process of conducting EESE assessment should produce a solid shared understanding of the risks to which existing and potential enterprises and entrepreneurs and their workers are exposed and how resilient they are to these. This requires recognising specific local vulnerabilities and how these affect different sectors, industries, and types of entrepreneurs and their workers. Where no or limited secondary data on the private sector exists (e.g., largely informal economies with non-registered enterprises and limited or no sector organisations), it may require collecting primary information applying a fit-for-purpose approach, especially where ideal-type survey methods may not be feasible. Context-specific information about the different drivers of fragility and conflicts should be sourced, especially regarding the political economic relationships between state authorities and business actors, and whom these relationships include as well as exclude.

EESE assessments do not necessarily need to collect such information all from scratch. There may be secondary data sources and assessments that can be drawn upon. Importantly, this include the ILO’s own Guidance on Peace and Conflict Analysis (PCA), as well as other political economic analyses (PEA) conducted by third parties. The ILO Guidance on PCA points out the pitfalls of conflict insensitive programming. It lays out a methodology for conducting PCA on which EESE assessments can draw to ensure they analyse the
business environment in a manner that is sensitive to the context-specific vulnerabilities underpinning fragility, conflict, and disaster risks. In addition, for many countries, third parties (e.g., OECD, World Bank, think tanks) regularly publish data sets and qualitative reports on fragility, drivers of conflicts and exposure to disaster risks. In essence, it is important to source and triangulate this information to develop working hypotheses that can be tested and validated as part of the EESE process, and especially the ‘EESE Assess’ phase.

Second, particular attention should be paid to the capabilities of the state and its authorities at the various relevant levels (national, sub-national (region, province, district) and local (municipalities, wards, village agglomerations) and how these relate and overlap, or perhaps contradict, other forms of how people and the social groups to which they see themselves belonging and where they are physically located and economically active. This focus includes looking out for signs of state weaknesses, i.e., where basic public goods and services are not provided at all or are provided in a selective and exclusive manner. Another aspect to look out for and explore are discrepancies and inconsistencies between the formal rules in place (e.g., laws, regulations, policies) and the informal rules based on which these are applied in practice and when and to whose favour or disadvantage, i.e., the actual ‘rules of the game’. For example, the recent deals and development literature underlines the astonishing discrepancy that has been observed between information collected based on the World Bank’s Doing Business indicators and the de facto outcome information collected in enterprise surveys.¹

Third, conducting EESE assessments in fragile contexts requires a mindset that is open to understanding how business actually gets done and how those enterprises that prevail make it work for themselves. This differs from a mindset that takes the characteristics of an ideal type enabling environment to assess the gaps between that benchmark and the context in question with the view to tackle these, or a subset of these gaps. This is important, because in a world where enterprises rely on deals to do their business, understanding what is missing is not the same as knowing how to tackle the identified gaps through BER programmes in a way that delivers a better outcome. Political economy analysis helps to reveal why practical business environment barriers are in place and to identify the political, economic, and social processes that promote or block change. The emerging consensus is that in a ‘deals’ world, BER efforts should strive for opportunistic and pragmatic incremental changes and improvements in state capabilities, as these stand a better chance to improve the business environment for enterprises that can offer decent jobs and employment. This includes the consideration that it may be best to work towards achieving such changes and improvements at the sub-national level and local level where entrepreneurs and investors face specific challenges which might be easier to resolve, resulting in more direct effects on employment generation. Along these lines, EESE assessments can be useful to inform local economic recovery in a post-conflict or, not of post-disaster situation and inform the development and implementation of Jobs for Peace and Resilience (JPR) programmes.

Fourth, in fragile contexts there is a lack of trust between social constituencies and state authorities where the latter’s approach to enabling businesses is to negotiate deals that grant selective access to economic opportunities. Deals are conditioned by relationships and not by rules that treat everybody equally. Thus, in such contexts it should be part of the objective of applying the EESE assessment process to build trust and give participants some assurance that existing grievances and resentments will not undermine more inclusive implementation of EESE and/or BER action plans aimed at generating decent job and livelihood opportunities.

Drawing on the ILO’s practical experiences, the following section highlights the operational implications of these implications for the design and delivery for the EESE ASSESS phases.

ILO’s ToC on how employment and decent work can **contribute to peace**

Based on a joint review of the academic literature and more than 450 employment programmes in fragile situations, the ILO – in collaboration with the Peacebuilding Support Office (PBSO), the United Nations Development Programme (UNDP) and the World Bank – issued a *joint statement (2016)* identifying three main interlinked drivers of conflict that were identified as connected to unemployment and insufficient rights and quality at work:

1. Lack of positive contact and interactions across different social groups.
2. Lack of economic opportunity, particularly for youth and women.
3. Existence of grievances over inequality, access to fundamental rights at work and exclusion.

Constructive contact, sustainable opportunities and addressing grievances are seen as the mechanisms through which employment and decent work may contribute to peace. To this effect, the ILO strives to address the three identified conflict drivers as part of a broader framework of inclusive and sustainable development. The ToC narrative is built on three hypotheses:

- **Employment, and the income associated with it, increases the opportunity cost of engaging in violence.** When populations of working age have access to livelihoods and decent employment opportunities with adequate social protection coverage, they may be less prone to political and armed violence.

- **Conflict is driven by negative perceptions and lack of trust among groups.** Thus, decent employment programmes may reduce conflict and promote social cohesion by increasing constructive inter-group contact. By bringing people together and strengthening opportunities for dialogue among social groups – including between the government, workers’, and employers’ organisations – employment programmes may break down stereotypes, increase understanding and trust, and enhance social cohesion.

- **Many of today’s violent conflicts relate to group-based grievances arising from inequality, non-respect of human and labour rights, exclusion, lack of participatory mechanisms and dialogue, as well as feelings of injustice.** In some cases, it is not unemployment that spurs grievances, but the experience of exploitative, precarious, informal work – basically the disrespect of fundamental rights at work. It follows that the risk of conflict may be reduced by addressing such grievances in inclusive and transparent employment and social protection programmes, which aim to improve equality in opportunities and livelihoods as well as quality and fundamental rights at work.
4.2 Steps of the EESE assessment process

This section discusses the application of the six EESE steps in fragile settings, and how that application differs from one in a more stable context. While described as a linear process in six steps, it should be noted that in some contexts, it might be necessary to apply the assessment in a non-linear way, re-visiting or even repeating a work step, and leaving room for sensitising and preparing stakeholders for the findings, seeking their validations in context-appropriate ways and, if necessary, adapt the findings to where the common ground can be found.

Step 1: Preparation

The first step prepares the ensuing EESE assessment steps in terms of content, process, and procedures. For this, it is important not only to keep the Assess phase itself in mind, but also the subsequent EESE phases: i.e., Advocate, Reform and Grow. While it is often difficult to anticipate precisely how dynamics will unfold in these three
Spotlight: EESE in Sierra Leone

In 2015, following the plummeting of commodity prices, affecting the mining sector, and the outbreak of Ebola, the country saw its GDP contract by 21-22%. Sierra Leone is also affected by environmental fragility, as manifested in 2017 by extensive flooding and a large-scale mudslide. Recognising the significance of the private sector, the government of Sierra Leone embarked on an ambitious and wide-ranging legal and governance reforms agenda. In 2016, the government asked the ILO to assist with the development of SMEs.

While the EESE process was initially driven by the ILO, in June 2017 an EESE National Tripartite Task Team was established, with representatives from the private sector, workers, and the government, the Central Bank, the SME Development Agency, and others. The task team took ownership of the EESE process and provided strategic guidance.

The centrepiece of the primary research phase was a survey involving 497 micro, small, and medium-sized enterprises, as well as 100 of their employees. To include the informal sector and obtain more comprehensive information on business’ perceptions, data was collected primarily through face-to-face interviews with SME owners and SME employees.

The report was presented at a ‘tripartite plus’ workshop (i.e. addressing government, business’ and workers’ associations, but also additional stakeholders), and three area of reform were identified: 1. to enhance the relevance of policies and laws on SME development and improve coordination, 2. to enhance the relevance of the education system by aligning it more with market needs, 3. to strengthen the legal and regulatory framework to enhance access to affordable and relevant finance for small enterprises.

Building on this EESE assessment, the ILO launched in 2018 a project through which it facilitated training of trainers for business development services; addressed issues related to access to finance, and increased employment opportunities for local enterprises and youth in infrastructure development. This in turn prompted the government agencies in Sierra Leone to start organising annual trade expos to support SMEs to access markets and investing in capacity building activities across the country.

Retrospectively, the key success factors for the implementation of the business environment reform programme in Sierra Leone as seen by the stakeholders are:

- **Political will:** the level of commitment from different branches of the government were crucial to fully engage and to ensure that activities were implemented and sustained.
- **Partnership building and social dialogue:** It was a challenge to gather the members of the EESE task for the first meetings, but once the process was under way, the task team demonstrated its level of commitment and engaged in constructive dialogues.
- **Targeted capacity building:** the implication of different ILO teams helped to provide targeted capacity-building and technical advice, which in turn increased the credibility of services provided to stakeholders in Sierra Leone.
- **Evidence:** It also shows that EESE findings provide solid evidence that could be used to mobilise financial resources and develop additional initiatives to follow-up on the assessment and improve the business environment in collaboration with relevant ILO units.

Source: *The enabling environment for sustainable enterprises in Sierra Leone, ILO, 2019*

latter stages, particularly in fragile contexts, it is important to make tactical choices that increase the likelihood that the reform process can succeed.

The first choice is to consider the scope of the EESE assessment, namely what challenges and bottlenecks could be explored in detail and what challenges would need to be overcome. In more stable contexts, the EESE assessment provides an opportunity to take a comprehensive look at the business environment across the entire economy, covering 17 different thematic areas. In fragile contexts, it makes more sense to be less ambitious and decide on scope taking into consideration an educated guess on what might be achievable given the capabilities that exist. The scope of an EESE assessment may be limited to just a few thematic areas and possibly also only looking at selected industries, sub-national regions/provinces/districts, or types of enterprises. Where contexts are evolving rapidly, the timing and the timeline for EESE assessment processes need to be carefully considered and may warrant adapting the scope and steps of the assessment.
Settling on an appropriate scope regarding thematic areas, industries or sub-national geographic areas is bound to require a good understanding of the key features of the economic activities that entrepreneurs and enterprises are undertaking and have been able to sustain despite the difficult context. The ILO’s in-house expertise and that of its partners will be helpful, but this step is likely also a good moment for conducting some preliminary interviews and to gather views from a variety of stakeholders – including from those who are not usually represented, for instance because they operate in the informal economy, or belong to a particular ethnic group that is excluded from or, in fact, benefits from particular economic opportunities. Emphasis should also be given to women and women entrepreneurs, considering specific challenges and needs they face in situations of fragility, conflict, and disaster. Existing literature and secondary data, if such exists, can be helpful. Yet, it is important to be mindful that such data sources may be outdated (e.g., from the period preceding conflict or political crises) or reflect biases. The crux lies in sourcing existing literature and secondary data as much as possible and triangulate the information they contain to puzzle together as holistic a view of the context as possible.

This process should be undertaken with a critical political economy and peace-conflict analysts’ mindset (see section above). The analysis will not only provide an indication of what information is already available, and what information still should (and could) to be gathered in the subsequent EESE steps. But it will also indicate who needs to be brought on board and be involved, and how this could be achieved in a constructive...

Table 3: The EESE ASSESS phase

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Fragile contexts:
- Source and triangulate existing knowledge and assessments on fragility, conflict drivers and disaster resilience risks.
- Focus on selected conditions / industries / localities; triangulation across sources for a more robust understanding.

Fragile contexts:
- Workshop sometimes preceded by smaller meetings, bringing in, or validating separately, with certain constituencies, e.g., disenfranchised, dominant power holders.
- Focus groups and interviews might be more relevant and feasible; trust and anonymity important.
- Particular care regarding tone and how data is presented; assessment, interpretation and reporting need to capture all views.
- Particular care regarding flexibility, adaptability, opportunistic and strategic considerations - ‘deals-based’ reforms.
- Particularly important that stakeholders sign off, and if volatile environment, that plans are quickly developed.
way. The preparation step usually concludes with a concept note that lays out a plan for the next steps, with sufficient contingencies built in to tailor the plan to the dynamics that may unfold as part of the implementation process. The concept should also discuss risks and how they can be mitigated.

In addition, often other development partners, including other UN agencies, and sometimes large multinational companies are also involved in business environment related reforms and initiatives to generate employment and jobs, for example through skills development, enterprise development and supply chain efforts. These present opportunities for realising synergies for all or some of the EESE phases and assessment steps. It is also crucial to avoid duplication and conflicts of efforts, especially where state capabilities are low.

Questions to guide through the preparatory work step include:

- What topics are potentially relevant for further reform and should be short-listed?
- Who are the stakeholders? What role do these stakeholders play?
- What are the issues that concern the interests of workers and employers alike?
- What are the issues that concern the interests of women and men alike?
Is there previous information and data sources (literature, secondary data) that can be drawn upon? Are there other UN and/or other development organisations that have collected or also have an interest in this information and data?

How do subsequent EESE steps need to look like, to maximise buy-in to and support for reforms?

What are the risks, and what are possible mitigation strategies?

Step 2: Prioritisation

Prioritisation is the second step in the EESE assessment. Building on the discussions in the preparation phase, a workshop or a conference is organised by the team managing the EESE assessment to explain to the EESE stakeholders the objectives and process of the EESE assessment, ensure common understanding, and resolve open issues linked to these key questions:

- Why should an EESE assessment be conducted?
- What do we focus on?
- What do we need to know to be able to take action?
- How do we conduct an EESE assessment?

Spotlight: ENABLE2 Project in Nigeria and the importance of Political Economy Analysis

The second phase of the DFID-funded Nigerian Advocacy for a Better Business Environment (ENABLE2) project was implemented from 2014-2017. With a view to establish partnerships with pro-reform and pro-poor constituents, the ENABLE2 team invested in extensive political economy analysis (PEA) during the scoping stage. The crucial role such analysis can play was a key learning in the preceding phase.

PEA was used to analyse three main issues: First, governance arrangements and membership structures of potential partners in order to assess the real driving forces in each organisation and to spot signs of government or elite capture. Oftentimes this meant eschewing the ‘usual suspects’ and taking money off the table. The analysis revealed that many government agencies were uninterested in partnering because staff materially benefited from rent-seeking enabled by overly bureaucratic and opaque regulatory processes. Second, putting attention on understanding media houses’ unwillingness to investigate issues that might embarrass the government and to give voice to the poor, the PEA helped explain their pay-to-play business model. Third, political economy analysis was used at the reform-level when brokering relationships of various pro-reform groups around high-potential business environment issues.

PEA was instrumental to find reform champions to meaningfully engage the private sector in the policy-making process; to shift prevailing incentives in the media industry; and to create more transparent, open, inclusive, and effective policy-making processes.


 Spotlight: Supply vs. demand-driven EESE assessments

In 2016/2017 the ILO suggested to the Government of Sierra Leone to conducting an EESE assessment in Sierra Leone with a view to identify areas of major concern and to start potential BER interventions at the country level. The ILO-driven process was responded to with little sense of ownership, contrary to countries in which employers requested EESE assessments. With a view to garner the needed support and engagement by the constituents, the ILO facilitated instituting an EESE National Tripartite Task Team, which also brought representatives of the Central Bank or the SME Development Agency to the table. The broad composition of the EESE task team helped to balance the initial push from the ILO.

Source: The enabling environment for sustainable enterprises in Sierra Leone, ILO, 2019
together the EESE stakeholders that have interest and commitment to collectively bring about reform. While this will typically include ILO’s constituents, fragile contexts call for inclusion of all parties with a view to overcome existing divides, grievances, and mistrust towards nurturing trust via issues of common interest. The format in which stakeholders engage needs to be chosen carefully. If tensions between parties are high, smaller scale and iterative meetings might be needed to build up to a larger event that focuses on those issues and areas where common ground can be found. Such an approach requires time and skillful facilitators who are able to hear and discern what could be common issues and interests.

In this context it is important to be aware that in some fragile contexts, the constituents might be the power holders, and not the disenfranchised; in others there might be other actors than the constituents holding true power. Being peace-responsive includes, among other things, the creation of fora that also bring in the disenfranchised and the true decision makers. It can also mean to involve the informal sector, civil society, and in conflict cases armed forces or warlords too. Experiences shows that workers and their representatives are often left out – creating value in participating for them is key.

In some situations, it might not be possible to forge a common understanding right away, and instead, several meetings are necessary to hear about different views and then negotiate together where common interests lie. Creating ownership at this stage of the process is crucial for the acceptance of the results the next steps, data collection and analysis, generate, and therefore for the likelihood of agreeing and implementing reforms.

Questions to guide through this work step:

- How do we create a common vision for the EESE assessment?
- Who needs to be engaged?
- What value added can the EESE assessment offer to the stakeholders?
- Which are the common interests and priority issues to focus on?

Step 3: Data Collection

The objective of the third step of the EESE assessment is to establish reliable and balanced evidence on the issues which have been previously identified and agreed on with the stakeholders. While a comprehensive assessment is not always possible or required, the information needs to be detailed enough to allow the subsequent discussions to formulate reform actions. This work step is usually undertaken by a specialised team commissioned by the ILO.

- Primary data collection in fragile contexts can be difficult: it is thus important to focus on filling gaps or complementing secondary data, to limit the scope of the primary data collection. Traditionally, the approach of EESE assessments has been to conduct large-scale surveys, covering hundreds of companies and, sometimes, workers. Large scale surveys give voice to many stakeholders; they might be statistically representative of all companies and allow for precise results. In fragile settings, such surveys might not be possible, nor relevant. Instead, focus groups or even a string of interviews with selected stakeholders from certain industries, sectors or in particular sub-national regions might be more relevant, feasible, and beneficial. Available resources will often be an additional factor determining the scope.

- The method for primary data collection should be decided upon in light of access to various types of stakeholders, resources, and quality of the information obtained. Sometimes the relative anonymity of a survey might allow stakeholders to respond more frankly; in other settings, an interview might be better to establish trust, and to explore more complex and intricately interconnected issues. The choice of methodology should also take into consideration what’s already there; in-depth interviews in the informal sector can
be a good way to complement the findings of an extensive survey which has focused on the formal sector only.

Some practical learnings from previous EESE assessments are that questionnaires should use formulations that are easy to understand and not too many questions, building on what is known from the preparation stage. In fragile contexts specifically it is key to ensuring trust and anonymity to speak truth to power. This might require that outsiders act as enumerators in some cases, and insiders in others. Past experience also shows that it may be beneficial in some contexts that the ILO and its EESE assessment team provide complementary and tailored capacity development to stakeholders, ranging from support on research techniques to training how to effectively voice ones needs and concerns. Issues of connectivity and access to devices need to be considered when choosing digital tools such as online surveys. Options to respond to limited accessibility in rural areas, or following disasters, or due to security concerns range from focusing on selected locations, adapting the sample of the EESE, or to enforce the deployment of local teams.

To access the informal sector, some of the ideas which have worked in the past are to identify associations or support groups that those active in the informal economy may have formed and target them as an entry point to reach out to informal businesses; or to reach out directly and go to where such businesses are operating.

Questions to guide through this work step:

- What is the scope of the data collection?
- Are the resources at disposal adequate to cover the scope?
- What methods ensure reliable, concrete, and detailed information?
- What methods ensure that no stakeholder group is left out?
- Are the methods and processes sensitive to issues of women, youth, and other vulnerable groups?
- Is data disaggregated by sex, age, ethnicity, or other specific socio-economic characteristic (where possible and meaningful for the assessment)?

Step 4: Analysis and interpretation

Analysing and interpreting the results of the data collection are the fourth step in the EESE assessment, with the objective of providing a reference document from which reform action to overcome identified business constraints can be defined. Most often, this work will result in an EESE assessment report.
Because fragile contexts are often characterised by mistrust it is important to transparently reveal what the sources are, why they were chosen, which limitations exist and which biases, where there are gaps and blind spots. Principles that were guiding the previous work steps remain applicable: assessment, interpretation and reporting should capture all views.

In fragile contexts, the tone of the report has to recognise sensitivities and is as, if not more important than comprehensiveness. While the structure and the content of the report should respond to the information needs and preferences of the audience, context matters too: in some situations it might be better to presenting the results is a descriptive manner and ask for validation, thus avoiding drawing conclusions or put forth recommendations that could jeopardise the final work step of the EESE assessment, and eventually undermine ownership of the reform actions.

Questions to guide through this work step:

- Which report format is suitable for the audience?
- Are findings described so to enable discussions and action-planning?
- Is it conducive to include conclusions and recommendations?
- Do all groups receive adequate space?
- Are voice and tone adequate to the context – especially in post-conflict situations?

Step 5: Validation and action planning

The objective of the fifth step is for stakeholders to validate the findings, to develop a common understanding of the challenges, identify their sources, and agree on measures to address them. This work step will typically take place in a workshop, bringing together the stakeholders who took part in the prioritisation workshop. New stakeholder (groups) that were identified during the data gathering are invited too. The ILO teams managing the EESE assessment and being involved in the phases following the assessment facilitate the workshop, along with consultants.

Rather than working back from the desirable reforms to how the findings should look like, it is more important that stakeholders agree on findings and on this basis identify how feasible reforms could look like. Experience shows that actions that can be implemented and bear fruit quickly create positive momentum. This may also be of high interest for newly established government units that want to re-gain trust with quick wins. Flexibility, adaptability, opportunistic and strategic considerations are key. ‘Deals-based’ reforms, focusing on business environment barriers that are specific to one segment of the economy – for example, a sector, geographical area, or type of enterprise rather than broad business environment reform – have shown to be effective in the past. On the other hand, focused reform efforts that align with ongoing government reforms are more likely to be implemented. In post-conflict contexts actions that pay ‘peace-dividend’ should be prioritised too.

The emerging consensus is that in a ‘deals’ world BER efforts should strive for opportunistic and pragmatic incremental changes and improvements in state capabilities, as these stand a better chance to improve the business environment towards developing enterprises that can offer decent jobs and employment. This includes that it may be best to work towards achieving such changes and improvements at the sub-national level and local level where entrepreneurs and investors face specific challenges but can also more specifically contribute to jobs and employment generation.

The result of the process is a finalised report on the findings, as well as a description of the recommendations, and actions to be undertaken next.

Questions to guide through this work step:

- Are the actions prioritised and agreed to by all parties, realistic, and specific?
- Do the actions lead to inclusive growth?
- Does the prioritisation take account of inclusiveness and not further contribute to the marginalisation of vulnerable groups?
Spotlight: EESE in Mozambique - Flexibility and adaptability in action planning

In February 2019, following an EESE data collection, the tripartite constituents in Mozambique developed specific action plans on access to finance; peace and political economy; and good governance. Following the disastrous events caused by Cyclone Idai in March 2019, the constituents agreed to re-focus their efforts on the short-term need to ensure enterprise resilience. Rather than looking at regulatory changes to fix the identified problems, the problems were addressed with direct support to the firms themselves. This was operationalised in the ‘Resilient Business in Beira’ project with support from UNDP. Providing prompt responses to tackle constraints identified in the EESE assessment and exacerbated by the cyclone – including weakening infrastructures such as transport, energy, water and telecommunication networks, and lack of access to credit and financial services – was key to support 25 SME with the financial and technical support needed to restart economic activities in the aftermath of the cyclone. The experience highlights the importance of having flexibility and adaptable planning systems to sudden changes when implementing business environment reform in fragile contexts.

Source: Documenting the achievements of the EESE programme in Mozambique: A case study of the pilot project “Resilient Business in Beira, ILO, 2021

Do the agreed actions fit into the broader government agenda?
Can agreed actions be tied to ongoing reforms?

Step 6: Adoption / approval of plans

The last work step integrates the findings and actions, typically in a final assessment report. This work step marks the end of the EESE assessment and makes sure that the reforms are ‘ready-to-implement’ in the following phases: advocate, reform, and grow.

The action plan needs to be operationalised with targets and responsibilities and additionally describe the steering and monitoring arrangements. All participants of the validation and action planning workshop need to approve and sign off. It is advisable to work on the plans quickly after the validation and action planning, to keep the dynamic alive.

Questions to guide through this work step:
- What means of disseminating the final report are conducive to garner support?
- Who are the champions to advocate for reforms – how can they be supported?
- How can the ILO and development partners lend support to reforms?
- Are mechanisms in place to monitor progress as well as continued relevance of the actions as the context changes – which can be swift in fragile actions?
Spotlight – Reform portfolios

Past assessments offer pertinent experiences about the BER reforms that work in fragile contexts:

- Central African Republic: Specific pilot actions that are feasible over the short to medium term can act as catalysts for business environment reforms with ambitions to cover entire regions, sectors, or industries.

- Nigeria: Reforms that are most likely to succeed are those that remove the scope for corruption and elite capture and thus build trust between enterprises and governments. For example, reforming the tax collection system so that taxes can paid through bank accounts rather than in cash reduced the possibility of corruption by tax collectors, and ultimately built the legitimacy of the State.

- Sierra Leone: Experience showed that reform programs focused on the needs of larger, formal businesses in urban areas had limited effect on the needs of informal businesses, which dominate the economy. Furthermore, concentrating efforts that benefit the fringes of the private sector carries the risk of strengthening the sentiment of mistrust.

Further resources

Reading

Enabling Environment for Sustainable Enterprises (EESE) Brochure, ILO, 2021

Sustaining peace through decent work and employment, ILO and UN Peacebuilding Support Office Brochure, 2021

Employment and decent work in the Humanitarian-Development-Peace Nexus, ILO, 2021

Peace and conflict analysis, Guidance for ILO’s programming in conflict and fragile contexts, ILO, 2021


EESE progress reports

In 2019-2020, the EESE team has launched a series of progress reports to look back on the work done in specific countries. The studies are accessible here:

Course work

The ITCILO developed an online training on: Understanding Fragility - A Compass to Orient the World of Work accessible here:
https://www.itcilo.org/courses/understanding-fragility

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Glossary of key terms

**Access to finance:** The ILO approach to enhancing finance for small enterprises focuses on building the capacity on both the demand and the supply side. Financial service providers (FSPs) are strengthened to be able to provide relevant products, and entrepreneurs are capacitated to use those services most effectively.


**Build back better:** The use of the recovery, rehabilitation and reconstruction phases after a disaster to increase the resilience of nations and communities through integrating disaster risk reduction measures into the restoration of physical infrastructure and societal systems, and into the revitalization of livelihoods, economies and the environment.

Source: [https://www.unisdr.org/files/53213_bbb.pdf](https://www.unisdr.org/files/53213_bbb.pdf)

**Conclusions concerning the promotion of sustainable enterprises adopted by the International Labour Conference at its 96th Session (2007)** - The conclusions of this discussion provide an important contribution agreed by the ILO’s tripartite constituency of governments, employers’ and workers’ organizations on how to promote enterprise development in a manner that aligns enterprise growth with sustainable development objectives and the creation of productive employment and decent work.

As these conclusions show, the ILO is able to inject an essential impetus to the drive for an integrated approach to sustainable development because it is in workplaces that the social, economic and environmental dimensions come together inseparably. Furthermore, to ensure the progress of the Decent Work Agenda, it is necessary to situate it more clearly in a framework of sustainable development. The conclusions, arrived at through tripartite discussion, provide guidance on what is meant by an environment conducive to sustainable enterprises, on responsible and sustainable enterprise-level practices and on the roles of the Office and constituents in working towards making real the goal of sustainable development through the promotion of sustainable enterprises.


**Conflict sensitivity:** In conflict and fragile settings, employment and decent work initiatives must always be designed and implemented in a conflict-sensitive way, to ensure they do no harm in already volatile environments.
Contingency planning – A management process that analyses disaster risks and establishes arrangements in advance to enable timely, effective and appropriate responses.

A management process that analyses specific potential events or emerging situations that might threaten society or the environment and establishes arrangements in advance to enable timely, effective and appropriate responses to such events and situations.


Crisis response – refers to all measures on employment and decent work taken in response to crisis situations arising from conflicts and disasters.


Decent work – Decent work sums up the aspirations of people in their working lives. It involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men.

The ILO’s Decent Work Agenda – Productive employment and decent work are key elements to achieving a fair globalization and poverty reduction. The ILO has developed an agenda for the community of work looking at job creation, rights at work, social protection and social dialogue, with gender equality as a crosscutting objective.

There has been an increased urgency among international policy-makers, particularly in the wake of the global financial and economic crisis of 2008, to deliver quality jobs along with social protection and respect for rights at work to achieve sustainable, inclusive economic growth, and eliminate poverty.


Disaster – means a serious disruption of the functioning of a community or a society at any scale due to hazardous events interacting with conditions of exposure, vulnerability and capacity, leading to one or more of the following: human, material, economic and environmental losses and impacts.


Disaster-risk reduction – refers to the concept and practice of reducing disaster risks through systematic efforts to analyse and manage the causal factors of disasters, including through reduced exposure to hazards, lessened vulnerability of people and property, wise management of land and the environment, and improved preparedness for adverse events.

Source: UNISDR Terminology on Disaster Risk Reduction, 2009

Disaster-risk – the potential disaster losses, in lives, health status, livelihoods, assets and services, which could occur to a particular community or a society over some specified future time period.

Source: UNISDR Terminology on Disaster Risk Reduction, 2009

Early warning – An integrated system of hazard monitoring, forecasting and prediction, disaster risk assessment, communication and
Preparedness activities systems and processes that enable individuals, communities, governments, businesses and others to take timely action to reduce disaster risks in advance of hazardous events.\(^5\)

Source: UNISDR terminology, https://www.unisdr.org/we/inform/terminology

**Employment** – Persons in employment or the employed population comprise all those of working age who, in a short reference period, were engaged in any activity to produce goods or provide services for pay or profit.

The notion of pay or profit refers to work carried out in exchange for remuneration payable in cash or in kind. It includes remuneration in the form of wages or salaries for time worked or for work done or in the form of profits derived from the goods and services produced for sale or barter. In accordance with the international guidelines on employment-related income, this includes remuneration, whether actually received or not, payable directly to the person performing the work or indirectly to a household or family member.

The employed population is measured in relation to a short reference period of one week or seven days, so as to produce a snap-shot picture of employment at a given point in time. When statistics on the employed population are collected at frequent intervals, these can serve to monitor changes over time in the levels, structure and characteristics of employment in countries.

The employed population comprises two main groups:

- persons employed, at work — i.e. who worked for at least one hour for pay or profit in the short reference period.

- persons employed, not at work — i.e. who had a job but did not work in the short reference period due to temporary absence from the job, for example due to sick leave, annual leave, maternity leave, etcetera, or due the nature of their working time arrangement, such as shift work, compensatory leave for over time, flexitime.

For operational reasons, to identify persons employed, at work in the short reference period, a criterion of “one hour” of work for pay or profit is used. This “one-hour criterion” ensures that all types of jobs, including part-time, temporary or casual, are taken into account in employment statistics so as to support the monitoring of working conditions of all employed persons. It is also essential in order to fully measure the contribution of employment to production, and thus to national accounts. Likewise, it enables employment and unemployment statistics to refer to mutually exclusive groups of the population, which when added together comprise the labour force.


**Empowerment of women and girls** – The empowerment of women and girls concerns their gaining power and control over their own lives. It involves awareness-raising, building self-confidence, expansion of choices, increased access to and control over resources and actions to transform the structures and institutions which reinforce and perpetuate gender discrimination and inequality. This implies that to be empowered they must not only have equal capabilities (such as education and health) and equal access to resources and opportunities (such as land and employment), but they must also have the agency to use these rights, capabilities, resources and opportunities to make strategic choices and decisions (such as is provided through leadership opportunities and participation in political institutions).

In addition, UNESCO explains, “No one can empower another: only the individual can empower herself or himself to make choices or to speak out. However, institutions including international cooperation agencies can support processes that can nurture self-empowerment of individuals or groups”.

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\(^5\) In the UNISDR terminology is under “early warning system”
Inputs to promote the empowerment of women should facilitate women’s articulation of their needs and priorities and a more active role in promoting these interests and needs. Empowerment of women cannot be achieved in a vacuum; men must be brought along in the process of change. Empowerment should not be seen as a zero-sum game where gains for women automatically imply losses for men. Increasing women’s power through empowerment strategies does not refer to power over, or controlling forms of power, but rather to alternative forms of power: power to; power with and power from within which focus on utilizing individual and collective strengths to work towards common goals without coercion or domination.


Enabling environment for sustainable enterprises – Getting the enabling environment right is of key importance as there is limited value in promoting enterprise development for the creation of more and good jobs in an environment that is hostile to them. This is especially relevant for small and medium enterprises (SMEs) who are often hit harder by an unconducive environment than larger enterprises which is frequently referred to as a lack of level playing field. It is expected that an improvement of the enabling environment provides access to new services that will help SMEs perform better or reduce their cost of doing business leading to additional investment and creation of more and decent and productive employment. Thus, an enabling environment seeks to improve the economic prospects particularly of SMEs, overcome decent work deficits for workers and ensure that economic activities are environmentally sustainable.


Fragility – A period of time during nationhood when sustainable socio-economic development requires greater emphasis on complementary peacebuilding and state-building activities such as building inclusive political settlements, security, justice, jobs, good management of resources, and accountable and fair service delivery.

Fragility is a combination of exposure to risk and insufficient coping capacity of the state, system, and/or communities to manage, absorb or mitigate those risks. Fragility can lead to negative outcomes, including violence, the breakdown of institutions, displacement, humanitarian crises, or other emergencies.


Fundamental principles and rights at work – Fundamental principles and rights at work provide the foundation on which equitable and just societies are built. They are the starting point for a virtuous circle of effective social dialogue, better conditions for workers, rising enterprise productivity, increased consumer demand, more and better jobs and social protection, and for formalizing the informal economy.

Freedom of association and the right to collective bargaining represent the primary vehicle by which this can be achieved, enabling employers and workers to negotiate key aspects of their relationship. Ending discrimination will unlock the potential of the millions of women, men and youth currently excluded or undervalued.

Eradicating child labour and ensuring that all children are in quality education, and that young people receive the training they need to fulfill their productive and creative potential, will contribute to ending poverty, to stronger economies and to a better future for all. Ending forced labour, in all its forms, means that workers will neither be robbed of their dignity nor their right to freely-chosen employment.
Four fundamental principles and rights at work

- Freedom of association and the effective recognition of the right to collective bargaining;
- The elimination of all forms of forced or compulsory labour;
- The effective abolition of child labour; and
- The elimination of discrimination in respect of employment and occupation.


**Gender equality** – This refers to the equal rights, responsibilities and opportunities of women and men and girls and boys. Equality does not mean that women and men will become the same but that women’s and men’s rights, responsibilities and opportunities will not depend on whether they are born male or female. Gender equality implies that the interests, needs and priorities of both women and men are taken into consideration, recognizing the diversity of different groups of women and men. Gender equality is not a women’s issue but should concern and fully engage men as well as women. Equality between women and men is seen both as a human rights issue and as a precondition for, and indicator of, sustainable people-centered development.


**Humanitarian-Development-Peace Nexus** – The HDP nexus or triple nexus is the term used to capture “the interlinkages between the humanitarian, development and peace sectors”. It specifically refers to attempts in these fields to work together to more effectively meet peoples’ needs, mitigate risks and vulnerabilities, and move toward sustainable peace. A 2Nexus approach refers to the aim of strengthening collaboration, coherence and complementarity. The approach seeks to capitalize on the comparative advantages of each pillar – to the extent of their relevance in the specific context – in order to reduce overall vulnerability and the number of unmet needs, strengthen risk management capacities and address root causes of conflict.”

Source: DAC Recommendation on the Humanitarian-Development-Peace Nexus, 2019

**Income-generation opportunities** – The possibility of creating a labour force which will, in turn, generate income for workers.


**Informal economy** – The informal economy comprises more than half of the global labour force and more than 90% of Micro and Small Enterprises (MSEs) worldwide. Informality is an important characteristic of labour markets in the world with millions of economic units operating and hundreds of millions of workers pursuing their livelihoods in conditions of informality.

The expression “informal economy” encompasses a huge diversity of situations and phenomena. Indeed, the informal economy manifests itself in a variety of forms across and within economies. Formalization process and measures aiming to facilitate transitions to formality need to be tailored to specific circumstances that different countries and categories of economic units or workers face.


**International Labour Standards** – International labour standards are legal instruments drawn up by the ILO’s constituents (governments, employers and workers) and setting out basic principles and rights at work. They are either conventions, which are legally binding international treaties that may be ratified by member states, or recommendations, which serve as non-binding guidelines. In many cases, a convention lays down
the basic principles to be implemented by ratifying countries, while a related recommendation supplements the convention by providing more detailed guidelines on how it could be applied. Recommendations can also be autonomous, i.e. not linked to any convention.

Conventions and recommendations are drawn up by representatives of governments, employers and workers and are adopted at the ILO’s annual International Labour Conference. Once a standard is adopted, member states are required under the ILO Constitution to submit them to their competent authority (normally the parliament) for consideration. In the case of conventions, this means consideration for ratification. If it is ratified, a convention generally comes into force for that country one year after the date of ratification. Ratifying countries commit themselves to applying the convention in national law and practice and reporting on its application at regular intervals. The ILO provides technical assistance if necessary. In addition, representation and complaint procedures can be initiated against countries for violations of a convention they have ratified (see applying and promoting ILS).

International labour standards have grown into a comprehensive system of instruments on work and social policy, backed by a supervisory system designed to address all sorts of problems in their application at the national level. They are the legal component in the ILO’s strategy for governing globalization, promoting sustainable development, eradicating poverty, and ensuring that people can work in dignity and safety. The Declaration on Social Justice for a Fair Globalization underlined that, in order to reach the ILO’s objectives in the context of globalization, the Organization must “promote the ILO’s standard-setting policy as a cornerstone of ILO activity by enhancing its relevance to the world of work, and ensure the role of standards as a useful means of achieving the constitutional objectives of the Organization”.

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**Livelihood** – A livelihood refers to capabilities, material and social resources and activities required for a means of living. For the purpose of the project, livelihood services for adults and children of legal working age, include but are not limited to the following services:

- Education and training services which aim to provide with the basic skills and knowledge necessary to benefit from social services, financial services, and vocational and higher education;
- Social capital services which aim to connect a participant with networks or groups for purposes including promoting sustainable livelihoods and reducing vulnerability to child labour;
- Economic strengthening services which aim to increase the economic well-being of participants.


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**Local economic recovery** – In post-conflict rural and urban settings, Local Economic Recovery (LER) is an area-based approach stimulating both the demand and supply sides of affected markets. In the short run, LER aims at gradually reducing the dependency on external aid through temporary jobs and income generation. In the long-run LER aims at creating the endogenous conditions for the local economies to reactivate and create job opportunities.

While doing so, the approach is conceived to promote reconciliation, social inclusion and participation with the targeted communities. LER can therefore decouple political and security concerns from the socio-economic development. LER is a time-bound and outcome-oriented process, as it takes advantage of the incoming flows of financial resources allocated to increase security, build state authority and stabilize the context. An optimal use of local assets and opportunities is pursued by encouraging local stakeholders’ participation as well as local procurement of goods and services.

**Mitigation** – The lessening or limitation of the adverse impacts of hazards and related disasters.

Source: UNISDR terminology, https://www.unisdr.org/we/inform/terminology

**Multinational enterprises** – A multinational enterprise, abbreviated as MNE and sometimes also called multinational corporation (MNC), just multinational or international corporation, is an enterprise producing goods or delivering services in more than one country.

A multinational enterprise has its management headquarters in one (or rarely more than one) country, the home country, while also operating in other countries, the host countries.


**Peace responsiveness** refers to the ability of actors operating in conflict-affected or fragile contexts to be conflict-sensitive and deliberately contribute to sustainable peace through their technical programming, in accordance with their mandates. This means deliberately addressing drivers of conflict and strengthening capacities for peace. A peace-responsive approach intentionally supports inclusive and locally led change and strengthens societal resilience to conflict and violence.

All actions and interventions in a fragile setting with previous or ongoing conflict can potentially be harmful. In conflict or post-conflict settings, initiatives must always be designed and implemented in a conflict-sensitive way to ensure they do no harm to already volatile environments. Conducting a peace and conflict analysis (PCA) gives a good understanding of the peace and conflict dynamics, including drivers of peace and conflict, and the potential interaction between the local context and the intervention. Integrating these findings in the project design and implementation increases the chances that interventions have positive impacts on peace and avoid exacerbating conflict.

Source: Peace and Conflict Analysis - Guidance for ILO’s programming in fragile and conflict-affected countries, ILO, 2021

**Preparedness** – The knowledge and capacities developed by governments, response and recovery organizations, communities and individuals to effectively anticipate, respond to and recover from the impacts of likely, imminent or current disasters. Preparedness includes contingency planning, risk management planning, including adequate insurance cover, emergency response and evaluation of the threats to human, physical, economic and social capacities at national and local levels that cause vulnerability.

Source: Report V(1). Employment and decent work for peace and resilience: Revision of the Employment (Transition from War to Peace) Recommendation, 1944 (No. 71), 2015

**Prevention** – Expresses the concept and intention to completely avoid potential adverse impacts through action taken in advance.

Source: UNISDR terminology, https://www.unisdr.org/we/inform/terminology

**Public-private partnerships** – There is no one widely accepted definition of public-private partnerships (PPP). The PPP Knowledge Lab defines a PPP as “a long-term contract between a private party and a government entity, for providing a public asset or service, in which the private party bears significant risk and management responsibility, and remuneration is linked to performance”. PPPs typically do not include service contracts or turnkey construction contracts, which are categorized as public procurement projects, or the
privatization of utilities where there is a limited ongoing role for the public sector. For a broader discussion, see PPP Knowledge Lab. An increasing number of countries are enshrining a definition of PPPs in their laws, each tailoring the definition to their institutional and legal particularities.


**Recovery** – The restoring or improving of livelihoods and health, as well as economic, physical, social, cultural and environmental assets, systems and activities, of a disaster-affected community or society, aligning with the principles of sustainable development and “build back better”, to avoid or reduce future disaster risk.

Source: https://www.unisdr.org/we/inform/terminology

**Resilience** – means the ability of a system, community or society exposed to hazards to resist, absorb, accommodate, adapt to, transform and recover from the effects of a hazard in a timely and efficient manner, including through the preservation and restoration of its essential basic structures and functions through risk management.


**Self-employment jobs** – are those jobs where the remuneration is directly dependent upon the profits (or the potential for profits) derived from the goods and services produced (where own consumption is considered to be part of profits). The incumbents make the operational decisions affecting the enterprise, or delegate such decisions while retaining responsibility for the welfare of the enterprise. (In this context “enterprise” includes one-person operations.)


**Slow-onsetemergency** – it is defined as one that does not emerge from a single, distinct event but one that emerges gradually over time, often based on a confluence of different events.


**Social dialogue** – Social dialogue is defined by the ILO to include all types of negotiation, consultation or simply exchange of information between, or among, representatives of governments, employers and workers, on issues of common interest relating to economic and social policy. It can exist as a tripartite process, with the government as an official party to the dialogue or it may consist of bipartite relations only between labour and management (or trade unions and employers' organizations), with or without indirect government involvement. Social dialogue processes can be informal or institutionalised, and often it is a combination of the two. It can take place at the national, regional or at enterprise level. It can be inter-professional, sectoral or a combination of these.

The main goal of social dialogue itself is to promote consensus building and democratic involvement among the main stakeholders in the world of work. Successful social dialogue structures and processes have the potential to resolve important economic and social issues, encourage good governance, advance social and industrial peace and stability and boost economic progress.

Source: https://www.ilo.org/ifpdial/areas-of-work/social-dialogue/lang--en/index.htm%20a

**Social inclusion** – Refers to a policy designed to ensure that all people are able to participate in society regardless of their background or specific characteristics, which may include: race, language, culture, gender, disability, social status, age, and other factors. Compared to the general population, groups with such special characteristics are much more likely to face low education,
unemployment, homelessness -- and resulting poverty and social exclusion. The goal of social inclusion is to give all people an equal chance for participation in society.


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**Social justice** – The aspiration for social justice, through which every working man and woman can claim freely and on the basis of equality of opportunity their fair share of the wealth which they have helped to generate, is as great today as it was when the ILO was created in 1919.


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**Sustainable development** – Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.


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**Sustainable enterprises** – Sustainable enterprises are a significant contributor to decent job creation and income generation. The work focus has been placed on:

- Creating an enabling environment;
- Developing entrepreneurship and business skills;
- Increasing productivity and improving working conditions in Small and Medium-sized Enterprises;
- Improving the access to financial services; promoting the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration);
- Developing the Enterprises and Green Initiatives; strengthening the knowledge base and providing technical assistance to cooperatives and social enterprises; as well as
- Linking enterprises with ensuring social security and social protection floors.


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**The Sendai Framework for Disaster Risk Reduction**: adopted at the Third UN World Conference on DRR in 2015 in Sendai, Japan puts the focus on prevention. It is a 15-year, voluntary, non-binding agreement which recognizes that the state has the primary role of reducing disaster risk but that responsibility should be shared with other stakeholders including local government, the private sector and so forth.

Source: https://www.undrr.org/implementing-sendai-framework/what-sendai-framework

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**Vulnerability** – The limited capacity of an individual or group to anticipate, cope, resist and recover from the impact of a natural or man-made hazard affecting their welfare and livelihoods.

Source: Adapted from definition of vulnerability from IFRC: http://www.ifrc.org/en/what-we-do/disaster-management/about-disasters/what-is-a-disaster/what-is-vulnerability/